

Consumer Protection in Payday Lending Resolution

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3 **WHEREAS**, everyone in our state, regardless of their income, has a right to fair and
4 reasonable consumer protections when they borrow money; and

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6 **WHEREAS**, the payday lending industry engages in predatory loan practices, targeting
7 low income communities and people of color, charging consumers unfair and
8 unreasonable fees and interest rates (according to the state's own studies the typical
9 loan carries a 390% annual percentage rate of interest) driving people in our state
10 deeply into debt; and

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12 **WHEREAS**, the payday lending industry in Washington has grown by 113% since 2000
13 in the dollar amount of loans made, and issued over 3 million loans in 2004 totaling
14 over \$1.6 billion; and

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16 **WHEREAS**, the Center for Responsible Lending (a national credit union based think
17 tank) found that Washington law on payday lending codifies 8 out of 9 abuses of
18 predatory loans; and

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20 **WHEREAS**, the U.S. Department of Defense has identified payday lending as one of its
21 top ten issues for state policy and the U.S. Navy Northwest Region considers
22 Washington's payday lending laws to represent a threat to military readiness;

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24 **THEREFORE BE IT RESOLVED**, that the Washington State Democratic Party finds
25 that a lack of fair and reasonable consumer protections on payday loans threatens the
26 financial well-being of the people of Washington state.

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28 **THEREFORE BE IT FURTHER RESOLVED**, that the Washington State Democratic
29 Party supports the passage of payday lending reform legislation to provide fair and
30 reasonable consumer protections for Washington payday consumers.

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32 **THEREFORE, BE IT FINALLY RESOLVED**, that the Washington State Democratic
33 Party supports reforms such as longer minimum loan periods and installment
34 payments for consumers, caps on annual percentage rates of interest, banning payday
35 lending through the internet to prevent out of state lenders from getting around
36 Washington law, and further banning mandatory arbitration clauses in payday lending
37 contracts.

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40 Submitted by the 36th Legislative District Democrats to the Washington State
41 Democratic Party for consideration at its June 3, 2006 convention in Yakima, WA (Date
42 Submitted 04/22/2006)

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44 The Washington State Democratic Party at its State Convention on June 3, 2006 in
45 Yakima referred this resolution to the WSDCC Resolutions Committee for review at its
46 September 9 - 10, 2006 meeting in Ellensburg.

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48 The WSDCC Resolutions Committee recommended a "Pass" on this resolution at its
49 September 10, 2006 meeting in Ellensburg. The resolution will be forwarded to the
50 WSDCC at its next meeting on September 29 - 30, 2006 in Tacoma.

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52 The WSDCC passed this resolution at its September 30, 2006 meeting in Tacoma.