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February 5, 2007

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at the University of Chicago

Federal Docket Management System Office
1160 Defense Pentagon
Washington, DC 20301-1160

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Charles Hill & Associates, Inc.

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Edward Jacob
North Side Community
Federal Credit Union

Re: **DOD-2006-0S-0216**
FR Doc. 06-9518

Treasurer

Pamela Daniels-Halisi
LaSalle Bank, N.A.

To Whom It May Concern:

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I am writing from Woodstock Institute, a Chicago-based community economic development research organization, to congratulate the Department of Defense on its effort to protect members of the armed forces, and their families, from the cycle of debt created by high-cost potentially predatory financial products, such as payday loans, title loans, overdraft protection, and other products.

We believe that the implementation of the law is critical to its success. In particular, the 36 percent rate cap sends a strong message that members of the armed forces and their families should not be subject to unconscionable interest rates for short-term loans. Likewise, since the act bans additional fees and insurance premiums and prohibits securing loans with personal checks, electronic access to the Service member's bank account, or car titles, it will go a long way in insuring that short-term credit solutions do not become a long-term problem. We also strongly believe that the act ensures that procedural rights are safeguarded through the ban on mandatory arbitration clauses, waiver of rights, and other burdensome requirements.

We recognize that the act as been roundly criticized by financial institutions, including major bank trade groups who have already filed comments. They have raised objections, many of which we believe are misguided. Perhaps most importantly, we believe that the act should be broadly construed to capture not only traditional payday loans, but also any other credit product that may potentially exceed the 36 percent cap. The Illinois experience with regulating specific credit products using narrow definitions has created an environment where high cost lenders readily circumvent the consumer protections put in place by the Illinois General Assembly. Woodstock Institute has been at the forefront of this debate and encourages the Department of Defense to issue regulations that deliver on the promises of the new law by:

1. Applying the act to all types of lenders, including banks and thrifts
2. Ensuring that the act covers all types of loans not excluded by the law
3. Ensuring that the act does place the burden on Service members to opt into protections

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1. Defining price triggers to separate protections against high-cost, abusive credit from mainstream, low-cost lending that could be exempt from most of the provisions of the act. This strategy permits the rules to target high-cost lending without burdening responsible mainstream credit from compliance problems or having to identify which of their customers are active duty military or dependents. For example, a high-cost car title loan would be prohibited but a low-cost credit union loan secured by the title to the borrower's vehicle would be permitted.

I appreciate the opportunity to publicly comment on this issue and hope that rules and regulations can be put into place that effectively protect members of the armed forces, and their families, from high-cost, potentially predatory short-term loans.

Sincerely,

Marva E. Williams
Senior Vice President
Woodstock Institute

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