December 15, 2017

Michael Moritz
Pat Grady
Sequoia Capital
2800 Sand Hill Rd, Ste. 101
Menlo Park, CA 94025

Dear Messrs. Moritz and Grady,

As you know, Sequoia Capital is an active investor in the payday lending and/or subprime installment lending industry.

Currently, payday and car title lenders charge triple digit annual interest rates, often 300 percent or higher. A large body of research has demonstrated that these products are structured to create a long-term debt trap that drains consumers' bank accounts and causes significant financial harm, including delinquency and default, overdraft and non-sufficient funds fees, increased difficulty paying mortgages, rent, and other bills, loss of checking accounts, and bankruptcy. The lack of underwriting for ability to repay, high fees and access to a borrower's checking account or car title enable lenders to repeatedly flip borrowers from one unaffordable loan to another. A large portion of borrowers eventually default, but often not before paying hundreds or even thousands in fees.

Installment lenders, which may charge lower stated interest rates for longer periods of time on larger loans, also often include a variety of fees, ancillary payments, and insurance that does little to benefit the borrower, at times pushing the actual rates paid on the loans into the high double or triple digits.

As such, we are asking investors active in the payday, car title and installment lending industry to abide by the following standards:

Standards of conduct for investment in payday and installment lenders

Full APR, including all fees, charges, and insurance of no more than 36%, or state limit if it is lower.

Reasonable, good faith determination of a consumer's ability to repay the loan when it comes due, considering income and expenses, without re-borrowing.

No mandatory arbitration.

No arrangements (e.g. "rent-a-bank" schemes or sham partnerships with tribal entities) by which lenders circumvent state laws.

No lobbying or funding of referenda to increase allowed rates, fees.

If payday or installment lenders will not agree to and implement above standards, then investment manager will exit investment within six months.

Sincerely,

Gynnie Robnett
Americans for Financial Reform

Diane Standaert
Center for Responsible Lending

Lauren Saunders
National Consumer Law Center

Jessica Juarez-Scruggs
People's Action

CC: Sequoia Capital investors