



United States Senate
WASHINGTON, DC 20510-0905

August 22, 2018

The Honorable James N. Mattis
Secretary
U.S. Department of Defense
1400 Defense Pentagon
Washington, DC 20301

Dear Secretary Mattis:

We write today to express our deep concern over recent reports in the *New York Times* and other media outlets that the Consumer Financial Protection Bureau (CFPB) may no longer examine lenders in order to protect servicemembers and their families under the Military Lending Act (MLA).

As you know, the MLA was passed as part of the FY2007 National Defense Authorization Act with overwhelming bipartisan support after the Department of Defense (DOD) submitted a report to Congress detailing abusive and predatory lending practices targeting servicemembers and their families - practices that significantly degraded military readiness. In this report, DOD recommended numerous statutory protections, which in turn formed the basis of the MLA, including the 36 percent interest cap (including fees) for covered credit extended to servicemembers and their families. These proposals were a recognition that past efforts to rely on other consumer protection laws were insufficient to protect servicemembers from unscrupulous lenders, and that the onus must be placed on lenders and regulators to ensure that all lenders comply with the MLA rate cap. And to the Department's credit and at the Committee's urging, the Department further strengthened MLA protections by closing loopholes in the prior MLA rules.

Unfortunately, it appears that the CFPB plans to suspend routine supervisory examinations of lenders and instead rely only on reviewing incoming complaints to address violations of the MLA. This proposed change rolls back years of progress in preventing predatory lenders from targeting servicemembers and their families and would place further unnecessary burdens on the very people the MLA is meant to protect. We are very concerned about the serious impact of this change on military readiness – and that it would return us to the pre-MLA days when servicemembers and covered family members were often subject to financial abuse at the hands of unscrupulous lenders.

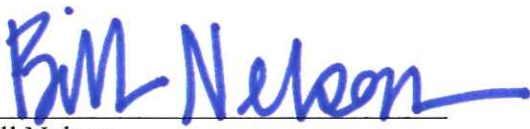
Accordingly, we request that the Department provide the following information:

- 1) Did the CFPB provide the Department prior notice of its plans to suspend MLA supervisory examinations? Did the CFPB seek DOD's input at all with respect to this proposed change? Did the CFPB provide the DOD with any analysis evaluating the impact of reduced supervision on the agency's ability to bring successful enforcement actions? What is the Department's view of the proposed change?

- 2) Does the Department believe that suspending MLA examinations will have an adverse impact on readiness?
- 3) If the CFPB goes forward with this change, how will the Department ensure that servicemembers and their families receive all the MLA protections they deserve?

We appreciate your lifelong commitment to taking care of our nation's servicemembers and their dependents, and were pleased when you gave your personal assurance that you would support and defend the MLA in the course of the Senate Armed Services Committee's consideration of your nomination to be the Secretary of Defense. Thank you in advance for your assistance on this critical issue. We look forward to receiving your response as soon as possible.

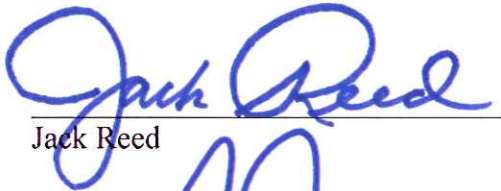
Sincerely,



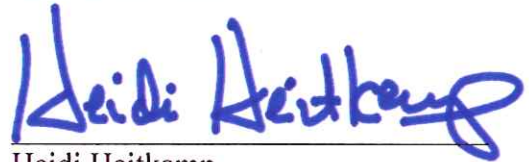
Bill Nelson



Claire McCaskill



Jack Reed



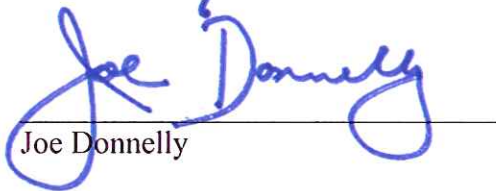
Heidi Heitkamp



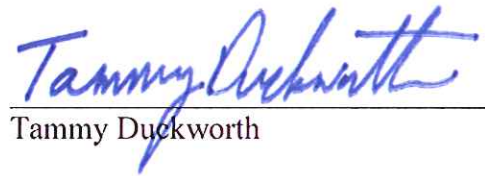
Doug Jones



Tammy Baldwin



Joe Donnelly



Tammy Duckworth