

May 15, 2019

Director Kathleen Kraninger  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

Re. Comments on Proposal to Rescind Provisions of Payday, Vehicle Title and Certain High-Cost Installment Loans Rule; Docket No. CFPB-2019-0006

Dear Director Kraninger:

The undersigned Military and Veteran Service Organizations (MSO/VSOs) write to express opposition to rescission of underwriting requirements of the Consumer Financial Protection Bureau's (CFPB) 2017 rule regulating Payday, Vehicle Title and Certain High-Cost Installment Loans. The rule, as currently written, requires lenders to assess a consumer's ability to repay before extending credit. The rule's common sense requirements protect consumers against the potential of falling into a cycle of debt that is nearly impossible to escape. However, CFPB has proposed to rescind these provisions.

Additionally, the rule protects all consumers including service members, veterans, their families and survivors. It has been well documented that predatory lenders to which this rule applies tend to congregate around military installations and offer seemingly attractive features such as quick access to funds and anonymity.

CFPB has expressed concern that mandatory underwriting requirements would decrease consumer's access to credit. While these requirements may, in fact, decrease access to certain types of harmful credit, they can expand usage of the types of credit that help borrowers maintain their financial health.<sup>1</sup> The current rules also help prevent many consumers from falling into a "debt trap." According to CFPB's own research, the average payday consumer takes out five or six loans.<sup>2</sup> Additionally, the most frequent complaint among payday consumers is regarding unexpected fees associated with such loans.<sup>3</sup>

However, the CFPB has also expressed concern about the economic hit to non-depository lenders such as payday and vehicle title loan companies. CFPB estimates that "Mandatory Underwriting Provisions would result in a large (55 to 62 percent) contraction of the storefront payday industry [...] and virtually complete elimination of the single-payment vehicle title industry."<sup>4</sup> This data suggests that the majority of these lenders rely on consumers' inability to repay on time and thus benefit from revenue collected in rollovers, late fees, and penalties. It appears that CFPB is more concerned with industry interests as opposed to consumer protection.

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<sup>1</sup> Nick Bourke, Reforming Payday Loans Begins With Understanding How They Really Work The Pew Charitable Trusts (2015), <https://www.pewtrusts.org/en/research-and-analysis/articles/2015/12/03/reforming-payday-loans-begins-with-understanding-how-they-really-work> (last visited May 6, 2019).

<sup>2</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_payday\\_nprm-2019-reconsideration.pdf](https://files.consumerfinance.gov/f/documents/cfpb_payday_nprm-2019-reconsideration.pdf)

<sup>3</sup> Id.

<sup>4</sup> Id.

We urge CFPB to protect consumers by maintaining Mandatory Underwriting Provisions within the Payday Rule in an effort to prevent harm caused to consumers by falling into a “debt trap.”

Thank you for the opportunity to submit a comment regarding this important matter.

Sincerely,

Air Force Sergeants Association (AFSA)

Association of the U.S. Navy (AUSN)

Chief Warrant & Warrant Officers Association of the U.S. Coast Guard (CWOA)

Commissioned Officers Association of the U.S. Public Health Service (COAUSPHS)

Fleet Reserve Association (FRA)

Jewish War Veterans (JWV)

Military Chaplains Association (MCA)

Military Officers Association of America (MOAA)

National Military Family Association (NMFA)

Service Women’s Action Network (SWAN)

The Retired Enlisted Association (TREA)

United States Army Warrant Officers Association (USAWOA)

Veterans Education Success (VES)