Congress of the United States
Washington, DC 20515

June 22th, 2015

The Honorable Richard Cordray, Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Rulemaking addressing payday and car title lending

Dear Director Cordray:

We write to express our support of the Consumer Financial Protection Bureau's (Bureau) preliminary proposals to address abusive payday and car title lending practices. We applaud the Bureau's initial steps and urge you to implement strong consumer protections to enforce responsible lending that helps, rather than harms consumers.

We appreciate the strengths of the Bureau's proposal. While there is a need for affordable credit, unfair, deceptive, and abusive payday and car title lending practices often pull consumers into a cycle of debt. As your 2013 Payday Loans and Deposit Advance Product White Paper highlighted, over 80 percent of payday loans are rolled over or followed by another loan within 14 days and 75 percent of loan fees on payday loans came from consumers with more than 10 transactions over a twelve-month period. We support the Bureau's efforts to close the door to unaffordable loans by addressing failure to underwrite for affordable payments, repeatedly rolling over or refinancing loans, accessing the consumer's account for repayment, and performing costly withdrawals. We hope your final rule will protect vulnerable communities and empower consumers to make sound financial choices so that we can build a safer and stronger financial system.

We strongly support the Bureau's general endorsement of an ability-to-repay principle, based on an evaluation of a borrower's income and obligations. We also strongly support applying that principle, as the Bureau proposes, to short-term balloon payment loans as well as vehicle title loans and longer term high-cost loans where the lender has direct access to the borrower's checking account. In finalizing proposed rules, we urge you to focus on meaningful measures to ensure a consumer's ability to repay.

Ability to repay is the fundamental element of any responsible loan. As the Bureau has noted, rather than lending based on ability to pay, payday lenders often lend based on their ability to collect, putting themselves first-in-line to repay themselves directly from the borrower's checking account as soon as the borrower receives a paycheck or public benefits. This leaves borrowers vulnerable to incurring ongoing financial difficulties.

Lending without ability to repay and monitoring of performance causes substantial harm to borrowers. As you finalize your proposed rule, we urge you to give this standard appropriate consideration. We appreciate your attention to this issue and look forward to your final proposed rule.

Sincerely,

PRINTED ON RECYCLED PAPER

Terri A. Sewell
Member of Congress

Julia Brownley
Member of Congress

Alma S. Adams
Member of Congress

G. K. Butterfield
Member of Congress

Karen Bass
Member of Congress

Lois Capps
Member of Congress

Xavier Becerra
Member of Congress

Michael E. Capuano
Member of Congress

Sanford D. Bishop
Member of Congress

André Carson
Member of Congress

Earl Blumenauer
Member of Congress

Judy Chu
Member of Congress

David N. Cicilline
Member of Congress

Peter A. DeFazio
Member of Congress

Katherine M. Clark
Member of Congress

Mark DeSaulnier
Member of Congress

Emanuel Cleaver
Member of Congress

Lloyd Doggett
Member of Congress

James Clyburn
Member of Congress

Keith Ellison
Member of Congress

Steve Cohen
Member of Congress

Anna G. Eshoo
Member of Congress

Danny K. Davis
Member of Congress

Sam Farr
Member of Congress

Raúl M. Grijalva
Member of Congress

Eddie Bernice Johnson
Member of Congress

Luis V. Gutiérrez
Member of Congress

Marcy Kaptur
Member of Congress

Rubén Hinojosa
Member of Congress

Robin L. Kelly
Member of Congress

Mike M. Honda
Member of Congress

Ann McLane Kuster
Member of Congress

Sheila Jackson Lee
Member of Congress

Jim R. Langevin
Member of Congress

Hank Johnson
Member of Congress

Brenda L. Lawrence
Member of Congress

Barbara Lee
Member of Congress

Eleanor Holmes Norton
Member of Congress

John Lewis
Member of Congress

Frank Pallone, Jr.
Member of Congress

Zoe Lofgren
Member of Congress

Bill Pascrell, Jr.
Member of Congress

Alan S. Lowenthal
Member of Congress

Donald M. Payne, Jr.
Member of Congress

Carolyn B. Maloney
Member of Congress

Chellie Pingree
Member of Congress

Betty McCollum
Member of Congress

Stacey E. Plaskett
Member of Congress

Mark Pocan
Member of Congress

Jan D. Schakowsky
Member of Congress

David E. Price
Member of Congress

Bobby C. Scott
Member of Congress

Cedric L. Richmond
Member of Congress

Louise Slaughter
Member of Congress

Bobby L. Rush
Member of Congress

Adam Smith
Member of Congress

Linda T. Sánchez
Member of Congress

Mark Takano
Member of Congress

John P. Sarbanes
Member of Congress

Bennie G. Thompson
Member of Congress

Chris Van Hollen
Member of Congress

Matt Cartwright
Member of Congress

Bonnie Watson Coleman
Member of Congress

Elijah E. Cummings
Member of Congress

Frederica S. Wilson
Member of Congress

Filemon Vela, Jr.
Member of Congress

John A. Yarmuth
Member of Congress

David Scott
Member of Congress