



# NAVY-MARINE CORPS RELIEF SOCIETY

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30 September 2016

The Honorable Richard Cordray, Director  
Consumer Financial Protection Bureau  
Washington, DC 20552

1700 G Street NW

Re: Comments on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans

Docket number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray,

As a Director, Navy-Marine Corps Relief Society, Camp Lejeune NC, I work with active duty and retired marines and sailors struggling to make ends meet every day. In these demanding times with high operational tempo, long separation from families, and sustained combat in many areas of the globe, it is even more important to ensure families are not preyed upon financially. We work closely with our military community to learn to live within their financial means. However, many have been targeted with unscrupulous financial practices.

For too long, payday lenders targeted these families with 400% payday loans, seizing their money first on payday. Unable to afford to repay the loan and walk away, these borrowers were trapped in a cycle of debt falling further and further behind. After seeing the negative effects of these debt trap loans, advocates and legislators joined together to ensure that the law permitting these loans was allowed to sunset. Now payday loans are illegal in North Carolina and we must keep it that way.

Thank you so much for taking a critical first step to protect consumers from payday and other high-cost loans. I now urge the Consumer Financial Protection Bureau (CFPB) to issue the strongest possible rule to ensure these harmful debt trap loans don't return to our state.

Your rule should be strengthened to require lenders to assess a borrower's ability to repay the loan, considering both income and expenses, on every loan. A borrower should never be intentionally forced into a debt trap cycle of refinancing one unaffordable loan after the next. They should not need to choose between covering basic living expenses and repaying a loan that was never designed to be affordable. .

In North Carolina, we have fought hard to keep payday and other high-cost lenders out of our state. I ask that your rule build on our strong state protections and strengthen our ability to enforce our state law against lenders making illegal loans here.

Though your rule will not override our state's strong interest rate cap, I am concerned that payday lenders will use a weak national rule as ammunition to try to come back into North Carolina. Unless your rule is strengthened, I am extremely concerned that your final rule will give a green light to dangerous loan products and will not stop the debt trap in states where these loans are still legal. This is bad policy for those states and will be pushed as bad policy in North Carolina as well.

Thank you for the opportunity to comment.

Sincerely,

Rita Fountain  
Director