

October 3, 2016

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

Re: Payday Loan, Vehicle Title Loans, and Consumer Loan Regulations

Dear Director Cordray:

The undersigned groups wish to express support for the CFPB's effort to regulate payday, car title, short-term installment and other consumer loan products. We have been fighting consumer lending abuse here in Ohio for many years, so we are thrilled that your agency is taking action on this important issue.

Ohioans voted overwhelmingly in 2008 to approve a state law capping annual interest rates on payday loans at 28%. However, lenders quickly found ways to skirt the new protections and state legislators have been unwilling to carry out the voters' will. Last year the industry drained nearly \$503 million in fees from desperate Ohio borrowers – more than twice the amount they collected back when voters endorsed tougher regulations.

Given our history, consumer advocates in Ohio were especially pleased to see your agency propose rules last month to rein in these lenders after so thoroughly documenting their abusive lending practices. And, given our history, Ohio advocates know how successfully payday lenders manage to exploit any weaknesses in anti-usury regulations.

The CFPB's draft rules are based on a solid foundation – requiring lenders ensure their customers can actually pay back a loan without going broke or resorting to another loan. This is a common sense approach that has real potential to prevent the cycle of repeat borrowing. We also commend the bureau's decision to reject the proposed "safe harbor" provision that would exempt loans from underwriting if loan payments are less than 5% of a borrowers' income. Assessing income alone is insufficient to ensure a loan is safe because too often borrowers' expenses already exceed their income.

Unfortunately, there are several weaknesses that must be fixed in order for the rules to have any significant impact on abusive lending:

- The "business as usual loophole" would allow lenders to claim that their ability to collect payment from a customer in the past means they have the ability to repay future loans. This obvious weakness will permit lenders to continue abusing previous borrowers who had no choice but to repay since lenders seize payment directly from customers' bank accounts on payday.
- The ability to repay standards would only kick in after the borrower has already taken out six short-term loans. Even one unaffordable loan can do serious financial

harm to borrowers who are struggling to make ends meet – six abusive loans with usurious interest rates is six too many. The ability to repay assessment must apply to every loan.

- The required waiting period between loans has been cut to 30 days, versus 60 days in the preliminary proposal the CFPB released last year. This waiting period is not sufficient to prevent lenders from flipping short-term loans and continuing to string borrowers along in a cycle of borrowing and refinancing.
- The scope of the rules should be broadened to include all loans where the lender has access to the borrower's checking account or has the right to garnish wages, and all loans secured by personal property.

The draft rules are a good start, but given payday lenders' demonstrated propensity to exploit unintentional loopholes to undermine the spirit and the letter of the law, we urge you to eliminate these weaknesses in the final regulations. Stringent CFPB rules have the potential to finally curb this industry that has continued preying on Ohio consumers eight years after voters called for an end to the abuse.

Thank you for considering our recommendations. We would be happy to discuss them in more detail at your request.

Sincerely,

Adams Brown Community Action Partnership
Advocates For Ohio's Future
Akron Bible Church/Hope Cafe
Akron-Canton Regional Foodbank
Alliance for Children & Families, Inc.
AmeriCorps
Area Agency on Aging 11
Bethany House Services
CAIN - Churches Active In Northside
Caring Kitchen
Catholic Commission of Wayne, Ashland, Medina
Central Christian Church
Central Ohio Fair Housing Association
Christian Outreach and Wellness Ministry
Cleveland Housing Network
Columbus Metropolitan Area Church Council
Communities United For Action
Community Development for All People
Community Table, Inc.
Consortium of NW Ohio Housing Authorities
Corporation for Ohio Appalachian Development
Episcopal Diocese of Southern Ohio
Episcopal Social Justice Committee, Southern Ohio

Fair Housing Resource Center, Inc.
Faith In Public Life
First Community Church
Food Program & Clothesline of Jackson
GNHMBC Food Pantry
Gratz & Associates, Ltd.
Greater Cleveland Food Bank
Habitat for Humanity - MidOhio
Habitat for Humanity Lima Area Inc.
Habitat For Humanity of Fairfield County Ohio
Habitat for Humanity of Findlay/Hancock County
Habitat for Humanity of Logan County
Habitat for Humanity of Ohio
Habitat for Humanity of Portage County
Habitat for Humanity Wayne County
Homeless Families Foundation
Homeport
Hunger Network in Ohio
Huntington Bank
Integrated Services for Behavioral Health
Kings Local Food Pantry
LeadingAge Ohio
Leighty and Snider, Inc.
Living Word Food Distribution Center
Lucas Metropolitan Housing Authority
Maumee Valley Habitat for Humanity
Miami Valley Fair Housing Center, Inc.
Neighborhood Housing Services of Greater Cleveland
Neighborhood Ministries
New Home Development
Northwest Ohio Housing Coalition
Ohio Association of Community Action Agencies
Ohio Association of Foodbanks
Ohio CDC Association
Ohio Coalition for Responsible Lending
Ohio Council of Churches
Ohio Poverty Law Center
Organize! Ohio
Pathways of Central Ohio
Pike County Outreach Council
Plymouth-Shiloh Food Pantry
Policy Matters Ohio
Recovery Services of Northwest Ohio
rotatori consulting
S4 NetQuest
Sandusky County Habitat for Humanity

Shared Harvest Foodbank
Society of St. Vincent de Paul - Our Lady of Lourdes Conference
Southeastern Ohio Foodbank and Kitchen
St. Paul Lutheran Church
St. Mary Development Corporation
Strategic Opportunities, LLC
The Center for Child and Family Advocacy, Inc.
The Open Door of Delta, Inc.
The Partnership Center, Ltd.
The Recovery Zone
The Salvation Army
Thea Bowman Center
Toledo Fair Housing Center
Transformations CDC
Trinity Episcopal Church
U.A.W. Local 402
United Way of Greater Cincinnati
United Way of Greater Stark County
Urban Mission Ministries Hutton House Shelter
Vincentian Ohio Action Network
West Side Catholic Center
Working In Neighborhoods
WSOS Community Action Commission
YMCA of Central Ohio