

The Honorable Paul Ryan
Speaker of the House
US House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Senate Majority Leader
US Senate
Washington, DC 20510

The Honorable Nancy Pelosi
House Minority Leader
US House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Senate Minority Leader
US Senate
Washington, DC 20510

March 23, 2018

Dear Senator McConnell, Senator Schumer, Representative Ryan, and Representative Pelosi:

The undersigned organizations who represent or work on behalf of our nation's military families urge you to oppose the Congressional Review Act measures S.J. Res. 56 and H.J. Res. 122 that would undo the Consumer Financial Protection Bureau's rule addressing 300% interest payday and car title loans.

In its study of payday and car title loans, the U.S. Department of Defense found that "[p]redatory lending undermines military readiness, harms the morale of troops and their families, and adds to the cost of fielding an all volunteer fighting force."¹ Payday lenders have a long history of setting up near military installations and veterans services organizations, congregating "like bears on a trout stream," as Holly Petraeus explained.²

While the Military Lending Act's 36% interest rate cap protects active servicemembers from these predatory products, our nation's 21 million veterans are not covered by that Act, including the approximately 1.4 million veterans at risk of homelessness.³ A recent study of veterans in Nevada revealed startlingly high rates of 1 in 5 veterans reporting payday loan use, and often when veterans are already struggling with existing monthly expenses such as monthly bills or student loan debt.⁴

While payday and car title lenders promise a quick fix for a financial shortfall, they deliver a long-term debt trap. They make unaffordable loans and then repay themselves directly from the borrower's bank account on the next payday. Unable to afford to repay the full amount plus triple-digit interest, and afford essential expenses during the remainder of the pay cycle, most borrowers end up stuck in a trap of one loan after another. Data from the Consumer Bureau shows that over 75% of payday loan fees are generated from borrowers with more than ten loans a year. This debt trap leads to a cascade of harms, including excessive bank penalty fees, lost bank accounts, delinquency on other bills, and bankruptcy.

S.J. Res. 56 and H.J. Res. 122 and would undo the Consumer Bureau's commonsense rule that payday lenders determine a borrower's ability to repay a loan in light of a borrower's income and expenses. S.J. Res. 56 and H.J. Res. 122 would also prevent the Bureau from issuing a similar rule in the future. This Bureau's rule must be defended to protect military families from financial exploitation.

Please stand with our nation's military families and oppose S.J. Res. 56 and H.J. Res. 122 or any effort to reverse the Consumer Bureau's protections against payday and car title lending.

Sincerely,

Air Force Sergeants Association
Blue Star Families
High Ground Veterans Advocacy
Ivy League Veterans Council
National Military Family Association
Navy Marine Relief Corps Society
Pennsylvania War Veterans Council
Service Women's Action Network (SWAN)
Tragedy Assistance Program for Survivors (TAPS)
The Retired Enlisted Association
Veterans Education Success
Veterans for Common Sense
Veterans of Foreign Wars

¹ "Report on Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents," U.S. Department of Defense,

http://archive.defense.gov/pubs/pdfs/Report_to_Congress_final.pdf

² Quoting Holly Petreaus in "Agency Crafts New Rules to Go After Payday Lenders Who Prey on Troops," by Richard Sisk, in Military.com, <https://www.military.com/daily-news/2016/06/02/agency-crafts-new-rules-go-after-payday-lenders-who-prey-troops.html>

³ "Background & Statistics." *National Coalition for Homeless Veterans*, http://nchv.org/index.php/news/media/background_and_statistics/.

⁴ "Brief of Veteran Study Survey." Opportunity Alliance Nevada.

http://www.opportunityalliancenv.org/wp-content/uploads/2015/02/OA-Veterans-OA-Brief-neb1_30_15.pdf at page 1.