

Faith & Credit Roundtable



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Faith and Credit Roundtable Statement on Proposed CFPB Rule

Washington, D.C., August 16, 2016 – On June 2, 2016 the Consumer Financial Protection Bureau proposed new rules for payday, car title, and high-cost installment loans. Strong rules by the CFPB are necessary to end the debt trap caused by payday and car title lending that keep too many of our congregants in debt.

The cornerstone of the Consumer Financial Protection Bureau's proposal is the concept that lenders should ensure that a loan payment is affordable to the borrower such that it can be repaid without the need to re-borrow or default on another expense. However, the current rules allow for too many exceptions to this ability to repay requirement, leaving our communities and neighbors at continued risk for exploitation. We call on the CFPB to close any loopholes, and ensure that every loan is affordable in light of a borrower's income and expenses – every time.

Christian, Jewish and Muslim faiths alike counsel against predatory lending and the exploitation of those with the least of these. But high-cost payday and car title lenders routinely exploit and prey upon economically vulnerable households in our communities, leaving them with staggering debt loads. Often faith communities, service providers and families need to step in to help repay a loan that has spiraled out of control. Households who used payday and car title loans are often worse off as a result of the loan, with many being pushed outside of the mainstream banking system.

Take Knoye, a mother of three children and grandmother of one, as an example. Knoye received a \$700 car title loan, where the \$80 monthly payment barely covered the interest. Over three years, her \$700 debt had ballooned to \$7,000. Her car was repossessed. She had to file for bankruptcy. She only got back on her feet when a faith-based non-profit in her neighborhood stepped in. Knoye is now actively working in the national campaign to rein in these unjust high-cost lending practices.

As members of the clergy from a broad spectrum of faith traditions, we are often called upon to weigh in on the social and political issues that are facing our nation. Too often, those calls come during times of crisis, as our congregants, neighbors, and leaders look to us for moral and spiritual guidance.

Today, we stand at the precipice of a Kairos moment. The CFPB will be accepting public comments until October 7, 2016. We seek that all faith leaders add their voices to call on the CFPB to strengthen its small dollar loan proposal. To urge the CFPB to close the ability to repay loopholes and help stop the debt trap, submit a comment at: <http://faithforfairlending.org/faithandcredit>.

Signed,

National Baptist Convention, USA
Bend The Arc Jewish Action
Cooperative Baptist Fellowship
PICO National Network
Ecumenical Poverty Initiative
Samuel Dewitt Proctor Conference