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May 15, 2019

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Re: Payday, Vehicle Title, and Certain High-Cost Installment Loans;
Docket Number Docket No. CFPB-2019-0006 - RIN 3170-AA80

Dear Director Kraninger:

The Cooperative Baptist Fellowship (CBF) is a national nonprofit Christian network based in Decatur, Georgia consisting of individual supporters, approximately 1,800 affiliated congregations, 18 state and regional fellowships and numerous ministry partners seeking to be the presence of Christ. Since 2013 CBF has prioritized advocacy for reform of predatory lending practices including payday and auto title lending due to the extraordinary harms that we have witnessed in our communities caused by unaffordable loans and other predatory practices. We write to urge you *not* to rescind the ability to repay standards in the small-dollar lending rule finalized in November 2017.

For years, our churches and field personnel have ministered and provided aid to borrowers experiencing the harms created by unaffordable payday and auto title loans made without assessing the borrower's ability to repay. When payday borrowers find themselves stuck in the cycle of debt commonly created by these products they often turn to churches or related ministries for help. CBF's efforts to help individuals harmed by unaffordable payday and auto title loans and to advocate for change are rooted in our commitment to ministry among the most marginalized and vulnerable populations both domestically and across the globe.

Most churches have charitable benevolence funds available to neighbors in need. Our congregations have found that, while they may be initially too ashamed to admit it, many people asking for help with basic necessities do so because they are stuck in a cycle of debt created by a payday or auto title loan. This common experience of aiding borrowers stuck in payday loans has led at least seven of our churches or affiliated ministries to partner with local credit unions and develop rescue loan programs. These programs help get borrowers into loans they have a reasonable chance of repaying under responsible terms offered by a credit union.

From our partner churches or related ministries, we have heard from many borrowers who have experienced the harm of payday and auto title loans. A common theme is that but for outside help, most borrowers don't think they would ever pay off their loans. Many thought they were being

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responsible and doing the right thing by taking out the loan only to realize later how hard it would be to pay off. Most were emphatic that they would never take out a loan again. Borrowers often described the incentives and encouragement from lenders to *not* pay off their loans but instead to roll them into a new larger loan. Several customers reported being threatened with lawsuits or criminal charges. In many cases the cycle of reborrowing or endless interest and fee payments went on for years. Such scenarios of endless fee and interest payments that do not reduce principal, or cycle of repeated borrowing occur precisely because lenders do not assess a borrower's ability to repay. The rule as originally proposed would likely prevent many such situations. Rescinding this provision will certainly continue the status quo of lenders profiting most from repeated borrower failure.

The shame of getting trapped in a cycle of debt leads borrowers to keep their struggles private. It is to their pastors and faith community that they often turn. When weighing the decision to rescind the ability to repay provision, we implore the bureau to consider the stories of individual borrowers. Market-wide data and research give quantitative perspectives, but the harms felt by individual consumers and their families are critical to complete the picture. If the CFPB is designed to protect consumers, the experience of consumers must be sought, and the worst abuses prevented through strong regulations.

The faith community is in broad agreement that reform is needed. CBF is a founding member of Faith for Just Lending, a broad-based coalition of Christian organizations including the US Conference of Catholic Bishops, Catholic Charities USA, The National Association of Evangelicals, the Ethics and Religious Liberty Commission of the Southern Baptist Convention, The Episcopal Church and the Ecumenical Poverty Initiative, among others. These organizations rarely agree on political and ideological matters but have been working together in a consensus manner since 2015. In state capitals across the country, at the CFPB, and in Congress, the faith community has been united in our call for reform.

CBF staff, pastors and church members have been involved in the CFPB rulemaking process from the beginning. During the initial comment period for the rule, hundreds of our constituents submitted comment letters describing their experiences and urging the Bureau to adopt a strong rule that would protect borrowers. The decision to rescind the rule is deeply disturbing to all those who worked for years to help put it in place and squanders the potential of the bureau as an independent watchdog with individual consumer interests at heart.

By moving to rescind the ability to repay provisions the CFPB is wasting an enormous amount of time and resources. Not only the time and resources needed to conduct the current proposed rescission of the rule, but all of the years of research, drafting and public comment review of the original rule. In the meantime, more borrowers and their families will be harmed by loans offered without ability-to-repay determinations and they will continue to turn to churches and ministries for help. This incredibly inefficient use of resources means less money and time devoted to protecting consumers from unfair, abusive and deceptive products.

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Any concerns about how the ability to repay provisions might impact the market can be alleviated through the review process outlined in section 1022(d) of the Dodd-Frank Financial Reform Act. There is no need to speculate about the impact of the rule. We urge you to allow the rule to go into place as proposed, analyze the impact, and make a report within 5 years as called for in the law.

The initial determination now by the CFPB that there is not enough evidence in the substantial record to support the need for the ability to repay provisions is deeply disappointing to the hundreds of faith leaders who have repeatedly communicated to the bureau about the unfair, abusive and deceptive practices by payday and auto title lenders that they have witnessed in their communities. That the bureau has no plans for further research and does not believe it is cost-effective only adds insult to injury. Such a determination belittles the experiences of the most financially vulnerable families in our country and sends the message that their pain is not worth even trying to alleviate. The proposal to rescind the ability to repay provisions sends the message that the CFPB is now more interested in ensuring access to credit no matter how toxic, than protecting consumers from abusive and unfair practices.

The Cooperative Baptist Fellowship respectfully requests that you not rescind the ability to repay provisions and instead implement and enforce the rule as proposed in November 2017.

Sincerely,



Stephen K. Reeves
Associate Coordinator of Partnerships & Advocacy