cfpb Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

February 5, 2015

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

Thank you for your letter about payday lending and urging the Consumer Financial Protection Bureau (Bureau) to adopt regulations to protect consumers in the small dollar lending market.

As you note, the Bureau included payday lending in our rulemaking agenda, most recently in the Fall 2014 Unified Agenda. As the agency proceeds with pre-rulemaking activities, we are giving careful consideration to the issues you raise, including long-term use of payday and similar loans, access to a borrower's depository account, and whether the rule should include ability-to-repay standards. Additionally, we are examining market evolution and the approaches implemented in the states as part of our consideration of the scope of products the rule would cover.

I also appreciate your sharing Minnesota's experience with lenders changing their business registration to evade state consumer protection efforts. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter which institution extends the credit or what type of license the institution uses to operate. Our analysis of potential injury and appropriate action is not limited to one particular product structure or particular kind of lender. If lenders that offer small dollar credit are engaged in unfair, deceptive, or abusive practices, the Bureau will hold those institutions accountable, no matter how their products are structured or labeled, as appropriate to our jurisdiction.

Another essential component of the Bureau's work involves consumer education. On January 29, 2015, we announced a partnership with the Minnesota Department of Commerce and the Minnesota Financial Literacy Interagency Work Group to train over 500 frontline social services staff to use the Bureau's *Your Money, Your Goals* toolkit with the people they serve. Through the efforts of the work group's ten state agency members, the University of Minnesota Cooperative Extension, and the Minnesota Credit Union Network thousands of Minnesotans will receive new information and tools that they can use to take steps to strengthen their financial lives.

Thank you for bringing your concerns to my attention and for the opportunity to respond. I look forward to working with you on this important issue as the Bureau continues to help markets work better for consumers.

Sincerely,

We will keep you posted on this work —
Rich

Richard

Richard Cordray
Director

consumerfinance.gov

JEFF MERKLEY
OREGON

COMMITTEES
APPROPRIATIONS
BANKING, HOUSING, AND URBAN AFFAIRS
BUDGET
ENVIRONMENT AND PUBLIC WORKS

United States Senate

WASHINGTON, DC 20510

March 19, 2015

Hon. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Cordray:

I write to encourage the Consumer Financial Protection Bureau (CFPB) to propose the strongest possible rules to address predatory lending practices. The CFPB has already demonstrated its commitment to protecting consumers against predatory and illegal practices through work that has resulted in $4.6 billion in relief for consumers and I commend the CFPB for these actions.[1] I appreciate the CFPB's demonstrated commitment to studying small dollar loans and the thoroughness of the information it has gathered which provides important data about the existing small dollar lending market. However, I now urge swift action to formally propose rules to address the predatory and damaging impacts of many of these loans. Addressing predatory lending practices through robust rules is a crucial part of fulfilling the CFPB's mission.

Notably, the CFPB has found that four out of five payday loans are rolled over or renewed within two weeks and that a majority of consumers who take out payday loans pay more in fees than the original amount borrowed.[2] The Pew Charitable Trusts reports that "Twelve million people now use payday loans annually, spending an average of $520 in interest to repeatedly borrow an average of $375 in credit."[3] Predatory loans trap consumers in exorbitantly high-cost products that lead to a cycle of debt. Often, the consumers who turn to these products are those least able to afford any additional costs: the CFPB found that the median income of consumers who take out payday loans is $22,476.[4] The data from both the CFPB's initiatives and independent organizations clearly demonstrates the urgent need for comprehensive rules that will protect consumers.

I urge you to take this opportunity to prepare strong rules with thorough requirements on a consumer's ability to repay the loan without rollovers or refinancing. The rules must protect

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[1] Consumer Financial Protection Bureau: By the Numbers, 21 July 2014, http://files.consumerfinance.gov/f/201407_cfpb_factsheet_by-the-numbers.pdf.
[2] "CFPB Finds Four Out Of Five Payday Loans Are Rolled Over Or Renewed," 25 March 2014, http://www.consumerfinance.gov/newsroom/cfpb-finds-four-out-of-five-payday-loans-are-rolled-over-or-renewed/.
[3] The Pew Charitable Trusts, Payday Lending in America: Policy Solutions, October 2013, p.1, http://www.pewtrusts.org/~/media/legacy/uploadedfiles/pcs_assets/2013/PewPaydayOverviewandRecommendationspdf.pdf.
[4] Consumer Financial Protection Bureau, Payday Loans and Deposit Advance Products, 24 April, 2013, p.18, http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf.

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consumers from predatory products. Thorough underwriting standards that enable consumers to afford small dollar loans are critical to guarantee that consumers do not get stuck in products with exorbitant costs that are difficult or impossible to repay.

While many states, including Oregon, have passed laws affecting predatory lending practices, action at the federal level is necessary, particularly as lenders have adapted and changed their structures in order to get around existing state laws.[5] In addition, online predatory lending has grown, often ignoring state laws, and can be a difficult target for enforcement. Though the CFPB does not have the authority to impose a usury cap as states do, the proposed rules would be important supplements to state laws. I urge you to include measures that will prevent evasion or efforts to exploit loopholes by disguising predatory lending behind different product types.

I look forward to seeing action to address predatory lending at the federal level. I expect the CFPB to use the full range of its authority to put forth the strongest possible set of rules that will truly and effectively end the predatory lending practices that have exploited consumers and harmed working families for far too long. Thank you for your attention to this important issue.

Sincerely,

Jeffrey A. Merkley

Jeffrey A. Merkley
United States Senator

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[5] Some payday lenders have responded to state laws such as those in Arizona, by registering as car title lenders instead: "Lenders made similar changes in Virginia, where lawmakers outlawed payday lending in 2010. But title lenders were untouched by that law and have expanded throughout the state, drawing business from Maryland. The number of stores offering title loans in Virginia increased by 24 percent from 2012 to 2013, according to state records. Last year, the lenders made 177,775 loans, up roughly 612 percent from 2010, when the state banned payday lending." Jessica Silver-Greenberg and Michael Corkery, "Rise in Loans Linked to Cars Is Hurting Poor," *New York Times*, DealBook, 25 December 2014, http://dealbook.nytimes.com/2014/12/25/dipping-into-auto-equity-devastates-many-borrowers/.

United States Senate
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350
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March 31, 2015

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

Director Cordray:

It has become clear through your statements and others in the press that the Consumer Financial Protection Bureau (CFPB) plans to conduct a review panel in accordance with the Small Business Regulatory Enforcement Fairness Act (SBREFA) (5 U.S.C. 609) before it releases proposed rulemaking for the payday lending industry. Small businesses in Louisiana and throughout the country have been unduly burdened over the last several years because of regulatory overreach particularly as a result of the enactment of the Dodd-Frank Act.

As Chairman of the Senate Committee on Small Business and Entrepreneurship, I strongly recommend that the CFPB carefully consider the potential impact on small businesses as the agency formulates rules for the payday lending industry. Improper regulatory overreach through Operation Choke Point has already forced small operators in this market to close. Going forward, the CFPB must be judicious in its approach to rulemaking to ensure that additional small businesses are not unfairly impacted.

SBREFA protects small businesses from unduly burdensome regulations by requiring certain federal agencies such as the CFPB to give small businesses a voice in the rulemaking process and to identify alternative regulatory approaches for small businesses whenever a proposed rule is likely to have a significant impact on a substantial number of small entities.

During the SBREFA process, the CFPB, the Small Business Administration (SBA), the SBA Office of Advocacy, and the Office of Management and Budget will hear from small business owners about their ideas for less burdensome alternatives to the CFPB's proposed regulatory options. The knowledge and experience of these small business owners is invaluable throughout the regulatory process and must be afforded appropriate attention to enable them to continue to provide responsible credit opportunities within their communities without unwarranted regulatory burdens.

Small payday lending businesses provide hundreds of jobs in Louisiana as they also do in other states, in addition to providing consumers access to responsible credit. Regulations that limit consumers' credit options reduce consumer choice and negatively impact consumers and small businesses.

At the state level, in places such as Colorado and Washington, hundreds of operators have been forced out of business because of regulations that did not account for the impact on small businesses. For example, according to Washington State Department of Financial Institutions 2013 Payday Lending Reports the number of payday lending locations has decreased almost 77 percent since 2006. The number of licensed entities has gone from 742 to 174.[1] The closing of so many stores has undoubtedly impacted consumers' access to credit, and has made it harder for consumers to find nonbank lenders in their local neighborhoods.

It is imperative that any concerns presented by small business representatives during SBREFA be accorded substantial weight in the development of the rulemaking on payday lending, to avoid a similar occurrence as a result of federal rulemaking. I encourage the CFPB to continue to study the payday lending industry before initiating the SBREFA process in order to develop a framework for a proposed rule that best preserves consumer access to responsible payday loans , and that will not negatively impact small business owners.

As the CFPB gains experience with the SBREFA process, it is important for the CFPB to also work closely with the SBA. The SBA has responsibility for representing the views of small entities and understands small business concerns, which makes it a valuable tool in promulgating responsible regulations. Thus, when the SBA must file public comments outlining how several CFPB rules will cause significant harm to small businesses, it is apparent that the CFPB has shown a disturbing disdain for the opinions of the very businesses affected by its regulations and is in contravention of SBREFA. It is unacceptable that excessive, over-burdensome regulations are progressing towards or reaching final agency action without proper oversight from SBREFA or relevant input from small businesses.

As you are aware, small businesses often lack the resources that large companies have to adapt to new compliance standards. In addition, small businesses are often unable to immediately hire additional employees to manage new requirements. These issues are particularly acute in rural and less populated areas where employee resources are scarce. If the CFPB's proposed framework for a payday lending rule substantially reduces the ability of small businesses to compete effectively with large businesses or forces small businesses to close or downsize operations, the CFPB must rethink its proposed framework. Not only will a substantial number of people lose their jobs, but consumers will have fewer or no options for accessing short-term credit.

Requirements such as those set out in SBREFA are there to protect small businesses and consequently our local, state, and national economies. The SBREFA review panel must be conducted thoroughly and appropriately to find the best alternative in order to ensure fair, effective regulations. The Senate Small Business Committee plans to continue to follow closely the CFPB's SBREFA process for rulemaking and the impact that the CFPB's proposed and final rules on payday lending have on small business owners.

Sincerely,

David Vitter
Chairman

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[1] *2013 Payday Lending Report,* THE WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS (2013), http://www.dfi.wa.gov/sites/default/files/reports/2013-payday-lending-report.pdf.

Consumer Financial Protection Bureau
1700 G Street, N.W., Washington, DC 20552

April 8, 2015

The Honorable Jeff Merkley
United States Senate
313 Hart Senate Office Building
Washington D.C. 20150

Dear Senator Merkley:

Thank you for your letter regarding the Consumer Financial Protection Bureau's (Bureau) work on short-term, small dollar lending.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrower ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations. Last month, we released proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan without reborrowing or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans.

As the Bureau considers regulatory options for the small dollar lending market, we are cognizant of the importance of state regulation, including state licensing requirements and usury laws. I share your concern about efforts to evade state laws and also the ways in which lenders exploit loopholes in state laws by renaming their products. The experience of states with such issues informs our rulemaking efforts, as well as our enforcement priorities. The Bureau is committed to ensuring that consumers receive the full protection of Federal consumer financial law—whether they obtain a loan online or from a storefront.

Thank you for bringing to my attention your concerns about credit products that consumers do not have the ability to repay and about evasion of state laws governing the payday lending market. I look forward to working with you on this important issue.

Sincerely,

We are underway now with the first stages of our public rulemaking process, as you no doubt have seen — Rich

Richard Cordray
Director

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

April 21, 2015

The Honorable David Vitter
Chairman
Committee on Small Business and Entrepreneurship
U.S. Senate
428A Russell Building
Washington D.C. 20510

Dear Chairman Vitter:

Thank you for your letter about payday lending, urging the Consumer Financial Protection Bureau (Bureau) to consider the potential impact on small businesses as the agency considers rules impacting the payday lending industry.

The Bureau shares your view that the agency must carefully consider input from small businesses in the course of a rulemaking that might impact such businesses. As you note, the Small Business Regulatory Enforcement Fairness Act (SBREFA) requires the Bureau to convene a Small Business Review Panel when it is considering a proposed rule that could have a significant economic impact on a substantial number of small entities. Through the SBREFA process, the Bureau obtains important information about the potential impact on small businesses from rulemaking proposals it is considering; the Bureau will carefully consider this information as it develops rulemaking proposals.

Last month, the Bureau announced the formation of a Small Business Review Panel and released proposals under consideration for a rulemaking on payday, vehicle title, and similar loans. The Bureau, along with the Office of Advocacy in the Small Business Administration (SBA) and the Office of Information and Regulatory Affairs in the Office of Management and Budget (OMB), will meet with small business representatives at the end of this month.

During the meeting and in the course of outreach activities over the next several months, the Bureau will receive important feedback about the potential economic impacts from the proposals under consideration for payday, vehicle title, and similar loans. You note that small businesses may have difficulty adapting their operations to comply with new federal regulations. During the SBREFA process, the Bureau, SBA, and OMB will discuss with small businesses the costs they could face in complying with the proposals under consideration and how long they may need to bring their operations into compliance with any such rules. As the Bureau proceeds with rulemaking activities, we will carefully consider the feedback from small businesses, as well as other industry participants, consumers, and other interested parties, on this and all aspects of the proposals under consideration.

Thank you for your continued interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents.

Sincerely,

Richard Cordray
Director

cc: The Honorable Jeanne Shaheen, Ranking Member, Committee on Small Business and Entrepreneurship

PATTY MURRAY
WASHINGTON

COMMITTEES:
APPROPRIATIONS
BUDGET
HEALTH, EDUCATION, LABOR, AND PENSIONS
VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510–4704

May 12, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, D.C. 20552

Dear Director Cordray:

I am writing in response to the Consumer Financial Protection Bureau's (CFPB) proposed rules from March 26th covering payday loans, vehicle title loans, and other high-cost loan products. As you continue to seek input during the rulemaking process, I encourage you to consider the similar work done by Washington state to combat harmful short-term and long-term credit products. Through these actions, Washington has shown that strong, enforceable consumer protection efforts not only constitute sound public policy but clearly benefit the public interest.

A convincing body of research, including some conducted by your agency, has shown that irresponsible payday lending can create debt cycles that have deep and long-lasting impacts on borrowers. Too frequently marketed toward the financially vulnerable, payday loans often begin as short-term, emergency solutions to unexpected financial hardships but turn into crippling, self-perpetuating debt traps. Borrowers who cannot repay often end up rolling over loans indefinitely, paying more fees to delay the due date, or taking out a new loan to replace the old one.

For many years, this type of payday lending saturated Washington state. To address the problem, the Washington State Legislature enacted reforms in 2010 that set forth a dollar limit on payday loans and put in place a hard cap on the number of loans a borrower could obtain in any twelve-month period. Since the time these rules were implemented, Washington state has seen a steady decline in both the cost and number of payday loans. These reforms have saved borrowers an estimated $500 million each year in fees and interest payments.

Payday lending regulation must ensure that loans are affordable in light of a borrower's income and expenses, and I am encouraged to see that the CFPB's proposed rules include provisions similar to those in Washington state. Through debt trap prevention measures and the restriction of harmful debt payment collection practices, the proposed rules are a positive step toward ensuring that Americans have access to responsible short-term credit while protecting them from predatory practices. As you seek comment from industry and other stakeholders, I urge you to maintain the strong consumer protections outlined in your proposed rule, and at a minimum I hope to see a final rule that requires an ability-to-pay provision in the underwriting of loans.

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Additionally, I encourage you to look for ways to increase protection for our service men and women who are often targeted by predatory lending. Recently, I joined a group of 40 Senate colleagues in supporting the Department of Defense's plan to update the Military Lending Act and close existing loopholes in order to better protect soldiers and their families from abusive financial practices. The letter expressed strong support for a proposed new rule – much like CFPB's - that sought to prevent lenders from charging excessive fees and taking advantage of military families. I know CFPB was very helpful throughout DoD's rulemaking process, and I want to thank you and the Bureau for the work you did to help DoD develop the new Military Lending Act regulations.

I hope you will continue to strengthen consumer protection and support responsible payday lending practices during the rule's comment period and I look forward to seeing increased consumer protection in place soon.

Thank you for your consideration.

Sincerely,

Patty Murray

Patty Murray
United States Senator

United States Senate
WASHINGTON, DC 20510

June 4, 2015

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

Re: Rulemaking addressing payday lending

Dear Director Cordray:

We write regarding the Consumer Financial Protection Bureau's (CFPB) efforts to study and address payday lending practices. We support the CFPB's initial steps towards releasing a proposed rule and urge you to issue the strongest possible rules to end the damaging effects of predatory lending.

Small-dollar, short-term loans with astronomical interest rates that pull consumers into a cycle of debt are predatory. These loans have high default rates, including after the borrower has already paid hundreds or thousands of dollars because of triple-digit interest rates. Notably, the typical borrower of a two-week loan is in debt for more than half the year.[1] In addition, longer term high-cost installment loans with smaller payments than lump-sum payday loans can result in high default or refinancing rates, high rates of bounced payments and other harmful consequences. Even if consumers do not default on these loans, high interest rates, preauthorized payment methods and aggressive debt collection efforts often cause a cascade of devastating financial consequences that can include lost bank accounts, delinquencies on credit cards and other bills, and bankruptcy.

Predatory lenders should not be able to continue unfair, deceptive, and abusive acts or practices that are designed to trap borrowers in a cycle of debt. A CFPB study found that 75 percent of loan fees on payday loans came from consumers with more than 10 transactions over a twelve-month period.[2] This is a business model rooted in preying on individuals and families that have no ability to repay, and the CFPB has a critical opportunity to protect consumers by issuing strong rules. We hope that the Bureau will do so, while also taking into account and respecting states that have strong laws currently in place and building on their efforts to protect consumers from predatory lending.

In finalizing proposed rules, we urge you to focus on meaningful measures to ensure a consumer's ability to repay. In the outline of the proposals being considered, the CFPB wrote

[1] CFPB, "Payday Loans and Deposit Advance Products," 24 April 2013, page 23, http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf.
[2] CFPB, "Payday Loans and Deposit Advance Products," 24 April 2013, page 22, http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf.

that it "believes that the failure to make an ability-to-repay determination results in many consumers taking out unaffordable loans."[3] Ability-to-repay is a fundamental element of responsible lending; however, predatory lenders, particularly those with direct access to a consumer's checking account, have not prioritized this standard. Lending in the absence of an effective ability-to-repay determination, and monitoring of how loans perform in practice, causes substantial harm to consumers. We urge you to give this standard appropriate consideration in the proposed rules.

We appreciate your attention to this issue and hope you will soon issue strong rules to address the predatory lending practices that will only continue to harm consumers without swift action.

Sincerely,

Jeffrey A. Merkley
United States Senator

Richard J. Durbin
United States Senator

Christopher A. Coons
United States Senator

Tammy Baldwin
United States Senator

Sherrod Brown
United States Senator

Elizabeth Warren
United States Senator

[3] CFPB, "Small Business Advisory Review Panel for Potential Rulemakings for Payday, Vehicle Title, and Similar Loans," 26 March 2015, page 3, http://files.consumerfinance.gov/f/201503_cfpb_outline-of-the-proposals-from-small-business-review-panel.pdf.

Al Franken
United States Senator

Tom Udall
United States Senator

Mazie K. Hirono
United States Senator

Amy Klobuchar
United States Senator

Ron Wyden
United States Senator

Richard Blumenthal
United States Senator

Edward J. Markey
United States Senator

Dianne Feinstein
United States Senator

Martin Heinrich
United States Senator

Bernard Sanders
United States Senator

Jack Reed
United States Senator

Barbara Boxer
United States Senator

Maria Cantwell
United States Senator

Jeanne Shaheen
United States Senator

Sheldon Whitehouse
United States Senator

Angus S. King Jr.
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Debbie Stabenow
United States Senator

Patrick Leahy
United States Senator

Christopher S. Murphy
United States Senator

Tim Kaine
United States Senator

Charles E. Schumer
United States Senator

Kirsten E. Gillibrand
United States Senator

Cory A. Booker
United States Senator

Gary C. Peters
United States Senator

Benjamin L. Cardin
United States Senator

Patty Murray
United States Senator

Brian Schatz
United States Senator

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

June 5, 2015

The Honorable Patty Murray
United States Senate
154 Russell Senate Office Building
Washington, D.C. 20150

Dear Senator Murray:

Thank you for your letter requesting that the Consumer Financial Protection Bureau adopt regulations addressing certain practices in the payday lending industry. I appreciate you sharing your concerns about consumer protection in this market and weighing in on approaches to address potential consumer harm.

As you know, the Bureau is concerned that some lenders are offering credit without assessing borrowers' ability to repay their loans. Many consumers also struggle to repay their loans and have to reborrow, default or fall behind on other obligations. The proposals under consideration for a rulemaking to address these harms would require that a lender either determine that a consumer has the ability to repay a loan without reborrowing or take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans. In considering regulatory options for the payday lending market, the Bureau is looking carefully at the ways in which states have sought to protect consumers, including, as you recommend, the Washington model.

I also appreciate your interest in protecting servicemembers and their families in the consumer financial marketplace. The Bureau is very supportive of the Department of Defense's work to revise the rule implementing the Military Lending Act. As directed by statute, the Department has consulted with the Bureau in the course of considering a revised rule and, like you, we have urged the Department to finalize a rule that would close loopholes and provide our military families with broader protections under the Military Lending Act.

Thank you for bringing your perspective on both of these issues to my attention and for the opportunity to respond. I look forward to working with you as the Bureau continues to help markets work better for consumers.

Sincerely,

Richard

Richard Cordray
Director

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

July 13, 2015

The Honorable Jeff Merkley
United States Senate
313 Hart Senate Office Building
Washington, DC 20510

Dear Senator Merkley:

Thank you for your letter commending the Consumer Financial Protection Bureau's efforts to study and address payday lending practices. We appreciate your support for the Bureau's proposals under consideration, which would require lenders to take steps to make sure consumers can repay their loans, and would restrict lenders from attempting to collect payment from consumers' bank accounts in ways that tend to generate fees.

You raised concerns that some lenders are offering credit without assessing borrowers' ability to repay their loans and that this practice may cause consumer injury from unaffordable loans. The Bureau's proposals under consideration seek to balance consumers' need for affordable credit with protections to mitigate the effects of the practices often associated with these loans – such as holding interest in a vehicle as collateral, accessing the consumers' deposit account for repayment, and performing costly withdrawal attempts. Many consumers struggle to repay their loans and have to reborrow, default or fall behind on other obligations because of these practices. For that reason, the Bureau is considering proposals— recently published as part of the Small Business Review Panel process—that would require lenders either to prevent debt traps at the outset of each loan or to protect against debt traps throughout the lending process. The Bureau's research has found that four out of five payday loans are rolled over--when consumers pay additional fees to delay the due date or take out a new loan to replace the old one--or renewed within two weeks. For many consumers, what starts out as a short-term, emergency loan turns into an unaffordable, long-term debt trap.

As you note, consumer injury from failure to determine ability to repay is not limited to typical payday loans. The Bureau has found that when lenders have the ability to access the consumer's account or have a security interest in a vehicle, consumers may lose control over their financial choices and can suffer a financial injury as a result. Accordingly, in addition to covering short-term loans, the proposals under consideration would also cover longer-term loans with an all-in (including add-on charges) annual percentage rate over 36 percent for which the lender takes access to the consumer's account or paycheck for repayment or a security interest in the consumer's vehicle.

The Bureau appreciates your request that we issue strong rules and build on the efforts of the states to protect consumers. The Bureau's rules would establish a Federal floor for consumer protection on payday, vehicle title, and similar loans, coexisting with stricter state, local, and tribal consumer protection laws and regulations.

Thank you for bringing your perspective on these matters to my attention and for the opportunity to respond. As the Bureau proceeds with rulemaking activities, we are giving careful consideration to the issues you raise. I look forward to working with you as the Bureau continues to help markets work better for consumers.

Sincerely,

Thank you for your continued interest in our work. Rich

Richard Cordray
Director

Cc: The Honorable Richard J. Durbin, United States Senator
The Honorable Christopher A. Coons, United States Senator
The Honorable Tammy Baldwin, United States Senator
The Honorable Sherrod Brown, United States Senator
The Honorable Elizabeth Warren, United States Senator
The Honorable Al Franken, United States Senator
The Honorable Tom Udall, United States Senator
The Honorable Mazie K. Hirono, United States Senator
The Honorable Amy Klobuchar, United States Senator
The Honorable Ron Wyden, United States Senator
The Honorable Richard Blumenthal, United States Senator
The Honorable Edward J. Markey, United States Senator
The Honorable Dianne Feinstein, United States Senator
The Honorable Martin Heinrich, United States Senator
The Honorable Bernard Sanders, United States Senator
The Honorable Jack Reed, United States Senator
The Honorable Barbara Boxer, United States Senator
The Honorable Maria Cantwell, United States Senator
The Honorable Jeanne Shaheen, United States Senator
The Honorable Sheldon Whitehouse, United States Senator
The Honorable Angus S. King, Jr., United States Senator
The Honorable Debbie Stabenow, United States Senator
The Honorable Patrick J. Leahy, United States Senator
The Honorable Christopher Murphy, United States Senator
The Honorable Tim Kaine, United States Senator

The Honorable Charles E. Schumer, United States Senator
The Honorable Kirsten Gillibrand, United States Senator
The Honorable Cory A. Booker, United States Senator
The Honorable Gary C. Peters, United States Senator
The Honorable Benjamin L. Cardin, United States Senator
The Honorable Patty Murray, United States Senator
The Honorable Brian Schatz, United States Senator

DENNY HECK
10TH DISTRICT, WASHINGTON

FINANCIAL SERVICES COMMITTEE

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

SUBCOMMITTEE ON MONETARY POLICY AND TRADE

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

February 20, 2015

Dear Director Cordray:

I am writing today to offer encouragement and a bit of constructive advice. I never want to miss an opportunity to thank you and the Bureau, which is doing difficult but critical work investigating consumer abuses and setting up rules and enforcement mechanisms so that the bad actors get driven out of the market and the good actors can prosper. I also want to thank you for your public service stretching back to your time in Ohio, and my primary purpose in writing today is to encourage you to draw upon that experience and make the states your partners.

You and I have both spent considerable time in state government, and we know the strengths of the states in responding to consumer complaints. They have the same mandate as the Bureau, and they have flexible powers and authority to use in responding to abuses. As the Bureau prepares its rule on short-term small-dollar lending, I hope you will look to and work with the states.

Several states have been at the forefront of addressing consumer complaints about high-cost loans, and they have done so through a variety of innovations. As part of your models for the CFPB's national rules, I want to encourage you to also look at the work being done in Washington State. In 2010, our state identified many of the same problems that CFPB has found with borrowers becoming trapped and endlessly rolling over payday loans at ever-increasing cost. The state legislature put in place a dollar limit and a limit of eight loans in any twelve-month period. This latter provision plus strong monitoring by the Washington Department of Financial Institutions and an effective small-loan database seem to have broken the cycle of debt, and have saved consumers over a half billion dollars per year. I urge you to draw upon this success as you craft national rules for these products.

I also urge you to view the states not just as models but as partners. For this reason, my second request is that the Bureau move swiftly to propose its new rule on short-term small-dollar lending while state legislatures are still in session and able to respond and adapt to the ideas put forth. In Washington State, as I'm sure is true elsewhere, the system and the challenges have continued to evolve since 2010, and there have been proposals on small-dollar lending in the last two legislative sessions. I believe any changes at the state level are best considered in the context of CFPB's findings and proposal, and I hope the Bureau is able to produce a proposed rule this spring in order to aid that timeline.

Before I close, I want to thank you again for your agency and to single out, as I have many times before, the work of Holly Petraeus of the Office of Servicemember Affairs. As somebody who has the honor to represent Joint Base Lewis-McChord, I am especially grateful for CFPB's work protecting veterans and servicemembers. I have already said thank you for the work the Bureau did in helping the Defense Department craft the new Military Lending Act regulations dealing with short-term small-dollar lending, and I look forward to continued good work on small-dollar lending and military protections going forward. Please let me know if I can be of assistance in any way.

Sincerely,

Denny Heck

Denny Heck
Member of Congress

cfpb Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

March 2, 2015

The Honorable Lynn Westmoreland
U.S. House of Representatives
2202 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Westmoreland:

Thank you for your letter about short-term lending and recommending to the Consumer Financial Protection Bureau (Bureau) certain principles for our work on regulations applicable to the short-term lending industry. I welcome the opportunity to address the Bureau's rulemaking process with you.

As you know, the Bureau has the authority to enforce Federal consumer financial laws and to promulgate rules implementing those laws. The Bureau also has the authority to supervise nondepository payday lenders and larger financial institutions for compliance with these laws. We are currently in the pre-rule phase of our work on short-term lending and are considering appropriate regulatory action to address consumer harm in this market.

Our rulemaking activities incorporate the principles that you urge us to adopt in considering regulation applicable to the short-term lending industry—namely that we take a data-driven approach, consider the impact of small businesses and on rural communities, conduct an analysis of costs and benefits of any rulemaking, and consider regulation already employed by the states, which have extensive experience regulating small dollar lending. As the Bureau considers federal regulation of these products, we welcome the expertise which states can share with us. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where the consumer is, which institution extends the credit, or what type of license the institution uses to operate.

The Bureau's Division of Research, Markets, and Regulations studies consumer financial markets and conducts research on consumer behavior and market practices. In April 2013 and March 2014, the Office of Research published analyses of borrowing patterns on short-term payday loans. Economists and market experts at the Bureau continue to consider and analyze available information to identify risks to consumers and inform the Bureau's policy decisions.

When the Bureau does promulgate regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to the affected financial products or services. In addition, the Dodd-Frank Act requires the Bureau to specifically consider the impacts of any proposed rules on small banks and credit unions and on consumers in rural communities.

Additionally, the Regulatory Flexibility Act requires the Bureau to obtain input from small businesses through a formalized process prior to publishing a notice of proposed rulemaking. Specifically, when the Bureau is considering proposals that would have a significant impact on a substantial number of small entities, we convene a panel of representatives from the Bureau, the Small Business Administration's Office of Advocacy, and the Office of Management and Budget to gather input from representatives of small businesses that would be affected.

As the Bureau considers appropriate regulation for the short-term lending market, we also look to the work of the states—just as we do for other rulemakings. We are conscious of the importance of state regulation in the context of any rules the Bureau might promulgate regarding short-term lending, including both the lessons that can be drawn from state experiences regulating this market and the potential interactions between possible CFPB rules and existing state frameworks.

Thank you for your continuing interest in the Bureau's work. I look forward to working with you on this important issue as the Bureau continues to help markets work better for consumers.

Sincerely,

Richard Cordray
Director

March 4, 2015

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

Dear Director Cordray:

We are writing in support of strong, effective rules governing payday loans. The Consumer Financial Protection Bureau (CFPB) has a responsibility to protect consumers from these predatory and exploitive financial products, and we urge you to implement rules that would prohibit fraudulent and abusive payday loans that threaten the economic well-being of so many Americans, especially those from low-income communities of color.

While several states have recently passed new laws and others have increased the enforcement on the abusive nature of these loans, the need for federal regulation is pressing. As of 2014, at least 36 states still permit these abusive loans, and many do so without restriction.[i] Moreover, the prevalence of internet payday lending has grown tremendously in recent years. In fact, one in every three payday loans originates online, some with rates as high as 700% APR or more.[ii]

What is particularly concerning is that payday lenders target low-income communities and communities of color. According to a four state study conducted by Howard University's Center on Race and Wealth, 12 million people living in low-income communities use payday loans annually. Those individuals averaged eight payday loans each year with an average interest rate of 400 percent for each loan. Nearly 90 percent of payday lenders referenced in the study were located in low-income communities of color.

The prevalence of such predatory and abusive practices is unacceptable. The payday loan industry robs borrowers of the opportunity to secure a foothold in the mainstream financial services market by locking borrowers into a long-term debt trap and by increasing the likelihood that a borrower will suffer other harmful financial consequences, such as bankruptcy, excessive overdraft fees, and involuntary bank account closures. The resulting adverse impact on credit scores, which lenders use to determine a borrower's eligibility, can make it even harder for individuals to avail themselves of mainstream financial services. This means that the millions of individuals from low-income communities and communities of color are further disadvantaged and further unable to break free of existing socio-economic barriers.

That is why we need a clear, consistent, national standard that ensures that no one in this country is subject to predatory lending practices. To that end, we urge the CFPB to implement rules to stem predatory practices that are based on exorbitant interest rates and fees that draw consumers into a harmful cycle of repeat lending. Specifically, we ask that the CFPB meaningfully reform the marketplace by implementing rules governing both storefront and online payday lending that would:

1. Require the lender to determine the borrower's ability to repay the loan, including consideration of both income and expenses;

2. Not sanction any series of repeat loans or provide any safe harbor;

3. Recognize that borrowers need small dollar loans with good terms, not short-term loans that are difficult for them to repay. The CFPB should establish an outer limit on length of indebtedness that is at least as short as the FDIC's 2005 guidelines – 90 days in a twelve-month period; and

4. Prohibit lenders from using post-dated checks of electronic access to a borrower's checking account as evidence of ability to repay the loan.

We thank you for your leadership and consideration of our suggestions for strong protections for consumers in the financial market. We look forward to working with you and the Bureau to establish clear rules for the payday lending industry in order to protect consumers from products that have been shown to be financially damaging.

Very truly yours,

Keith Ellison
Co-Chair, Congressional Progressive Caucus

Raúl M. Grijalva
Co-Chair, Congressional Progressive Caucus

Linda T. Sánchez
Chairwoman, Congressional Hispanic Caucus

G.K. Butterfield
Chairman, Congressional Black Caucus

Judy Chu
Chairwoman, Congressional Asian Pacific American Caucus

[i] The Pew Charitable Trusts, *How State Rate Limits Affect Payday Loan Prices*, April 10, 2014, *available at* *http://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2014/04/10/how-state-rate-limits-affect-payday-loan-prices*.

[ii] The Pew Charitable Trusts, *Key Findings About Internet Payday Lending: Harmful Practices, Fraud, and Abuse Abound in a Growing Industry*, Oct. 02, 2014, *available at http://www.pewtrusts.org/en/multimedia/data-visualizations/2014/key-findings-about-internet-payday-lending*.

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

March 25, 2015

The Honorable Lois Frankel
U.S. House of Representatives
1037 Longworth House Office Building
Washington, D.C. 20515

Dear Congresswoman Frankel:

Thank you for your letter regarding payday lending and recommendation to the Consumer Financial Protection Bureau (Bureau) for our work on regulations applicable to the payday lending industry. I welcome the opportunity to address the Bureau's rulemaking process with you.

As you know, the Bureau has the authority to enforce Federal consumer financial laws and to promulgate rules implementing those laws. The Bureau also has the authority to supervise non-depository payday lenders and larger financial institutions for compliance with these laws. In addition, many states supervise such lenders operating within their own jurisdictions. The Bureau works closely with the state regulators in these markets, including the Florida Office of Financial Regulation. We are currently in the pre-rule phase of our work on payday lending and are considering appropriate regulatory action to address consumer harm in this market.

We are conscious of the importance of state regulation in the context of any rules the Bureau might promulgate regarding payday lending. As part of the Bureau's rulemaking activities, we look to regulation already employed by the states, such as Florida, which have extensive experience regulating payday lending, as you note in your letter. As we do so, we consider both the lessons that can be drawn from state experiences regulating this market and the potential interactions between possible Bureau rules and existing state frameworks. We encourage active participation from the states in our rulemaking process and welcome the expertise that states can share with us. By considering federal action, we want to ensure that consumers are offered the same minimum protections no matter where the consumer is, which institution extends the credit, or what type of license the institution uses to operate.

Thank you for your continued interest in the Bureau's work. I look forward to working with you on this important issue as the Bureau continues to help markets work better for consumers.

Sincerely,

Richard Cordray

Richard Cordray
Director

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

March 31, 2015

The Honorable Cedric L. Richmond
U.S. House of Representatives
240 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Richmond:

Thank you for your letter urging the Consumer Financial Protection Bureau (Bureau) to adopt regulations addressing harmful practices in the payday lending industry. In particular, we appreciate your sharing your insights about the impact of payday lending on the residents and economy of Louisiana. At the Bureau, we are concerned about the effects that payday lending can have on families and communities.

As the Bureau proceeds with pre-rulemaking activities, we are giving careful consideration to the issues you raise, including long-term use of payday loans as well as the financial consequences that may arise from borrowers taking out loans that they cannot repay. We also are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that as a consequence many consumers have to reborrow, default, or fall behind on other obligations. To address these concerns, the Bureau is currently considering options for regulation in the payday lending market. Among these options, the Bureau is considering whether any rule on payday lending should include ability-to-repay standards or limitations on repeated reborrowing.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market and of ongoing deliberations by state legislatures across the country. I appreciate your insight that the work of the Bureau will set the tone for ongoing decision-making by the states. At the Bureau, we want to ensure that consumers are offered benefits and protections no matter the type of institution which extends the credit (depository or non-depository) or where the institution is licensed to operate. Our analysis of potential injury and appropriate action is not limited to one particular product structure or particular kind of lender. If lenders that offer small dollar credit are engaged in unfair, deceptive, or abusive practices, the Bureau will hold those institutions accountable, no matter how their products are structured or labeled, as appropriate to our jurisdiction.

Thank you for bringing to my attention your concerns about payday lending and for the opportunity to respond. I look forward to working with you on this important issue.

Sincerely,

Richard Cordray
Director

cfpb Consumer Financia Protection Bureau

1700 G Street, N.W., Washington, DC 20552

April 15, 2015

The Honorable Denny Heck
U.S. House of Representatives
425 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Heck:

Thank you for your letter regarding the Consumer Financial Protection Bureau's (Bureau's) work on payday lending. In particular, thank you for sharing your insights about the work being done in Washington State to regulate high-cost loans.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations. Last month, we released proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market. Consumers should receive the same protections no matter the type of institution which extends the credit (depository or non-depository) or where the institution, whether storefront or online, is licensed to operate. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. As such, the intent of these proposals is to coexist with stricter consumer protection laws and regulations at the state and local level, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit. We are looking at the work and experience of the states, including the Washington State model that you recommend. We also appreciate that the states will consider what the Bureau is proposing as they deliberate what measures to take in regulating this market. Drawing from my own time in Ohio and from our collaboration with the states on a number of matters, we at the Bureau deeply value the states as partners in all of our work.

I also appreciate your note about our work on behalf of servicemembers and veterans. Holly Petraeus and the Bureau's Office of Servicemember Affairs are specifically dedicated to military consumer financial protection and education. As part of this work, the Bureau takes seriously our responsibility as one of the agencies consulting with the Department of Defense on the implementation of the Military Lending Act and as one of the agencies charged with enforcing that law.

Thank you for bringing to my attention your advice on the regulation of payday lending and for the opportunity to respond. I share your sense of urgency and look forward to working with you on this important issue.

Sincerely,

Richard

Richard Cordray
Director

We passed on your nice comments to Molly and her team — thanks!
Rich

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

April 23, 2015

The Honorable Linda Sanchez
Chairwoman, Congressional Hispanic Caucus
U.S. House of Representatives
2329 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Sanchez:

Thank you for your letter about payday lending, urging the Consumer Financial Protection Bureau (Bureau) to adopt regulations to protect consumers in the small dollar lending market. At the Bureau, we are concerned about the effects that payday lending can have on families and communities. I appreciate the opportunity to work with you and your colleagues on this important issue.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations. Last month, we released proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan without reborrowing or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans.

As the Bureau proceeds with rulemaking activities, we are giving careful consideration to the issues you raise, including long-term use of payday loans as well as the financial consequences that may arise from borrowers taking out loans that they cannot repay. At the Bureau, we want to ensure that consumers are offered benefits and protections no matter the type of institution that extends the credit (depository or non-depository) or where the institution, whether storefront or online, is licensed to operate. Our analysis of potential injury and appropriate action is not limited to one particular product structure or particular kind of lender. If lenders that offer small dollar credit are engaged in unfair, deceptive, or abusive practices, the Bureau will hold those institutions accountable through appropriate action, no matter how their products are structured or labeled.

Thank you for your continued interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents.

Sincerely,

Richard Cordray
Director

Congress of the United States
Washington, DC 20515

April 28, 2015

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

Dear Director Cordray:

We write in regard to the Consumer Financial Protection Bureau's (CFPB) most recent proposed rules to regulate payday lenders and other forms of credit. While we strongly support meaningful and robust safeguards to prevent predatory lending practices in this market, we have continually insisted that any regulatory framework established be carefully balanced with the need to provide consumers with access to a range of financial services. We have also consistently stressed the importance of guaranteeing that any regulations established are based on complete data, sound science and a transparent process that ensures all stakeholders have a place at the negotiating table. For these reasons, we share several concerns with the one-size-fits-all policy envisioned under CFPB's proposed approach.

As you know, the payday loan statute in our home state of Florida is among the most progressive and effective in the nation. Indeed, it has become a national example of the successful compromise between strong consumer protection and increased access to credit. Over the past several years, many lenders that offer payday loans have proactively undertaken radical reforms that encourage the responsible use of short-term loans, including the extended repayment plan. These reforms have enabled consumers to secure desperately needed payday loans or other short-term credit in a regulated environment that protects them from economic harm.

In light of Florida's success in this regard, in addition to the two pronged framework that you have established to implement debt trap prevention and debt trap protection, we implore you to include the Florida model as a third method. To ignore our experience, which has proven to encourage lending practices that are fair and transparent without restricting credit options, would do an immeasurable disservice to our constituents, many of whom rely on the availability of short-term and small dollar loans from regulated, licensed non-bank lenders to make ends meet. Eliminating such products from the market will almost certainly have the opposite effect of that intended by CFPB, consumers to turn to more expensive alternatives and/or unlicensed lenders, many of which are out-of-state or offshore and beyond the reach of regulators.

We look forward to hearing from you about the concerns raised in this letter and to working together on this matter and other efforts to ensure the financial well-being of all Americans.

Sincerely,

Alcee L. Hastings
Member of Congress

Vern Buchanan
Member of Congress

Debbie Wasserman Schultz
Member of Congress

Dennis A. Ross
Member of Congress

Alan Grayson
Member of Congress

Bill Posey
Member of Congress

Patrick E. Murphy
Member of Congress

Ander Crenshaw
Member of Congress

Frederica S. Wilson
Member of Congress

Daniel Webster
Member of Congress

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Member of Congress

Gus Bilirakis
Member of Congress

Curt Clawson
Member of Congress

John Mica
Member of Congress

MAXINE WATERS
MEMBER OF CONGRESS
43RD DISTRICT, CALIFORNIA

COMMITTEE:
FINANCIAL SERVICES
RANKING MEMBER

Congress of the United States
House of Representatives
Washington, DC 20515-0535

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May 26, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street N.W.
Washington, D.C. 20552

Re: The Bureau's Small-Dollar Lending Proposal

Dear Director Cordray:

I write to express my general support for the Consumer Financial Protection Bureau's ("Bureau") small-dollar lending proposal issued in March and to urge the Bureau to adopt a rule that clearly establishes an ability-to-repay requirement for all small-dollar loans. The current proposal provides for an ability-to-repay option, but I am deeply concerned that the Bureau's so-called "protection" approach gives small-dollar lenders the option to provide potentially unaffordable products to consumers.

The Bureau's "prevention" approach establishes a basic principle that should govern all consumer credit transactions: a creditor should only extend credit upon a determination that the borrower can pay back the credit being extended as well as their other financial obligations. For far too long, payday lenders, title loan companies and other small-dollar lenders have been allowed to develop a highly profitable business model that has prioritized their ability to collect over a borrower's ability to repay.

The "prevention" approach rightly recognizes that lenders must conduct an affordability assessment at the outset of the transaction. In contrast, the "protection" approach would allow for small-dollar loans to be extended to borrowers without full consideration of their financial obligations. Though the "protection" approach provides other safeguards, an ability-to-repay standard is the only approach that guarantees that small-dollar loans are soundly underwritten.

I would urge the Bureau to adopt a strong rule that is consistent with the Bureau's "prevention" approach. Such an approach would be consistent with generally recognized principles of sound underwriting as well as the concerns expressed by three of the nation's leading consumer advocacy groups in response to the Bureau's proposal:

- **Americans for Financial Reform:** "The path the Bureau is moving on gets two fundamental things right. First, for a loan to be fair, the borrower must have the ability-to-repay . . . [s]econd, the Bureau has recognized that this crucial principle – ability-to-repay – must apply to a sufficiently broad range of small-dollar loans . . . [a]t the same time, however, we are very concerned that parts of the CFPB's proposal provide dangerous exceptions to a meaningful application of the ability-to-repay principal to both short- and longer-term small-dollar loans."

- **Center for Responsible Lending:** "The proposal endorses the principle that payday lenders be expected to do what responsible lenders already do: check a borrower's ability-to-repay the loan on the terms it is given . . . [a]t the same time, we are deeply concerned about provisions in the proposal, the so-called "debt trap protection options," which would in fact permit payday lenders to continue making both short- and longer-term loans without determining the borrower's ability-to-repay."

- **National Consumer Law Center:** "The CFPB has recognized that payday lenders must do what any responsible lender does: consider the borrower's ability-to-repay the loan while meeting other expenses without needing to reborrow, [but] [d]espite the strong fundamentals of the CFPB's approach, loopholes would permit some unaffordable high-cost loans to stay on the market. The CFPB has taken an 'either/or' approach: 'prevention or protection.' But borrowers need both."

In addition to the obvious benefits to consumers, a "prevention-only" approach would make compliance more straightforward for regulated entities. While I understand the desire to provide industry with flexibility, such flexibility should not come at the expense of sound underwriting practices. Furthermore, introducing actual underwriting to small-dollar lenders would level the playing field between small-dollar lenders and community financial institutions that provide small-dollar loans that are underwritten with the borrower's ability to repay in mind.

I cannot think of a more important standard to establish than an ability-to-repay standard for *all* small-dollar loans. We have established an ability-to-repay standard for mortgages and credit cards, and I would urge the CFPB to follow suit with a rule that similarly enshrines an ability-to-repay standard for small-dollar loans.

Thank you for all of your hard work on this critically important issue, and I look forward to hearing from you as the Bureau moves forward with its small-dollar lending rulemaking.

RESPECTFULLY,

Maxine Waters

MAXINE WATERS

Consumer Financial Protection Bureau
1700 G Street, N.W., Washington, DC 20552

June 2, 2015

The Honorable Alcee Hastings
U.S. House of Representatives
2353 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Hastings:

Thank you for your letter about payday lending, requesting that the Consumer Financial Protection Bureau consider Florida's regulation as a model for Federal rules covering the payday lending market. I appreciate you sharing your concerns and weighing in on this important issue.

At the Bureau, we are concerned that some lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations. As you know, in March we released a summary of proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan without reborrowing or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans.

We recognize that states have taken a variety of different approaches to regulate the payday lending market. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. As such, the intent of these proposals is to coexist with stricter consumer protection laws and regulations at the state and local level. In considering regulatory options for the payday lending market, we are looking carefully at the work and experience of the states, including the Florida model that you recommend.

We also share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, auto title, and similar loans reflect these concerns as we provide avenues for lenders to continue making covered loans, by either determining that consumers have an ability to repay the loan, or by including protections to help make sure that consumers are able to avoid being caught in a cycle of debt.

Thank you for your continued interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents.

Sincerely,

Richard Cordray

Richard Cordray
Director

cc: The Honorable Vern Buchanan, Member of Congress
The Honorable Debbie Wasserman Schultz, Member of Congress
The Honorable Dennis A. Ross, Member of Congress
The Honorable Alan Grayson, Member of Congress
The Honorable Bill Posey, Member of Congress
The Honorable Patrick E. Murphy, Member of Congress
The Honorable Ander Crenshaw, Member of Congress
The Honorable Frederica S. Wilson, Member of Congress
The Honorable Daniel Webster, Member of Congress
The Honorable Gwen Graham, Member of Congress
The Honorable David Jolly, Member of Congress
The Honorable Corrine Brown, Member of Congress
The Honorable Jeff Miller, Member of Congress
The Honorable Lois Frankel, Member of Congress
The Honorable Carlos Curbelo, Member of Congress
The Honorable Kathy Castor, Member of Congress
The Honorable Rich Nugent, Member of Congress
The Honorable Ted Deutch, Member of Congress
The Honorable Mario Diaz-Balart, Member of Congress
The Honorable Ileana Ros-Lehtinen, Member of Congress
The Honorable Ted Yoho, Member of Congress
The Honorable Ron DeSantis, Member of Congress
The Honorable Gus Bilirakis, Member of Congress
The Honorable Curt Clawson, Member of Congress
The Honorable John Mica, Member of Congress

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Tony Cárdenas
Congress of the United States
29th District, California

June 3, 2015

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

Dear Director Cordray,

I write to thank you for your continued engagement on issues of importance to my constituents, particularly those who are underbanked and underserved. I understand that the CFPB is moving into the rulemaking process for small dollar—or payday—loans, and I believe in the important role the Bureau plays in protecting consumers from financial harm. Additionally, I know that many of the people I represent are left with limited options when it comes to banking services, specifically limited credit options.

For many people in underbanked communities it is a challenge just to have the access to credit for daily expenses and to effectively manage financial needs. Having the ability to obtain a short-term loan may be the difference between being able to replace a set of unsafe tires on a car or not. It may also mean the difference between paying household bills, or having utility services terminated and lights turned off. These are not easy, or fair, choices for anyone to make.

The underserved citizens that I represent are often vulnerable to scam artists, predatory or unregulated lenders. These same citizens, however, often are not afforded the selection of options and conveniences in their financial portfolios as other middle class families. That is why I favor strong regulation of short-term credit that protects from abuse, both of consumers and of financial products. People turn to small dollar, short-term credit because they aren't being served by the banking industry and other traditional providers. Before you proceed with any rulemaking, I trust you will consider consumer needs for short-term credit and what challenges they face when trying to meet them. Further, we need to understand precisely which customers face harm when they take out a payday loan and work to find a better way to serve them. To put a rule in place that ultimately would result in the dissolution of the credit options for people would ignore the financial needs of millions of Americans.

In any industry, there are good and bad actors. The same is true of the payday loan industry, and those unscrupulous, unlicensed lenders who are targeting borrowers and selling them bad products should be punished to the full extent of the law. However, the CFPB should proceed with care in ensuring that the regulatory regime it stands up around short-term lending allows good actors to continue serving the public in a transparent, responsible, and competitive environment. One has only to look to state models to see the impact that lack of credit access has on consumers. In states where payday lending is either outlawed or constricted to the point of dysfunction, consumers too often turn to offshore, unregulated lenders from whom the customer has little if any recourse. I do not want Americans to face that type of situation as a singular option.

The accessibility of a robust, reliable, strictly regulated and trustworthy credit market is critical to the financial needs of any community. I hold consumer protection in the highest priority, and I am pleased to continue to support the CFPB in this shared goal. The rules by which payday lending should operate must create an environment in which only the highest standards of behavior are upheld.

Sincerely,

Tony Cárdenas

TONY CÁRDENAS
Member of Congress

ALCEE L. HASTINGS
20TH CONGRESSIONAL DISTRICT
FLORIDA

COMMITTEE ON RULES
SENIOR MEMBER

UNITED STATES
HELSINKI COMMISSION
RANKING DEMOCRATIC MEMBER

FLORIDA DELEGATION
CO-CHAIRMAN

SENIOR DEMOCRATIC WHIP

Congress of the United States
House of Representatives
Washington, DC 20515-0920

PLEASE RESPOND TO:

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WASHINGTON, DC 20515-0923
TELEPHONE: (202) 225-1313
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☐ 2701 W. OAKLAND PARK BOULEVARD
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☐ TOWN OF MANGONIA PARK
MUNICIPAL CENTER
1755 EAST TIFFANY DRIVE
MANGONIA PARK, FL 33407
TELEPHONE: (561) 469-7048

www.alceehastings.house.gov

June 9, 2015

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

Dear Director Cordray:

I write to thank you for taking the time to meet with me on June 2, 2015 regarding the Consumer Financial Protection Bureau's (CFPB) most recent proposed rules to regulate payday lenders. I appreciate your willingness to keep the lines of communication open as the CFPB moves forward with its rulemaking process, and your acknowledgement that the Florida model is indeed a success story and should be considered as part of any regulatory framework established by the CFPB.

As discussed, the Florida payday loan statute is regarded as a national example of the successful compromise between continued access to much needed short-term credit and strong consumer protection. The industry funded, state mandated Florida Data Base limits multiple transactions, rollovers and multiple advances are prohibited, and Floridians have a default rate so low that it is nearly impossible to detect. Indeed, that the entire Florida Congressional delegation has come together in support of this model speaks volumes. In short, the Florida statute successfully addresses the debt trap prevention and debt trap protection that the CFPB now seeks to implement.

I was encouraged by your representations in our meeting; however, I am deeply troubled by your June 2, 2015 response letter that I received afterwards. While you indicated that your intent is to not preempt existing state and local laws and regulations, in practice, the proposals currently under consideration will severely impact the availability of small-dollar, short-term credit for Florida consumers. If promulgated in their current form, these regulations will produce a decrease in transaction volume of approximately 47 percent and the same level in lost revenue, which will undoubtedly force lenders to raise fees and close locations, limiting often desperately needed access to short-term, small-dollar credit – a service we both agree is essential to Florida consumers.

Furthermore, you indicated that you are in contact with Mr. Drew Breakspear, Commissioner of the Florida Office of Financial Regulation, whose responsibility it is to implement the Florida law. I would also ask that you travel to Florida to see firsthand the implementation of Florida's model, as well as meet with consumers who utilize these services.

Once again, I thank you for your time on June 2nd, and sincerely hope that we can work together to ensure that any regulatory framework established by the CFPB successfully coexists with Florida's model.

Sincerely,

Alcee L. Hastings

Alcee L. Hastings
Member of Congress

Congress of the United States
Washington, DC 20515

June 22th, 2015

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

Re: Rulemaking addressing payday and car title lending

Dear Director Cordray:

We write to express our support of the Consumer Financial Protection Bureau's (Bureau) preliminary proposals to address abusive payday and car title lending practices. We applaud the Bureau's initial steps and urge you to implement strong consumer protections to enforce responsible lending that helps, rather than harms consumers.

We appreciate the strengths of the Bureau's proposal. While there is a need for affordable credit, unfair, deceptive, and abusive payday and car title lending practices often pull consumers into a cycle of debt. As your 2013 Payday Loans and Deposit Advance Product White Paper highlighted, over 80 percent of payday loans are rolled over or followed by another loan within 14 days and 75 percent of loan fees on payday loans came from consumers with more than 10 transactions over a twelve-month period. We support the Bureau's efforts to close the door to unaffordable loans by addressing failure to underwrite for affordable payments, repeatedly rolling over or refinancing loans, accessing the consumer's account for repayment, and performing costly withdrawals. We hope your final rule will protect vulnerable communities and empower consumers to make sound financial choices so that we can build a safer and stronger financial system.

We strongly support the Bureau's general endorsement of an ability-to-repay principle, based on an evaluation of a borrower's income and obligations. We also strongly support applying that principle, as the Bureau proposes, to short-term balloon payment loans as well as vehicle title loans and longer term high-cost loans where the lender has direct access to the borrower's checking account. In finalizing proposed rules, we urge you to focus on meaningful measures to ensure a consumer's ability to repay.

Ability to repay is the fundamental element of any responsible loan. As the Bureau has noted, rather than lending based on ability to pay, payday lenders often lend based on their ability to collect, putting themselves first-in-line to repay themselves directly from the borrower's checking account as soon as the borrower receives a paycheck or public benefits. This leaves borrowers vulnerable to incurring ongoing financial difficulties.

Lending without ability to repay and monitoring of performance causes substantial harm to borrowers. As you finalize your proposed rule, we urge you to give this standard appropriate consideration. We appreciate your attention to this issue and look forward to your final proposed rule.

Sincerely,

Terri A. Sewell
Member of Congress

Julia Brownley
Member of Congress

Alma S. Adams
Member of Congress

G. K. Butterfield
Member of Congress

Karen Bass
Member of Congress

Lois Capps
Member of Congress

Xavier Becerra
Member of Congress

Michael E. Capuano
Member of Congress

Sanford D. Bishop
Member of Congress

André Carson
Member of Congress

Earl Blumenauer
Member of Congress

Judy Chu
Member of Congress

David N. Cicilline
Member of Congress

Peter A. DeFazio
Member of Congress

Katherine M. Clark
Member of Congress

Mark DeSaulnier
Member of Congress

Emanuel Cleaver
Member of Congress

Lloyd Doggett
Member of Congress

James Clyburn
Member of Congress

Keith Ellison
Member of Congress

Steve Cohen
Member of Congress

Anna G. Eshoo
Member of Congress

Danny K. Davis
Member of Congress

Sam Farr
Member of Congress

Raúl M. Grijalva
Member of Congress

Eddie Bernice Johnson
Member of Congress

Luis V. Gutiérrez
Member of Congress

Marcy Kaptur
Member of Congress

Rubén Hinojosa
Member of Congress

Robin L. Kelly
Member of Congress

Mike M. Honda
Member of Congress

Ann McLane Kuster
Member of Congress

Sheila Jackson Lee
Member of Congress

Jim R. Langevin
Member of Congress

Hank Johnson
Member of Congress

Brenda L. Lawrence
Member of Congress

Barbara Lee
Member of Congress

Eleanor Holmes Norton
Member of Congress

John Lewis
Member of Congress

Frank Pallone, Jr.
Member of Congress

Zoe Lofgren
Member of Congress

Bill Pascrell, Jr.
Member of Congress

Alan S. Lowenthal
Member of Congress

Donald M. Payne, Jr.
Member of Congress

Carolyn B. Maloney
Member of Congress

Chellie Pingree
Member of Congress

Betty McCollum
Member of Congress

Stacey E. Plaskett
Member of Congress

Mark Pocan
Member of Congress

Jan D. Schakowsky
Member of Congress

David E. Price
Member of Congress

Bobby C. Scott
Member of Congress

Cedric L. Richmond
Member of Congress

Louise Slaughter
Member of Congress

Bobby L. Rush
Member of Congress

Adam Smith
Member of Congress

Linda T. Sánchez
Member of Congress

Mark Takano
Member of Congress

John P. Sarbanes
Member of Congress

Bennie G. Thompson
Member of Congress

Chris Van Hollen
Member of Congress

Matt Cartwright
Member of Congress

Bonnie Watson Coleman
Member of Congress

Elijah E. Cummings
Member of Congress

Frederica S. Wilson
Member of Congress

Filemon Vela, Jr.
Member of Congress

John A. Yarmuth
Member of Congress

David Scott
Member of Congress

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

June 23, 2015

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
4340 Thomas P. O'Neill, Jr. Federal Office Building
Washington, D.C. 20515

Dear Ranking Member Waters:

Thank you for your letter requesting that the Consumer Financial Protection Bureau adopt regulations addressing certain practices in the payday lending industry. I appreciate you sharing your concerns about consumer protection in this market and weighing in on approaches to address potential consumer harm.

The Bureau shares your concern that some lenders are offering credit without assessing borrowers' ability to repay their loans. Many consumers struggle to repay their loans and have to reborrow, default or fall behind on other obligations. The proposals under consideration for a rulemaking to address these harms would require that a lender either determine that a consumer has the ability to repay a loan without reborrowing or take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans.

I appreciate your concern about the alternative requirements for covered short-term loans included in our proposals under consideration for the Small Business Review Panel. The Bureau is seeking feedback about these proposals, as we are in an early phase of the rulemaking process. As the Bureau proceeds with rulemaking activities, we are giving careful consideration to the issues you raise, including how well the proposals might achieve the agency's goals of preventing consumer injury from unaffordable loan payments.

Thank you for bringing your perspective on these matters to my attention and for the opportunity to respond. I look forward to working with you as the Bureau continues to help markets work better for consumers.

Sincerely,

Richard Cordray
Director

We continue to appreciate and benefit from your keen interest in our work —
Thanks, Rich

Congress of the United States
Washington, DC 20515

July 22, 2015

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

Dear Director Cordray:

As Co-Chairmen of the Florida Congressional delegation, we write to request a meeting with you and members of our delegation in September, to discuss the Consumer Financial Protection Bureau's (CFPB) most recent proposed rules to regulate payday lenders and other forms of short-term credit. This meeting will serve as a follow-up to the attached letter that our delegation sent to you on April 28, 2015.

Once we have confirmed a meeting time, we will also be inviting Mr. Drew Brakespear, Commissioner of the Florida Office of Financial Regulation, to attend. We believe that he will offer an inside perspective to the implementation and regulation of the nationally renowned Florida payday lending statute, and will help to facilitate the substantive and thoughtful dialogue that this issue deserves.

We thank you for your time and consideration of our request, and will have our offices contact yours to set-up a time to meet in September that is mutually agreeable.

Sincerely,

Alcee L. Hastings
Member of Congress

Vern Buchanan
Member of Congress

Congress of the United States
Washington, DC 20515

April 28, 2015

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

Dear Director Cordray:

We write in regard to the Consumer Financial Protection Bureau's (CFPB) most recent proposed rules to regulate payday lenders and other forms of credit. While we strongly support meaningful and robust safeguards to prevent predatory lending practices in this market, we have continually insisted that any regulatory framework established be carefully balanced with the need to provide consumers with access to a range of financial services. We have also consistently stressed the importance of guaranteeing that any regulations established are based on complete data, sound science and a transparent process that ensures all stakeholders have a place at the negotiating table. For these reasons, we share several concerns with the one-size-fits-all policy envisioned under CFPB's proposed approach.

As you know, the payday loan statute in our home state of Florida is among the most progressive and effective in the nation. Indeed, it has become a national example of the successful compromise between strong consumer protection and increased access to credit. Over the past several years, many lenders that offer payday loans have proactively undertaken radical reforms that encourage the responsible use of short-term loans, including the extended repayment plan. These reforms have enabled consumers to secure desperately needed payday loans or other short-term credit in a regulated environment that protects them from economic harm.

In light of Florida's success in this regard, in addition to the two pronged framework that you have established to implement debt trap prevention and debt trap protection, we implore you to include the Florida model as a third method. To ignore our experience, which has proven to encourage lending practices that are fair and transparent without restricting credit options, would do an immeasurable disservice to our constituents, many of whom rely on the availability of short-term and small dollar loans from regulated, licensed non-bank lenders to make ends meet. Eliminating such products from the market will almost certainly have the opposite effect of that intended by CFPB, forcing consumers to turn to more expensive alternatives and/or unlicensed lenders, many of which are out-of-state or offshore and beyond the reach of regulators.

We look forward to hearing from you about the concerns raised in this letter and to

working together on this matter and other efforts to ensure the financial well-being of all Americans.

Sincerely,

Alcee L. Hastings
Member of Congress

Vern Buchanan
Member of Congress

Debbie Wasserman Schultz
Member of Congress

Dennis A. Ross
Member of Congress

Alan Grayson
Member of Congress

Bill Posey
Member of Congress

Patrick E. Murphy
Member of Congress

Ander Crenshaw
Member of Congress

Frederica S. Wilson
Member of Congress

Daniel Webster
Member of Congress

Gwen Graham
Member of Congress

David Jolly
Member of Congress

Corrine Brown
Member of Congress

Jeff Miller
Member of Congress

Lois Frankel
Member of Congress

Carlos Curbelo
Member of Congress

Kathy Castor
Member of Congress

Rich Nugent
Member of Congress

Ted Deutch
Member of Congress

Mario Diaz-Balart
Member of Congress

Ileana Ros-Lehtinen
Member of Congress

Ted Yoho
Member of Congress

Ron DeSantis
Member of Congress

Gus Bilirakis
Member of Congress

Curt Clawson
Member of Congress

John Mica
Member of Congress

July 31, 2015

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

Dear Director Cordray:

We write concerning the Consumer Financial Protection Bureau's (CFPB) impending rulemaking process designed to regulate short-term lending options. Each of us recognizes the importance of preventing predatory lending practices in this market, and strongly supports robust safeguards to ensure that consumers are protected. At the same time, we also appreciate the significance of ensuring that low to moderate-income Americans, who often do not qualify for more traditional financial products, maintain access to a variety of legal and regulated credit options.

To date, several states have implemented regulatory regimes that have successfully enabled consumers to secure desperately needed short-term credit in a regulated environment that protects them from economic harm. We ask that as you move forward with this rulemaking process, you work in consultation with industry stakeholders to ensure a fair and transparent process. Furthermore, we request that you conduct field trials in specific markets to gain a deeper understanding of how any proposed regulations will work in practice. Indeed, the best interests of the consumer can only truly be advanced when we ensure that lending practices are both fair and transparent, while also making certain that Americans most in need are not further restricted in their credit options. Any rule that unnecessarily restricts access to credit should be reconsidered.

In closing, we sincerely hope that we can work together to ensure consumers are protected and also have access to a variety of short-term credit. We are concerned that individuals who rely on the availability of short-term and small-dollar loans to make ends meet will be forced to turn to more expensive alternatives potentially resulting in a phenomenon that is hardly the financial protection that the CFPB seeks to accomplish through this regulatory scheme.

We look forward to your prompt response.

Sincerely,

Alcee L. Hastings
Member of Congress

Steve Stivers
Member of Congress

Blaine Luetkemeyer
Member of Congress

Patrick Murphy
Member of Congress

Debbie Wasserman Schultz
Member of Congress

Mick Mulvaney
Member of Congress

Bennie G. Thompson
Member of Congress

Pete Sessions
Member of Congress

David Scott
Member of Congress

Dennis A. Ross
Member of Congress

Colin C. Peterson
Member of Congress

Thomas J. Rooney
Member of Congress

Kyrsten Sinema
Member of Congress

Bill Posey
Member of Congress

Lois Frankel
Member of Congress

Patrick McHenry
Member of Congress

Brad Sherman
Member of Congress

David W. Jolly
Member of Congress

Tony Cardenas
Member of Congress

David Schweikert
Member of Congress

Henry Cuellar
Member of Congress

Robert Hurt
Member of Congress

Gregory W. Meeks
Member of Congress

Stephen Fincher
Member of Congress

Jim Costa
Member of Congress

Alan Grayson
Member of Congress

Gwen Graham
Member of Congress

Corrine Brown
Member of Congress

August 5, 2015

The Honorable Richard Cordray
Director
United States Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Dear Director Cordray:

We write today in support of your effort to address abuses in the small dollar credit, payday, and auto title loan markets. Given the success of the Consumer Financial Protection Bureau (CFPB or the Bureau) in protecting consumers from abuses by the mortgage, credit card, and student loan industries, we are encouraged that the final rule on small dollar credit will leave consumers better protected. We appreciate the general principles outlined in the CFPB's proposal and we would like to respectfully offer thoughts on the outline for the proposed rule.

The importance of this rulemaking is best illustrated by the nearly 68 million adults that are unbanked or underbanked according to the Federal Deposit Insurance Corporation's 2013 National Survey of Unbanked and Underbanked Households. The report states that 63 percent of these consumers use alternative financial services outside the traditional banking system, including the payday and auto title loans that the CFPB rule seeks to regulate. A significant number of these consumers would be considered among the 26 million "credit invisibles" identified in the CFPB's recent report, Data Point: Credit Invisibles, that found many consumers, particularly those in the Black and Hispanic communities, have no credit record or are "un-scored." These unbanked and underbanked consumers need rules that provide them access to emergency short-term loans, while providing robust safeguards and protections.

It is important for lenders to determine a borrower's ability to repay and to focus on problematic consumers or products. The rule should recognize that many of these are responsible borrowers, but the rule should also include additional safeguards and protections to ensure the responsible extension credit and utilization of short-term borrowing. The CFPB Office of Research's March 2014 report, CFPB Data Point: Payday Lending, found that nearly half of borrowers had two loans or fewer, paid on time, and then borrowed no more. We believe a flexible framework for determining the ability to repay will aid borrowers that have fewer available options. As you know, a recent survey by the Federal Reserve found that a staggering 47 percent of American families' report that they wouldn't have access to as little as $400 to cover emergency expenses faced in their households. Further, the survey explained that Black and Hispanic respondents were less likely to have cash, or its functional equivalent, such as credit cards, to address these financial shortfalls. A regime that is overly prescriptive could cut off access for many one-time and responsible borrowers.

We believe the rule should take into account modern technology and advanced systems used today by financial service providers. The trends in consumers accessing banking services online and on mobile devices are also true in the non-traditional loan space. The Federal Reserve, in the Consumers and Mobile Financial Services report from March 2014, found that among underbanked consumers, 39 percent of those consumers use mobile banking. We believe that accommodations should be made for non-bank consumers so they can have the same relative ease of applying as those who have better credit. Furthermore, the requirement for paper documentation may not only prove difficult for working families, but may also fail to adequately address for data security concerns that are necessary when handling sensitive personal information. Lenders should verify documents when analytics and data reflect the need to do so, but the absolute requirement may prove difficult in practice for many potential borrowers.

Many states that allow payday lending have restrictions on the number of times a loan can be rolled over, or renewed. The CFPB rule should respect these states' laws and complement the studies and efforts that the state legislators and regulators have concluded are best for their constituents. An annual limit or cap on a customer's ability to borrow is impractical and would not benefit consumers. However, requiring lenders to provide the consumer a choice of an "off-ramp" in the form of a payment plan or a principle payment after 2 or 3 rollovers would be an effective way to focus on those borrowers that need assistance without harming the consumers who use the credit as intended. As the CFPB payday study found, 15 percent of borrowers have longer sequences of 10 or more roll overs, and as such we believe an off-ramp option should be required for this group, along with requirements for financial literacy training. The combination of these two options ensures these borrowers have resources to help them when they are faced with another financial need.

We also believe that consumers could benefit from phone, email or text reminders that their payment is coming up, so long as the notifications follow existing laws protecting consumers from abusive or harassing collection practices. Borrowers should know how to notify their lender, preferably with a simple 800 number, so they can make arrangements with the lender if a payment needs to be delayed. We believe this would help borrowers manage their loans and repayment options, and avoid potential costs like overdrafts or NSF fees from their bank, especially when such transactions are automatically drafted.

We believe it would also benefit borrowers for the CFPB to require lenders to register with the Bureau so there is adequate knowledge and communication with consumers, providers, and the Bureau. Consumers should know who they are doing business with when applying for a loan, whether it is a storefront lender or online lender. The lender should always display the CFPB registration number on the final lending documents and the CFPB complaint portal number or web site.

Again, we support your efforts to address the abusive lending practices employed by bad actors in the small dollar credit market. Consumers need protection from those businesses that seek to harm them. However, we urge the CFPB to ensure that consumers continue to have access to flexible, responsible forms of credit that banks and credit unions are thus far unwilling to provide.

David Scott
Member of Congress

Gwen Moore
Member of Congress

Gregory Meeks
Member of Congress

Tony Cardenas
Member of Congress

Albio Sires
Member of Congress

Patrick Murphy
Member of Congress

Consumer Financial Protection Bureau

August 10, 2015

The Honorable Terri A. Sewell
United States House of Representatives
1133 Longworth House Office Building
Washington, DC 20515

Dear Congresswoman Sewell,

Thank you for your letter commending the Consumer Financial Protection Bureau's efforts to study and address payday lending practices. The Bureau appreciates your support for the proposals under consideration, which would require lenders to take steps to make sure consumers can repay their loans, and would restrict lenders from attempting to collect payment from consumers' bank accounts in ways that tend to generate fees.

You raised concerns that some lenders are offering credit without assessing borrowers' ability to repay their loans and that this practice may cause consumer injury from unaffordable loans. The Bureau's proposals under consideration seek to balance consumers' need for affordable credit with protections to mitigate the effects of the practices often associated with these loans ¬– such as holding interest in a vehicle as collateral, accessing the consumers' deposit account for repayment, and performing costly withdrawal attempts.

Many consumers struggle to repay their loans and have to reborrow, default or fall behind on other obligations because of these practices. For that reason, the Bureau is considering proposals—recently published as part of the Small Business Review Panel process—that would require lenders either to prevent debt traps at the outset of each loan or to protect against debt traps throughout the lending process. As you know, the Bureau's research has found that four out of five payday loans are rolled over--when consumers pay additional fees to delay the due date or take out a new loan to replace the old one--or renewed within two weeks. For many consumers, what starts out as a short-term, emergency loan turns into an unaffordable, long-term debt trap.

As you note, consumer injury from failure to determine ability to repay is not limited to typical payday loans. The Bureau has found that when lenders have the ability to access the consumer's account or have a security interest in a vehicle, consumers may lose control over their financial choices and can suffer a financial injury as a result. Accordingly, in addition to covering short-term loans, the proposals under consideration would also cover longer-term loans with an all-in (including add-on charges) annual percentage rate over 36 percent for which the lender demands access to the consumer's account or paycheck for repayment purposes or takes a security interest in the consumer's vehicle.

Finally, the proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. They would be intended to coexist with stricter consumer protection laws and regulations at the state and local level, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

Thank you for bringing your perspective on these matters to my attention and for the opportunity to respond. As the Bureau proceeds with rulemaking activities, we are giving careful consideration to the issues you raise. I look forward to working with you as the Bureau continues to help markets work better for consumers.

Sincerely,

Richard Cordray

Richard Cordray
Director

cc: The Honorable Alma S. Adams, Member of Congress
The Honorable Karen Bass, Member of Congress
The Honorable Xavier Becerra, Member of Congress
The Honorable Sanford D. Bishop, Member of Congress
The Honorable Earl Blumenauer, Member of Congress
The Honorable Julia Brownley, Member of Congress
The Honorable G.K. Butterfield, Member of Congress
The Honorable Lois Capps, Member of Congress
The Honorable Michael E. Capuano, Member of Congress
The Honorable Andr Carson, Member of Congress
The Honorable Judy Chu, Member of Congress
The Honorable David N. Cicilline, Member of Congress
The Honorable Katherine M. Clark, Member of Congress
The Honorable Emanuel Cleaver, Member of Congress
The Honorable James Clyburn, Member of Congress
The Honorable Steve Cohen, Member of Congress
The Honorable Danny Davis, Member of Congress
The Honorable Peter A. DeFazio, Member of Congress

The Honorable Mark DeSaulnier, Member of Congress
The Honorable Lloyd Doggett, Member of Congress
The Honorable Keith Ellison, Member of Congress
The Honorable Anna G. Eshoo, Member of Congress
The Honorable Sam Farr, Member of Congress
The Honorable Raul M. Grijalva, Member of Congress
The Honorable Luis V. Gutierrez, Member of Congress
The Honorable Ruben Hinojosa, Member of Congress
The Honorable Mike M. Honda, Member of Congress
The Honorable Sheila Jackson Lee, Member of Congress
The Honorable Hank Johnson, Member of Congress
The Honorable Eddie Bernice Johnson, Member of Congress
The Honorable Marcy Kaptur, Member of Congress
The Honorable Robin L. Kelly, Member of Congress
The Honorable Anne McLane Kuster, Member of Congress
The Honorable Jim R. Langevin, Member of Congress
The Honorable Brenda L. Lawrence, Member of Congress
The Honorable Barbara Lee, Member of Congress
The Honorable John Lewis, Member of Congress
The Honorable Zoe Lofgren, Member of Congress
The Honorable Alan S. Lowenthal, Member of Congress
The Honorable Carolyn B. Maloney. Member of Congress
The Honorable Betty McCollum, Member of Congress
The Honorable Eleanor Holmes Norton, Member of Congress
The Honorable Frank Pallone, Jr., Member of Congress
The Honorable Bill Pascrell, Jr., Member of Congress
The Honorable Donald M. Payne, Jr., Member of Congress
The Honorable Chellie Pingree, Member of Congress
The Honorable Stacey E. Plaskett, Member of Congress
The Honorable Mark Pocan, Member of Congress
The Honorable David E. Price, Member of Congress
The Honorable Cedric L. Richmond, Member of Congress
The Honorable Bobby L. Rush, Member of Congress
The Honorable Linda T. Sanchez, Member of Congress
The Honorable John P. Sarbanes, Member of Congress
The Honorable Jan D. Schakowsky, Member of Congress
The Honorable Bobby C. Scott, Member of Congress
The Honorable Louise Slaughter, Member of Congress
The Honorable Adam Smith, Member of Congress
The Honorable Mark Takano, Member of Congress
The Honorable Bennie G. Thompson, Member of Congress
The Honorable Chris Van Hollen, Member of Congress
The Honorable Bonnie Watson Coleman, Member of Congress
The Honorable Frederica S. Wilson, Member of Congress
The Honorable John A. Yarmuth, Member of Congress
The Honorable David Scott, Member of Congress

The Honorable Matt Cartwright, Member of Congress
The Honorable Elijah E. Cummings, Member of Congress
The Honorable Filemon Vela, Jr., Member of Congress

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

September 9, 2015

The Honorable Vern Buchanan
U.S. House of Representatives
2104 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Buchanan:

Thank you for the invitation to meet with the Florida Congressional delegation about the Consumer Financial Protection Bureau's work on payday lending. I welcome the opportunity to continue our discussion of the Bureau's proposals and access to consumer financial products and services.

We recognize that the states have had widely varied experience in regulating small-dollar lending. As the Bureau considers federal regulation of these products, we have appreciated the insights that these different state models present, and we will continue to welcome and seek input from state regulators, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. The Bureau would like to ensure that consumers are offered certain minimum benefits and protections no matter where they are located, even though the states will remain free to maintain their own parallel regulatory systems.

We have been reviewing the existing state models, including the framework developed by Florida. The Bureau continues to evaluate the effects of different state law restrictions on limiting harms to consumers and permitting continued access to credit to help consumers meet their financial needs. In addition to this review, we have talked directly with regulators and policy makers in Florida and other states. I have met multiple times with Drew Breakspear, Florida's Commissioner of the Office of Financial Regulation, and have had the benefit of hearing directly from him about the Florida payday lending model. His office also provided the Bureau with OFR's report on small-dollar lending in Florida. Additionally, we have engaged with senior staff from the Florida Attorney General's office, and sought their feedback on the proposals under consideration.

As you know, the summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. Public comment will be received and considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance. As I noted in my previous letter, whenever the Bureau promulgates regulations, the agency is required, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products or services resulting from the rule.

Thank you for your continued interest in the Bureau's work. I look forward to meeting with you later this week and working with you on this and other consumer financial protection matters of importance to you and your constituents.

Sincerely,

Richard

Richard Cordray
Director

Consumer Financial
Protection Bureau

1700 G Street NW, Washington, DC 20552

September 28, 2015

The Honorable Alcee Hastings
U.S. House of Representatives
2353 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Steve Stivers
U.S. House of Representatives
1022 Longworth House Office Building
Washington, D.C. 20515

The Honorable Blaine Luetkemeyer
U.S. House of Representatives
2440 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressmen Hastings, Stivers, and Luetkemeyer:

Thank you for your letter about the Consumer Financial Protection Bureau's work on payday lending. I welcome the opportunity to continue our discussion of the Bureau's proposals and consumers' need for affordable consumer financial products and services.

The Bureau recognizes that the states have adopted a variety of different approaches to regulating small-dollar lending. As we consider federal regulation of these products, we have carefully analyzed these different state models. The Bureau continues to evaluate the effects of different state law restrictions on limiting harms to consumers and permitting continued access to credit to help consumers meet their financial needs. The Bureau would like to ensure that consumers are offered certain minimum benefits and protections no matter where they are located, as states are free to maintain their own parallel regulatory systems.

As the Bureau considers federal regulation of payday lending, we continue to solicit feedback from a variety of stakeholders, including industry participants, consumer advocates, and state and federal regulators. We have talked directly to regulators and policy makers at field hearings and in other settings across the country, and we appreciate the insights provided by other regulators who have implemented state regulatory frameworks.

As you know, the outline of proposals under consideration the Bureau released in March and the Small Business Review Panel that followed generated important early input as the Bureau prepares to move into a full rulemaking process. As part of that process, the Bureau will continue to seek input from a wide range of stakeholders. Moreover, once the Bureau issues its proposed rule, the public, including industry participants, consumer advocates, and state and federal regulators, will be invited to submit written comments, which will all be carefully considered before final regulations are issued. Any final rule will have a designated implementation period for industry to come into compliance. Whenever the Bureau promulgates regulations, the agency is required, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products and services resulting from the rule.

Thank you for your continued interest in the Bureau's payday lending work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents.

Sincerely,

Richard Cordray
Director

cc: The Honorable Patrick Murphy, Member of Congress
The Honorable Debbie Wasserman Schultz, Member of Congress
The Honorable Mick Mulvaney, Member of Congress
The Honorable Bennie G. Thompson, Member of Congress
The Honorable Pete Sessions, Member of Congress
The Honorable David Scott, Member of Congress
The Honorable Dennis Ross, Member of Congress
The Honorable Colin C. Peterson, Member of Congress
The Honorable Thomas J. Rooney, Member of Congress
The Honorable Kyrsten Sinema, Member of Congress
The Honorable Bill Posey, Member of Congress
The Honorable Lois Frankel, Member of Congress
The Honorable Patrick McHenry, Member of Congress
The Honorable Brad Sherman, Member of Congress
The Honorable David W. Jolly, Member of Congress
The Honorable Tony Cardenas, Member of Congress
The Honorable David Schweikert, Member of Congress
The Honorable Henry Cuellar, Member of Congress
The Honorable Robert Hurt, Member of Congress
The Honorable Gregory W. Meeks, Member of Congress
The Honorable Stephen Fincher, Member of Congress
The Honorable Jim Costa, Member of Congress

The Honorable Alan Grayson, Member of Congress
The Honorable Gwen Graham, Member of Congress
The Honorable Corrine Brown, Member of Congress

Consumer Financia
Protection Bureau

December 16, 2015

The Honorable Tony Cardenas
United States House of Representatives
1510 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Cardenas:

Thank you for your letter commending the Consumer Financial Protection Bureau's efforts to study and address payday lending practices. We appreciate you sharing your concerns about consumer protection in these markets with us and will give your request serious consideration. The Bureau is committed to ensuring that all of our regulations reflect the Bureau's thorough and balanced consideration of relevant viewpoints. Our work benefits from robust, meaningful feedback from all stakeholders.

The Bureau shares your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, auto title, and similar loans reflect these concerns as we provide avenues for lenders to continue making covered loans, by either determining that consumers have an ability to repay the loan, or by including protections to help make sure that consumers are able to avoid being caught in a cycle of debt.

The Bureau is concerned that many consumers struggle to repay their loans and have to reborrow, default or fall behind on other obligations. For that reason, the Bureau is considering proposals that would require lenders either to prevent debt traps at the outset of each loan or to protect against the harms associated with debt traps throughout the lending process. As you know, the Bureau's research has found that four out of five payday loans are rolled over, when consumers pay additional fees to delay the due date or take out a new loan to replace the old one, or renewed within two weeks.[1] For many consumers, what starts out as a short-term, emergency loan turns into an unaffordable, long-term debt trap.

As part of the Bureau's rulemaking activities, we also look to regulation already employed by the states. We consider both the lessons that can be drawn from state experiences regulating this market and the potential interactions between possible Bureau rules and existing state frameworks. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. This federal floor would coexist with stricter consumer protection

[1] *See* http://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf.

laws and regulations at the state and local level, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit. As we move forward, we will continue to seek a balance between consumer protection regulation and access to credit.

Thank you for bringing your perspective on these matters to my attention and for the opportunity to respond. I look forward to working with you as the Bureau continues to help markets work better for consumers.

Sincerely,

Richard Cordray

Richard Cordray
Director

DAVID LIVINGSTON
MAJORITY WHIP
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DISTRICT 22

COMMITTEES:
INSURANCE, VICE-CHAIRMAN
RULES, MEMBER

LIBRARY, ARCHIVES & PUBLIC RECORDS BOARD

July 1, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

(Via Electronic Mail & Postal)

Dear Director Cordray:

As Majority Whip in the State of Arizona, I take very seriously the laws and regulations affecting our citizens and constituents, and am extremely concerned with the path the Consumer Financial Protection Bureau (CFPB) appears to be taking in regards to the development of regulations for the short term lending industry. A major concern to me is the possibility that the proposed regulations will have a largely detrimental effect, not only on the industry itself, but even more importantly for the future and economic stability of our small businesses and consumers of Arizona.

Our state has undergone very serious downturns during the past several years, as has the nation, and it is vital to our economy's recovery and the stability of our now growing business community to maintain and build on what we have worked so hard to achieve. Our short term lending industry and consumer groups have come together with the Legislature to create a lending system which not only allows the industry to provide financial stability for businesses in their time of need, but also provides important protections on both sides. We have developed a very well thought out and workable regulatory framework.

It is my understanding that implementation of the CFPB's published proposals will cost small businesses in rural and underserved communities up to 84% of their revenue. These small businesses oftentimes are already at a disadvantage, and the possibility of them continuing to thrive under these conditions is very small indeed.

The short term lending industry in the State of Arizona provides a valuable and necessary service to businesses and consumers who may only need a temporary source of funding to get them through a financial shortfall.

I sincerely request that the Consumer Financial Protection Bureau considers these needs, and understands the importance of maintaining the short term lending industry and our current regulations and safeguards, which we have worked so hard to develop and implement, in order to protect the industry, our business community and consumers of Arizona.

Sincerely,

David Livingston

Republican Majority Whip David Livingston
Legislative District 22

CC:
Jennifer A. Smith, Esq. (Via Electronic Mail & Postal)
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

CC:
Arizona Governor Doug Ducey
US Congresswoman Martha McSally, (Arizona) District 2
US Congressman Paul Gosar, (Arizona) District 4
US Congressman Matt Salmon, (Arizona) District 5
US Congressman David Schweikert (Arizona) District 6
US Congressman Trent Franks (Arizona) District 8
US Senator John McCain, (Arizona)
US Senator Jeff Flake (Arizona)

Consumer Financia
Protection Bureau
1700 G Street, N.W., Washington, DC 20552

July 28, 2015

The Honorable David Livingston
1700 West Washington, Suite H
Phoenix, Arizona 85007-2844

Dear Representative Livingston:

Thank you for your July 1, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's proposals and access to consumer financial products and services.

States have extensive experience regulating small dollar lending. As we consider federal regulation of these products, we appreciate and welcome the expertise that the states can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections, no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, local, and tribal consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

We have reviewed existing state models, including Arizona's. In addition to this review, we have talked directly with regulators and policy makers in Arizona and other states. Our staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Arizona Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Arizona Attorney General as a member. My staff will also be speaking on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where we will continue to solicit feedback on the proposals under consideration from you and your colleagues in the state legislatures.

As you know, the summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. Public comment will be received and considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance. In addition, whenever the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products or services resulting from the rule.

Thank you for your interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose,

Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

CC: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

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PeteDeGraaf@att.net

Topeka Office:
Kansas State Capitol Building
Room 459-W
300 SW 10th Street
Topeka, KS 66612-1504
785-296-7693 (During session)

PETE DEGRAAF
82nd District

Committee Assignments:
Chairman: Financial Institutions
Member: General Government Budget
Insurance
Joint Committee: Corrections and
Juvenile Justice Oversight

Wednesday, July 15, 2015

Director Richard Cordray
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Sir:

I serve as Chairman of the Kansas House Financial Institutions Committee and appreciate the opportunity to express my concerns to you regarding the Consumer Financial Protection Bureau's (CFPB) proposed regulation of short-term credit and consumer financial services, also known as the payday lending industry. My committee consistently reviews the need for consumers to be adequately informed and protected from predatory lending and/or collection practices in the State of Kansas.

This letter is being sent to express my grave concerns regarding the proposed regulations pertaining to the payday lending industry. My two primary concerns are: first, the proposals do not appear to have any manifest consideration of current Kansas' payday lending laws and regulations and, second, it seems they will have a strong negative impact on our small businesses and especially on the customers they serve.

Each legislative session, both our House and Senate Financial Institutions Committees reviews laws concerning payday lending to ensure they provide a reasonable and balanced regulatory framework that provides access to credit while protecting consumers. We also have a special division within our Banking Commissioner's office that is charged with overseeing payday and title lending, along with consumer complaints. The reality in Kansas is that payday loan companies receive much fewer consumer complaints than our "traditional" lenders do. Kansas provides safe and viable choices for those who need short-term credit products. We also provide numerous educational venues, a robust consumer protection program, consumer friendly collection laws and practices, along with a well regulated and supportive consumer credit counseling system.

The regulations being proposed by your office seem to place arbitrary limits on all consumers' credit access without providing solutions for consumers who may need help. I am concerned that the US CFPB is heading down a path that will do great harm to the work our state has already accomplished and will wind up harming the very consumers it aims to protect.

I am concerned that residents in rural and underserved communities, along with the small businesses that serve those neighborhoods, will be negatively impacted. Based on the US CFPB's own proposal, they expect these businesses to lose up to 84% of their revenue. We have about 325 payday loan stores with hundreds of employees serving thousands of customers in rural and underserved areas. Many of the owners of these stores live and work in the neighborhoods they serve. Once closed, customers in these areas will have little, if any, access to credit products to fill an important void. I have the impression the CFPB's proposals ignore the needs of Kansas constituents and the work our state has already done to provide well regulated credit options. In fact it appears that the CFPB has designed these proposals to eliminate the industry altogether.

I hope you can appreciate the costs associated with that this kind of wholesale business closings and the severe ripple effect; not only on the lending industry and customers, but also on businesses across Kansas that depend on the purchase of goods and services by this industry, its employees, and those they serve.

Director Cordray, I am concerned that the payday lending industry, which serves a necessary purpose in the great State of Kansas, will be eliminated. It is my sincere hope that you and those serving with you at CFPB will reconsider your proposals. Please listen to small businesses, especially the Small Business Administration's Office of Advocacy, and to those who benefit from small private loans.

Thank you for your consideration and any assistance you may provide in this matter.

Respectfully yours,

Chairman Pete DeGraaf

cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Senator Pat Roberts
Hart Senate Office Bldg
2nd St. & Constitution Ave NE
Suite 109
Washington, DC 20510-1605

Senator Jerry Moran
Russell Senate Office Bldg
Delaware & Constitution Aves NE
Suite 361A
Washington, DC 20510

Congressman Tim Huelskamp,
Cannon House Office Bldg
1st St & Independence Aves SW
Suite 129
Washington, DC 20515

Congresswoman Lynn Jenkins
Longworth House Office Bldg
Independence & New Jersey Aves SE
Suite 1027
Washington, DC 20515

Congressman Kevin Yoder
Cannon House Office Bldg
1st St & Independence Aves SW
Suite 215
Washington, DC 20515

Congressman Mike Pompeo
Cannon House Office Bldg
1st St & Independence Aves SW
Suite 107
Washington, DC 20515

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

July 28, 2015

The Honorable Pete DeGraaf
1545 E. 119th Street
Mulvane, Kansas 67110-8039

Dear Representative DeGraaf:

Thank you for your July 15, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's proposals and access to consumer financial products and services.

States have extensive experience regulating small dollar lending. As we consider federal regulation of these products, we appreciate and welcome the expertise that the states can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections, no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, local, and tribal consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

We have reviewed existing state models, including Kansas's. In addition to this review, we have talked directly with regulators and policy makers in Kansas and other states. Our staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Office of the State Bank Commissioner of Kansas is a member, and with the National Association of Attorneys General, which includes the Kansas Attorney General as a member. My staff will also be speaking on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where we will continue to solicit feedback on the proposals under consideration from you and your colleagues in the state legislatures.

As you know, the summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. Public comment will be received and considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance. In addition, whenever the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products or services resulting from the rule.

Thank you for your interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents. Please do

not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

CC: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

STATE OF KANSAS

JEFF LONGBINE
SENATOR, 17TH DISTRICT
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STATE CAPITOL, ROOM 235-E
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TOPEKA

SENATE CHAMBER

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LEGISLATIVE POST AUDIT
COMMERCE
FEDERAL AND STATE AFFAIRS
KPERS - SELECT
UTILITIES

July 14, 2015

Mr. Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Sir:

I serve as Chairman of the Kansas Senate Financial Institutions and Insurance Committee and appreciate the opportunity to express my views regarding the Consumer Financial Protection Bureau's (CFPB) proposed regulations of short-term credit and consumer financial services the payday lending industry. My committee attempts to ensure consumers have continued access to needed credit while balancing the need for consumers to be adequately informed and protected from predatory lending and/or collection practices.

This letter is to express my concern regarding the proposed regulations pertaining to the payday lending industry. My concerns are: first, the proposals appear to not include any manifest consideration of Kansas' payday lending laws and regulations and, second, they appear to negatively impact Kansans, especially small businesses and their customers.

Kansas laws concerning payday loans have been in place for some time now. These I believe provide a reasonable and balanced regulatory framework that ensures access to credit while protecting consumers. I also believe that they provide safe and viable choices for those who need short-term credit products. I have the impression that these work relatively well.

My impression regarding the proposed regulations is that they would place arbitrary limits on all consumers' credit access, versus providing solutions for those consumers who may need help. This appears in my judgment to leave some of our citizens much worse off if they could not access this credit when they need it. Given this, my belief is that the CFPB is heading down a path that will do great harm to the work our state has already accomplished and will wind up harming the very consumers it aims to protect, forcing them to use unregulated lenders and more expensive alternatives.

What I fear will happen is that residents in rural and underserved communities, along with the small businesses that serve those neighborhoods, will be negatively impacted the most. Based on the CFPB's own proposal, they expect these businesses to lose up to 84% of their revenue. We have about 325 payday loan stores with hundreds of employees serving thousands of customers in rural and underserved areas. The owners of many of these stores live and work in the neighborhoods they serve. If forced to close, customers in these areas will have little, if any, access to credit products to fill this void. I have the impression the CFPB's proposals ignore the needs of my constituents and the work the state has done to provide them with regulated credit options. In fact it appears to me the CFPB has designed these proposals to eliminate the industry altogether.

Mr. Richard Cordray
July 14, 2015
Page 2

I am sure you can appreciate the costs associated with that this kind of wholesale business closings and jobs elimination would have a severe ripple effect; not only on the lending industry and customers, but also on businesses across Kansas that depend on the purchase of goods and services by this industry, its employees and customers.

I am hopeful that the CFPB has listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If it does not do this, I am most concerned that it is most likely that the payday lending industry, which serves a necessary purpose in Kansas, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk.

Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Jeff Longbine by JS

Jeff Longbine
Senator, 17th District
Chairman

cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

July 28, 2015

The Honorable Jeff Longbine
2801 Lakeridge Road
Emporia, Kansas 66801

Dear Senator Longbine:

Thank you for your July 14, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's proposals and access to consumer financial products and services.

States have extensive experience regulating small dollar lending. As we consider federal regulation of these products, we appreciate and welcome the expertise that the states can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections, no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, local, and tribal consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

We have reviewed existing state models, including Kansas's. In addition to this review, we have talked directly with regulators and policy makers in Kansas and other states. Our staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Office of the State Bank Commissioner of Kansas is a member, and with the National Association of Attorneys General, which includes the Kansas Attorney General as a member. My staff will also be speaking on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where we will continue to solicit feedback on the proposals under consideration from you and your colleagues in the state legislatures.

As you know, the summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. Public comment will be received and considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance. In addition, whenever the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products or services resulting from the rule.

Thank you for your interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents. Please do

not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

CC: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES

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sal.santoro@lrc.ky.gov

60th Legislative District

July 9, 2015

Richard Cordray, Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

I understand you are currently considering how payday lending regulations will affect small businesses and I am writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. Specifically, I am troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Kentucky our legislature worked with consumer groups and the industry to create a regulatory framework in 2009 that protects consumers and ensures viable choices for those who need short term lending products. Through these lengthy and comprehensive negotiations with stakeholders on both sides of the issue, we found that while most of the consumers of payday loans were well served, there was a portion of them who did not handle this product well. Therefore, our objective was to make these loans more consumer-friendly, while maintaining access to this short-term credit option.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with payday lending in Kentucky. Some of the consumer safeguards we think are most important include a real time web based data base of customers of payday lending stores which helps our regulators enforce current laws, an extended payment plan for borrowers who default on their original agreement, and financial literacy curriculum for our Kentucky students. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void. Based on information from some of my constituents, our state has at least [number] payday loan stores serving thousands of customers in our rural and underserved communities.

In total, about 550 payday loan stores are licensed and regulated by our state's Department of Financial Institutions, Commissioner Charles Vice. That's close to 2000 jobs with benefits.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the payday lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing tax dollars through lost payroll taxes, property taxes and corporate taxes.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the payday lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Sal Santoro

Sal Santoro
State Representative, 60th District

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

July 28, 2015

The Honorable Sal Santoro
596 Waterlot Court
Florence, Kentucky 41042

Dear Representative Santoro:

Thank you for your July 9, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's proposals and access to consumer financial products and services.

States have extensive experience regulating small dollar lending. As we consider federal regulation of these products, we appreciate and welcome the expertise that the states can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections, no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, local, and tribal consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

We have reviewed existing state models, including Kentucky's. In addition to this review, we have talked directly with regulators and policy makers in Kentucky and other states. Our staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Kentucky Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Kentucky Attorney General as a member. My staff will also be speaking on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where we will continue to solicit feedback on the proposals under consideration from you and your colleagues in the state legislatures.

As you know, the summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. Public comment will be received and considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance. In addition, whenever the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products or services resulting from the rule.

Thank you for your interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents. Please do

not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

CC: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Mississippi State Senate

SENATOR GARY JACKSON
15th District
Attala, Calhoun, Choctaw, Montgomery,
Oktibbeha, Webster, and Winston Counties
P.O. Box 40
French Camp, MS 39745
Home: 662-547-6684

COMMITTEE ASSIGNMENTS:
Business & Financial Institutions, Chairman
PEER Joint Committee
Ethics, Vice-Chairman
Appropriations
Energy
Public Health & Welfare
Universities & Colleges
Wildlife, Fisheries and Parks

June 12, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

I am aware that you and your staff are in the process of crafting rules and regulations for the payday lending industry and are examining the effect these potential regulations will have on small businesses in my state and others. After discussing potential additional regulations with several business owners in Mississippi, I felt I must write you to express my strong opposition to your current course of action. Specifically, I am troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Mississippi our legislature worked with consumer groups and the industry to create a regulatory framework that protects consumers and ensures viable choices for those who need short term lending products. We again addressed the regulations in 2011 and strengthened existing consumer protections. Through these lengthy and comprehensive negotiations with stakeholders on both sides of the issue, we found that a vast majority of the consumers of payday loans were well served.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with payday lending in Mississippi. Some of the consumer safeguards we think are most important include additional disclosures and an extended repayment period for loans greater than $250. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

New Capitol: P.O. Box 1018, Jackson, MS 39215-1018 • 601-359-3221 • 601-359-2166 (Fax)
E-mail: gjackson@senate.ms.gov

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the payday lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Gary Jackson

Senator Gary Jackson

CC: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

July 28, 2015

The Honorable Gary Jackson
P.O. Box 40
French Camp, MS 39745

Dear Senator Jackson:

Thank you for your June 12, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's proposals and access to consumer financial products and services.

States have extensive experience regulating small dollar lending. As we consider federal regulation of these products, we appreciate and welcome the expertise that the states can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections, no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, local, and tribal consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

We have reviewed existing state models, including Mississippi's. In addition to this review, we have talked directly with regulators and policy makers in Mississippi and other states. Our staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Mississippi Department of Banking and Consumer Finance is a member, and with the National Association of Attorneys General, which includes the Mississippi Attorney General as a member. My staff will also be speaking on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where we will continue to solicit feedback on the proposals under consideration from you and your colleagues in the state legislatures.

As you know, the summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. Public comment will be received and considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance. In addition, whenever the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products or services resulting from the rule.

Thank you for your interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose

Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

CC: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

GIOVANNI CAPRIGLIONE
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 98

June 22, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

(Via Electronic Mail & Postal)

Dear Director Cordray:

I understand you are currently considering how payday lending regulations will affect small businesses and I am writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. Specifically, I am troubled by how the CFPB's proposals run afoul of Texas' laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Texas our legislature worked with consumer groups and the industry to create a regulatory framework for several years that protects consumers and ensures viable choices for those who need short term lending products. Through these lengthy and comprehensive negotiations with stakeholders on both sides of the issue, we found that while most of the consumers of payday loans were well served, there was a portion of them who did not handle this product well. Therefore, our objective was to make these loans more consumer-friendly, while maintaining access to this short-term credit option.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with payday lending in Texas. Some of the consumer safeguards we think are most important include establishing interest rate and fee caps where no caps currently exist, giving consumers three days to reconsider their decision to borrow by canceling the loan and any future payment obligations, requiring lenders to prominently post all interest rate and fee charges so consumers know prices before applying for a loan, and requiring refunds of unearned interest or fees when a consumer pays off a loan early. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often

GIOVANNI.CAPRIGLIONE@HOUSE.STATE.TX.US
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DISTRICT OFFICE: P.O. BOX 770 • KELLER, TEXAS 76244-0770 • (817) 807-8010

family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void. Based on information from some of my constituents, Texas has at least 3,000 payday loan stores serving thousands of customers in our rural and underserved communities.

In total, 3,249 payday loan stores are licensed and regulated by our state's Office of Consumer Credit Commissioner. That's about 11,300 jobs with benefits.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the payday lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, federal, state and local taxes that the payday lending industry in Texas helps generate.

I am hopeful that the CFPB listens to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the payday lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

G. Capriglione

Representative Giovanni Caprgilione
Texas District 98

CC:
Jennifer A. Smith, Esq. (Via Electronic Mail & Postal)
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

July 22, 2015

The Honorable Giovanni Capriglione
P.O. Box 2910
Austin, TX 78768-2910

Dear Representative Capriglione:

Thank you for your June 22, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's proposals and access to consumer financial products and services.

States have extensive experience regulating small dollar lending. As we consider federal regulation of these products, we appreciate and welcome the expertise that the states can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections, no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, local, and tribal consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

We have reviewed existing state models, including Texas's. In addition to this review, we have talked directly with regulators and policy makers in Texas and other states. Our staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Texas Department of Banking is a member, and with the National Association of Attorneys General, which includes the Texas Attorney General as a member. My staff will also be speaking on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where we will continue to solicit feedback on the proposals under consideration from you and your colleagues in the state legislatures.

As you know, the summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. Public comment will be received and considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance. In addition, whenever the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including considering any impacts on access to consumer financial products or services resulting from the rule.

Thank you for your interest in the Bureau's work. I look forward to working with you on this and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose,

Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray
Director

CC: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

February 27, 2015

The Honorable Mary M. Cheh
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Councilmember Cheh:

Thank you for your letter urging the Consumer Financial Protection Bureau (Bureau) to adopt regulations to protect consumers in the small dollar lending market.

As you note, the Bureau included payday lending in its rulemaking agenda, most recently in the Fall 2014 Unified Agenda. As the agency proceeds with pre-rulemaking activities, we are giving careful consideration to the issues you raise, including protections afforded by existing state law, whether the rule should include ability-to-repay standards, and the number of loans a consumer takes out. Additionally, we are examining market evolution and the approaches implemented in the states as part of our consideration of the scope of products the rule would cover.

I also appreciate your sharing Washington D.C.'s experience with regulating payday lenders through the Payday Loan Consumer Protection Act of 2007. States—which the Consumer Financial Protection Act defines to include the District of Columbia—have extensive experience regulating small dollar lending. As the Bureau considers federal regulation of these products, we appreciate and welcome the expertise you can share with us. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where the consumer is, which institution extends the credit, or what type of license the institution uses to operate.

Thank you for bringing your concerns to my attention and for the opportunity to respond. I look forward to working with you on this important issue as the Bureau continues to help markets work better for consumers.

Sincerely,

Richard Cordray

Richard Cordray
Director

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, DC 20004

Mary M. Cheh
Councilmember, Ward 3
Chair, Committee on Transportation and the Environment

Office: (202) 724-8062
Fax: (202) 724-8118
mcheh@dccouncil.us
www.marycheh.com

January 29, 2015

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20220

Director Cordray:

Thank you for your tireless leadership of the Consumer Financial Protection Bureau ("CFPB") and the CFPB's advocacy on behalf of underserved communities and consumers. As the CFPB works to create regulations to stop the harms of unfair and abusive payday lending and other forms of consumer lending, I urge you to create rules that not only protect those consumers in states that allow predatory products to flourish, but that also support strong laws in jurisdictions like the District of Columbia, where these usurious products are prohibited.

The District banned predatory payday lending with legislation that I championed—the Payday Loan Consumer Protection Act of 2007. This act extended the District's 24% interest rate cap to predatory payday and car title lending.[1] It is estimated that District residents have saved more than $12 million in fees annually since prohibiting usurious payday loans.[2] The District's prohibition against payday lending and other types of predatory consumer products has served our residents well, proving that rate caps are the most effective way of preventing payday lending abuses. My office remains committed to ensuring that the law is enforced and that it continues to protect the financial stability of our citizens and communities and effectively guards them from predatory financial products such as payday loans.

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[1] D.C. Official Code § 28-3301(a).

[2] Center for Responsible Lending, *Springing the Debt Trap: Rate Caps Are the Only Proven Payday Lending Reform*: http://www.responsiblelending.org/payday-lending/research-analysis/springing-the-debt-trap.pdf.

It is my understanding that the CFPB is considering regulatory language that would permit payday loans in particular situations. It has been reported that the CFPB is considering permitting payday loans in limited circumstances where particular underwriting requirements are established for the industry, or that such underwriting requirements may be waived if a borrower does not frequently request these types of loans. These so-called "vanilla" short-term loans, even with underwriting criteria for the industry to follow, would still permit usurious loans in violation of District law. Moreover, I ask that you please exclude from the regulations any language that would permit higher interest rates depending upon the number of loans requested by an individual. It is the substance of these bills that makes them predatory, and not the frequency with which they are used.

As you move toward creating payday lending rules, it is essential to ensure that the rules do not undermine the great work already being done in jurisdictions like the District of Columbia. As the nation's consumer watchdog in the financial services marketplace, the CFPB cannot be perceived as permitting abusive lending or weakening the law in local jurisdictions with strong payday laws.

Thank you for your effort in this important area and the efforts to make the financial services marketplace as fair as possible for consumers.

Sincerely,

Mary M. Cheh

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

April 13, 2015

The Honorable Sam Rasoul
Post Office Box 13842
Roanoke, Virginia 24037

Dear Delegate Rasoul:

Thank you for your letter regarding the Consumer Financial Protection Bureau's (Bureau's) work on payday lending. In particular, thank you for sharing your insights about the work being done in Virginia to regulate high-cost loans.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations. Last month, we came to Richmond to announce proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market. We are looking at the work and experience of the states, including Virginia. We also appreciate that the states will consider what the Bureau is proposing as they deliberate what measures to take in regulating this market. Drawing from my own time in Ohio and from our collaboration with the states on a number of matters, we at the Bureau deeply value the states as partners in all of our work.

Thank you for bringing to my attention your advice on regulation of payday lending and for the opportunity to respond. I share your sense of urgency and look forward to working with you on this important issue.

Sincerely,

Richard Cordray

Richard Cordray
Director

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

April 13, 2015

The Honorable Roslyn Tyler
25359 Blue Star Highway
Jarratt, Virginia 23867

Dear Delegate Tyler:

Thank you for your letter regarding the Consumer Financial Protection Bureau's (Bureau's) work on payday lending. In particular, thank you for sharing your insights about the work being done in Virginia to regulate high-cost loans.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations. Last month, we came to Richmond to announce proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. They would be intended to coexist with stricter consumer protection laws and regulations at the state and local level, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market. We are looking at the work and experience of the states, including Virginia. We also appreciate that the states will consider what the Bureau is proposing as they deliberate what measures to take in regulating this market. Drawing from my own time in Ohio and from our collaboration with the states on a number of matters, we at the Bureau deeply value the states as partners in all of our work.

Thank you for bringing to my attention your advice on regulation of payday lending and for the opportunity to respond. I share your sense of urgency and look forward to working with you on this important issue.

Sincerely,

Richard Cordray

Richard Cordray
Director

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

April 13, 2015

The Honorable Debbie McCune Davis
1700 West Washington, Suite H
Phoenix, Arizona 85077-2844

Dear Representative Davis:

Thank you for your letter regarding the Consumer Financial Protection Bureau's (Bureau's) work on payday lending. In particular, thank you for sharing your insights about the work being done in Arizona to regulate high-cost loans.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations. Last month, we announced proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. They would be intended to coexist with stricter consumer protection laws and regulations at the state and local level, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market. We are looking at the work and experience of the states, including Arizona. We also appreciate that the states will consider what the Bureau is proposing as they deliberate what measures to take in regulating this market. Drawing from my own time in Ohio and from our collaboration with the states on a number of matters, we at the Bureau deeply value the states as partners in all of our work.

Thank you for bringing to my attention your advice on regulation of payday lending and for the opportunity to respond. I share your sense of urgency and look forward to working with you on this important issue.

Sincerely,

Richard Cordray
Richard Cordray
Director

Tab 4

COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

SAM RASOUL
POST OFFICE BOX 13842
ROANOKE, VIRGINIA 24037

ELEVENTH DISTRICT

COMMITTEE ASSIGNMENTS:
PRIVILEGES AND ELECTIONS
MILITIA, POLICE AND PUBLIC SAFETY
SCIENCE AND TECHNOLOGY

February 26, 2015

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

Dear Mr. Cordray,

I am writing from the Virginia Legislative Black Caucus to express our support for the Consumer Financial Protection Bureau's (CFPB) efforts to end predatory loan abuses and ensure that credit options are safe and affordable. We need your leadership and the agency's commitment to achieve real reform of abusive payday loans and the many products they change to be to while avoiding regulation.

In my own district in Roanoke, Virginia; Bill K. took out a loan for $300 from a line of credit lender. This lender was a former payday lender who used a loophole/safe harbor statute to get around the payday loan restrictions in Virginia. He paid $650, and struggled on his small pension to make the payments. He asked for the company to work with him, but they refused. He made efforts to pay, but when they wouldn't adjust payments, he fell behind, and they put the remaining balance of $130 into collections. An elderly man, he was getting harassing calls from debt collectors over a debt that the payday loan act in Virginia was supposed to prevent. Line of Credit loans accomplish EXACTLY what the Virginia payday loan law is supposed to prohibit—flipping loans and delaying payment until a later date with interest adding on in the meantime.

Payday lenders prey upon working people struggling to support themselves and their families. In our state, in-store payday lenders drain over $172 million from our residents annually not to mention the many Virginians caught in already illegal, but unchecked internet payday loans. Payday lenders charge, on average, nearly 300% APR in Virginia, and that doesn't include the much higher rates found online, or the variable and completely unregulated rates found with open-end credit lenders, former payday lenders who avoid any regulations. Although payday loans and the like are marketed as a quick financial fix, they typically result in a long-term debt trap.

As the Virginia Legislative Black Caucus, we pushed legislative proposals to curb the abuses by payday, open-end, and car title lenders. With each change to tighten regulations, many lenders found their way around the rules and regulations. Individually and as a caucus, we have worked hard to regulate these lenders who congregate in communities of color, targeting the lowest income areas, those who are living on the edge of poverty, and those who live near military installations, areas many of us represent. In Virginia, many lenders (open-end credit and internet) can and do get around protections for the military and their families. Now we look to you and the CFPB while you are considering proposed rules to use the laws we crafted in Virginia as the floor, not the ceiling of what regulations should be in place for lenders.

COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

SAM RASOUL
POST OFFICE BOX 13842
ROANOKE, VIRGINIA 24037

ELEVENTH DISTRICT

COMMITTEE ASSIGNMENTS:
PRIVILEGES AND ELECTIONS
MILITIA, POLICE AND PUBLIC SAFETY
SCIENCE AND TECHNOLOGY

While many states have enacted significant protections to curb their debt trap, or even eliminate the industry's presence, our state has implemented basic measures to regulate the industry while still allowing access to credit options. Our work and efforts since 2001 could be enhanced by the rules your agency creates.

We want the CFPB to use its authority to stop many of the lender abuses by:

- Closing the loopholes: We do not want federal rules that roll back protections in Virginia that we as legislators fought to implement in 2008. We want there to be rules that apply to loans similar to payday loans, such as the open-end line of credit loans by former payday lenders, as well as internet-based predatory loans.
- Ensuring loans are affordable in light of a borrower's income and expenses: Payday lenders and the like require direct access to a borrower's bank account using a post-dated check or electronic debt authorization. They disregard a borrower's ability to repay after meeting basic expenses like housing and groceries. Ability to repay standards already exist for other credit products, and it seems like a basic step towards ensuring a borrower's ability to successfully repay the loan. For some Virginians, repayment exceeds 40% of their income.
- Protecting consumers' bank accounts – When a payday lender takes a borrower's post-dated check or authorization to debit a checking account, the payday lender stands first in line to get repaid ahead of all other creditors. Research shows that payday loans increase the likelihood of overdraft fees, involuntary bank account closures, and bankruptcy.

For more information please contact Gaylene Kanoyton at the Virginia Legislative Black Caucus at gaylenesevents@cox.net or 757.287.0277.

Sincerely,

Sam Rasoul
Member, Virginia House of Delegates
Eleventh District
District: 540.904.6905
Richmond: 804.698.1011
Fax: 804.698.6711

COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

ROSLYN C. TYLER
25359 BLUE STAR HIGHWAY
JARRATT, VIRGINIA 23867

SEVENTY-FIFTH DISTRICT

COMMITTEE ASSIGNMENTS:
EDUCATION
COMMERCE AND LABOR
MILITIA, POLICE AND PUBLIC SAFETY

February 17, 2015

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

Dear Director Cordray,

I am writing from the Virginia Legislative Black Caucus to express my support for the Consumer Financial Protection Bureau's (CFPB) efforts to end predatory loan abuses and ensure that credit options are safe and affordable. ***I need your leadership and the agency's commitment to achieve real reform of abusive payday loans and the many products they change to be to while avoiding regulation.***

Payday lenders prey upon working people struggling to support themselves and their families. In our state, in-store payday lenders drain over $172 million from our residents annually not to mention the many Virginians caught in already illegal, but unchecked internet payday loans. Payday lenders charge, on average, nearly 300% APR in Virginia, and that doesn't include the much higher rates found online, or the variable and completely unregulated rates found with open-end credit lenders, former payday lenders who avoid any regulations. Although payday loans and the like are marketed as a quick financial fix, they typically result in a long term debt trap.

As the Virginia Legislative Black Caucus, we pushed legislative proposals to curb the abuses by payday, open-end, and car title lenders. With each change to tighten regulations, many lenders found their way around the rules and regulations. Individually and as a caucus, we have worked hard to regulate these lenders who congregate in communities of color, targeting the lowest income areas, those who are living on the edge of poverty, and those who live near military installations, areas many of us represent. In Virginia, many lenders (open-end credit and internet) can and do get around protections for the military and their families. Now we look to you and the CFPB while you are considering proposed rules to use the laws we crafted in Virginia as the floor, not the ceiling of what regulations should be in place for lenders.

DISTRICT: (434) 336-1710 • RICHMOND: (804) 698-1075 • E-MAIL: DELRTYLER@HOUSE.VIRGINIA.GOV

While many states have enacted significant protections to curb their debt trap, or even eliminate the industry's presence, our state has implemented basic measures to regulate the industry while still allowing access to credit options. Our work and efforts since 2001 could be enhanced by the rules your agency creates.

We want the CFPB to use its authority to stop many of the lender abuses by:

- **Closing the loopholes: We do not want federal rules that roll back protections in Virginia that we as legislators fought to implement in 2008.** We want there to be rules that apply to loans similar to payday loans, such as the open-end line of credit loans by former payday lenders, as well as internet-based predatory loans.
- **Ensuring loans are affordable in light of a borrower's income and expenses:** Payday lenders and the like require direct access to a borrower's bank account using a post-dated check or electronic debt authorization. They disregard a borrower's ability to repay after meeting basic expenses like housing and groceries. Ability to repay standards already exist for other credit products, and it seems like a basic step towards ensuring a borrower's ability to successfully repay the loan. **For some Virginians, repayment exceeds 40% of their income.**
- **Protecting consumers' bank accounts** – When a payday lender takes a borrower's post-dated check or authorization to debit a checking account, the payday lender stands first in line to get repaid ahead of all other creditors. Research shows that payday loans increase the likelihood of overdraft fees, involuntary bank account closures, and bankruptcy.

For more information please contact Gaylene Kanoyton at the Virginia Legislative Black Caucus at vlbc20111@yahoo.com or (757) 287-0277.

Sincerely,

Delegate Roslyn Tyler
House of Delegates

Tab 6

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DISTRICT 30

COMMITTEES:
BANKING & FINANCIAL SERVICES
INSURANCE

ETHICS COMMITTEE

JOINT LEGISLATIVE AUDIT COMMITTEE

March 24th, 2015
The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D. C. 20552

Dear Director Cordray:

I am writing to support strong rules for payday and other high-cost small dollar loans and to share my experience as a state legislator in Arizona. It is my hope that the Consumer Financial Protection Bureau (CFPB) will write rules that encompass not only single-payment payday loans but also car title loans and payday lines of credit. As a state legislator and as chair of the committee that defeated the payday loan industry's Prop 200 in Arizona in 2008, my experience may be helpful to you in crafting rules that protect borrowers from current industry practices.

History of high-cost lending in Arizona
Traditional payday lending terminated in Arizona in July 2010 when the authorizing law expired for single-payment check-based lending after voters overwhelmingly rejected the industry's ballot initiative by a 60 to 40 percent vote, and the legislature refused to extend a lifeline to the payday loan industry. While some payday lenders left the state, others smoothly transitioned to offering loans secured by vehicle titles, loans based on auto registrations, and loans tied to prepaid debit cards. This year, the payday loan industry backed legislation to create an open-end line of credit payday loan product deemed a "flex loan." All of these loan products have typical payday-loan characteristics of extreme high-cost, short duration, payments tied to receipt of income, and little or no underwriting to avoid debt traps. Arizona consumers need CFPB to write comprehensive rules to provide a firm threshold of protection in the small loan market.

Lenders continue to exploit title loan loophole
While payday lending terminated in 2010, title loans operate under a different section of law that authorizes one-month loans at up to 204 percent APR. Lenders continue to take full advantage of the imprecise wording of this law that defines these loans as secured by a lien on a vehicle title, without specifying that it must be a first lien or that the borrower must own the vehicle free and clear. As a result, Arizona is overrun with sales finance licensees that offer both title-secured loans and loans based on the borrower having a vehicle registration.

To secure payment, some of these title/registration lenders also require borrowers to provide a blank check drawn on their bank account or provide authorization to electronically withdraw payment from a bank account. This back-up payment tactic is not specifically authorized for title lenders, but makes these just thinly-veiled payday loans. We certainly hope that CFPB rules for the high-cost small-dollar loan sector will include loans secured by the borrower's vehicle or registration. In my experience, payday and title loans have become interchangeable and present similar risks to vulnerable borrowers.

Recent efforts to legalize triple- digit, open-end credit

It is also important that CFPB rules apply to open-end credit as well as closed-end loans. This year, the Arizona legislature debated HB 2611 to create a payday loan line of credit product at triple-digit rates. The same lenders who had to stop payday lending in Arizona supported this legislation to reenter the state. As I have learned, payday lenders are transitioning into larger, longer installment loans and into open-end lines of credit. It is essential that CFPB rules encompass all of these variations.

Called a "Flex Loan Plan," the line of credit that would be created by HB 2611 authorizes loans for up to $3,000 for indefinite time periods at a total cost of 218.5 percent annually. That includes 36% per annum defined as the "finance charge," and "customary" fees stated as one-half of one-percent per day imposed at every billing cycle. Most of the cost of a Flex Loan Plan is buried in the fee which is 182.5 percent per year and is five times the cost of the interest.

Structuring a payday loan as an open-end line of credit harms borrowers by obscuring the true cost of credit. It is likely that the fee would not be considered a periodic rate used to compute the Annual Percentage Rate under Truth in Lending Act rules. As a result, consumers will not know the comparable cost of a payday line of credit. CFPB rules should anticipate the industry's move into open-end lending and require comparable cost disclosures to protect consumers and ensure fair competition.

The required payment of five percent of principal monthly is not sufficient to prevent Flex Loan Plans from being a debt trap. A borrower paying as authorized by the bill would have paid $4,964 to borrow $3,000 and would still owe more than half the loan after one year of payments. Because the Flex Loan is a line of credit, presumably consumers could add to their credit draw at any time, staying in high-cost debt for an unlimited period of time.

The line of credit also adds to debt trap risks because payments are highest in the early months of the payment schedule. Both the fee and required payment on principal are based on the outstanding balance, confronting borrowers with initial high installments, not equal monthly installments. In addition, the industry legislation appears to sanction use of checks, drafts, and electronic forms of payment in the loan process – yet another payday loan trait merely disguised as a "Flex Loan."

Conclusion

As you write rules to reform the market for small-dollar loans, I urge you to define the product broadly to encompass closed- and open-end lending, to apply protections to loans regardless of label as a payday loan, a car title or registration loan, an installment loan, or a line of credit. Lenders should be required to make loans based on the borrower's ability to repay the loan, taking both income and expenses into consideration. CFPB rules should prevent loans from becoming a debt trap by limiting the duration of indebtedness. Lenders should be restricted from requiring borrowers to provide a check or electronic access to their checking account as a condition of extending credit. And lenders should be prohibited from hiding the cost of credit in fees that are not disclosed in the APR. These common sense protections should apply to the first loan and every loan with no exemptions for the type of unsafe lending we worked so hard to eliminate in Arizona.

Sincerely,

Debbie McCune Davis

Rep. Debbie McCune Davis

ALABAMA STATE SENATE
Alabama State House
11 South Union St. - Room 738-B
Montgomery, Alabama 36130-4600
OFFICE: 334 242-7935 FAX: 334 242-9202

Bobby D. Singleton
State Senator 24th District
P.O. Box 137
Greensboro, AL 36744

COMMITTEES:
Tourism & Marketing-Vice Chair
Agriculture, Conservation & Energy
Fiscal Responsibility & Economic Development
Finance & Taxation-General Fund
Local Legislation

July 8, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

I have been following the development of rules and regulations to govern the short term lending industry by you and your staff. I am writing today to express my concern with the direction these regulations seem to be taking as they are in direct conflict with current state laws in my state. I feel that we have achieved a fair balance between access to credit and consumer protections in Alabama and ask that you consider the needs of our state while crafting your final rules and regulations.

In Alabama the legislature worked to create statutes for short term loan products that include strong consumer protections without denying credit to those who need short term lending products. As a state legislature, we have the ability to quickly and effectively address our constituents' needs, both consumers of loan products and suppliers of loan products.

For example, in the payday loan statute, some of the consumer's safeguards we think are most important to the payday lending consumers included were an extended payment plan for borrowers who default on their original agreement and an outstanding loan limit amount per consumer. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually but supported a banking department regulation which required a single source database to ensure the loan limits were being enforced. I feel we have achieved a balance between the needs of our constituents and the fair regulation of businesses in Alabama.

The current CFPB proposals have the potential to harm the work we have already accomplished in this state and endanger the vulnerable populations in our communities by decreasing access to credit in rural communities.

Additionally, I have concerns that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods.

I would urge you to continue to review and amend the rules and regulations you have proposed for the short term lending industry. If the Bureau does not do this, it is most likely that the short term lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Bobby Singleton

Senator Bobby Singleton
Alabama State Senate

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Bobby D. Singleton
State Senator 24th District
P.O. Box 137
Greensboro, AL 36744

Dear Senator Singleton:

Thank you for your July 8, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Alabama's. In addition to those reviews, we have talked directly with regulators and policy makers in Alabama and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Alabama State Banking Department is a member, and with the National Association of Attorneys General, which includes the Alabama Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
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409 Third Street, SW
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July 10, 2015

Mr. Richard Cordray, Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

I understand you are currently considering how payday lending regulations will affect small businesses, and I am writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. Specifically, I am troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In the Commonwealth of Kentucky, our legislature worked with consumer groups and the industry to create a regulatory framework in 2009 that protects consumers and ensures viable choices for those who need short term lending products. Through these lengthy and comprehensive negotiations with stakeholders on both sides of the issue, we found that while most of the consumers of payday loans were well served, there was a portion of them who did not handle this product well. Therefore, our objective was to make these loans more consumer-friendly, while maintaining access to this short-term credit option.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with payday lending in Kentucky. Some of the consumer safeguards we think are most important include a real time web based data base of customers of payday lending stores, which helps our regulators enforce current laws, and extended payment plan for borrowers who default on their original agreement, and financial literacy curriculum for our Kentucky students. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void. Based on information from some of my constituents, our state has at least [number] payday loan stores serving thousands of customers in our rural and underserved communities.

In total about 550 payday loan stores are licensed and regulated by our state's Department of Financial Institutions, Commissioner Charles Vice. That's approximately 2,000 jobs with benefits.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the payday lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing tax dollars through lost payroll taxes, property taxes and corporate taxes.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the payday lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

John Schickel

Senator John Schickel
Senate District 11

C: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

cfpb Consumer Financia Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable John Schickel
P.O. Box 991
Union, Kentucky 41091

Dear Senator Schickel:

Thank you for your July 10, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Kentucky's. In addition to those reviews, we have talked directly with regulators and policy makers in Kentucky and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Kentucky Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Kentucky Attorney General as a member. Commissioner Vice has been a valuable resource of the Bureau on state policy matters, and we welcome his ongoing feedback on this issue. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff and will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
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Arizona House of Representatives

Phoenix, Arizona 85007

July 14, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

We understand you are currently considering how small loan regulations will affect small businesses and we are writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the small loans industry. Specifically, we are troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections, the negative impact they will have on our constituents, especially our small businesses and their customers as well as the disregard for the consumer need for access to credit.

In Arizona our legislature has worked with consumer groups and the industry to create a regulatory framework that protects consumers and ensures viable choices for those who need small and short term lending products.

As the Chairman and Vice Chairman of House Banking and Financial Services we deal directly with these issues. Our work has resulted in what we believe to be the most responsible and appropriate way to deal with small loans in Arizona. Some of the consumer safeguards we think are most important include disclosure requirements, fee caps, and restrictions on lenders that disincentivize "flipping" of loans. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

We believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, we're deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Currently there are already limited options for consumers who lack cash and assets or have a low credit score. The restrictions made in CFPB proposed rules would further restrict access to credit for these consumers, who will be forced to turn to unregulated, unlicensed online lenders of which Arizona has already seen the negative impacts.

As state legislators, we are accountable to the voters who place their trust in us. The CFPB's proposals ignore the needs of our constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options.

Not only would the small lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing federal, state and local taxes that the industry in Arizona helps generate.

We are hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. We also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the small loan industry, which serves a necessary purpose in my state, will be severely impacted. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Representative Kate Brophy McGee
Arizona Legislative District 28
Chairman, House Banking and Financial Services

Representative Jeff Weninger
Arizona Legislative District 17
Vice-chair, House Banking and Financial Services

CC:
Jennifer A. Smith, Esq.
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U.S. Small Business Administration
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Senator John McCain
United States Senate
218 Russell Senate Office Building
Washington, DC 20510

Senator Jeff Flake
United States Senate
Senate Russell Office Building 413
Washington, D.C. 20510

The Honorable Trent Franks
United States House of Representatives
2435 Rayburn HOB
Washington, DC 20515

The Honorable Paul Gosar
United States House of Representatives
504 Cannon HOB
Washington, DC 20515

The Honorable Martha McSally
United States House of Representatives
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The Honorable Matt Salmon
United States House of Representatives
2349 Rayburn House Office Building
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The Honorable David Schweikert
United States House of Representatives
409 Cannon House Office Building
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Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Kate Brophy McGee
1700 West Washington, Suite H
Phoenix, AZ 85007-2844

Dear Chairman McGee:

Thank you for your July 14, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Arizona's. In addition to those reviews, we have talked directly with regulators and policy makers in Arizona and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Arizona Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Arizona Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
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Arizona House of Representatives

Phoenix, Arizona 85007

July 14, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

We understand you are currently considering how small loan regulations will affect small businesses and we are writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the small loans industry. Specifically, we are troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections, the negative impact they will have on our constituents, especially our small businesses and their customers as well as the disregard for the consumer need for access to credit.

In Arizona our legislature has worked with consumer groups and the industry to create a regulatory framework that protects consumers and ensures viable choices for those who need small and short term lending products.

As the Chairman and Vice Chairman of House Banking and Financial Services we deal directly with these issues. Our work has resulted in what we believe to be the most responsible and appropriate way to deal with small loans in Arizona. Some of the consumer safeguards we think are most important include disclosure requirements, fee caps, and restrictions on lenders that disincentivize "flipping" of loans. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

We believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, we're deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Currently there are already limited options for consumers who lack cash and assets or have a low credit score. The restrictions made in CFPB proposed rules would further restrict access to credit for these consumers, who will be forced to turn to unregulated, unlicensed online lenders of which Arizona has already seen the negative impacts.

As state legislators, we are accountable to the voters who place their trust in us. The CFPB's proposals ignore the needs of our constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options.

Not only would the small lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing federal, state and local taxes that the industry in Arizona helps generate.

We are hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. We also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the small loan industry, which serves a necessary purpose in my state, will be severely impacted. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Kate Brophy McGee

Representative Kate Brophy McGee
Arizona Legislative District 28
Chairman, House Banking and Financial Services

Jeff Weninger

Representative Jeff Weninger
Arizona Legislative District 17
Vice-chair, House Banking and Financial Services

CC:
Jennifer A. Smith, Esq.
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Senator John McCain
United States Senate
218 Russell Senate Office Building
Washington, DC 20510

Senator Jeff Flake
United States Senate
Senate Russell Office Building 413
Washington, D.C. 20510

The Honorable Trent Franks
United States House of Representatives
2435 Rayburn HOB
Washington, DC 20515

The Honorable Paul Gosar
United States House of Representatives
504 Cannon HOB
Washington, DC 20515

The Honorable Martha McSally
United States House of Representatives
1029 Longworth House Office Building
Washington, DC 20515

The Honorable Matt Salmon
United States House of Representatives
2349 Rayburn House Office Building
Washington, DC 20515

The Honorable David Schweikert
United States House of Representatives
409 Cannon House Office Building
Washington, DC 20515

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Jeff Weninger
1700 West Washington, Suite H
Phoenix, AZ 85007-2844

Dear Vice-Chairman Weninger:

Thank you for your July 14, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Arizona's. In addition to those reviews, we have talked directly with regulators and policy makers in Arizona and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Arizona Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Arizona Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

STATE REPRESENTATIVE
29TH LEGISLATIVE DISTRICT
STEVE KIRBY

State of Washington House of Representatives

BUSINESS & FINANCIAL SERVICES CHAIRMAN
COMMERCE & GAMING
JUDICIARY

May 12, 2015

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

Dear Director Cordray:

I am writing to express serious concern and to voice strong opposition to the direction the CFPB is heading with regard to payday lending regulations. Specifically, I am troubled by how your proposals run afoul of Washington's state laws and consumer protections.

In Washington, our legislature worked with consumer groups and industry to create a framework that protects consumers and ensures viable choices for those who need short term lending products. As Chairman of the House Business and Financial Services Committee, I facilitated the negotiations in 2009 that resulted in what I believe to be the best payday lending law in the country including the establishment of a statewide data base to prevent multiple loans at multiple lenders, a cap on the amount a consumer may borrow relative to their income, and the implementation of a payment plan for consumers who default on their original agreement. Unfortunately, we also passed an arbitrary eight-loan cap on the number of loans to a consumer annually which I believe has proven to be too severe, and leaves consumers with no place to go once they reach the cap, other than the unregulated internet market. It needs to be changed to a more consumer friendly solution, but in a way that protects those consumers who struggle to manage the product well.

Most recently, we have been working on a proposal that would replace the short term payday loan with a longer term installment loan product, very similar to the successful short term loan product currently allowed in Colorado – ***while keeping virtually all of the consumer protections in our existing payday loan laws.*** The regulations that exist for the current payday loan product – except for the hard cap – work very well, and the new proposal results in a product that will work exactly the same, except for the fact that consumers would have more time to pay back the loan. I believe the direction the Consumer Financial Protection Bureau (CFPB) is heading will do great harm to the agreement we reached in 2009 and/or the new, improved product with which we are trying to replace the traditional payday loan.

As a State Legislator, I am directly accountable to the voters who place their trust in me, and your proposals seem to ignore the hard work we have undertaken to achieve the balance of consumer protections and consumer choice in Washington and frankly, appear to me to be designed to do away with the industry altogether. I am asking other elected officials in Washington to express their own concerns about your Bureau's direction with regard to short term consumer lending, and I hope that causes you to reconsider the proposals you rolled out last month.

Sincerely,

Steve Kirby
Chair, Business & Financial Services Committee
Washington State Representative
29th Legislative District

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Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Steve Kirby
P.O. Box 40600
Olympia, WA 98504-0600

Dear Chairman Kirby:

Thank you for your May 12, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that states policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Washington's. In addition to those reviews, we have talked directly with regulators and policy makers in Washington and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Washington State Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Washington Attorney General as a member. Bureau staff was also pleased to be hosted by your state at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where they spoke on a panel about the Bureau's proposals under consideration. Hopefully you were able to attend the session and hear directly from the Bureau, industry representatives, and consumer advocates. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Washington State Senate

409 Legislative Building
P.O. Box 40417
Olympia, WA 98504-0417

Senator Don Benton
17th Legislative District

Olympia: (360) 786-7632
E-mail: don.benton@leg.wa.gov

Tuesday, May 12, 2015

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

Dear Director Cordray:

I am writing to express concern and to voice strong opposition to the direction the CFPB is heading with regard to payday lending regulations. Specifically, I am troubled by how your proposals run afoul of Washington state laws and consumer protections.

In Washington, our legislature worked with consumer groups and industry to create a framework in 2009 that protects consumers and ensures viable choices for those who need short-term lending products. The negotiations of the Legislature's financial institution committees and industry stakeholders resulted in what I believe to be the best payday lending law in the country, including the establishment of a statewide data base to prevent multiple loans at multiple lenders, a cap on the amount a consumer may borrow relative to their income, and the implementation of a payment plan for consumers who default on their original agreement.

Unfortunately, we also passed an arbitrary eight-loan cap on the number of loans to a consumer annually, which I believe has proven to be too severe and leaves consumers with no place to go once they reach the cap, other than the unregulated internet market. It needs to be changed to a more consumer-friendly solution, but in a way that protects those consumers who struggle to manage the product well.

I believe the direction the Consumer Financial Protection Bureau (CFPB) is heading will do great harm to the agreement we reached in 2009. This, in turn, would endanger the most vulnerable populations in Washington, forcing them to do business with unregulated lenders when payday lenders cannot provide the products they need.

As a state legislator, I am directly accountable to the voters who place their trust in me. Your proposals seem to ignore the hard work we have undertaken to achieve the balance of consumer protections and consumer choice in Washington and, frankly, appear to me to be designed to do away with the industry altogether. If so, this is a shortsighted aim that puts at risk some of the most vulnerable populations in our society. For the sake of these populations, and for the sake of an industry that serves a necessary purpose in my state, I urge you to reconsider the proposals you rolled out last month.

Sincerely,

Don Benton

Senator Don Benton
Chair, Senate Financial Institutions & Insurance Committee
17th Legislative District

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Don Benton
P.O. Box 40417
Olympia, WA 98504-40417

Dear Chairman Benton:

Thank you for your May 12, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Washington's. In addition to those reviews, we have talked directly with regulators and policy makers in Washington and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Washington State Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Washington Attorney General as a member. Bureau staff was also pleased to be hosted by your state at this year's National Conference of State Legislatures Legislative Summit, in Seattle, where they spoke on a panel about the Bureau's proposals under consideration. Hopefully you were able to attend the session and hear directly from the Bureau, industry representatives, and consumer advocates. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

JOHN HAMBRICK
ASSEMBLYMAN
Clark No. 2

SPEAKER OF THE ASSEMBLY

COMMITTEES:
Vice Chair
Ways and Means
Member
Health and Human Services
Taxation

State of Nevada Assembly

Seventy-Eighth Session

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

Dear Director Cordray:

I am writing to express strong opposition to the direction your Bureau is heading with regard to payday lending regulations. Specifically, I am troubled by how your proposals run afoul of Nevada's state laws and consumer protections.

In Nevada, our legislature worked with consumer groups, industry, and the governor to create a framework that protects consumers and ensures viable choices for those who need short term lending products. In fact, during this legislative session, we have passed SB 242: The Nevada Payday Lender Best Practices Act that authorizes the Commissioner of Financial Institutions to license and regulate persons providing check-cashing services, deferred deposit loan services, high-interest loan services and title loan services. However, before we can even have an opportunity to set the regulatory framework in our state, the actions by the Consumer Financial Protection Bureau (CFPB) will override our well-crafted laws and do great harm to the agreement we reached in Nevada throughout extensive collaboration and stakeholder involvement.

As an elected member of Nevada's legislature, I am directly accountable to the voters who place their trust in me. Your proposals seem to ignore the hard work my colleagues and I have undertaken to achieve the balance of consumer protections and consumer choice in Nevada. I am asking my fellow elected officials in Nevada to express their own concerns about your Bureau's direction with regard to payday lending. I hope that causes you to stop moving forward with the proposals you rolled out.

Sincerely,

John Hambrick

John Hambrick
Speaker of the Nevada Assembly

Cc: Nevada Congressional Delegation

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable John Hambrick
1930 Fillage Center Circle, Suite 3-419
Las Vegas, Nevada 89137-6245

Dear Speaker Hambrick:

Thank you for your June 8, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Nevada's. We also took note of the passage of SB 242, which adopted certain provisions of the of the Community Financial Services Association of America's Best Practices for the Payday Loan Industry and makes those provision applicable to persons providing deferred deposits loan services, high-interest loan services and title loan services. In addition to those reviews, we have talked directly with regulators and policy makers in Nevada and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Nevada Financial Institutions Division is a member, and with the National Association of Attorneys General, which includes the Nevada Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals the Bureau released in March and the Small Business Review Panel that followed were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

JOHN C. ELLISON
ASSEMBLYMAN
District No. 33

COMMITTEES:
Member
Commerce and Labor
Government Affairs
Natural Resources,
Agriculture and Mining

State of Nevada
Assembly
Seventy-Seventh Session

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www.leg.state.nv.us

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

Dear Director Cordray:

I am writing to express serious concern and to voice strong opposition to the direction the CFPB is heading with regard to payday lending regulations. Specifically, I am troubled by how your proposals run afoul of Washington's state laws and consumer protections.

In Washington, our legislature worked with consumer groups and industry to create a framework that protects consumers and ensures viable choices for those who need short term lending products. As Chairman of the House Business and Financial Services Committee, I facilitated the negotiations in 2009 that resulted in what I believe to be the best payday lending law in the country including the establishment of a statewide data base to prevent multiple loans at multiple lenders, a cap on the amount a consumer may borrow relative to their income, and the implementation of a payment plan for consumers who default on their original agreement. Unfortunately, we also passed an arbitrary eight-loan cap on the number of loans to a consumer annually which I believe has proven to be too severe, and leaves consumers with no place to go once they reach the cap, other than the unregulated internet market. It needs to be changed to a more consumer friendly solution, but in a way that protects those consumers who struggle to manage the product well.

Most recently, we have been working on a proposal that would replace the short term payday loan with a longer term installment loan product, very similar to the successful short term loan product currently allowed in Colorado – ***while keeping virtually all of the consumer protections in our existing payday loan laws.*** The regulations that exist for the current payday loan product – except for the hard cap – work very well, and the new proposal results in a product that will work exactly the same, except for the fact that consumers would have more time to pay back the loan. I believe the direction the Consumer Financial Protection Bureau (CFPB) is heading will do great harm to the agreement we reached in 2009 and/or the new, improved product with which we are trying to replace the traditional payday loan.

JOHN C. ELLISON
ASSEMBLYMAN
District No. 33

COMMITTEES:
Member
Commerce and Labor
Government Affairs
Natural Resources,
Agriculture and Mining

State of Nevada Assembly

Seventy-Seventh Session

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As a State Legislator, I am directly accountable to the voters who place their trust in me, and your proposals seem to ignore the hard work we have undertaken to achieve the balance of consumer protections and consumer choice in Washington and frankly, appear to me to be designed to do away with the industry altogether. I am asking other elected officials in Washington to express their own concerns about your Bureau's direction with regard to short term consumer lending, and I hope that causes you to reconsider the proposals you rolled out last month.

Thank you,

Assemblyman John Ellison
District 33

cfpb Consumer Financia Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable John C. Ellison
P.O. Box 683
Elko, Nevada 89803-0683

Dear Assemblyman Ellison:

Thank you for your June 8, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Nevada's. In addition to these reviews, we have talked directly with regulators and policy makers in Nevada and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Nevada Financial Institutions Division is a member, and with the National Association of Attorneys General, which includes the Nevada Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff and will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

House of Representatives

State of South Carolina

Todd K. Atwater
District No. 87 - Lexington County
P. O. Box 1056
Lexington, SC 29071

320-D Blatt Building
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Committees:
Education and Public Works
Rules

June 16, 2015

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

Dear Director Cordray:

I am writing to bring to your attention the enclosed annual report to the South Carolina Board of Financial Institutions on deferred presentment (payday lending) that was presented to the House Labor Commerce and Industry committee, on which I serve. This report shows that the comprehensive state laws and regulations governing the payday lending industry in South Carolina continue to ensure consumers are well-protected from abusive lending practices and are still able to access short-term credit when they need it.

My state first enacted regulations on the industry in 1998, and significantly revised them in 2010 as a result of study, negotiation and fine-tuning based on consumer's actual needs and years of marketplace activity. I support the CFPB's goal of making the financial services marketplace fairer, but I am concerned that the Bureau's payday lending proposal – most of which has never been tried in the real world -- would supplant our tested, effective regulatory regime.

State rules enacted in the pursuit to balance consumer protection and access to credit include safeguards such as: a restricted maximum amount a consumer can have outstanding; a required one-day break between each of a customer's first seven loans, and two days between additional loans; stricter licensing requirements for internet lenders; and a real-time statewide database that limits consumers to one loan at a time among all South Carolina short-term lenders.

The database has offered critical insights into South Carolina consumers' short-term borrowing behavior -- behavior that contradicts that reported by the CFPB using much smaller samples. The findings, as outlined in the attached, show that:

- only 0.04 percent of loans in 2014 required the lender to take action for collection;
- 85 percent of South Carolina borrowers conducted 12 or fewer transactions in 2014, and nearly a quarter (23 percent) borrowed only once or twice;
- approximately 11 percent of borrowers entered into the complimentary Extended Payment Program, suggesting this is a valuable tool for customers;

- 93 percent of loans were paid back by the end of the year; and
- since the database was implemented in 2009, the number of transactions has steadily declined every year.

By contrast, I believe the direction the CFPB is heading would adversely affect the wellbeing of the people of South Carolina. If these borrowers who successfully used short-term credit to manage a financial shortfall are severely restricted from doing so, the practical result will be that they will be forced to turn to unregulated or more expensive alternatives. If the proposed rules were implemented as drafted, most likely South Carolina would experience near-elimination of access to regulated short-term lending, especially in those rural and underserved communities serviced primarily by small businesses, which could not operate under the proposed rules. This is especially important in South Carolina.

I fail to see how taking away a dependable, regulated credit option will help consumers in our state.

In crafting this proposal, the CFPB appears to have ignored the balance that South Carolina and other states have sustained and the hard work of the state to protect consumers and preserve their access to credit. Therefore, I ask you to consider the South Carolina solution as you contemplate your final rules and urge you to base them on successful, proven regulatory regimes like that in our state.

Sincerely,

Todd Atwater

Todd Atwater
South Carolina House 87

Enclosure

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Todd K. Atwater
P.O. Box 1056
Lexington, SC 29071

Dear Representative Atwater:

Thank you for your June 16, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending, and in particular the information you provided from the Veritec report to the House Labor, Commerce, and Industry Committee. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including South Carolina's. In addition to those reviews, we have talked directly with regulators and policy makers in South Carolina and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the South Carolina Commissioner of Banking is a member, and with the National Association of Attorneys General, which includes the South Carolina Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

HOUSE OF REPRESENTATIVES

MARY H. COLEMAN
District 65
Hinds and Madison Counties
308 Lynnwood Lane
Jackson, Mississippi 39206

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STATE OF MISSISSIPPI

COMMITTEE ASSIGNMENTS:
Public Property, Vice Chairman
Banking and Financial Services
County Affairs
Public Health and Human Services
Transportation

June 16, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

I write to express my views regarding the direction your office has taken by proposing additional regulations on the payday lending industry. Specifically I feel that the strenuous regulations proposed will have a major adverse effect on small businesses in Mississippi. I urge you to fully consider the testimony of small business owners during the SBREFA panel hearings and look to the successful regulations in my state for guidance throughout the regulatory process.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities by decreasing access to credit in rural communities.

Based on my experience as a Mississippi legislator, I am concerned that such expansive regulation does not adequately address consumers' need for short-term credit or reflect their experience, nor does it get to the root of the financial challenges confronting many consumers. Strong state regulation was enacted in 1996 and requires periodic audits for compliance by the Mississippi Department of Banking and Consumer Finance and was strengthened further since I have been in the legislature to include an extended repayment period for larger dollar loans and additional disclosure statements. Providing effective financial safeguards for Americans while preserving access to credit should be the overarching goal of any new federal regulation.

Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the payday lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the payday lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Mary H. Coleman

Representative Mary H. Coleman

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Mary H. Coleman
308 Lynnwood Lane
Jackson, Mississippi 39206

Dear Representative Coleman:

Thank you for your June 16, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Mississippi's. In addition to those reviews, we have talked directly with regulators and policy makers in Mississippi and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Mississippi Department of Banking and Consumer Finance is a member, and with the National Association of Attorneys General, which includes the Mississippi Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

LYNN D. STEWART
ASSEMBLYMAN
District No. 22

COMMITTEES:
Education
Government Affairs
Health and Human Services

State of Nevada Assembly

Seventy-Fourth Session

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

Dear Director Cordray:

I am writing with regard to the Consumer Financial Protection Bureau's rule proposal outline for small-dollar lending ("Proposal"). I am concerned that many of these proposals would conflict with existing state laws and regulations, especially in my state of Nevada. I hope that the CFPB will fully consider state laws and regulations, including Nevada's consumer protection regulations, before taking further federal rulemaking action.

It is important that federal agencies take the time to evaluate how any new regulations will impact existing state laws and regulations, and how such federal rules will impact states' ability to carry out our own state consumer protection laws. Unfortunately, it does not appear that the Bureau has completed a full analysis of the various state laws, and such a review would seem to be a necessary step in better understanding how the proposed rules interact or not with state laws and regulations.

The CFPB Proposal on short-term loans would generally serve to render inoperable the Nevada laws regulating payday loans, signature loans, and unsecured installment loans, and title loans (less than 45 days). For example, the CFPB Proposal imposes an "ability to repay" system for short-term loans requiring, among other things, verification of a customer's income, expenses, and borrowing history. These requirements would conflict with Nevada law, which requires a lender to have a written documentation that the loan is not more than 25% of the customer's gross monthly income, but does not require a mini-audit of a customer's financial condition and borrowing history.

The CFPB proposal allows for a second or third consecutive loan only if two conditions are met (i.e. the principal decreases with each loan so the original loan is fully paid by the third loan, and a no-cost "off ramp" payment plan after the third loan). These restrictions are directly at odds with Nevada law, as the state's repayment plan is vastly different and does not impose the principal-reduction condition in the CFPB Proposal.

Here in Nevada, I think we have developed a good set of regulations that serve to both offer much-needed small-dollar credit to our citizens while also providing important consumer protections. I would be happy to provide you with any additional information about how Nevada has worked over the years to deliver more credit options to the residents who need them.

I truly hope that you and other CFPB officials will fully consider state laws and regulations before finalizing any new federal rules.

Sincerely,

Lynn D. Stewart

Lynn D. Stewart
Nevada State Assemblyman
District No. 22

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Lynn D. Stewart
2720 Cool Lilac Avenue
Henderson, Nevada 89052

Dear Assemblyman Stewart:

Thank you for your July 1, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals, including the requirement that a lender assess the borrower's ability to repay in order to make certain loans, would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Nevada's. In addition to those reviews, we have talked directly with regulators and policy makers in Nevada and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Nevada Financial Institutions Division is a member, and with the National Association of Attorneys General, which includes the Nevada Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

HOUSE OF REPRESENTATIVES
ALABAMA STATE HOUSE
MONTGOMERY, ALABAMA 36130

DISTRICT NO. 3
COLBERT COUNTY

MARCEL BLACK
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LEGISLATIVE OFFICE 334/242-7667

COMMITTEES:
JUDICIARY-CHAIRMAN

July 6, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

I understand you are currently considering how payday lending regulations will affect small businesses, and I am writing to express concern in the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. I feel that the direction you and your staff are heading is in direct conflict with Alabama state law and can have negative unintended consequences to both citizens and businesses in my state.

In Alabama, the legislature worked to craft a regulatory framework that ensured the access to credit and provided mechanisms which protects consumers from unscrupulous lending practices. Most recently, the Superintendent of Banking has instituted a statewide database of all payday loans made within the state to ensure compliance with one of those protections, the dollar limit on outstanding loans.

Your current proposals for short term lending are likely to do damage to the work we have already accomplished in this state. In their current form, these proposals will make it impossible for the small business owner in this industry to operate and will endanger the vulnerable populations in our communities by creating a credit access void. Data collected by your own staff predicts an extreme decrease in revenue for the small dollar lending industry if the proposals are implemented as proposed.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the work our state has done to provide the consumer with much-needed, well-regulated credit options.

If a majority of these small dollar lenders are forced to close, it would have a severe ripple effect in our state. Not only would the payday lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers.

I am hopeful that you will continue to evaluate the impact of any proposed rules and regulations on small businesses so that they also may be protected in this process. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely.

Marcel Black

Representative Marcel Black
Alabama House of Representatives

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Marcel Black
Post Office Box 491
Tuscumbia, Alabama 35674

Dear Chairman Black:

Thank you for your July 6, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections, no matter where they are located, and no matter the financial provider or lender. The proposals would be intended to coexist with stricter state, tribal, and local, consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Alabama's. In addition to those reviews, we have talked directly with regulators and policy makers in Alabama and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Alabama State Banking Department is a member, and with the National Association of Attorneys General, which includes the Alabama Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

As you know, the summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

COMMONWEALTH OF VIRGINIA

HOUSE OF DELEGATES

RICHMOND

JENNIFER L. McCLELLAN
POST OFFICE BOX 47
RICHMOND, VIRGINIA 23218

SEVENTY-FIRST DISTRICT

COMMITTEE ASSIGNMENTS:
COURTS OF JUSTICE
EDUCATION
COMMERCE AND LABOR

February 23, 2015

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

Dear Director Cordray:

I am writing as a House of Delegates representative of the 71st district in Virginia legislature to express my support for the Consumer Financial Protection Bureau's (CFPB) efforts to end predatory loan abuses and ensure that credit options are safe and affordable. The people of my district need your leadership and the agency's commitment to achieve real reform of abusive payday loans and the many products they change into while avoiding regulation.

Payday lenders prey upon working people struggling to support themselves and their families. In our state, in-store payday lenders drain over $172 million from our residents annually not to mention the many Virginians caught in already illegal, but unchecked internet payday loans. Payday lenders charge, on average, nearly 300% APR in Virginia, and that doesn't include the much higher rates found online, or the variable and completely unregulated rates found with open-end credit lenders, former payday lenders who avoid any regulations. Although payday loans and the like are marketed as a quick financial fix, they typically result in a long-term debt trap.

As a member of the legislature and of the Virginia Legislative Black Caucus, we pushed legislative proposals to curb the abuses by payday, open-end, and car title lenders. With each change to tighten regulations, many lenders found their way around the rules and regulations. Individually and as a caucus, we have worked hard to regulate these lenders who congregate in communities of color, targeting the lowest income areas, those who are living on the edge of poverty, and those who live near military installations. In Virginia, many lenders (open-end credit and internet) can and do get around protections for the military and their families. Now we look to you and the CFPB while you are considering proposed rules to use the laws we crafted in Virginia as the floor, not the ceiling of what regulations should be in place for lenders.

While many states have enacted significant protections to curb their debt trap, or even eliminate the industry's presence, our state has implemented basic measures to regulate the industry while still allowing access to credit options. Our work and efforts since 2001 could be enhanced by the rules your agency creates.

CAPITOL: (804) 698-1071 • E-MAIL: DELJMCCLELLAN@HOUSE.VIRGINIA.GOV

We want the CFPB to use its authority to stop many of the lender abuses by:

- **Closing the loopholes**: **We do not want federal rules that roll back protections in Virginia that we as legislators fought to implement in 2008**. We want there to be rules that apply to loans similar to payday loans, such as the open-end line of credit loans by former payday lenders, as well as internet-based predatory loans.
- **Ensuring loans are affordable in light of a borrower's income and expenses**: Payday lenders and the like require direct access to a borrower's bank account using a post-dated check or electronic debt authorization. They disregard a borrower's ability to repay after meeting basic expenses like housing and groceries. Ability to repay standards already exist for other credit products, and it seems like a basic step towards ensuring a borrower's ability to successfully repay the loan. **For some Virginians, repayment exceeds 40% of their income**.
- **Protecting consumers' bank accounts** – When a payday lender takes a borrower's post-dated check or authorization to debit a checking account, the payday lender stands first in line to get repaid ahead of all other creditors. Research shows that payday loans increase the likelihood of overdraft fees, involuntary bank account closures, and bankruptcy.

Thank you for your time and attention to this matter. For more information please contact me at deljmcclellan@house.virginia.gov or 804-698-1171

Sincerely,

Jennifer L. McClellan

Jennifer L. McClellan
Virginia House of Delegates
71 District, Richmond & Henrico County

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Jennifer L. McClellan
Post Office Box 47
Richmond, Virginia 23218

Dear Delegate McClellan:

Thank you for your February 23, 2015, letter regarding the Consumer Financial Protection Bureau's (Bureau's) work on payday lending. In particular, thank you for sharing your insights about the work being done in Virginia to regulate high-cost loans.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations.

In March we came to Richmond to announce proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market. We are looking at the work and experience of the states, including Virginia. States have extensive experience regulating small dollar lending. As the Bureau considers federal regulation of these products, we appreciate and welcome the expertise you can share with us. Drawing from my own time in Ohio and from our collaboration with the states on a number of matters, we at the Bureau deeply value the states as partners in all of our work.

I share your sense of urgency and look forward to working with you on this important issue. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

JIM WHEELER
ASSEMBLYMAN
District No. 39

MAJORITY WHIP

COMMITTEES:
Chairman
Transportation
Vice Chairman
Natural Resources, Agriculture, and Mining
Member
Judiciary

State of Nevada Assembly

Seventy-Eighth Session

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

Dear Director Cordray:

I am writing to express serious concern and to voice strong opposition to the direction the CFPB is heading with regard to payday lending regulations. Specifically, I am troubled by how your proposals run afoul of Washington's state laws and consumer protections.

In Washington, our legislature worked with consumer groups and industry to create a framework that protects consumers and ensures viable choices for those who need short term lending products. The Chairman of the House Business and Financial Services Committee facilitated the negotiations in 2009 that resulted in what I believe to be the best payday lending law in the country including the establishment of a statewide data base to prevent multiple loans at multiple lenders, a cap on the amount a consumer may borrow relative to their income, and the implementation of a payment plan for consumers who default on their original agreement. Unfortunately, they also passed an arbitrary eight-loan cap on the number of loans to a consumer annually which I believe has proven to be too severe, and leaves consumers with no place to go once they reach the cap, other than the unregulated internet market. It needs to be changed to a more consumer friendly solution, but in a way that protects those consumers who struggle to manage the product well.

Most recently, there has been work on a proposal that would replace the short term payday loan with a longer term installment loan product, very similar to the successful short term loan product currently allowed in Colorado – ***while keeping virtually all of the consumer protections in our existing payday loan laws.*** The regulations that exist for the current payday loan product – except for the hard cap – work very well, and the new proposal results in a product that will work exactly the same, except for the fact that consumers would have more time to pay back the loan. I believe the direction the Consumer Financial Protection Bureau (CFPB) is heading will do great harm to the agreement we reached in 2009 and/or the new, improved product with which we are trying to replace the traditional payday loan.

As a State Legislator, I am directly accountable to the voters who place their trust in me, and your proposals seem to ignore the hard work we have undertaken to achieve the balance of consumer protections and consumer choice in Washington and frankly, appear to me to be designed to do away with the industry altogether. I am asking other elected officials in Washington to express their own concerns about your Bureau's direction with regard to short term consumer lending, and I hope that causes you to reconsider the proposals you rolled out last month.

Sincerely,

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Jim Wheeler
P.O. Box 2135
Minden, Nevada 89423-2135

Dear Assemblyman Wheeler:

Thank you for your June 19, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Nevada's. In addition to those reviews, we have talked directly with regulators and policy makers in Nevada and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Nevada Financial Institutions Division is a member, and with the National Association of Attorneys General, which includes the Nevada Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration that the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans would permit lenders to make covered loans, either by determining that consumers have an ability to repay the loan, or by complying with specified protections against the harms associated with a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray
Director

COMMONWEALTH OF VIRGINIA

RICHARD L. SASLAW
DEMOCRATIC LEADER
35TH SENATORIAL DISTRICT
ALL OF THE CITY OF FALLS CHURCH;
PART OF FAIRFAX COUNTY; AND PART
OF THE CITY OF ALEXANDRIA
POST OFFICE BOX 1856
SPRINGFIELD, VIRGINIA 22151

SENATE

COMMITTEE ASSIGNMENTS:
COMMERCE AND LABOR
COURTS OF JUSTICE
EDUCATION AND HEALTH
FINANCE
RULES

February 27, 2015

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

Dear Director Richard Cordray:

I want to express my support for the Consumer Financial Protection Bureau's (CFPB) efforts to take a national approach to curb predatory loan abuses and ensure that small dollar credit options are safe and affordable. Virginians want your leadership and the agency's commitment to achieve reform of abusive practices, most notably the lack of accounting for the borrower's ability to repay when offering loans, and avoidance of regulations put in place by states like Virginia.

I have long been a proponent of the payday loan industry, because I believe that for low to moderate income families, there should be options to turn to when they are short on the funds to meet an immediate or short-term need. I have long been reviled in my efforts to defend and help keep the industry in Virginia, and have been instrumental in writing the current state laws we have so that we still have necessary options available. However, since 2008 when we passed our most significant restrictions on payday lenders, I have noticed three things:

- Many payday lenders went into a different type of loan (line of credit loans) to avoid the regulations put in place for payday lending. Even with that, Regular payday lending is down by approximately 60% due to our restrictions of one loan at a time and having a loan term of twice the borrower's pay period.
- Lending without regard for the ability to repay, makes it hard to successfully pay off the loan without needing to re-borrow immediately, especially those on fixed incomes who are still indebted nearly year-round.
- While we made internet payday lending illegal in our state statute, there's been an increase in internet lending of payday, high-cost installment, and open-end credit loans without the ability to enforce the law against those who violate our state laws.

Now we look to you and the CFPB as you consider rules on payday lending that apply to the whole country to consider what Virginia has done with our own restrictions, and what ways your rules can enhance and protect what we have, while still ensuring small dollar loans are available to those who need access to credit, which are nearly impossible to come by in the regular lending marketplace. I am most concerned about ensuring loans are affordable in light of a borrower's income and expenses. **Disregarding a borrower's ability to repay only sets them up for failure, and that is not what I intended to do with our state law.** Ability to repay standards seem like a basic step your agency can take in rule-making.

For more information please contact me at district35@senate.virginia.gov or (703) 978-0200.

Sincerely,

Richard L. Saslaw

Richard L. Saslaw

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Richard L. Saslaw
Post Office Box 1856
Springfield, Virginia 22151

Dear Senator Saslaw:

Thank you for your February 27, 2015, letter regarding the Consumer Financial Protection Bureau's (Bureau's) work on payday lending. In particular, thank you for sharing your insights about the work being done in Virginia to regulate high-cost loans.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations.

In March we came to Richmond to announce proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market. We are looking at the work and experience of the states, including Virginia. States have extensive experience regulating small dollar lending. As the Bureau considers federal regulation of these products, we appreciate and welcome the expertise you can share with us. Drawing from my own time in Ohio and from our collaboration with the states on a number of matters, we at the Bureau deeply value the states as partners in all of our work.

I share your sense of urgency and look forward to working with you on this important issue. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

SENATE OF VIRGINIA

A. DONALD McEACHIN
9TH SENATORIAL DISTRICT
ALL OF CHARLES CITY COUNTY,
PART OF HANOVER AND HENRICO COUNTIES;
AND PART OF THE CITY OF RICHMOND
4719 NINE MILE ROAD
RICHMOND, VIRGINIA 23223

COMMITTEE ASSIGNMENTS:
AGRICULTURE, CONSERVATION AND
NATURAL RESOURCES
COURTS OF JUSTICE
PRIVILEGES AND ELECTIONS

March 23, 2015

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

Dear Director Richard Cordray:

As a State Senator in the Virginia General Assembly, representing the 9th Senate district, I am writing to express my support for the Consumer Financial Protection Bureau's (CFPB) efforts to end predatory loan abuses and ensure that credit options are safe and affordable to Virginia families. ***The people of my district want your leadership and the agency's commitment to achieve real reform of abusive payday loans and the many products they change into while avoiding regulation my colleagues and I put in place.***

My law office is located near a few car title lenders, and used to be across the street from a payday lender. I see every day the affect that their presence has on my community. Payday lenders and similar products prey upon working people struggling to support themselves and their families. In our state, in-store payday lenders drain over $172 million from our residents annually not to mention the many Virginians caught in already illegal, but unchecked internet payday loans. Payday lenders charge, on average, nearly 300% APR in Virginia, and that doesn't include the much higher rates found online, or the variable and completely unregulated rates found with open-end credit lenders, former payday lenders who avoid any state regulations. Although payday loans and the like are marketed as a quick financial fix, they typically result in a long-term debt trap.

As a member of the Virginia legislature, we pushed through legislative proposals to curb the abuses by payday, open-end, and car title lenders. With each change to tighten regulations, many lenders found their way around the rules and regulations. Many legislators, including myself, have worked hard to regulate these lenders who congregate in communities of color, targeting the lowest income areas, those who are working and living on the edge of poverty, and those who live near military installations. I understand the need these families and individuals have for money to make it month to month, but short-term extremely high cost loans aren't the answer to a chronic need in higher income, and only put those in that situation in a worse position than where they started. These loans are designed, to keep borrowers needing repeated loans. We have tried put in commonsense regulations in Virginia to deal with payday loans in 2008. However, many lenders (open-end credit and internet) can and do get around those regulations and protections, even those for the military and their families. Now we look to you and the CFPB while you are considering proposed rules to use the laws we crafted in Virginia as the floor, not the ceiling of what regulations should be in place for lenders.

similarly situated products like high-cost line of credit or certain internet loans. Our work and efforts since 2001 could be enhanced by the rules your agency creates. My constituents and I are certainly counting on them to do just that.

We want the CFPB to use its authority to stop many of the lender abuses by:

- **Closing the loopholes**: **We do not want federal rules that roll back protections in Virginia that we as legislators fought to implement.** We want there to be rules that apply to loans similar to payday loans, such as the unregulated open-end line of credit loans by former payday lenders, as well as internet-based predatory loans.

- **Ensuring loans are affordable in light of a borrower's income and expenses**: Payday lenders and the like require direct access to a borrower's bank account using a post-dated check or electronic debt authorization. Yet they disregard a borrower's ability to repay after meeting basic expenses like housing and groceries. Ability to repay standards already exist for other credit products, and it seems like a basic step towards ensuring a borrower's ability to successfully repay the loan. **For some Virginians, repayment exceeds 40% of their income**.

- **Protecting consumers' bank accounts** – When a payday lender takes a borrower's post-dated check or authorization to debit a checking account, the payday lender stands first in line to get repaid ahead of all other creditors. Research shows that payday loans increase the likelihood of overdraft fees, involuntary bank account closures, and bankruptcy.

For more information please contact me at district09@sentate.virginia.gov or 804-698-7509.

Sincerely,

Donald

A. Donald McEachin
Senate Democratic Caucus Chair

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable A. Donald McEachin
4719 Nine Mile Road
Richmond, Virginia 23223

Dear Senator McEachin:

Thank you for your March 23, 2015, letter regarding the Consumer Financial Protection Bureau's (Bureau's) work on payday lending. In particular, thank you for sharing your insights about the work being done in Virginia to regulate high-cost loans.

The Bureau shares your concerns about consumer harm from long-term use of payday loans. We are concerned that lenders are offering credit without assessing borrowers' ability to repay their loans, and that many consumers struggle to repay their loans and have to reborrow, default, or fall behind on other obligations.

In March we came to Richmond to announce proposals that we are considering for a rulemaking to address these harms. Under these proposals, lenders either would need to determine that a consumer has the ability to repay a loan or would need to take specific steps to keep consumers from being caught in a cycle of debt on their short-term loans. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

As the Bureau considers regulatory options for the payday lending market, we are cognizant of the importance of state regulation in this market. We are looking at the work and experience of the states, including Virginia. States have extensive experience regulating small dollar lending. As the Bureau considers federal regulation of these products, we appreciate and welcome the expertise you can share with us. Drawing from my own time in Ohio and from our collaboration with the states on a number of matters, we at the Bureau deeply value the states as partners in all of our work.

I share your sense of urgency and look forward to working with you on this important issue. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray
Director

DAVID GOWAN
SPEAKER OF THE HOUSE
1700 WEST WASHINGTON, SUITE H
PHOENIX, ARIZONA 85007-2844
CAPITOL PHONE: (602) 926-3312
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400 WEST CONGRESS, SUITE 201
TUCSON, ARIZONA 85701
TUCSON PHONE: (520) 398-6000
TUCSON FAX: (520) 398-6028

DISTRICT 14

COMMITTEES:

RULES

JOINT LEGISLATIVE AUDIT COMMITTEE

LEGISLATIVE COUNCIL

Arizona House of Representatives
Phoenix, Arizona 85007

July 20, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

(Via Electronic Mail & Postal)

Dear Director Cordray:

I understand you are currently considering how small loan regulations will affect small businesses and I am writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. Specifically, I am troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Arizona our legislature has worked with consumer groups and the industry to create a regulatory framework that protects consumers and ensures viable choices for those who need short term lending products.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with small loans in Arizona. Some of the consumer safeguards we think are most important include disclosure requirements, fee caps, and restrictions on lenders that disincentivize "flipping" of loans. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the short-term small lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing an federal, state and local taxes that the industry in Arizona helps generate.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the small loan industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

David M. Gowan, Jr.

David Gowan, Speaker
Legislative District 14

Steve Montenegro, Majority Leader
Legislative District 13

Bob Robson, Speaker Pro Tem
Legislative District 18

David Livingston

David Livingston, Majority Whip
Legislative District 22

CC:
Jennifer A. Smith, Esq. (Via Electronic Mail & Postal)
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable David Gowan
1700 West Washington, Room 100
Phoenix, AZ 85007

Dear Speaker Gowan:

Thank you for your July 20, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Arizona's. In addition to those reviews, we have talked directly with regulators and policy makers in Arizona and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Arizona Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Arizona Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans reflect these concerns as we provide avenues for lenders to continue making covered loans, by either determining that consumers have an ability to repay the loan, or by including protections to ensure that consumers are able to avoid being caught in a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

DAVID GOWAN
SPEAKER OF THE HOUSE
1700 WEST WASHINGTON, SUITE H
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TUCSON LEGISLATIVE OFFICE
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DISTRICT 14

COMMITTEES:
RULES
JOINT LEGISLATIVE AUDIT COMMITTEE
LEGISLATIVE COUNCIL

Arizona House of Representatives
Phoenix, Arizona 85007

July 20, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

(Via Electronic Mail & Postal)

Dear Director Cordray:

I understand you are currently considering how small loan regulations will affect small businesses and I am writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. Specifically, I am troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Arizona our legislature has worked with consumer groups and the industry to create a regulatory framework that protects consumers and ensures viable choices for those who need short term lending products.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with small loans in Arizona. Some of the consumer safeguards we think are most important include disclosure requirements, fee caps, and restrictions on lenders that disincentivize "flipping" of loans. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the short-term small lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing an federal, state and local taxes that the industry in Arizona helps generate.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the small loan industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

David M. Gowan, Jr.

David Gowan, Speaker
Legislative District 14

Steve Montenegro, Majority Leader
Legislative District 13

Bob Robson, Speaker Pro Tem
Legislative District 18

David Livingston

David Livingston, Majority Whip
Legislative District 22

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

(Via Electronic Mail & Postal)

Consumer Financial Protection Bureau
1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Steve Montenegro
1700 West Washington, Room 218
Phoenix, AZ 85007

Dear Representative Montenegro:

Thank you for your July 20, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

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Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

DAVID GOWAN
SPEAKER OF THE HOUSE
1700 WEST WASHINGTON, SUITE H
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TUCSON LEGISLATIVE OFFICE
400 WEST CONGRESS, SUITE 201
TUCSON, ARIZONA 85701
TUCSON PHONE: (520) 398-6000
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DISTRICT 14

Arizona House of Representatives
Phoenix, Arizona 85007

COMMITTEES:

RULES

JOINT LEGISLATIVE AUDIT COMMITTEE

LEGISLATIVE COUNCIL

July 20, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

(Via Electronic Mail & Postal)

Dear Director Cordray:

I understand you are currently considering how small loan regulations will affect small businesses and I am writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. Specifically, I am troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Arizona our legislature has worked with consumer groups and the industry to create a regulatory framework that protects consumers and ensures viable choices for those who need short term lending products.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with small loans in Arizona. Some of the consumer safeguards we think are most important include disclosure requirements, fee caps, and restrictions on lenders that disincentivize "flipping" of loans. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the short-term small lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing an federal, state and local taxes that the industry in Arizona helps generate.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the small loan industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

David Gowan, Speaker
Legislative District 14

Steve Montenegro, Majority Leader
Legislative District 13

Bob Robson, Speaker Pro Tem
Legislative District 18

David Livingston, Majority Whip
Legislative District 22

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

(Via Electronic Mail & Postal)

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Bob Robson
1700 West Washington, Room 112
Phoenix, AZ 85007

Dear Representative Robson:

Thank you for your July 20, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Arizona's. In addition to those reviews, we have talked directly with regulators and policy makers in Arizona and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Arizona Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Arizona Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans reflect these concerns as we provide avenues for lenders to continue making covered loans, by either determining that consumers have an ability to repay the loan, or by including protections to ensure that consumers are able to avoid being caught in a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

DAVID GOWAN
SPEAKER OF THE HOUSE
1700 WEST WASHINGTON, SUITE H
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DISTRICT 14

Arizona House of Representatives
Phoenix, Arizona 85007

COMMITTEES:
RULES
JOINT LEGISLATIVE AUDIT COMMITTEE
LEGISLATIVE COUNCIL

July 20, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

(Via Electronic Mail & Postal)

Dear Director Cordray:

I understand you are currently considering how small loan regulations will affect small businesses and I am writing to express concern and to voice strong opposition to the direction the Consumer Financial Protection Bureau (CFPB) is heading with regard to the development of regulations for the short term lending industry. Specifically, I am troubled by how the CFPB's proposals run afoul of our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Arizona our legislature has worked with consumer groups and the industry to create a regulatory framework that protects consumers and ensures viable choices for those who need short term lending products.

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I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the short-term small lending businesses and customers be affected, so would businesses across the state that depend on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing an federal, state and local taxes that the industry in Arizona helps generate.

I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the small loan industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

David M Gowan, Sr.

David Gowan, Speaker
Legislative District 14

Steve Montenegro, Majority Leader
Legislative District 13

Bob Robson, Speaker Pro Tem
Legislative District 18

David Livingston

David Livingston, Majority Whip
Legislative District 22

CC:
Jennifer A. Smith, Esq. (Via Electronic Mail & Postal)
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable David Livingston
1700 West Washington, Room 341
Phoenix, AZ 85007

Dear Representative Livingston:

Thank you for your July 20, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Arizona's. In addition to those reviews, we have talked directly with regulators and policy makers in Arizona and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Arizona Department of Financial Institutions is a member, and with the National Association of Attorneys General, which includes the Arizona Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans reflect these concerns as we provide avenues for lenders to continue making covered loans, by either determining that consumers have an ability to repay the loan, or by including protections to ensure that consumers are able to avoid being caught in a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

CFPB313_09_2015

BILL L. CADMAN
Senate President

State Capitol
200 E. Colfax Avenue
Denver, Colorado 80203
Capitol: (303) 866-4880

COMMITTEES
Member of:

Legislative Council
Executive Committee of
Legislative Council

SENATE
STATE OF COLORADO
DENVER

SENATE PRESIDENT

July 23, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 1st Street, North East
Washington, DC 20417

Dear Director Cordray:

As the President of the Colorado State Senate I write to you today to express my concern of the potential federal over-reach with regard to your agency and the federal regulation of the short term lending industry.

In Colorado our legislature worked with consumer groups and the industry to create a regulatory framework in 2010 that both protects consumers and ensures viable choices for those who need short term lending products. Through these lengthy and comprehensive negotiations with stakeholders on both sides of the issue, we found that while most of the consumers of payday loans were well served, there was a portion of them who did not handle this product well. Therefore, our objective was to make these loans more consumer-friendly, while maintaining access to this short-term credit option.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with payday lending in Colorado. Some of the consumer safeguards we think are most important include an extended payment plan for borrowers and an interest rate cap. We chose not to pass an arbitrary cap on the number of loans consumers can receive annually. That leaves them with no place to go once they reach the cap, other than the unregulated Internet market. Instead, we established consumer-friendly protections for all borrowers, while providing solutions for those who need additional help.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void. Based on information from some of my constituents, our state has several payday loan stores serving thousands of customers in our rural and underserved communities.

In total, just over 300 payday loan stores are licensed and regulated by our state's attorney general. That's about 1000 jobs with benefits. I am hopeful that the CFPB listened to small businesses and to SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is most likely that the payday lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Senator Bill Cadman
Colorado Senate President

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 2, 2015

The Honorable Bill L. Cadman
State Capitol
200 E. Colfax Avenue
Denver, Colorado 80203

Dear President Cadman:

Thank you for your July 23, 2015, letter on the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Colorado's. In addition to those reviews, we have talked directly with regulators and policy makers in Colorado and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Colorado Division of Banking is a member, and with the National Association of Attorneys General, which includes the Colorado Attorney General as a member. We have also briefed the Administrator of the Colorado Uniform Credit Code. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans reflect these concerns as we provide avenues for lenders to continue making covered loans, by either determining that consumers have an ability to repay the loan, or by including protections to ensure that consumers are able to avoid being caught in a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

RODNEY ANDERSON
District 105

STATE OF TEXAS
HOUSE OF REPRESENTATIVES

P.O. Box 2910
Austin, TX 78768-2910
512.463.0641
Fax: 512.463.0044

September 10, 2015

Richard Cordray
Director
U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Re: Short term consumer credit regulations

Dear Director Cordray:

I understand you are currently considering how short term lending regulations will affect small businesses. I am writing to express concern and to voice strong opposition to the policy direction the Consumer Financial Protection Bureau (CFPB) is considering with outlined regulations for this industry. Specifically, I am troubled by how the CFPB's proposals contradict our state's laws and consumer protections and the negative impact they will have on our constituents, especially our small businesses and their customers.

In Texas, our legislature worked with consumer groups and the industry to create a regulatory framework in 2011 that protects consumers and ensures viable choices for those who need short term credit. Through these lengthy and comprehensive negotiations with stakeholders on both sides of the issue, we found that while most of the consumers of these types of loans were well served, there was a portion of them who did not handle this product well. Therefore, our objective was to make these loans more consumer-friendly, while maintaining access to this short term credit option.

Our work resulted in what I believe to be the most responsible and appropriate way to deal with payday and auto title lending in Texas. We chose not to pass arbitrary caps on loan amounts, the number of refinancings, or principal repayment requirements. We instead focused on consumer education through enhanced loan specific disclosures and increased transparency based on comprehensive loan data disclosures --- empowering consumers to impose discipline on the market by exercising informed choices.

Our results have been encouraging. Data on every loan made since January 1, 2012, has been reported to state regulators, and subsequently published on a quarterly basis. Over 88% of single payment payday loans are repaid before the fourth refinance --- far sooner than the national statistics quoted by special interest groups. Over 83% of multi-payment payday loans are repaid without a refinance. Nearly 89% of multi-payment auto title loans are repaid in full with one refinance.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities.

EMAIL: RODNEY.ANDERSON@HOUSE.STATE.TX.US

RODNEY ANDERSON
District 105

STATE OF TEXAS
HOUSE OF REPRESENTATIVES

P.O. Box 2910
Austin, TX 78768-2910
512.463.0641
Fax: 512.463.0044

Furthermore, I'm deeply concerned that residents in our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own published proposals, if implemented, CFPB expects small businesses to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss—especially our small, often family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void.

In total, 3,249 stores are licensed and regulated by our state's Office of Consumer Credit Commissioner. That's over ten thousand jobs with benefits.

As a state legislator, I am accountable to the voters who place their trust in me. The CFPB's proposals ignore the needs of my constituents, as well as the work our state has done to provide them with much-needed, well-regulated credit options. Frankly, it appears to me that the CFPB has designed these proposals to eliminate the industry altogether.

This kind of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the short term lending businesses and customers be affected, so would businesses across the state depending on the purchases of goods and services by this industry, its employees and customers. Nor would our government escape unharmed, losing the substantial amounts of federal, state and local taxes that this industry generates in Texas.

I am hopeful that the CFPB listened to small businesses and to the SBA's Office of Advocacy. I also urge the CFPB to reconsider its proposals. If the Bureau does not do this, it is significantly likely the short term lending industry, which serves a necessary purpose in my state, will be eliminated. With that, some of the most vulnerable populations in our communities would be put at risk. Thank you for your consideration and any assistance you may provide in this matter.

Sincerely,

Rodney Anderson
Texas State Representative
District 105, Irving & Grand Prairie

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

EMAIL: RODNEY.ANDERSON@HOUSE.STATE.TX.US

Consumer Financia
Protection Bureau
1700 G Street, N.W., Washington, DC 20552

November 30, 2015

The Honorable Rodney Anderson
P.O. Box 2910
Austin, TX 78768-2910

Dear Representative Anderson:

Thank you for your September 10, 2015, letter about the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Texas's. In addition to those reviews, we have talked directly with regulators and policy makers in Colorado and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Texas Department of Banking is a member, and with the National Association of Attorneys General, which includes the Texas Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

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Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

HOUSE OF REPRESENTATIVES

TAN PARKER
MEMBER

September 11, 2015

Mr. Richard Cordray
Director, U.S. Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Re: Short term consumer credit regulations

Dear Director Cordray:

As Chairman of the Texas House Committee on Investments and Financial Services, I write to you today to voice my sincere opposition to the policy direction the Consumer Financial Protection Bureau (CFPB) is considering with outlined regulations for the short term credit industry. Specifically, I am concerned with how the CFPB's proposals interfere with Texas's state laws and consumer protections that the Texas legislature has worked very hard to carefully craft over the years.

Our legislature worked with consumer groups and the industry to create a regulatory framework in 2011 that protects consumers and ensures viable choices for those who need short term credit. Through these lengthy and comprehensive negotiations with all stakeholders, we identified areas to make these loans more consumer-friendly, while maintaining critical access to the short term credit option that so many of our constituents responsibly rely upon. I recognize the importance of Texas continuing to monitor the market place closely and to enact further reforms at the state level if necessary. However, I feel this is a function best performed by individual state legislatures who best understand the needs of their citizens.

Our work appropriately focused on consumer education through enhanced loan specific disclosures and increased transparency based on comprehensive loan data disclosures. This empowered consumers to impose discipline on the market by exercising informed choices.

Our results have been very encouraging. Data on every loan made since January 1, 2012, has been reported to state regulators, and subsequently published on a quarterly basis. Over 88% of single payment payday loans and over 83% of multi-payment payday loans are repaid without the borrower experiencing loan management difficulties.

I believe current CFPB proposals will do great harm to the work we have already accomplished in this state and endanger the vulnerable populations in our communities. Furthermore, I'm deeply concerned that residents in

CHAIRMAN, HOUSE INVESTMENTS AND FINANCIAL SERVICES COMMITTEE

PO BOX 2910 · AUSTIN, TX · 78768-2910 · OFFICE: 512.463.0688 · FAX: 512.480.0964

our rural and underserved communities, along with the small businesses that serve those neighborhoods, will be most negatively impacted. Based on the CFPB's own findings on their published proposals, we can expect the vast majority of credit access businesses to cease operating. If they are forced to close, customers in these small towns will be left with little or no access to credit products to fill their ongoing needs.

Over 3,000 stores are licensed and regulated by our state's Office of Consumer Credit Commissioner, representing over ten thousand quality jobs with benefits. This brand of wholesale elimination of jobs and business closures would have a severe ripple effect on our state. Not only would the short term lending businesses and customers be affected, so would businesses across the state depending on the purchases of goods and services by this industry, its employees and customers. Additionally, substantial amounts of federal, state and local taxes that this industry generates in Texas would be lost.

I strongly encourage the CFPB to listen to small businesses and to the SBA's Office of Advocacy. I also urge the CFPB to revisit and retool its proposals so that we will not endure the loss of jobs and access to vital credit that our economy depends on. Without carefully considering these issues it is very likely the short term lending industry will be eliminated. As a state lawmaker who has historically focused on these issues, I have no doubt that this course will lead to Texas's most vulnerable populations being put at an unnecessary risk. Thank you for your consideration and any assistance you may provide in this matter.

Respectfully,

Tan Parker

Representative Tan Parker
House District 63

CC:
Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 30, 2015

The Honorable Tan Parker
P.O. Box 2910
Austin, TX 78768-2910

Dear Chairman Parker:

Thank you for your September 10, 2015, letter about the Consumer Financial Protection Bureau's work on small dollar lending. I welcome the opportunity to discuss the Bureau's Proposals for Payday, Vehicle Title, and Similar Loans and access to consumer financial products and services.

As we consider federal regulation of these products, we appreciate and welcome the expertise that state policy makers and regulators can share with us, particularly once they have the opportunity to review and evaluate the proposals we will be formulating for public notice and comment. At the Bureau, we want to ensure that consumers are offered the same benefits and protections no matter where they are located, and no matter the financial provider or lender. The proposals under consideration, if implemented, would establish a federal floor for consumer protection for covered loans. The proposals would be intended to coexist with stricter state, tribal, and local consumer protection laws and regulations, including laws and regulations that prohibit the sale of such products or regulate the permissible cost of credit.

States have extensive experience regulating small dollar lending, and for that reason we have reviewed existing state models, including Texas's. In addition to those reviews, we have talked directly with regulators and policy makers in Colorado and other states. Bureau staff has held briefings and feedback sessions with the Conference of State Bank Supervisors, of which the Texas Department of Banking is a member, and with the National Association of Attorneys General, which includes the Texas Attorney General as a member. Bureau staff also spoke on a panel at this year's National Conference of State Legislatures Legislative Summit, in Seattle. My staff will continue to solicit feedback on the proposals under consideration from you and your state legislative colleagues as we move forward in the rulemaking process.

The summary of proposals under consideration the Bureau released in March, and the Small Business Review Panel that followed, were early steps in the full rulemaking process. The next step will be the publication of the proposed rule in the Federal Register, which will provide an opportunity for the public to comment, and I encourage you to submit a comment so that we can continue to benefit from your insight. Those comments will be considered by the Bureau before a final rule is issued, and any final rule will have a designated implementation period for industry to come into compliance.

The Bureau recognizes consumers' need for affordable credit, and we share your concern for balancing consumer protection regulation with access to credit. Indeed, when the Bureau

promulgates regulations, the agency is required pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act to consider the potential benefits and costs to consumers and to industry, including the impact on access to consumer financial products or services resulting from the rule. Our proposals under consideration for a rulemaking on payday, vehicle title, and similar loans reflect these concerns as we provide avenues for lenders to continue making covered loans, by either determining that consumers have an ability to repay the loan, or by including protections to ensure that consumers are able to avoid being caught in a cycle of debt.

Thank you for your interest in the Bureau's work. I look forward to working with you on these and other consumer financial protection matters of importance to you and your constituents. Please do not hesitate to contact me if you have any questions, or have your staff contact Cheryl Parker Rose, Assistant Director for the Bureau's Office of Intergovernmental Affairs. Ms. Rose can be reached at (202) 435-7266.

Sincerely,

Richard Cordray

Richard Cordray
Director

Cc: Jennifer A. Smith, Esq.
Assistant Chief Counsel for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

The Senate of The State of Texas

Senator Craig Estes
District 30

Richard Cordray
Director
United States Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Re: Short-term consumer credit regulations

Dear Director Cordray:

I write to express my concerns and voice my opposition to the policy direction the Consumer Financial Protection Bureau is considering with regard to the short term lending industry. The CFPB's proposals not only conflict with our state's laws and consumer protections, but they will also have a tremendous negative impact on our small businesses and their customers.

The Texas Legislature created a carefully-crafted regulatory framework in 2011, with great consideration and input from consumer groups and the industry, in order to protect consumers and provide viable choices for those who need short-term credit. Our goal was to make these loans more consumer-friendly, while maintaining access to this short-term credit option. We achieved this through heavy focus on customer education and increased transparency based on comprehensive loan data disclosers, empowering consumers to exercise informed choices.

We determined the most responsible and appropriate way to address payday and auto title lending in Texas. Data on every loan made since January 1, 2012 has been reported to state regulators and published quarterly. Over 88% of single payment payday loans are repaid before the fourth refinance -- far sooner than the national statistics quoted by special interest groups. Over 83% of multi-payment payday loans are repaid without a refinance. Nearly 89% of multi-payment payday loans are repaid in full with one refinance.

I am deeply concerned that the current proposals will do great harm to the framework we have in place in Texas, and I believe the residents in our rural and underserved communities, along with

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903-868-2347
Fax: 903-868-9666

WICHITA FALLS DISTRICT OFFICE:
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Wichita Falls, Texas 76308
940-689-0191
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the small businesses that serve those neighborhoods, will be greatly impacted.

Based on the CFPB's published proposals, small businesses are expected to lose up to 84% of their revenue. I don't believe any business could sustain that amount of loss - especially our small, family-owned enterprises whose owners live and work in their neighborhoods. If they are forced to close, customers in these small towns will be left with little or no access to credit products that will fill this void.

The potential loss of jobs and business closures would have a severe ripple effect in our state. Not only would the short term lending businesses and customers be affected, so would businesses across the state depending on the purchases of goods and services by this industry, its employees and customers. Additionally, our government would lose the substantial amounts of federal, state and local taxes that this industry generates in Texas.

Thank you for your consideration and any assistance you may provide in this manner.

Sincerely,

Craig Estes

Craig Estes
State Senator
Texas Senate District 30

Consumer Financia
Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 30, 2015

The Honorable Craig Estes
P.O. Box 12068
Austin, TX 78711

Dear Senator Estes:

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Sincerely,

Richard Cordray

Richard Cordray
Director