

# United States Senate

WASHINGTON, DC 20510

February 13, 2019

Hon. Kathleen Kraninger  
Director  
Consumer Financial Protection Bureau  
1700 G St., N.W.  
Washington, D.C. 20552

Dear Ms. Kraninger:

We write to express our opposition to the Consumer Financial Protection Bureau's effort to strike the affordability standards and limit on repeat loans in the Payday, Vehicle Title, and Certain High-Cost Installment Loans Rule (Payday Rule). This proposal eviscerates the cornerstone of the Payday Rule, and will likely trap hard working Americans in a cycle of debt.

On February 6, 2019, the Consumer Financial Protection Bureau (CFPB) issued a notice indicating its intent to eliminate underwriting requirements and limits on repeat lending for payday loan products. Currently under the Payday Rule, lenders will be required to verify a borrower's income, debts, and other spending in order to assess a borrower's ability to remain current and repay credit, and provide an affordable repayment plan for borrowers who take out more than three loans in succession.

Repealing this rule provides a green light to the payday lending industry to prey on vulnerable American consumers. In drafting these devastating changes to the Payday Rule, the CFPB is ignoring one of the most fundamental principles of consumer finance — an individual should not be offered a predatory loan that they cannot pay back.

Payday loans are typically small-dollar loans that have interest rates of over 300 percent, with expensive fees that trap working families in a vortex of never-ending debt. According to the CFPB's research, "four out of five payday borrowers either default or renew a payday loan over the course of a year."<sup>1</sup>

In October 2017, the CFPB finalized the Payday Rule after years of research, field hearings, and investigations into abusive practices that are prevalent in the payday lending industry. The CFPB has not made similar research, field hearings, or investigations, if they exist, available to the public in order to explain its decision to repeal crucial elements of the rule. The absence of such research would not only imply neglect of duty by the CFPB Director, but may also be a violation of the Administrative Procedure Act.

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<sup>1</sup> *CFPB Data Point: Payday Lending*, Consumer Financial Protection Bureau, March, 2014, [https://files.consumerfinance.gov/f/201403\\_cfpb\\_report\\_payday-lending.pdf](https://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf)

For this reason, we respectfully request that the following information be provided to us and published immediately for public access:

1. Any research conducted regarding the impact on borrowers of repealing these requirements for payday loans;
2. Any field hearings or investigations performed by the Bureau after the rule was finalized regarding the impact of repealing these requirements for payday loans;
3. Any public or informal comments sent to the CFPB since the rule was finalized regarding these provisions in the Payday Rule; and
4. Any economic or legal analyses conducted by or sent to the CFPB concerning the repeal of these requirements for payday loans.

We look forward to learning more about the process by which the CFPB reached this decision and request a response within 30 days.

Sincerely,



Jeffrey A. Merkley



Richard J. Durbin



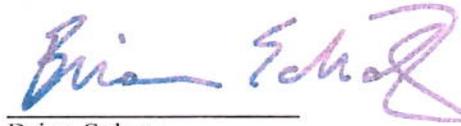
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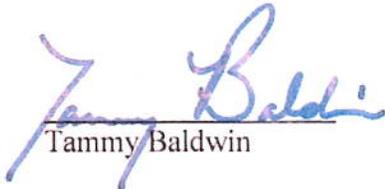
Sherrod Brown



Edward J. Markey



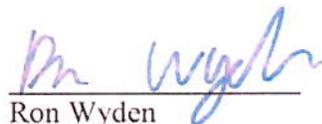
Brian Schatz



Tammy Baldwin



Tammy Duckworth

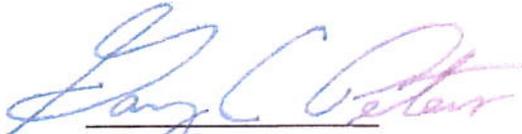


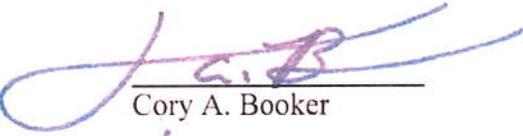
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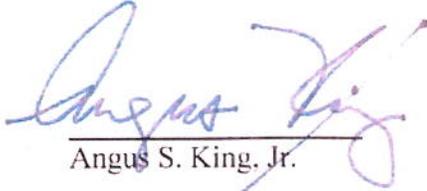


Catherine Cortez Masto

  
Doug Jones

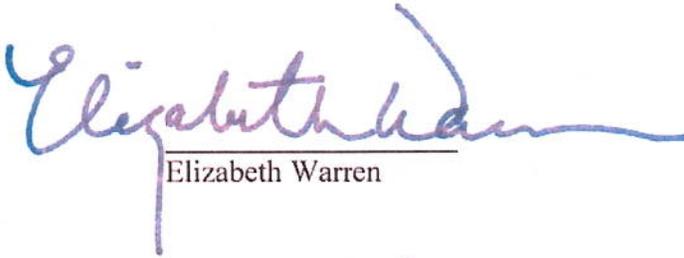
  
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Cory A. Booker

  
Angus S. King, Jr.

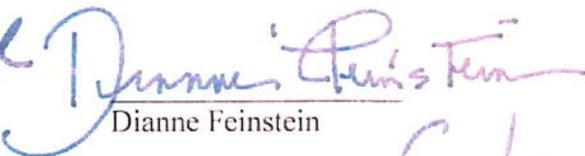
  
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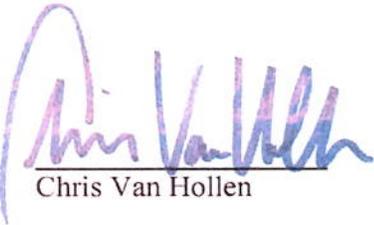
  
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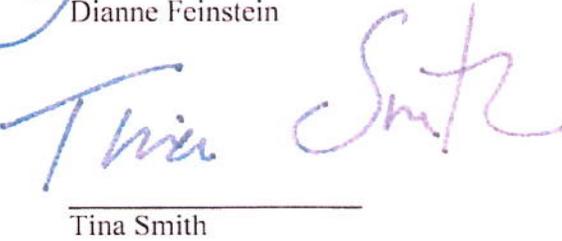
  
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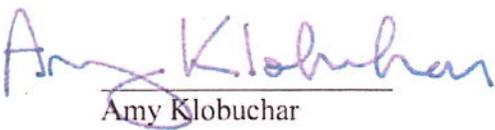
  
Bernard Sanders

  
Kirsten Gillibrand

  
Dianne Feinstein

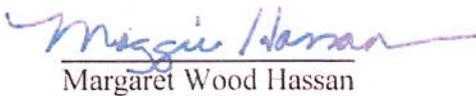
  
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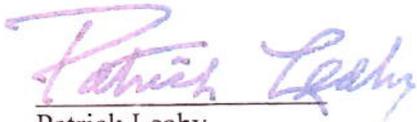
  
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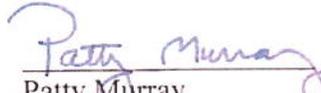
  
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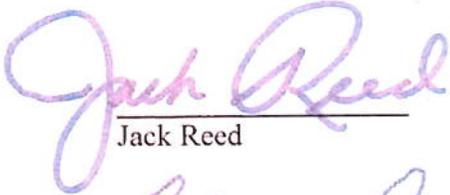
  
Richard Blumenthal

  
Kamala D. Harris

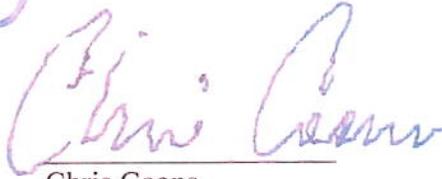
  
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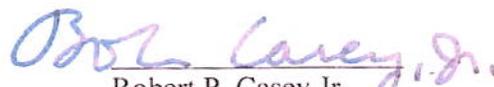
  
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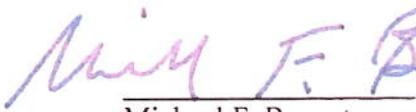
  
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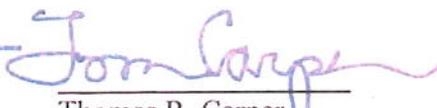
  
Jack Reed

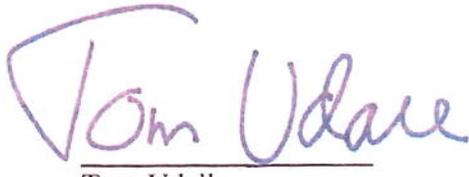
  
Sheldon Whitehouse

  
Chris Coons

  
Robert P. Casey Jr.

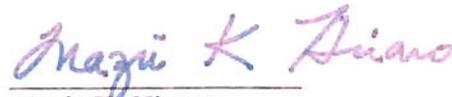
  
Michael F. Bennet

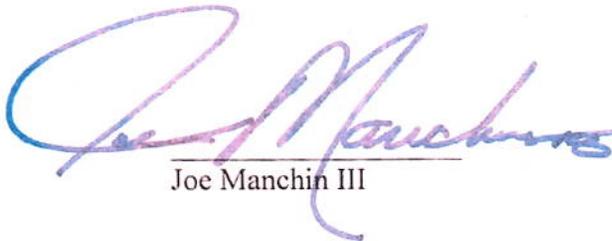
  
Thomas R. Carper

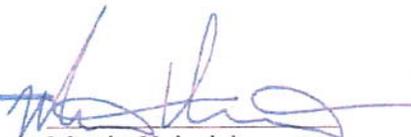
  
Tom Udall

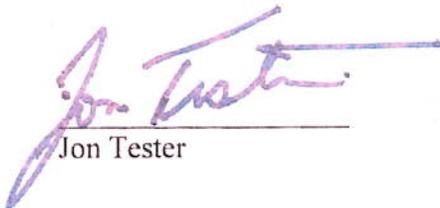
  
Maria Cantwell

  
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Tim Kaine

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Robert Menendez

Kyrsten Sinema  
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