

July 2016

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW.
Washington, DC 20552

Docket No. CFPB-2016-0025

We, the undersigned Jewish organizations, submit this comment in strong support of the Consumer Financial Protection Bureau's proposed rule regulating payday and vehicle title loans. We also urge the CFPB to strengthen this rule by creating clear product safety standards for payday loans and removing the other remaining loopholes that make it possible for lenders to lead their customers into unsustainable cycles of debt. Jewish tradition inspires us to speak on this issue, and to help build a society where lending is used as a step toward opportunity, rather than as a stumbling block.

Borrowing money can make it possible to secure a home, buy a car, or to escape poverty. Ideally, everyone would have access to credit and loans on the prime market. Yet in reality not all borrowers can obtain loans at competitive interest rates. As a result, too many borrowers - particularly the poor, students, people on fixed incomes, women, minorities, seniors, and military service personnel, among others - become victims of "predatory lending," losing more than \$9.1 billion each year.¹ CFPB's rule is an important step toward addressing these challenges.

We strongly support the "ability-to-repay" principle applied in this rule and urge CFPB to create clear product safety standards. A typical two-week payday loan carries fees that equal an annual percentage rate (APR) of 400% in interest. The average payday borrower takes out eight loans each year to keep up with expenses and the interest on previous loans.² The proposed rule makes it an "abusive and unfair lending practice" to issue certain short-term loans lasting 45 days or less without considering the borrower's ability-to-repay. Under the proposed rule lenders would need to verify the borrower's income, major financial obligations, and check borrowing history, to determine if the borrower has sufficient income to repay the loan. Because lenders determine which customers have the ability to repay, it is also important that CFPB include clear product safety standards outlining what fair loans look like. These standards will protect customers from remaining unfair loans and will help a wider array of financial institutions provide fair credit to their low income customers.

We urge CFPB to maintain the 60 day waiting period between loans. By cutting the waiting period between loans from 60 days (as proposed in the 2015 draft rule) to 30 days, the proposed rule makes it easier for lenders to trap borrowers. This change could permit lenders to continue placing borrowers in 10 or more payday loans in a year.³ Ultimately, no customers would ever be offered an unaffordable loan regardless of the waiting period. We urge the CFPB to extend the waiting period in the final rule.

¹ <https://cdn.americanprogress.org/wp-content/uploads/2013/08/PredatoryLending-brief-1.pdf>

² http://www.pewtrusts.org/~media/legacy/uploadedfiles/pcs_assets/2012/pewpaydaylendingreportpdf.pdf

³ http://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl_initial_reaction_cfpb_payday_proposedrule_jun2016.pdf

Our sacred Jewish texts inspire us to protect those who are most vulnerable. The Book of Exodus (22:24) states: "If you lend money to My people, to the poor among you, do not act toward them as a creditor; exact no interest from them." These words remind us to guard against lending at high interest rates that too often benefit the lender at the borrower's great expense. Jewish tradition also teaches the imperative of "not putting a stumbling block before the blind" (Bava Metzia 5:10). Predatory lending takes advantage of vulnerable people, hurting their credit and wellbeing, rather than providing a compassionate lifeline for those in need. Fair loans should be a means of lifting up an individual, rather than diminishing them.

For all of these reasons, submit this comment in strong support of CFPB's proposed rule regulating payday and vehicle title loans.

Ameinu (Our People)

Avodah

Bend the Arc Jewish Action

Central Conference of American Rabbis

Eshel

The Hebrew Free Loan Society

Jewish Community Action

Jewish Community Relations Council of Greater New Haven

Jewish Council for Public Affairs

Jewish Council of Urban Affairs

National Council of Jewish Women

National Jewish Labor Committee

New England Jewish Labor Committee

Philadelphia Jewish Labor Committee

Rabbinical Assembly

Reconstructionist Rabbinical Association

Reconstructionist Rabbinical College/Jewish Reconstructionist Communities

Union for Reform Judaism

Uri L'Tedek: The Orthodox Social Justice Movement

Workman's Circle