The CFPB is trying to gut a rule that protects consumers from predatory payday and car lenders.

In October 2017, the Consumer Financial Protection Bureau (CFPB) issued a final national rule that requires lenders to check a borrower's ability to repay before lending money in the form of payday or car title loans. But now the new administration at the CFPB is looking to gut this crucial protection – called the "underwriting provision" – against predatory payday lenders. Without this protection, greedy lenders can force borrowers to take out multiple loans, some averaging over 350 percent interest, which they can't fully pay back. This way consumers are trapped in debt far more costly than the original loan.

Fortunately, we can take action! Use CHN's commenting portal here, and copy and paste one of these six comments by selecting them in this table of contents. **Next, be sure to add enough of your own text to make your comment unique – that means about a third of your comment should be in your own writing. You can use a personal story about how predatory lending has affected you or your community, or use any other reason that resonates for you personally.**

> *Legal protections for consumers are vitally needed. Without rigorous enforcement of protections against unfair mortgages, payday and car title lending, and other unscrupulous financial instruments, consumers can fall into devastating debt traps.* ***The Consumer Financial Protection Bureau must be strong and independent; efforts to limit its role must be opposed.***
>
> *-CHN Policy Priorities, 2019-2020*

IMPORTANT NOTE: *All comments, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. Proprietary information or sensitive personal information, such as account numbers, Social Security numbers, or names of other individuals, should not be included. Comments will not be edited to remove any identifying or contact information by the government.*

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Economy

Protect consumers! The CFPB must not eliminate one of the key protections against predatory payday and car title lenders: the ability to pay rule. This provision requires lenders to ensure borrowers are capable of repaying loans before lending money. By eliminating this underwriting provision, the CFPB will allow unscrupulous lenders to continue targeting vulnerable consumers and locking them in the debt trap. **Payday and car title loans do not benefit the economy. In fact, the Center for Responsible Lending finds that each year, payday and car-title loans take $8 billion in fees from consumers in states where such predatory loans are legal. A 2011 analysis showed that 14,000 jobs were lost and more than 56,000 bankruptcies were triggered by payday loan costs. This loss of economic productivity further depresses areas that struggle to keep businesses alive. Predatory loans are not the answer to economic problems that stifle productivity.**

Food Insecurity

Protect consumers! The CFPB must not eliminate one of the key protections against predatory payday and car title lenders: the ability to pay rule. This provision requires lenders to ensure borrowers are capable of repaying loans before lending money. By eliminating this underwriting provision, the CFPB will allow unscrupulous lenders to continue targeting vulnerable consumers and locking them in the debt trap. **Some families that are forced to choose between paying rent and buying groceries turn to predatory lenders to put food on the table for the next few days. But when they have to repay the loan, they can't afford it, typically racking up 10 loans per year to pay off the debt from the first loan. In one example from Texas, a women who borrowed less than $500 to pay for food and other necessities had to pay back $1,700. Payday and car title loans are not the solution to food insecurity.**

Health

Protect consumers! The CFPB must not eliminate one of the key protections against predatory payday and car title lenders: the ability to pay rule. This provision requires lenders to ensure borrowers are capable of repaying loans before lending money. By eliminating this underwriting provision, the CFPB will allow unscrupulous lenders to continue targeting vulnerable consumers and locking them in the debt trap. **Americans living without adequate insurance, or with no insurance at all, sometimes turn to payday loans to pay catastrophic medical expenses. Average annual percentage rates of 391 percent mean that people with high medical bills may lose their cars, homes, and any chance at good credit. In fact, geographical areas where Medicaid was expanded have seen an associated decline in payday lending rates. Payday loans are not the solution for unexpected medical expenses.**

Housing and Homelessness

Protect consumers! The CFPB must not eliminate one of the key protections against predatory payday and car title lenders: the ability to pay rule. This provision requires lenders to ensure borrowers are capable of repaying loans before lending money. By eliminating this underwriting provision, the CFPB will allow unscrupulous lenders to continue targeting vulnerable consumers and locking them in the debt trap. **Short term payday loans are NOT a solution for keeping people out of homelessness. There are numerous documented instances of families taking out loans lenders know they cannot repay, and subsequently being forced to take out another loan with exorbitant interest rates and fees to both pay back the original loan and continue paying rent. In such cases, the debt trap can eventually lead people to homelessness — a disastrous outcome extremely hard to recover from, since getting into a new apartment will require a security deposit and other high costs that will be out of reach while still trying to pay off their debt.**

Poverty

Protect consumers! The CFPB must not eliminate one of the key protections against predatory payday and car title lenders: the ability to pay rule. This provision requires lenders to ensure borrowers are capable of repaying loans before lending money. By eliminating this underwriting provision, the CFPB will allow unscrupulous lenders to continue targeting vulnerable consumers and locking them in the debt trap. **Payday loans are not a solution for people living in poverty. Too many who live paycheck-to-paycheck or can't work enough hours to make ends meet take out loans they cannot repay. The typical payday loan borrower is trapped in 10 loans per year, paying interest and fees costing much more than the value of the initial loan. One out of five car title borrowers has his or her car repossessed for failure to repay the loan. Without a car, people can't work and remain trapped in the cycle of poverty.**

Personal credit

Protect consumers! The CFPB must not eliminate one of the key protections against predatory payday and car title lenders: the ability to pay rule. This provision requires lenders to ensure borrowers are capable of repaying loans before lending money. By eliminating this underwriting provision, the CFPB will allow unscrupulous lenders to continue targeting vulnerable consumers and locking them in the debt trap. **Payday and car title loans are not a good solution to those with poor credit. In fact, a 2011 study found that more than 56,000 bankruptcies were related to payday loans, , further exacerbating their lack of access to loans at far lower interest that can help them work and stay out of poverty, such as car loans and mortgages. Payday loans do not help consumers improve their credit scores; almost inevitable late payments will instead worsen those scores, trapping consumers in repeated rounds of exorbitant interest rates and fees.**