



May 15, 2019

Staff Attorney  
Comment Intake  
Office of Regulations  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

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

Dear Staff Attorney:

The Indiana Credit Union League (ICUL) appreciates the opportunity to comment on the Consumer Financial Protection Bureau's (CFPB) proposal to delay the compliance date for the mandatory underwriting provisions from the 2017 rule governing Payday, Vehicle Title and Certain High-Cost Installment Loans (Payday Rule). The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.5 million consumers.

The pending proposal would extend the compliance deadline for the mandatory underwriting provisions by 15 months from August 19, 2019 to November 19, 2020. We support the proposed delay. This would allow credit unions that may have programs affected by the rule additional time to make the necessary modifications to their programs.

We are concerned with the CFPB's approach in the proposed rule to address various constituents' concerns with the overall impact of the ability to repay and disclosure requirements. We believe that simply deleting these key features of the rule is a flawed approach to an overall review of the regulation in a way that the ultimate final rule is determined to have been based on solid, justifiable information. We strongly urge the CFPB to delay the entire rule to November 2020 in order to allow for this more thorough review and a major rewrite of the regulation. The CFPB could also rescind this rule altogether and start over in developing a rule that accomplishes the intent of protecting consumers from predatory payday and title lenders that are taking advantage of a segment of society that can least afford to pay the effective interest rates being charged, which may exceed 300%.

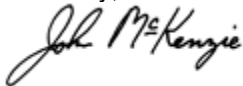
This delay of the overall rule will allow the CFPB to develop a regulation that targets lenders whose unfair and deceptive practices abuse consumers, not a one-size-fits-all regulation targeting all consumer lenders. It will give the CFPB the opportunity for a stronger pro-consumer regulation focused on lenders using an unfair and deceptive approach to lending. Rather than inhibiting the ability of credit unions to meet their members' small dollar, short term loan needs, the new regulation could foster the ability of credit unions through the CFPB using the exemption authority it has been given to exempt credit unions from this regulation altogether. We recognize that there was a partial exemption for loans made under the National Credit Union Administration's (NCUA) Payday Alternative Loans (PAL) regulations. However, there would remain many credit union small dollar loan programs that would not fall under this exemption. The CFPB should work with the NCUA as they develop additional PAL small dollar loan programs to ensure that any regulations the CFPB promulgates in this area will, at a minimum, continue to exempt PAL loans. We believe that any regulation in this area should be more targeted to the lenders that the CFPB identifies as taking unfair advantage of consumers.

Other portions of the current rule are being litigated in federal court as well. This lawsuit could result in other aspects of the regulation having to be rescinded or modified. Piecemealing this process is not effective regulation. We encourage the CFPB to take this opportunity to develop regulations that make sense through delaying the effective date of this entire rule to November 2020 or rescinding the rule altogether and using that time to get it right.

This flawed regulation is a perfect example of where attempting to regulate bad actors in one segment of the financial services market with a regulation that applies to all consumer lenders is not the correct approach. The CFPB has identified those lenders that they believe prey on consumers under the guise of providing speed and convenience for borrowing money but charge a very high price. Credit union interest rates and loan fees have been regulated for years at the state and federal level. Payday and title loan lenders have not been regulated in the same manner. We encourage the CFPB to take another look at this regulation and develop a new payday and title loan regulation that applies to those entities that are taking advantage of consumers and allow credit unions to continue to provide loan services designed to meet the needs of their members. Over the long term, this will enable many members with poor credit to improve their financial situation so that they will eventually qualify for conventional loan products.

Thank you for the opportunity to comment on the CFPB's proposal to amend the Payday, Vehicle Title and Certain High-Cost Installment Loans (Payday Rule) rule, and to delay the effective date for part of the rule. If you have any questions regarding our comment letter, please contact me at (317) 594-5320. Thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive, flowing style.

John McKenzie  
President  
Indiana Credit Union League