



Reinvestment
PARTNERS
PEOPLE • PLACES • POLICY

October 7th, 2016

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

Docket number CFPB-2016-0025 or RIN 3170-AA40

RE: Comments on Proposed Rulemaking on Payday, Car Title, and Certain High-Cost Consumer Installment Loans

Dear Director Cordray:

As individuals who lead groups that serve vulnerable consumers in North Carolina, we are writing to ask that the CFPB create a strong rule that protects consumers in our state.

As you know, payday and car title lending have been illegal in North Carolina since 2001. Even then, it took regulators until 2006 to finally force the last lenders from operating in our state. The rule should not allow these dangerous practices to return. We know that your final rule would not override our much stronger North Carolina laws. However, we are *very* concerned that if you issue a weak national rule, it will be used as ammunition by the predatory lenders who want to get back into North Carolina.

We ask the CFPB to strengthen your final rule. Build on, rather than undermine, our strong state protections and strengthen our ability to enforce our state law against lenders making illegal loans. In order to protect the consumers we serve, we strongly urge the CFPB to write a strong rule. We are concerned that the rule would allow certain payday lenders to create *evasive* loan structures that threaten the financial safety of North Carolina's households.

We want to underscore these specific concerns:

- There are dangerous exceptions to the ability-to-repay requirement: The proposal exempts six 400% payday loans from the ability-to-repay requirement altogether. It also exempts longer-term payday and car title loans with high fees.
- Protections against loan flipping must be strengthened: Lenders could continue putting borrowers in 10 or more short-term payday loans in a year. Protections against loan flipping for longer term loans are also weak.
- An ability-to-repay requirement should make sure that borrowers can continue to pay their financial obligations and household expenses during the time when the loan is outstanding, but also in the period after they have paid off the loan: The proposed rule does not go far enough to be sure that, after repaying the loan, the borrower will have enough money to live on without re-borrowing. It allows payday lenders to say that because they have seized money from a borrower's bank accounts in the past the borrower has the ability to repay.

We call on the CFPB to close the remaining loopholes and issue the strongest rule possible to stop the harmful debt trap of unaffordable payday loans. Unless these loopholes are closed, we are extremely concerned that your final rule will not stop the debt trap in states where these loans are still legal. This is bad policy for those states and will be pushed as bad policy in North Carolina as well.

Thank you very much for this opportunity to comment.

Sincerely,

Adam Rust
Reinvestment Partners
110 E. Geer St.
Durham, NC 27701

And the following North Carolina agencies:

Irvin Henderson
Henderson & Associates
1519 Lynne Avenue
Henderson, North Carolina

Resea Willis
Brunswick Housing Opportunities
3470 Old Ocean Highway
Bolivia, North Carolina

Families Moving Forward
Ryan Fehrman
300 N. Queen St.
Durham, North Carolina

Peter LaRoche
Financial Pathways of the Piedmont
8064 North Point Boulevard
Suite 204
Winston-Salem, North Carolina

Rita McDaniel
Southside Community Neighborhood Association
312 W. Enterprise St.
Durham, North Carolina

Louise Mack
Prosperity Unlimited
1660 Garnet Street
Kannapolis, North Carolina

Leigh Bordley
LEAP Durham
1737 Hillandale Road
Durham, North Carolina

Cara Williams
Walltown Children's Theater

1225 Berkeley Street
Durham, North Carolina

Donna Bell
Elected Official of a Town in North Carolina
611 Craig Street
Chapel Hill, North Carolina

Kate Rumely
Brick Capital Community Development Corporation
900 S. Vance St.
Sanford, North Carolina