Credit Union National Association
CUNA

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March 18, 2019

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

Re: Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date; Docket No. CFPB-2019-0007; RIN 3170-AA95

Dear Sir or Madam:

The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members. On behalf of our members, we are writing regarding the Consumer Financial Protection Bureau (CFPB or Bureau) proposal to delay the compliance date for the mandatory underwriting provisions within the 2017 rule governing Payday, Vehicle Title, and Certain High-Cost Installment Loans (Payday Rule).[1] The pending proposal would extend the compliance deadline for the mandatory underwriting provisions by 15 months from August 19, 2019 to November 19, 2020.

CUNA supports the proposed delay as the additional time would provide credit unions an opportunity to adequately prepare for the rule's implementation while also permitting the CFPB to continue to pursue a related rescission proposal. However, given the Payday Rule's broad scope and the pending challenge to the rule's legality in federal court[2], the Bureau should delay the rule *in its entirety* rather than merely delaying the ability-to-repay (ATR) provisions that are the subject of the rescission proposal.[3] A delay of the entire rule is especially warranted if the CFPB intends to amend other aspects of the rule, such as the payments provisions, in the near term.

Credit unions provide the safest and most affordable options for consumers in need of short-term and emergency credit. For example, an estimated 800,000 families across the country faced financial insecurity during the recent federal government shutdown. America's credit unions embodied their structure and mission by ensuring that all impacted members had access to low- or no-interest loans with generous repayment

[1] 82 Fed. Reg. 54472 (Nov. 17, 2017).
[2] *See* Community Financial Servs. Assoc. of America, et al. v. CFPB, Case No. 18-295 (W.D. Tex. May 31, 2018).
[3] 84 Fed. Reg. 4252 (Feb. 14, 2019).

terms. It's worth noting these loan programs might not have been available – or only available in limited numbers – had the CFPB's current Payday Rule been in place.

The federal shutdown is the latest and most visible example of the daily work credit unions do to go above and beyond to assist members in need. In general, individual credit unions have created short-term, small dollar lending programs that are specifically-designed to meet the financial needs and goals of their field-of-membership. These programs could have terms based on the member's pay schedule or other factors tailored to ensure the member is being set up to succeed.

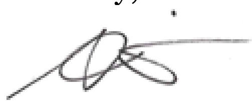
CUNA plans to submit a separate letter in response to the proposed rescission of the rule's mandatory underwriting provisions. Nevertheless, CUNA continues to strongly urge the CFPB to further examine and revise its Payday Rule to avoid any negative effects on credit unions' small-dollar loan programs while still holding accountable non-depository payday lenders, especially those entities with histories of bad behavior.

Specifically, the Bureau's approach to regulating payday lending should be consistent with several broad objectives:

- The rule should be tailored to focus on lenders who abuse consumers and entrap them in cycles of debt.
- The rule should not inhibit credit unions from continuing to offer consumer-friendly emergency credit products to members in need. A solution could include using the Bureau's exemption authority as credit unions have clearly set themselves apart from the actors the CFPB intends to rein in with the rule.
- The pending rule should be revised in a manner that encourages more credit unions to enter the short-term, small dollar lending market, including:
    - Creating an express, broader exemption for credit union products using the Bureau's exemption authority, and
    - Coordinating with the NCUA to ensure consistency with any changes to the Payday Alternative Loan (PAL) program, which currently benefits from an exemption under the current rule. The Bureau should seek to expand the PAL exemption should NCUA finalize its proposed PAL II program.

On behalf of America's credit unions and their 115 million members, thank you for the opportunity to share our thoughts on the proposed delay of the Payday Rule. If you have questions or require additional information related to our feedback, please do not hesitate to contact me at (202) 508-3629 or amonterrubio@cuna.coop.

Sincerely,



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