

# Faith for Just Lending

a call to end predatory payday lending



THE ETHICS & RELIGIOUS  
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December 4, 2018

The Honorable James Mattis  
Secretary of Defense  
1000 Defense Pentagon Washington, DC 20301-1000

The Honorable Mick Mulvaney  
Acting Director, Consumer Financial Protection Bureau  
1700 G Street, NW Washington, DC 20552

Dear Secretary Mattis and Acting Director Mulvaney,

As Christian leaders, we urge the Consumer Financial Protection Bureau to reverse its recent decision to suspend the supervision of payday, car title, and other lenders for violations of the Military Lending Act (MLA). We also urge the Department of Defense to ensure that the Military Lending Act is vigorously implemented without exemptions or loopholes to protect service members and their families from financial abuse.

The MLA was passed in 2007 and strengthened in 2015 to ensure that service members and their families are not a target for abusive financial practices that threaten their financial security, put their military careers at risk, and compromise force readiness.

Our Christian values honor service and sacrifice, in addition to calling us to care for our neighbor and protect the vulnerable. In John 15:12-13, Jesus says, “This is my commandment, that you love one another as I have loved you. Greater love has no one than this, that someone lay down his life for his friends.” These values are exemplified by service members, and we believe it is the duty of our civilian leaders, including those at the CFPB, to ensure service members themselves are cared for and protected as they go about the work of protecting others. By excluding MLA compliance from the supervision of payday and other lenders, the Bureau fails to uphold these values, and says to service members that they are on their own and are responsible for identifying illegal practices – in addition to defending our nation.

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The CFPB's new policy, in effect, directs examiners to intentionally ignore violations of the MLA discovered when examining lenders for compliance with other consumer financial protection laws. The Bureau risks creating a two-tier system: full examination and enforcement of consumer protection laws for civilians, and a second tier of complaint-driven enforcement for members of the military. Nothing in federal law compels this counter-productive approach.

While enforcement plays an important role in protecting service members, enforcement actions take years to assemble and carry out. During this time, service members may face involuntary separation as a result of financial hardship—a degradation of force readiness that the Department of Defense estimated costs over \$57,000 per separated service member. Instructing examiners to continue to identify and report MLA violations will help avoid many of these involuntary separations, protect the careers of active-duty service members, and the financial stability of their families.

Strong implementation of the MLA, including broad coverage to protect service members from illegal actions by payday lenders and car title lenders, and from abusive add-on fees for auto loans must remain a top priority for the CFPB and the Department of Defense. Before the expansion of the MLA, approximately one service member out of every ten was targeted by a high-cost credit product with an interest rate over 36%. If the Bureau evades its obligation and long-standing commitment to service members and their families and the Department of Defense moves to weaken the Military Lending Act, we can expect abusive lending practices to flourish once again.

We urge the CFPB to continue supervising payday, car title, and other lenders for violations of the Military Lending Act (MLA). Protecting our service members - and indeed, all Americans - from predatory lending should be a top priority for our government.

Respectfully,

**Faith for Just Lending**

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**Southern Baptist Ethics &  
Religious Liberty Commission**

**United States Conference of  
Catholic Bishops, Committee  
on Domestic Justice and  
Human Development**

**Catholic Charities USA**

**National Association of  
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**National Latino Evangelical  
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**National Baptist Convention,  
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**Cooperative Baptist  
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**Center for Public Justice**

**Ecumenical Poverty Initiative**

**Faith in Action (Formerly  
PICO National Network)**