



WISCONSIN CATHOLIC CONFERENCE

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

Subject: Wisconsin Catholic Conference and Catholic Charities comment on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans

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

October 7, 2016

Dear Director Cordray,

On behalf of the Wisconsin Catholic Conference and our state's five Catholic Charities agencies, we write to thank you for the impressive work that you and your staff at the Consumer Financial Protection Bureau (CFPB) are doing to defend our nation's most vulnerable from the harmful effects of financial exploitation. We are especially grateful that the CFPB's proposed rules on payday and car title loans are based on the principle of ability to repay, which takes into consideration both personal income and expenses. We urge you, however, to strengthen the regulations further.

Our Catholic Charities agencies routinely serve clients who are ensnared by predatory lenders. In the Diocese of La Crosse, for example, Catholic Charities offers free financial counseling in five locations in Western Wisconsin and is a member agency of the National Foundation for Credit Counseling (NFCC). Their certified Financial Wellness Advocates take the time to thoroughly understand each person's situation and provide them with specific advice about developing a budget, clearing up credit issues, and/or developing savings. In the Diocese of Green Bay, Catholic Charities operates a free Financial Health Program staffed by certified budget counselors. The United States Department of Justice lists both La Crosse and Green Bay as Approved Credit Counseling Agencies.

These agencies, and the many other non-profits around Wisconsin, expend considerable financial resources to help get people out of debt and to teach them fiscal responsibility. In the absence of predatory lending, these funds could be used to develop affordable housing, invest in small business ventures, provide mental health care, etc. In short, it is not just the individual who is affected by a usurious loan; the entire community suffers.

According to Wisconsin's Department of Financial Institutions, the average annual interest rate on payday loans in 2015 was 565 percent. While we understand that the CFPB does not have the regulatory authority to cap interest rates, we nevertheless request that the CFPB place stricter conditions on all loans.

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Page 2
Director Cordray
Lending Rule Comments

We are particularly concerned that the proposed CFPB rule contains an exception, which would allow a borrower to take out up to six 300 percent interest payday loans per year. Permitting six loans at such usurious rates undermines the very purpose of the CFPB, which is to “protect consumers from unfair, deceptive, or abusive practices....” In short, all loans should be subject to ability-to-repay criteria.

The Catholic Church in Wisconsin remains committed to bringing hope and providing assistance to those most in need, but we urgently need your help in reining in lenders who devastate our communities.

Thank you again for all your efforts to protect consumers.

Sincerely,

Kim Wadas, Executive Director, Wisconsin
Catholic Conference

Ricardo Cisneros, COO, Catholic Charities of the
Archdiocese of Milwaukee

Jackson Fonder, President & CEO, Catholic
Charities of the Diocese of Madison

Roberto Partarrieu, Executive Director, Catholic
Charities of the Diocese of La Crosse

Ted Phernetton, Director, Catholic Charities of the
Diocese of Green Bay

Alan Rock, Executive Director, Catholic Charities
Bureau of the Diocese of Superior