Dear Sir or Madam:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Consumer Financial Protection Bureau’s (CFPB) 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). The pending proposal would extend the compliance deadline for the mandatory underwriting provisions by 15 months from August 19, 2019 to November 19, 2020.

HCUA supports the proposed delay as the additional time would provide credit unions with an opportunity to modify any affected programs and for the CFPB to pursue a related proposal to further evaluate and potentially rescind those mandatory underwriting provisions. However, given the Payday Rule’s broad scope and the pending challenge to the rule’s legality in federal court, the Bureau should consider whether the Payday Rule should be delayed in its entirety rather than just the ability-to-repay (ATR) provisions that are the subject of the rescission proposal. A delay of the entire rule would be particularly warranted if the CPFB intends to amend other aspects of the rule, such as the payments provisions, in the near term.

The federal shutdown is just 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.

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.
- 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 as the agency develops additional small dollar loan programs to ensure consistency with any changes to the Payday Alternative Loan (PAL) program, which currently benefits from a partial carve-out under the current rule.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

Brad Douglas
President/CEO