

# United States Senate

WASHINGTON, DC 20510

January 19, 2021

The Honorable Joseph R. Biden, Jr.  
President-elect  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

Dear President-elect Biden:

We applaud your commitment to servicemembers and their families, and as such, we write to urge you to stand with them by standing up to predatory lenders. Specifically, we write to request that you ensure that the Consumer Financial Protection Bureau (CFPB) fulfills its mission by including compliance with the Military Lending Act (MLA) in the Bureau's routine lender examinations, as was its practice prior to November 2018.

In 2006, Republicans and Democrats set aside partisanship and worked across the aisle to enact the MLA, which not only caps at 36% the annual interest rate for an extension of consumer credit to a servicemember or his or her dependents, but also strengthens military readiness by preventing unnecessary servicemember separations caused by predatory lending.

Indeed, when the CFPB was making every effort to protect servicemembers and their families, its own routine examination of one payday lender revealed a violation of the MLA, in which loans at rates above 36% were being extended to more than 300 active-duty servicemembers or their dependents.

As explained by Utah Law Professor Chris Peterson and the Consumer Federation of America in their November 1, 2018 legal analysis - *Missing in Action? Consumer Financial Protection Bureau Supervision and the Military Lending Act* - the relevant statutory provisions give the CFPB more than one basis for including the MLA in CFPB examinations.

What is particularly puzzling, however, is that even CFPB's own legal analysis, written during the Trump Administration, states "One possible reading of the statute would allow that the Bureau may seek to uncover and remedy violations of the MLA in the course of exercising its authorities." Yet, inexplicably, the Trump Administration's CFPB insisted on not fulfilling its duty to protect servicemembers and their families under the MLA.

Several organizations that advocate on behalf of servicemembers and veterans, including the National Military Family Association, the Military Officers Association of America, Veterans Education Success, and the Iraq and Afghanistan Veterans of America, have written to the Department of Defense and the CFPB, urging them "to stand with our military and against any attempt to weaken the Military Lending Act, including the Bureau's supervisory and

enforcement authority and the Department’s rules against predatory lending by all businesses, including car dealerships.”

Unfortunately, the Trump Administration’s CFPB sided with payday lenders and made the conscious decision not to protect servicemembers and their families under the MLA. Mr. President-elect, we urge you to swiftly restore CFPB’s mission to stand with servicemembers and their families by ensuring that they receive all of the MLA protections they have earned. Doing so would be one additional way to concretely show servicemembers and their families that you will continue to put their needs first.

We look forward to working with you on this and many other critical matters.

Sincerely,



Jack Reed  
United States Senator



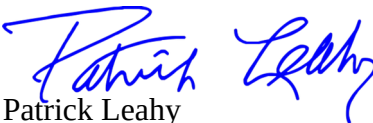
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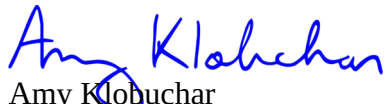
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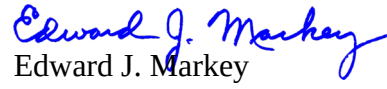
  
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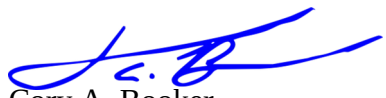
  
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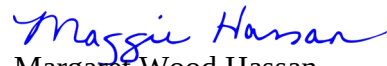
  
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