

# United States Senate

WASHINGTON, DC 20510

August 15, 2018

Mick Mulvaney  
Director  
Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Director Mulvaney:

We write regarding reports that the Consumer Financial Protection Bureau (CFPB) will no longer protect servicemembers and their families by including the Military Lending Act (MLA) as part of the CFPB's routine lender examinations due to a purported lack of authority. These reports are puzzling because the CFPB already possesses the authority to enforce the MLA and examine many types of lenders for the purposes of "detecting and assessing risks to consumers and to markets for consumer financial products and services." The CFPB should not be abandoning its duty to protect our servicemembers and their families, and we seek your commitment that you will utilize all of the authorities available to the CFPB to ensure that servicemembers and their families continue to receive all of their MLA protections.

By enacting the MLA, Congress sent a clear bipartisan message that high-cost lending is a clear risk to military consumers that must be addressed to also protect military readiness. Indeed, among its provisions, the MLA caps the annual interest rate for an extension of consumer credit to a servicemember or his or her dependents at 36%. CFPB examinations and the CFPB's Office of Servicemember Affairs have been critical components of ensuring the detection and prevention of risks to military consumers. Such examinations serve as the early warning system for MLA deficiencies so that they do not snowball into costly losses for servicemembers and avoidable litigation costs and penalties for lenders.

Given your senior role at the Office of Management and Budget, we are sure you are aware that the MLA also helps the Department of Defense (DOD) to save taxpayer funds based on the following DOD justification for its MLA rule:

"Losing qualified Service members due to personal issues, such as financial instability, causes loss of mission capability and drives significant replacement costs. The Department estimates that each separation costs the Department \$58,250. Losing an experienced mid-grade noncommissioned officer (NCO), who may be in a leadership position or key technical position, may be considerably more expensive in terms of replacement costs and in terms of the degradation of mission effectiveness resulting from a loss of personal reliability for deployment and availability for duty."

Needlessly stopping MLA examinations altogether and choosing instead to rely on reports of MLA violations after they occurred is further perplexing given that the CFPB is already conducting lender examinations of credit products that are also subject to the MLA. Such a policy decision would be both inefficient and irresponsible to require a CFPB examiner to ignore as part of his or her examination risks to military consumers who are protected by the MLA. In addition, for our servicemembers, especially those who are deployed overseas facing hostile fire, it is unreasonable to place the burden of detecting and reporting MLA abuses on servicemembers, especially when they should be given every opportunity to focus squarely on their missions.

What the CFPB is reported to be contemplating is equivalent to forcing our Armed Forces to stop using radar, sonar, and other early warning technologies and instead react to threats as they occur. No one would force our Armed Forces to do so, and the CFPB should not similarly force any of its examiners to turn a blind eye. For generations, Americans have set partisanship aside and have made every effort to provide servicemembers and their families with all the resources and protections they deserve. We ask no less of you and, as such, seek your commitment that you will continue the CFPB's tradition of ensuring that servicemembers and their families receive all of their MLA protections by utilizing all of the authorities available to the CFPB. We request that you respond with your commitment no later than Monday, August 20.

Sincerely,

Jack Reed

Armed Brown

Bill Nelson

Jon Tester

Joe Donnelly

Charles Schumer

Dick Durbin

Chris Van Hollen

Mark R. Warner

Catherine Corcoran

Frank

Ryan

Bob Carey, Jr.

Jeanne Shaleck

Robert Menning

Heidi Heitkamp

Jany Beldi

Mazzi K. Siano

Kirsten Hillebrand

Patty Murray

Elizabeth Han

John A. Buckley

Tammy Duckworth

Richard Blumenthal

Brian Schatz

Milly F. Pant

Bob Sanders

Shirley

Rebbie Stabenow

Patrick Leahy

Chris Coons

J. B.

Edward J. Markey

Ben Wyder

Liz Peters

Tom Udall

Gene McCasill

Tom Carper

Maria Cantwell

Ben Cardin

Tina Smith

Chris Manchin

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Maggie Hansen

Dennis' Pen's Pen

Bill King

August King

Amy Klubhan

Janet King