
For Immediate Release
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New CFPB Rule Will Help Nevada Families Against Payday and Car Title Lending Debt Traps

New Federal Consumer Protection Will Protect Families Against Predatory and Abusive Payday Lending Practices

Reno, Nevada — Today's release by Consumer Financial Protection Bureau (CFPB) of their final small-dollar loan rules represents a much-needed first step towards ending the debt trap perpetuated by payday and auto-title lenders. Opportunity Alliance Nevada welcomes the CFPB's long-awaited rules and calls on members of Nevada's U.S. Congressional delegation to support this important rule, which can help protect Nevada residents from the payday debt trap.

Each year, Payday and car title lending costs Nevada families \$182 million in abusive fees. The loans drive borrowers into financial distress by trapping them in long-term debt at triple-digit interest rates. Three quarters of all payday loan fees are from borrowers with more than ten loans in the course of a year.

At the heart of the Consumer Bureau rule is the common sense principle that lenders check a borrower's ability to repay before lending money – something [supported by more than 70% of Republicans, Independents, and Democrats](#). In releasing today's rule, the CFPB makes it clear that the rule is a floor for consumer protections, not a ceiling, and that it does not prevent states from enacting stronger laws, such as a rate cap.

Although today's rule addresses only the ability-to-repay standards for short-term loans, it does recognize that long-term high-cost loans are also harmful. The CFPB is continuing their work to address those too. Payday lenders have a long history of exploiting loopholes where they can find them, and state usury caps prevent this exploitation. The rate cap also ensures that borrowers are protected against the harms of these high-cost loans regardless of whether they are structured as short-term or long-term loans.

"The action by the Consumer Financial Protection Bureau today represents a much-needed first step towards ending the debt traps that underpin the payday and auto-title lending business model," said Lynne Keller, Executive Director of Opportunity Alliance Nevada. "While we applaud the CFPB for taking this step to put safeguards in place for Nevada families, we call on our lawmakers in Washington to preserve and protect these important rules. We also urge the CFPB to address high-cost installment loans, which create a longer, deeper trap for borrowers. Payday lenders are already pushing these harmful products, and families are suffering in states where they are legal. By taking these additional steps, the Consumer Bureau can liberate Nevada and all American families from the scourge of legalized loansharking."

The full CFPB rule can be found here: [payday rule on cfpb website](#).

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[Opportunity Alliance Nevada](#) partners with public, private, and nonprofit organizations to provide them tools and resources to strengthen the financial capability of their clients and to advocate for policies that increase the financial well-being of Nevadans.