

Progressive Leadership Alliance of Nevada – Nevada

With the Consumer Financial Protection Bureau's payday lender proposals, we are on our way to ending some of the most abusive practices of payday and car title lending

March 26th Richard Cordray, the director of the Consumer Financial Protection Bureau, will host a field hearing in Richmond, VA on payday lending.

President Obama will remark on the payday lending industry Thursday afternoon in Alabama

You can view the Richmond hearing live online at 9:00am PST Thursday

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LAS VEGAS, NV -- There is a growing consensus that the Consumer Financial Protection Bureau's proposals for payday lending, or "small dollar loans", will put America well on our way to ending the most abusive practices of payday and car title lending.

Suggested proposals would, for the first time, require payday lenders to make their profit the same way we expect banks and mortgage lenders to – by making good loans. Today, payday lenders make 75 percent of their fees from borrowers who take out 10 or more loans in a one-year period. It's clear the current business model of the payday lending industry relies on making bad loans.

"Asking lenders to verify a borrower's income, debts and expenses to determine if a loan is affordable before making that loan is smart, fair and flexible," said Laura Martin, Communications Director for PLAN. "It shuts down abusive practices and deceptive business models while leaving the doors wide open for lenders who provide responsible small loans."

These assumed proposals show – once again – why a strong CFPB is both important to individual households and families and also, in the bigger picture, so vital to our economy.

On February 8 the New York Times ran an article stating the CFPB's upcoming small dollar rule may encompass certain installment and auto title loans. The New York Times surmises CFPB's proposal may include:

- a detailed assessment of the borrower's ability to repay the loan at the end of a two-week period
- explicit limits on the number of rollovers permitted in a specific time frame
- explicit limits on the number of times lenders can ping the borrower's checking account
- additional loan term limitations based on the number of rollovers
- the introduction of extended payment offering standards

The Consumer Financial Protection Bureau will initiate a small business panel pursuant to the Small Business Regulatory Enforcement Fairness Act (SBREFA) this month. The SBREFA process will conclude April 2015 and will issue their proposal in July 2015. The comment period on the proposal will end in October 2015 and the final rule will become effective January 2017.

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The Progressive Leadership Alliance of Nevada is a statewide social justice organization founded in 1994 that works to create a more fair and just Nevada

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