



Urges Consumer Financial Protection Bureau to take action

ALBUQUERQUE – On March 19, Attorney General Hector Balderas urged the Consumer Financial Protection Bureau to take immediate action to protect consumers from abuses in payday lending, vehicle title lending, and other types of high-cost exploitative consumer lending, after a rule aimed at protecting borrowers from abusive lenders was delayed a second time.

“President Trump’s Consumer Finance Protection Bureau is failing to deliver on its promise to protect New Mexican consumers,” Balderas said. “Yet another delay on this necessary piece of protection will be devastating for New Mexican families, and allow predatory payday lenders to take advantage of at-risk New Mexicans.”

In 2017, CFPB announced a new rule that would help protect borrowers and ensure they’d have the ability to repay loans, while also prohibiting lenders from using abusive tactics when seeking repayment. The rule went into effect in early 2018, but compliance was delayed to August 19 to give lenders time to develop systems and policies. CFPB has now proposed to further delay compliance to Nov. 19, 2020, more than three years after the regulation was finalized. At the same time, CFPB is reviewing another rule that would altogether rescind this one.

Together, these actions would put at risk hard-fought borrower protections. In their comments, Balderas and 24 additional attorneys general cite CFPB’s own findings that demonstrate the many ways the short-term payday and title lending model is broken, specifically as a significant

AG Balderas opposes delays to consumer lending protections

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percentage of these loans are expected to fail. In fact, 90 percent of all loan fees come from consumers who borrow seven or more times in 12 months. Twenty percent of payday loan transaction series end in default and 33 percent of single-payment auto title loan sequences end in default.

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