



Texas Fair Lending Alliance

**Faith Leaders
4 Fair Lending**

Final CFPB Payday and Auto Title Loan Rule Guts Essential Protections

In a time of economic hardship, Consumer Bureau goes to bat for predatory lenders

AUSTIN, Texas — [Texas Fair Lending Alliance](#), an alliance of more than 60 nonprofit organizations across Texas, and Texas Faith Leaders 4 Fair Lending, a coalition of hundreds of faith leaders led by the [Texas Catholic Conference of Bishops](#) and the [Christian Life Commission](#) of the Texas Baptists, are dismayed by the new Consumer Financial Protection Bureau (CFPB) rule that guts important national protections for payday and auto title loan borrowers.

The rule, considered final, amends a previous rule, which was finalized in November 2017 after five years of in-depth research and study. This rule, issued yesterday July 7, 2020, removes underwriting requirements that would have made the loans more affordable for borrowers and would have put a hard stop to the harmful debt trap too often caused by these high-cost loans. According to the cost-benefit analysis in the [final rule](#), the rule change will generate additional profits for the payday and auto title loan industry of between \$3.9 billion and \$4.1 billion a year. This rule will boost the bottom lines of these high-cost lenders at a time of unprecedented economic hardship for Texans and all Americans. In contrast, consumer protection would be weakened by repealing ability-to-pay underwriting standards.

Average annual percentage rates for payday and auto title loans in Texas range from **200% to over 500% APR**. Texas is one of just a handful of states with no caps on charges for these loans. Last year, payday and auto title loan outfits [collected over \\$2 billion in fees and repossessed 42,878 cars from Texans](#), often after collecting more in fees than the value of the original loan.

Texans have long supported reform of abusive payday and auto title lending practices. [Sixty-eight percent of Texas voters support a 36% rate cap for these loans](#). Forty-six Texas cities have adopted ordinances designed to rein in lending abuses. Though the ordinances have had [positive impacts for borrowers](#), a recent [Texas AG opinion](#) threatens those protections.

As we all work to rebuild personal finances and local economies, we need policies that enhance fair lending standards. The CFPB, with the important mission of protecting consumers, has truly let us down. This move is reckless and unconscionable during a time of pandemic and economic downturn when many of our nation's poor and vulnerable are already struggling.