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CFPB Action On Payday Lending Will Help North Dakota Families

New Federal Consumer Protection will Reduce the Harms of the Short-Term Payday Debt Trap

[Grand Forks, ND] — Today, the Consumer Financial Protection Bureau (CFPB) issued a rule with protections that will reduce the harms of short-term payday lending to North Dakota families. [High Plains Fair Housing Center](#), along with the other partner organizations of the North Dakota Economic Security and Prosperity Alliance (NDESPA) welcomes this action and calls on North Dakota lawmakers to pass an interest rate cap of 36% or lower, which has effectively protected residents of many other states from the payday debt trap.

Payday lending costs North Dakota families \$6.8 Million per year 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](#).

“The payday lending business model is dependent on locking borrowers in a debt trap – turning the dream of a quick fix into a nightmare for many North Dakota families. Payday borrowers are more likely to experience delinquencies on other bills such as rent or mortgages which can lead to evictions or homelessness as well as involuntarily closed bank accounts, delayed medical care, and bankruptcy. The Consumer Bureau's protections are a necessary first step toward saving families from this financial free fall,” said Michelle Rydz, Executive Director of High Plains Fair Housing. “In order to fully stop the payday loan debt trap, the Consumer Bureau should finish its rule on long-term loans, North Dakota must enact and vigilantly defend an interest rate cap of 36% or lower on all loans, and Congress also should enact a strong interest rate cap. While the Consumer Bureau's rule will protect consumers from some of the most abusive behavior by predatory lenders, these additional steps are needed to liberate North Dakotans and all American families from the scourge of legalized loansharking.”

Over 30 groups consisting of service providers, consumer groups, labor groups, and others from around North Dakota have come together to support the CFPB's Payday Lending Rule through involvement in the [North Dakota Economic Security and Prosperity Alliance](#).

The full CFPB rule can be found here: <https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/payday-vehicle-title-and-certain-high-cost-installment-loans/>

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