

## Stop the Debt Trap: Preserve the Consumer Financial Protection Bureau's Payday Loan Rule

Payday lenders' [predatory business model](#) is built on loans that people cannot afford to repay.

- Payday loans are typically 14- or 30-day balloon-payment loans at 391% interest or more.
- People who cannot afford to repay the loan must re-borrow to meet their other expenses, trapping them in a cycle of debt.
- More than 75% of payday loan fees come from people stuck in [more than 10 loans a year](#).
- Payday and car title loans drain nearly [\\$8 billion in fees](#) from Americans each year.



**Bank payday loans are even more destructive.** The CFPB [found](#) that two-thirds of bank payday loan fees came from people who on average borrowed **15 or more times a year**, many of whom took out loans **10 or more months a year**.

The [payday loan rule](#) breaks the cycle of endless unaffordable 391% payday loans. For loans of 45 days or less, lenders:

- Must consider the borrower's ability to repay the loan by verifying income and evaluating funds needed for other debts and basic living expenses,
- Unless the borrower takes out:
  - No more than three back-to-back loans, **which must step down in size**, and no more than 90 days of loans per year.



**The public supports protections against unaffordable payday loans.**

- Nearly [three-quarters of Americans](#) support requiring that payday loans be affordable.
- In the last 10 years, voters in Arizona, Montana, Ohio, South Dakota, and Colorado have overwhelmingly voted to limit interest rates to 36% or less.
- [Faith leaders](#) support the payday loan rule. [Pope Francis](#) said: "When a family has nothing to eat because it has to make payments to usurers, this is not Christian."



**The Military Lending Act protects active duty military from high-cost payday loans, but predatory lenders [prey on veterans](#), who are not covered by the MLA. [Raymond Chaney, a 66-year old veteran](#), became homeless after he took out a payday loan. His advice: "If the alternative to a payday loan is dying, think long and hard about dying."**

**[Tell the CFPB by May 15, 2019](#): Payday loans don't help people make ends meet; they trap people. Preserve the payday loan rule. Stop the debt trap.**