



January 17, 2018

CFPB RECONSIDERING PAYDAY RULE

Yesterday the CFPB issued a statement regarding its Payday, Vehicle Title and Certain High-Cost Loan Rule, declaring that the CFPB intends to engage in a rulemaking process so that the CFPB may reconsider the Payday Rule.

January 16, 2018 was the official effective date of the Payday Rule, though many of the Payday Rule's provisions do not require compliance until August 19, 2018. Because January 16, 2018 is the official effective date of the rule, April 16, 2018 is now the deadline to submit an application for preliminary approval to become a registered information system under the Payday Rule. However, the CFPB has the power to waive this deadline under 12 C.F.R. 1041.11(c)(3)(iii) and will entertain waiver requests from potential applicants.

The Rule in its current form would have broad, unintended consequences for certain common deferred interest loans (see our PRIOR ALERTS of October 12, 2017 and October 24, 2017).

We will continue to monitor further developments and provide updates. □

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