



WHY THE CFPB MATTERS FOR FARMERS AND RURAL COMMUNITIES

Rural Communities Lose Critical Financial Protections: The Impact of the CFPB Shutdown

February 27, 2025



The Consumer Financial Protection Bureau's shutdown has left rural communities across the United States exposed to unchecked financial exploitation. Without the CFPB's oversight of manufactured home lending, protection against predatory fees in areas with limited banking options, and data collection highlighting rural lending gaps, these communities face immediate economic harm. The halting of enforcement against companies that target rural consumers and the suspension of rules against junk fees have created a vacuum at a time when rural families and small businesses most need financial safeguards.

Background

Congress created the Consumer Financial Protection Bureau following the Great Recession of 2008, when millions of people across the country lost their homes due to predatory lending. Rural communities were hit particularly hard by this crash, and it took longer for rural areas to recover job losses than the rest of the country. The CFPB was designed specifically to prevent another crisis like this from happening again.

The CFPB serves as a vital financial watchdog—a one-stop shop for people to report problems of financial scams and unfair, abusive, or deceptive practices by financial companies including banks, debt collectors, payday lenders, credit card companies, and credit reporting companies. Before its shutdown, the CFPB recovered \$21 billion for consumers who had been cheated by financial companies.

Critical CFPB Actions Now Halted

On February 10, just a few days after Russel Vought was named Acting Director of the CFPB, he sent a Bureau-wide email telling CFPB staff to stop all work tasks. This stop work order and other actions has brought CFPB to a grinding halt, and nearly 200 people have been unlawfully let go.

The following CFPB actions were delivering direct benefits to rural communities prior to the change in Administration. This work and the essential protections that flow from it have now been eliminated.

Immediate Relief from Financial Burdens

Fighting Junk Fees That Harm Rural Consumers

- **Addressing Junk Fees on School Lunches:** The CFPB exposed how corporate-controlled payment platforms were charging families fees simply for paying for their child's school lunch. Analysis of 50 rural public school districts confirmed these fees hit smaller districts serving fewer students, creating an additional financial burden for families already struggling with food insecurity.
- **Curbing Excessive Overdraft Fees:** A CFPB rule would have saved consumers \$5 billion annually (about \$225 per household) by lowering most overdraft fees from \$35 to \$5. This protection against the largest lenders is particularly vital in rural areas where banking options are limited. Not only has implementation been paused, but Congress is now moving to overturn this rule through a joint resolution authored by Senator Tim Scott (SC) and Representative French Hill (AR).

Addressing Urgent Disaster Recovery Needs

- **Holding institutions accountable after hurricanes and fires:** Before the shutdown, CFPB teams were actively monitoring challenges people faced with financial institutions following Hurricanes Helene and Milton, and the LA County wildfires. Hundreds of people reached out through the CFPB's [consumer complaint portal](#), sharing issues ranging from damaged credit scores to not getting insurance payouts from their mortgage servicers. This critical work has stopped completely, leaving no one to address financial issues emerging from the Appalachian floods that have occurred since the CFPB shutdown.
- **Investigating how flood insurance problems are putting communities at risk:** The CFPB produced a groundbreaking [report](#) on underinsurance of flood insurance and the risk to mortgage markets, revealing disproportionate impacts in rural areas affected by inland flooding, such as Western North Carolina. This and other ongoing research that could help protect rural communities from financial disaster has ground to a halt.

Tackling Medical Debt in Rural Communities

- Thanks to a rigged insurance system, CFPB research shows that rural consumers are more likely to have medical debt on their credit reports. Nearly 24 percent of [rural Appalachians](#) had medical debt in collections between 2020 and 2022, compared to 17% nationally. In some areas, like [rural South Carolina](#), an alarming 34% of consumers had medical debt collections on their credit reports. Medical debt collections are higher in states that have not expanded Medicaid, and exacerbated by complex medical billing and collections systems.
- The CFPB finalized a [rule](#) to remove medical debt from credit reports for lending decisions, which would benefit 15 million people. Medical debt on credit reports are often riddled with inaccuracies and have little predictive value for someone's ability to repay a loan. Removal of this medical debt is estimated to lead to a 20 point increase in someone's credit score, on average. Under the Trump Administration, work on this rule has stopped, and new leadership has refused to defend the rule against a lawsuit by industry trade groups.

Addressing Critical Rural Banking Challenges

Fighting Banking Deserts

- Prior to the shutdown, the CFPB was actively engaging with small rural towns that had lost their last bank branch. Many rural residents are now unable to access cash without institutions collecting fees. Beyond out-of-network ATM fees, the CFPB documented national dollar store chains charging fees for cash-back, extracting an estimated \$90 million a year from consumers. This work to protect people from being gouged with fees for accessing their own money has been terminated.
- A new CFPB rule ensured federal oversight over the largest payment apps to reduce fraud and protect personal data—critical for rural areas increasingly dependent on digital payments as physical banks disappear. This protection has not only stopped, but Republicans in Congress are working to overturn the rule entirely, leaving rural consumers with less protection for digital financial services.

Ensuring Transparency in Rural Lending

- The CFPB collects and manages mortgage loan and application data under the Home Mortgage Disclosure Act (HMDA). These data revealed that people in rural communities are more likely to have their mortgage applications denied compared to those in urban and suburban communities. The CFPB's shutdown severely compromises the ability to monitor and publish this data for rural communities.
- The CFPB was implementing a similar data collection system for small business loans, including agricultural lending. This rule, set to take effect this summer, would have provided the first-ever spotlight on gaps in agricultural lending. The new CFPB leadership has halted this rule, leaving rural communities in the dark about credit access for local farms and businesses.

Enforcement Actions Against Companies Exploiting Rural Consumers

The Trump Administration's CFPB has not only halted its work to bring new lawsuits against companies that break the law, but this week it also ended existing lawsuits, siding with predatory lenders rather than consumers harmed by their practices.

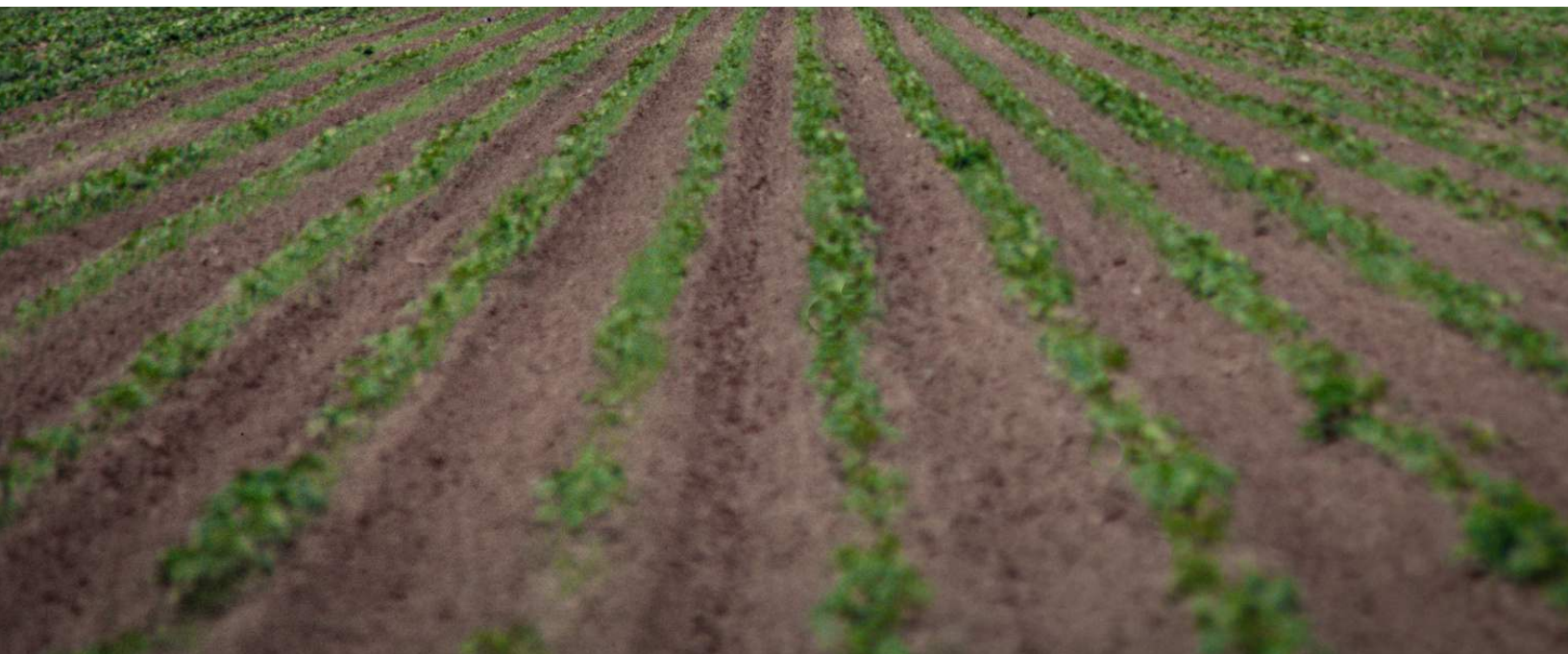
These lawsuits include:

- **Manufactured Housing Exploitation:** This week, Trump's CFPB dropped its pending lawsuit against Vanderbilt Mortgage and Finance. The CFPB had sued Vanderbilt for setting families up to fail in manufactured home loans. The Berkshire Hathaway-owned lender pushed people into unaffordable loans to purchase Clayton Homes, a practice particularly harmful in rural areas where manufactured housing is often the most affordable option.
- **Predatory Installment Lending:** This week, Trump's CFPB dropped its pending lawsuit against Heights Finance Holding Co. for illegally churning loans to harvest hundreds of millions in costs and fees. Heights Finance stores operate in Texas, Oklahoma, Alabama, Georgia, Tennessee, and South Carolina, with typical borrowers earning less than \$25,000 annually. Many affected consumers are older Americans living on fixed incomes or single-parent wage earners.
- **Other cases dropped by the Trump Administration's CFPB this week include:** Cases against megabank Capital One for cheating consumers out of more than \$2 billion in interest payments on savings accounts, another against a student loan servicer for pursuing borrowers for loans discharged in bankruptcy, and another against Rocket Homes for an illegal kickback scheme to steer borrowers to Rocket Mortgage for a home loan. A full list of lawsuits that were previously underway and are at risk is available [here](#).

What Farmers and Rural Communities Are Losing

Without the CFPB, rural communities lose:

- A dedicated financial watchdog attuned to their unique challenges
- Protection from predatory lending and junk fees
- Critical data collection that exposes rural lending gaps
- Enforcement actions against companies exploiting rural consumers
- Vital assistance during natural disasters
- Protection from questionable medical bills unfairly impacting credit scores
- Oversight of digital payment platforms that are increasingly critical as physical banks vanish



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