Minnesota law limits interest rates to protect its residents from predatory lending. Under Minnesota law a two-year $2,000 loan is limited to 32% APR.

But FDIC-supervised banks are fronting for high-cost lenders to help them evade Minnesota law and make loans over 100% that are illegal in Minnesota. Banks are exempt from state rate caps, and a few rogue banks are helping predatory lenders disguise their loans as bank loans so they can charge triple-digit interest rates. Predatory rent-a-bank lending hurts consumers and disabled veterans.

These installment lenders are now using rent-a-bank schemes to evade Minnesota law:

- **EasyPay** Finance uses **TAB Bank** to offer loans at 130% to 189% through pet stores, auto mechanics and furniture stores.
- **Elevate’s Rise** uses **FinWise Bank or CC Bank**, both of Utah, to make $500 to $5,000 loans with **APRs of 99% to 149%**.
- **Enova**, which operates the **CashNetUSA** payday loan stores, uses **NetCredit** to make installment loans of $1,000 to $10,000 with **APRs up to 100%** through **Republic Bank & Trust of Kentucky**.
- **OppLoans** (aka OppFi) makes $500 to $4,000 loans at 160% APR through **FinWise Bank, First Electronic Bank of Utah, or CC Bank**.
- **Personify Financial** makes $500 to $15,000 loans with **APRs as high as 189%** through **First Electronic Bank**.
- **Axcess Financial**, which runs the **Check ‘n Go** payday loan stores, offers the **Xact** installment loan through **Capital Community Bank at 145% to 225% APR**.

In 2021, Congress, on a **bipartisan basis**, passed a resolution to override a regulation, the “fake lender” rule, that would have protected predatory rent-a-bank schemes. **President Biden**, when signing the resolution, said: “rent-a-bank schemes … allow lenders to prey on veterans, seniors, and other unsuspecting borrowers tapping in the – trapping them into a cycle of debt.” Rent-a-bank schemes are of questionable legality and have been challenged in court.

But a few, rogue FDIC-supervised banks are still helping predatory lenders evade state laws.

**To preserve Minnesota’s authority to stop predatory lending, we must:**

- Tell the FDIC to stop its banks from fronting for predatory lenders evading state law.
- Pass the **Veterans and Consumers Fair Credit Act**, S. 2508/H.R. 5974, to enact a national 36% interest rate cap covering all lenders, including banks, and allow states to set lower limits.


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