Days Before Crucial Deadline, the National Consumer Law Center Joins Over 325 Groups Calling for Congress to Rescind "Fake Lender" Rule that Facilitates Predatory Loan Schemes

FOR IMMEDIATE RELEASE: March 22, 2021

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Only a majority vote in Congress would be needed to overturn rule that helps triple-digit interest rate loans evade state and voter-approved interest rate caps and spread across the country

Link to coalition letter: http://bit.ly/CRA-fake-lender

WASHINGTON, D.C. – With just a few days left before a crucial deadline, a broad coalition of 325 organizations in all 50 states is calling for Congress to eliminate a Trump-era regulation that took effect in December and could "unleash predatory lending in all fifty states." The rushed "fake lender" rule, which was issued by the Office of the Comptroller of the Currency (OCC), would facilitate "rent-a-bank" schemes whereby predatory lenders launder their loans through a few rogue banks, which are exempt from state interest rate caps, through a superficial partnership meant to evade critical predatory lending rules.

"The OCC's fake lender rule protects predatory lenders and guts the power that states have had since the time of the American Revolution to cap interest rates. I urge Congress to quickly introduce a resolution to overturn this horrible OCC rule, which enables 179% loans that trap vulnerable consumers, especially low-income families and borrowers of color, into a devastating cycle of debt," **said Lauren Saunders, associate director of the National Consumer Law Center.**

As was done more than a dozen times under President Trump, this Congress could use the Congressional Review Act (CRA) to rescind recently finalized regulations, including the OCC's "fake lender" rule, with just a majority vote in both chambers, limited debate, no filibuster, and the president's signature. However, to be considered, there is a strict deadline for CRA resolutions to be introduced, estimated to be April 4. With spring recess coming up, the practical deadline is likely the ***end of this week***. A CRA of the OCC "fake lender" rule has not yet been introduced. These resolutions also must be voted upon by a certain date, currently estimated for sometime between May 10 and May 21.

The coalition of signatories to the letter consists of more than 300 groups, including civil rights, community, consumer, faith, housing, labor, legal services, senior rights, small business, student lending, and veterans organizations. **The letter states that** "[t]he rule replaces the longstanding 'true lender' anti-evasion doctrine with a 'fake lender' rule that allows lenders charging rates of 179% or higher to evade state and voter-approved interest rate caps merely by putting a bank's name on the paperwork – just as payday lenders were doing in the early 2000s."

The groups warn, "These lenders charge triple-digit interest rates, target the financially vulnerable and communities of color, and trap consumers in devastating cycles of debt.… Currently, there are only a few of these rogue, predatory lenders, but they will spread to all 50 states if the OCC rule is not overturned."

A 2-pager explanation of the "fake lender" rule is here.