



Predatory Rent-a-Bank Lending in Virginia

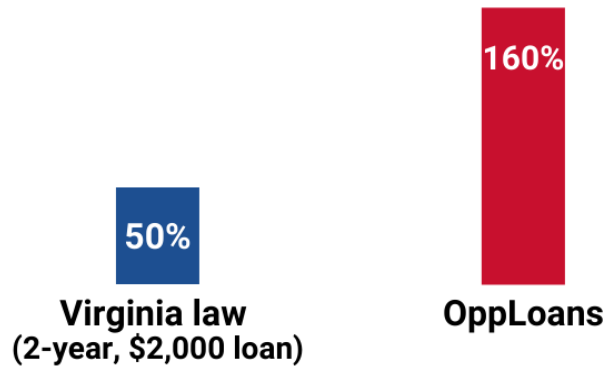
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Virginia law limits interest rates to protect its residents from predatory lending. Under Virginia law a two-year \$2,000 loan is limited to 50% APR.

But FDIC-supervised banks are fronting for high-cost lenders to help them evade Virginia law and make loans over 100% that are illegal in Virginia. Banks are exempt from state rate caps, and across the country 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.

Virginia Maximum APR & Rent-a-Bank Loan Rates



In Virginia, OppLoans (aka OppFi) is offering \$500 to \$4,000 loans at 160% APR, a rate that is not legal in Virginia for companies that are not banks, by laundering the loans through FinWise Bank, First Electronic Bank of Utah, or CC Bank. Rent-a-bank schemes are of questionable legality, and in DC a consent judgment was entered against OppLoans ordering it to pay \$2 million and stop evading DC’s usury laws.

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 Virginia’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.