

February 11th,
2026

Honorable Chairman Senator Tim Scott
104 Hart Senate Office Building
Washington, DC 20510

Honorable Ranking Member Senator Elizabeth Warren
311 Hart Senate Office Building
Washington, DC 20510

Dear Senators Scott and Warren:

We, the undersigned consumer, faith, civil rights, labor, human rights, and community advocacy groups, write to urge support for the *Predatory Lending Elimination Act (S3793)*, sponsored in the Senate by Senator Jack Reed. This bill is the solution to the worst practices by predatory lenders in the consumer loan market. By expanding the protections already afforded active-duty service members under the Military Lending Act to veterans and all consumers, this bill will protect every American from the financial quicksand of high-interest loans while enabling responsible credit options to thrive.

From the founding of this nation until the late 1970s, most Americans lived under a usury cap of 36% Annual Percentage Rate (APR) until a wave of deregulation opened the door to outrageously high-cost loans. Currently, payday lenders typically charge annual interest rates of nearly 400 percent. The Consumer Financial Protection Bureau's research demonstrates that these products create a long-term debt trap that drains consumers' bank accounts and causes significant financial harm. A large portion of borrowers eventually default, but often not before paying hundreds or even thousands of dollars in fees. The strain of juggling this debt trap is associated with poor health and increased anxiety. A meaningful usury cap is the most effective way to stop this debt trap.

Since its passage in 2006, the Military Lending Act has worked exceptionally well at ensuring that our active duty service members are protected from usurious interest rates on small-dollar loans. After the law was passed and subsequently strengthened, the number of active personnel struggling with payday loans dramatically decreased.

Furthermore, banks, credit unions, and payday lenders have complied with its requirements for over a decade and will be able to easily and cost-effectively expand that compliance to veterans and all consumers. Expanding the MLA to all consumers will finally extend these vital protections to veterans, survivors, and reservists who are not presently covered by the MLA.

Today, about 45 states limit the interest rates on installment loans, with a median rate of about 36% for a \$2,000, 2-year loan, and lower for larger loans. And 21 states, plus the District of Columbia, enforce rate caps of about 36 percent or lower or otherwise prohibit debt-trap short-term payday loans, protecting millions of Americans from usurious practices. In these states, people use a variety of methods to address

financial emergencies, including credit options like credit cards and non-credit avenues such as utility company payment plans, all at a fraction of the cost of exorbitantly priced loans. And they avoid the financial freefall caused by toxic credit.

In states without usury caps, veterans, seniors, women, rural communities, and communities of color are often targeted for exploitation by predatory lenders. Without a federal usury limit, payday and predatory online installment lenders are also threatening strong state protections by partnering with banks to undermine state interest rate caps and export high-cost loans all over the country. A federal rate cap puts all creditors on a level playing field without undermining the will of states which have enacted stronger consumer protections.

For these reasons, we enthusiastically support the *Predatory Lending Elimination Act* and urge all members of Congress to do the same.

Sincerely,

Alabama Appleseed Center for Law & Justice

Alabama Arise

Alaska PIRG

Americans for Financial Reform

Andrea J. Boyack, Washburn University School of Law

Annie H Harper, Program for Recovery and Community Health, Yale School of Medicine

Arizona PIRG

Arkansans Against Abusive Payday Lending

Arthur E. Wilmarth, Jr., in his personal capacity, Professor Emeritus, George Washington University Law School

Association for Financial Counseling and Planning Education (AFCPE)

CAARMA

California Asset Building Coalition

CALPIRG

CAMEO - California Association for Micro Enterprise Opportunity

Capital Good Fund

CASH Campaign of Maryland

Catholic Conference of Illinois

CBA Fund

Center for Economic Integrity

Center for Economic Justice

Center for LGBTQ Economic Advancement & Research (CLEAR)

Center for Responsible Lending

Credo Legal Services

Chandra Parker Doucette PA

Chicago Urban League

Christopher Peterson, University of Utah, S.J. Quinney College of Law

Citizens Action Coalition of IN

Colonel Paul E. Kantwill, U.S. Army (Ret.); Senior Fellow, McCarthy Hatch; Military Consumer Protection and Compliance Expert; Principal Architect of the 2015 Department of Defense Final Rules Implementing the MLA;

Columbia Consumer Education Council

Community Economic Development Association of MI (CEDAM)

Community Foundation of Greater Birmingham

CommunityWorks

Connecticut Legal Services, Inc.

ConnPIRG

Consumer Action

Consumer Federation of America

Consumer Federation of California

Consumer Law Practice of Daniel T. LeBel

Consumer Reports

Consumers for Auto Reliability and Safety

CoPIRG

Credit Builders Alliance

Creola Johnson, Moritz College of Law, The Ohio State University

CUES Fund

Delaware Community Reinvestment Action Council, Inc.

Demos

Economic Action Maryland

Economic Progress Institute

Empire Justice Center

Exodus Lending

Fair Housing Center of Central Indiana

Faith in Action

Faith in Action National Network

Family Pathfinders

FIRST

Florida Consumer Action Network

Florida PIRG

Gary Peller, Georgetown University Law Center

Georgia PIRG

Georgia Watch

Greater Boston Legal Services, on behalf of its low-income clients

Heartland Alliance

HomesteadCS

HOPE for All: Helping Others Prosper Economically

Housing Action Illinois

Illinois Asset Building Group

Illinois PIRG

Independent Order of Odd Fellows, Santa Fe Lodge #2

Indiana Assets & Opportunities Network

Indiana Catholic Conference
Indiana Community Action Association, Inc.
Indiana Community Action Poverty Institute
Indiana PIRG
Indiana United Ways
Iowa PIRG
Jacksonville Area Legal Aid, Inc.
James J. Pierson, Business Chair, MBA Program Director & Assistant Professor, Chatham University
Jesuit Social Research Institute
Karen Tokarz, Washington University Civil Right, Community Development & Mediation Clinic
Kate Sablosky Elengold, University of North Carolina School of Law
Kathleen Engel, Suffolk University Law School
Keith A. Rowley, UNLV School of Law
Lake Area United Way
LaMedichi
Lending Link
Local Initiatives Support Corporation (LISC)
Louisiana Progress
Main Street Alliance
Mark Budnitz, Professor of Law Emeritus, Georgia State University College of Law
Maryland PIRG
MASSPIRG
MCCOY (Marion County Commission on Youth, Inc.)
Military Officers Association of America
Minneapolis Area Synod, Evangelical Lutheran Church in America
Minority Veterans of America
Missouri Faith Voices
MontPIRG
MoPIRG
Mother Hubbard's Cupboard
NAACP
Nathalie Martin, University of New Mexico School of Law
National Association for Latino Community Asset Builders
National Association of Consumer Advocates
National Association of Consumer Bankruptcy Attorneys (NACBA)
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Consumers League
National Fair Housing Alliance
National Military Family Association
NCPIRG
Nebraska Appleseed
New America Chicago

New Jersey Citizen Action
New Jersey Institute for Social Justice
New Mexico Center on Law & Poverty
New Mexico Working Families Party
New Yorkers for Responsible Lending
NHPIRG
NJPIRG
NMPIRG
Northwest Indiana Community Action
Oregon Consumer Justice
Oregon Consumers League
Ohio PIRG
Oregon PIRG (OSPIRG)
Pamela Foohey, Benjamin N. Cardozo School of Law, Yeshiva University
PennPIRG
Pennsylvania Council of Chapters, Military Officers Association of America (MOAA)
Pennsylvania Council of Churches
Peter Kochenburger, University of Connecticut School of Law
PIRG in Michigan (PIRGIM)
Primavera Foundation
Cathy Lesser Mansfield, Professor of Law Emeritus, Drake University Law School
Prosperity Indiana
Prosperity Works
Public Citizen
Public Counsel
Public Good Law Center
Public Justice
Public Justice Center
Public Law Center
RAISE Texas
RIPIRG
Rise Economy
Rural Law Center of New York, Inc.
South Carolina Appleseed Legal Justice Center
South Carolina Association for Community Economic Development (SCACED)
Southwest Fair Housing Council
Statewide Poverty Action Network
Susan Block-Lieb, Fordham Law School
Texas Appleseed
TexPIRG
The Collaborative (NC)
The Consumer Assistance Council, Inc.
The Middleburg Institute
The One Less Foundation

The Worship Center Christian Church
Thrive Alliance
Tucson Diocesan Council, The Society of St. Vincent de Paul
Tzedek DC
UnidosUS
U.S. PIRG
United Way of Allen County
United Way of Central Texas
Veterans Education Success
Virginia Citizens Consumer Council
Virginia Organizing
VOICE - OKC
WASHPIRG
Wildfire: Igniting Community Action to End Poverty in Arizona
William E. Morris Institute for Justice (Arizona)
WISPIRG
Woodstock Institute
20/20 Vision