National Consumer Law Center

September 2, 2026

The Honorable French Hill, Chair
The Honorable Maxine Waters, Ranking Member
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Re: Statement for the Record in Opposition to H.R. 7866 (Davidson), the American Lending Fairness Act

Dear Chair Hill and Ranking Member Waters:

Please accept this statement for the record for the September 2, 2026 full Committee hearing on "Strengthening the American Economy." On behalf of our low-income clients, the National Consumer Law Center[1] urges the Committee and Congress to oppose H.R. 7866 (Davidson). Although it is titled the "American Lending Fairness Act," its role would be to serve as a **cover for high-cost predatory lending**, and would **remove states' authority** to stop rent-a-bank schemes.

States currently have the right to opt out of the federal law (the Depository Institutions Deregulation and Monetary Control Act of 1980 or DIDMCA) that allows state-chartered banks to ignore rate limits outside their home state. Many predatory nonbank lenders use "rent-a-bank" schemes where they launder their loans through out-of-state, state-chartered banks. These schemes allow lenders to charge 100% to 200% APR rates for loans—rates that are illegal for many nonbank installment loans in 45 states.

Iowa opted out of DIDMCA in 1980, and Colorado and Oregon have opted out more recently. Other states are considering doing so in light of the resurgence of rent-a-bank lending.

[1] Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low- income and other disadvantaged people in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness.

By **repealing states' ability to opt out of DIDMCA,** H.R. 7866 would be a gift to predatory lenders that saddle families with unaffordable loans. It would eliminate states' ability to stop exploitative, unaffordable predatory lending through rent-a-bank schemes using out-of-state, state-chartered backs. In May, over 100 groups from all across the country sent a letter opposing the Senate version of this anti-consumer bill, which is attached to this statement.

Please oppose H.R. 7866. Thank you for the opportunity to submit this statement for the record.

Yours truly,

Carolyn L. Carter

Carolyn Carter
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National Consumer Law Center (on behalf of its low-income clients)
ccarter@nclc.org

<u>ATTACHMENT A</u>

106 Consumer, Civil Rights, and Community Organizations

May, 7, 2026

The Hon. Tim Scott, Chairman
The Hon. Elizabeth Warren, Ranking Member
U.S. Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Hon. French Hill, Chairman
The Hon. Maxine Waters, Ranking Member
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

> **Re: Oppose unaffordable 100%+ APR bank loans; support state and federal interest rate limits**

Dear Chairman Scott, Ranking Member Warren, Chairman Hill and Ranking Member Waters,

The 106 undersigned consumer, civil rights, and community organizations write to urge you to defend and strengthen interest rate limits and transparency to address the affordability crisis by:

- Insisting that the Trump Administration deny applications from Enova and OppFi, lenders that charge annual interest rates of 100% APR and higher, to become national banks;
- Opposing S. 3889 (Moreno), American Lending Fairness Act;
- Supporting S. 3721 (Whitehouse), Empowering States' Rights to Protect Consumers Act;
- Supporting S. 3793 (Reed), Predatory Lending Elimination Act.

Strong bipartisan majorities of the American public support interest rate limits, which are the simplest and most effective way to stop unaffordable lending.[1] Yet the Trump Administration and Congress are considering measures that would spread loans of 100% to 160% APR and higher across the country in defiance of laws in both red and blue states. Congress should instead defend and restore interest rate limits to prevent unaffordable lending.

<u>**Prevent 100%+ APR National Banks:**</u> **Tell the Trump Administration to deny the national bank applications of predatory lenders Enova and OppFi.** Enova is a nonbank lender that charges interest rates that can reach 100% to 300% APR through its NetCredit and CashNetUSA brands, with chargeoffs over 50%.[2] Enova also makes very problematic high-cost

[1] National Consumer Law Center (NCLC), Why Cap Interest Rates at 36%? (Aug. 2021).
[2] Pew Charitable Trust, Rent-a-Bank Payday Lenders' New Filings Show 55% Average Loss Rates (Jan. 9, 2023); NCLC, Comments on the Application to Charter Enova Interim Bank & Acquire Grasshopper Bank at 3 n.3 (Feb. 27, 2026).

small business loans through OnDeck.[3] OppFi is also a high-cost nonbank lender, charging rates of 160% APR and higher. Currently, Enova and OppFi must comply with state interest rate laws. But Enova and OppFi have sought permission from the Office of the Comptroller of the Currency and Federal Reserve Board to buy national banks, which would enable them to ignore interest rate laws around the country. These would be the first national banks dedicated to directly making predatory loans. Approval of predatory 100%+ APR banks would be an assault on people across the country and political spectrum who are worried about the affordability crisis and strongly support interest rate limits.

Defend States' Right to Stop Predatory Lending by Out-of-State, State-Chartered Banks: Oppose S. 3889 (Moreno), American Lending Fairness Act. States currently have the right to opt out of the federal law (the Depository Institutions Deregulation and Monetary Control Act of 1980 (DIDMCA) that allows state-chartered banks to ignore rate limits outside their home state. Many predatory nonbank lenders use "rent-a-bank" schemes where they launder their loans through out-of-state, state-chartered banks so they can charge 100% to 200% APR, rates that are illegal for many nonbank installment loans in 45 states.[4] Iowa, Colorado, and recently Oregon opted out of DIDMCA and other states are considering doing so. S. 3889 would eliminate states' ability to stop exploitative, unaffordable predatory lending through rent-a-bank schemes.

End the Bank Exemption from State Interest Rate Limits: Support S. 3721 (Whitehouse), Empowering States' Rights to Protect Consumers Act. S. 3721 would require both federally- and state-chartered banks to comply with state interest rate caps. For example, it would prevent the proposed Enova and OppFi banks from making 100%+ APR loans in the many states that prohibit interest rates that high. With no interest rate limits at the federal level except for the Military Lending Act and those that apply to federal credit unions, states are on the front lines. States need to be able to protect people from unaffordable loans by banks as well as other types of lenders.

Adopt a Federal 36% APR Cap: Support S. 3793 (Reed), Predatory Lending Elimination Act. S. 3793 extends the protections of the Military Lending Act to veterans and other consumers, capping interest rates at a maximum of 36% APR. The protections apply whether the lender is a bank or not. Adopting a federal 36% rate cap would stop predatory lending by payday lenders and online installment lenders, and would prevent banks – including banks that Enova and OppFi are trying to establish – from making or enabling triple-digit APR loans. Thirty-six percent is a high rate, but it would set a federal ceiling, allowing states to set lower interest rates, which is especially important for larger loans.[5] Capping rates at 36% or lower is

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[3] *See* https://www.bbb.org/us/ny/new-york/profile/financial-services/on-deck-capital-inc-0121-101780/customer-reviews.
[4] *See id.*
[5] *See* NCLC, Larger Loans Need Lower Rates: A 50-State Survey of the APRs Allowed for a $10,000 Loan (March 6, 2024).

widely supported by bipartisan majorities across the country, and 174 groups have urged Congress to pass the Predatory Lending Elimination Act.[6]

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With people struggling to make ends meet, the last thing they need is predatory bank lending. Congress needs to step up to address the affordability crisis by stopping banks from making high-cost loans, restoring and defending the ability of states to protect people, and capping interest rates nationally.

Yours truly,

Americans for Financial Reform	National
CAMEO Network	National
Center for Responsible Lending	National
Coalition on Human Needs	National
Consumer Action	National
Consumer Federation of America	National
Consumer Reports	National
Faith in Action	National
The FoolProof Foundation	National
Hip Hop Caucus	National
JustLeadershipUSA	National
National Association of Consumer Advocates	National
National Center for Law and Economic Justice	National
National Community Reinvestment Coalition	National
National Consumer Law Center (on behalf of its low-income clients)	National
National Disability Institute	National
National Fair Housing Alliance	National
People's Action Institute	National
Public Citizen	National
Public Good Law Center	National
Public Justice	National
Woodstock Institute	National

[6] Letter from 174 consumer, faith, civil rights, labor, human rights, and community advocacy groups to Senators Scott and Warren (Feb. 11, 2026).

Center for Economic Integrity	Arizona
William E. Morris Institute for Justice	Arizona
Arkansans Against Abusive Payday Lending	Arkansas
Assoc. Clinical Prof. Scott Maurer, Santa Clara Law*	California
California Advocates for Nursing Home Reform	California
California Consumer Protection Attorneys Association	California
California Low-Income Consumer Coalition	California
Center for Access to QDROs	California
Community Legal Services in East Palo Alto	California
Consumer Federation of California	California
Consumers for Auto Reliability and Safety	California
Economic Security Project California Action	California
Equal Rights Advocates	California
Housing and Economic Rights Advocates	California
Legal Aid Foundation of Santa Barbara County	California
Legal Assistance for Seniors	California
Mental Health Advocacy Services	California
Public Counsel	California
Public Law Center	California
Rise Economy	California
The Academy of Financial Education	California
TURN–The Utility Reform Network	California
Bell Policy Center	Colorado
DC Consumer Rights Coalition	District of Columbia
Tzedek DC	District of Columbia
Georgia Watch	Georgia
Citizen Action/Illinois	Illinois
Housing Action Illinois	Illinois
Illinois People's Action	Illinois
Brightpoint	Indiana
Homestead Resources	Indiana
Indiana Community Action Poverty Institute	Indiana
Prosperity Indiana	Indiana

Prof. Cathy Lesser Mansfield, Drake University Law School*	Iowa
Louisiana Progress	Louisiana
CASH Campaign of Maryland	Maryland
Economic Action Maryland Fund	Maryland
Community Economic Development Association of Michigan (CEDAM)	Michigan
Project GREEN	Michigan
Exodus Lending	Minnesota
Mississippi Center for Justice	Mississippi
ArchCity Defenders, Inc.	Missouri
Consumers Council of Missouri	Missouri
Moorish Science Temple of America #5	Missouri
R.A.A. - Ready, Aim, Advocate	Missouri
St. Louis Equal Housing and Community Reinvestment Alliance	Missouri
Economic Empowerment Center DBA Lending Link	Nebraska
Battle Born Progress	Nevada
Nevada Coalition of Legal Service Providers	Nevada
Consumers League of New Jersey	New Jersey
Legal Services of New Jersey	New Jersey
Manufactured Home Owners Association of New Jersey	New Jersey
New Jersey Appleseed Public Interest Law Center	New Jersey
New Jersey Institute for Social Justice	New Jersey
United South Broadway Corporation	New Mexico
Association for Neighborhood and Housing Development	New York
Brooklyn Cooperative Federal Credit Union	New York
CAMBA / CAMBA Legal Services	New York
Empire Justice Center	New York
Housing and Family Services of Greater New York	New York
Lower East Side People's FCU	New York
Margert Community Corporation	New York

New Economy Project	New York
New York Legal Assistance Group	New York
New Yorkers for Responsible Lending	New York
WESPAC Foundation, Inc.	New York
Western New York Law Center	New York
The Collaborative	North Carolina
Advocates for Basic Legal Equality, Inc.	Ohio
Oregon Consumer Justice	Oregon
Oregon Consumer League	Oregon
Philadelphia Solar Energy Association	Pennsylvania
Economic Progress Institute (Rhode Island)	Rhode Island
South Carolina Appleseed Legal Justice Center	South Carolina
African American Clergy Collective of Tennessee	Tennessee
Black Clergy Collaborative of Memphis	Tennessee
Memphis Public Interest Law Center	Tennessee
Statewide Organizing for Community eMpowerment (SOCM)	Tennessee
Texas Appleseed	Texas
Texas Housers	Texas
Prof. Irene Leech, Virginia Tech*	Virginia
Virginia Citizens Consumer Council	Virginia
Virginia Poverty Law Center	Virginia
West Virginia Citizen Action Group	West Virginia

*Organization listed for identification only