

**For Immediate Release**

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**Press Contact:** Katie Thompson [katie.thompson@cpjustice.org](mailto:katie.thompson@cpjustice.org) 908-472-8820

## **Faith Leaders Applaud Congress' Decision to Challenge OCC's 'True Lender' Rule**

*National Faith Organizations Urge Congress to Prevent Loopholes that Harm Borrowers*

**WASHINGTON** — On March 25, Members in both chambers of Congress took steps to protect borrowers from predatory payday loans. Senator Chris Van Hollen (D-MD), Senator Sherrod Brown (D-OH), and Representative Jesús "Chuy" García (D-IL) introduced a Congressional Review Act (CRA) resolution to challenge the Office of the Comptroller of the Currency (OCC)'s "National Banks and Federal Savings Associations as Lenders" rule.

**The OCC's rule threatens existing state protections against predatory payday lending and emboldens lenders by encouraging non-bank lenders to partner with banks as the "true lender", thus evading state interest rate caps. The rule allows lenders charging interest rates of 179% or higher to evade state rate caps.**

Over several decades, high-cost lending to those in need has increased significantly. Nearly 16,000 payday and car title loan stores operate nationwide. Taking advantage of loopholes and a weakening of traditional usury laws, many of these lenders now offer loans at 300% APR and higher. Far too often, the result is families trapped in a cycle of debt with even less ability to pay the bills, keep food on the table, save for the next emergency, or provide for their children. Currently 18 states and the District of Columbia have enacted rate caps to protect borrowers from usurious interest rates and fees.

The **Center for Public Justice, Cooperative Baptist Fellowship, National Latino Evangelical Coalition, National Association of Evangelicals, National Baptist Convention, USA, Inc.** and the **Southern Baptist Ethics & Religious Liberty Commission** – members of the Faith for Just Lending coalition – applaud the introduction of the Congressional Review Act in both chambers.

In a March 24 letter to Members of Congress urging the introduction of the Congressional Review Act, the coalition noted:

Now, more than ever, we should also prohibit usury and economic exploitation. Collectively our organizations and denominations represent millions of Christians across the country. Our churches and charities are actively engaged in efforts to end poverty, alleviate suffering and promote opportunities for all people to flourish. We are deeply concerned about how the OCC's rule will impact the working families and vulnerable communities we serve.

Stephen Reeves, Director of Advocacy at the Cooperative Baptist Fellowship, said,

Predatory payday and auto title lenders are notorious for exploiting loopholes in order to offer debt-trap loans to families struggling to make ends meet. People of faith have worked for decades on the state and federal level to close such loopholes and return our laws to a traditional understanding that usury and exploiting the vulnerable in their time of need is wrong. The OCC's "True Lender" rule creates a loophole big enough to drive a truck through and demolishes years of advocacy. No state should be forced to offer less protection for borrowers in their state due to short-sighted federal regulations. In fact, federal regulators should be ensuring better basic protections nationwide, not worse.

The introduction of the Congressional Review Act is a step in the right direction to respect the authority and responsibility of states to enact strong consumer protections without providing a loophole for predatory lenders to subvert existing state rate caps.

The Faith for Just Lending coalition also calls upon Congress to extend the protections of the Military Lending Act, including a 36% rate cap, to all Americans.

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