

July 26, 2006

The Honorable John Warner
Chairman
Committee on Armed Services
U.S. Senate
Washington, DC 20510

The Honorable Carl Levin
Ranking Member
Committee on Armed Services
U.S. Senate
Washington, DC 20510

The Honorable Duncan L. Hunter
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Re: Support Talent/Nelson Amendment to S. 2766 Defense Authorization 2007

Dear Senators and Representatives:

The undersigned veterans', civil rights, and consumer organizations throughout the country write to ask for your support of the Talent/ Bill Nelson anti-predatory lending amendment adopted by the Senate as part of the Defense Authorization bill (S. 2766). The Military Coalition's thirty-six veterans' and military groups also support this amendment (see attached.) We need your help in protecting military families from companies that target them with exorbitantly priced loans. Predatory lending harms military readiness, placing a severe strain on military families – including enlisted personnel, reservists and the National Guard – and unnecessarily distracts officers and non-commissioned officers who should be focusing on their military mission.

The Talent/Nelson amendment would cap interest rates at 36 percent annually for loans made to military families. If it is included in the 2007 Defense Authorization Conference Report, this important amendment would protect service members who obtain loans after they have enlisted or been mobilized, closing a major loophole in the Service Members Civil Relief Act. It also treats all lenders equally, no matter what type of loan they offer.

It is abundantly clear to anyone visiting a military town, from Norfolk, Virginia to San Diego, California that high-cost lenders cluster around military bases. Predatory lenders trap borrowers in a cycle of unaffordable debt and place essential family assets at risk. Payday lenders, for example, offer loans starting at almost 400 percent annual interest that must be repaid on the next payday, or the lender will deposit and bounce the check the service member has written to secure the loan. To avoid this problem, many borrowers roll over payday loans repeatedly. Title loan companies charge an average 300 percent annual interest for loans secured by the title to a Service member's vehicle. If not repaid at the end of the month, lenders can repossess the family's means of transportation.

Many state laws are not applied to non-residents, including service members. By enacting a federal rate cap, the Talent/ Nelson amendment would improve military readiness and protect all military personnel from rate gouging.

Sincerely,

VADM Norb Ryan, Jr., USN (Ret)
Military Officers Association of America

Wade Henderson
Leadership Conference on Civil Rights

Hilary O. Shelton
NAACP Washington Bureau

Travis Plunkett
Jean Ann Fox
Consumer Federation of America

Mike Calhoun
Center for Responsible Lending

Susanna Montezemolo
Consumers Union

Maud Hurd
ACORN

Edmund Mierzwinski
US Public Interest Research Group

Ira Rheingold
National Association of Consumer Advocates

Lauren K. Saunders
National Consumer Law Center,
On behalf of its low income clients

Monica Gonzalez
National Community Reinvestment Coalition

Linda Sherry
Consumer Action

Derek Douglas
Center for American Progress

Phyllis Rowe
Arizona Consumers Council (AZ)

Karin Uhlich
Southwest Center for Economic Integrity (AZ)

Kimble Forrister
Alabama Arise (AL)

H. C. "Hank" Klein
Arkansans Against Abusive Payday Lending (AR)

Rosemary Shahan
Consumers for Auto Reliability and Safety (CA)

Alan Fisher
California Reinvestment Coalition (CA)

Michael Shames
Utility Consumers Action Network (San Diego, CA)

Beth Givens
Privacy Rights Clearinghouse (San Diego, CA)

Brad Ashwell
Florida Public Interest Research Group (FL)

Bill Newton
Florida Consumer Action Network (FL)

Lynn Drysdale
Jacksonville Area Legal Aid, Inc. (FL)

Julie Sampson
Msgr. John Egan Campaign for Payday Loan Reform (IL)

Lynda DeLaforge
Citizen Action/Illinois (IL)

Anne Marie Regan
Office of Kentucky Legal Services Programs (KY)

Paul J. Schlaver
Massachusetts Consumers' Coalition (MA)

Barbara Buckley
Assembly Majority Leader
Nevada State Assembly (NV)

Dan L. Wulz
Clark County Legal Services Program, Inc. (NV)

Jon Sasser
Nevada Lawyers for Progressive Policy (NV)

Bob Fulkerson
Progressive Leadership Alliance of Nevada (NV)

Peter Skillern
Community Reinvestment Association of North Carolina (NC)

Linda Hilton
Coalition of Religious Communities (UT)

James W. (Jay) Speer
Virginia Poverty Law Center (VA)

Helen O'Beirne
Virginia Partnership to Encourage Responsible Lending (VA)

Steve Meili
Consumer Law Litigation Clinic at the
University of Wisconsin Law School (WI)

Jim Brown
Wisconsin Consumers League (WI)

cc: Members of the Senate Committee on Armed Services
Members of the House Committee on Armed Services
Members of the House Committee on Veterans' Affairs