

March 23, 2020

The Honorable Mitch McConnell
Majority Leader
Unites States Senate
S-230, The Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
Unites States House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
Unites States Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
Unites States House of Representatives
H-204, The Capitol
Washington, DC 20515

Re: 36% Interest Rate Cap on Consumer Loans During COVID-19 Outbreak

Dear Senate Majority Leader McConnell, Senate Minority Leader Schumer, House Speaker Pelosi, and House Minority Leader McCarthy:

The undersigned community organizations urge you to protect Americans from price gouging during this unprecedented crisis, by enacting a 36% APR cap on all loans. Congress should amend the Military Lending Act (MLA) to extend to ALL consumers the credit protections provided to members of the Armed Forces and their dependents throughout the duration of the COVID-19 emergency.

Predatory lenders are known to prey on the most vulnerable including seniors, veterans, low-income, African American, and Latinx communities. Many in these communities were already struggling before this crisis and will fall deeper into economic instability because of it. Efforts by Congress to help Americans should not be undermined by predatory lenders trapping consumers into loans of 100% or even 300% APR. We want to ensure that relief that Congress is providing to our families is going to cover food, shelter, and other necessities, not to pay back exorbitant interest rate loans.

Today, about 40 states limit the interest rates on installment loans, at a median rate of about 36% for a \$500, 6-month loan. And 16 states plus the District of Columbia enforce interest rate limits of about 36 percent or lower for short-term payday loans, protecting nearly 100 million Americans from usurious practices. These protections are especially critical in the current crisis and support the need to bring such limits to people throughout the country, while not preempting stronger state laws.

We urge you to support a 36% APR cap in the pending stimulus package by extending the Military Lending Act to all Americans during the crisis.

Sincerely,

Arizona
Center for Economic Integrity

Arkansas
Arkansans Against Abusive Payday Lending

California

California Association for Micro Enterprise Opportunity (CAMEO)
California Reinvestment Coalition
Coalition for Humane and Immigrant Rights (CHIRLA)
Consumers for Auto Reliability and Safety
HOPE for All: Helping Others Prosper Economically
New Economics for Women
Opportunity Fund
Public Counsel
San Francisco Office of Financial Empowerment
Western Center on Law and Poverty

Colorado

Colorado Consumer Health Initiative
Colorado Cross-Disability Coalition
Colorado Latino Leadership, Advocacy, & Research Organization (CLLARO)

Florida

Jacksonville Area Legal Aid, Inc.

Georgia

Georgia Watch

Indiana

Area Five Agency on Aging and Community Services
Care Center
Citizens Action Coalition of IN
Fair Housing Center of Central Indiana
GCC Foundation
Grace Church
HomesteadCS
Indiana Association of Area Agencies on Aging
Indiana Black Expo, Inc.
Indiana Catholic Conference
Indiana United Ways
Indianapolis Jewish Community Relations Council
Indianapolis Urban League
Indianapolis Worker Justice Center
Lutheran Social Services of Indiana
Marion County Commission on Youth, INC.
The Military / Veterans Coalition of Indiana
Prosperity Indiana
Thrive Alliance—An Area Agency on Aging and Affordable Housing Provider

Kentucky

Kentucky Equal Justice Center

Maine

Maine Center for Economic Policy

Michigan

Community Economic Development Association of Michigan (CEDAM)
Project GREEN

Minnesota

Exodus Lending
Minneapolis Area Synod of the Evangelical Lutheran Church of America

New Hampshire

New Hampshire Legal Assistance

New Jersey

New Jersey Citizen Action

New York

Empire Justice Center
New Economy Project

North Dakota

North Dakota Economic Security and Prosperity Alliance

Ohio

Policy Matters Ohio

Rhode Island

Economic Progress Institute
NeighborWorks Blackstone River Valley
Rhode Island Payday Lending Reform Coalition

South Carolina

SC Appleseed Legal Justice Center

South Dakota

Reynold F. Nesiba, State Senator, District 15

National

Center for Responsible Lending
Consumer Action
National Consumer Law Center (on behalf of its low income clients)
SPLC Action Fund
Woodstock Institute