

## SAMPLE Letter to Senators on S. 500 Durbin Usury Cap Bill

Dear Senator \_\_\_\_\_

\_\_\_\_\_ (your group/s) request that you co-sponsor S. 500, the “Protecting Consumers from Unreasonable Credit Rates Act, introduced by Senator Durbin. This bill would cap consumer credit at 36 percent annually, including fees and other charges. Families in \_\_\_\_ (state) \_\_ need protection from extremely expensive credit.

In this state, millions of dollars are drained from household budgets by high cost products such as (Describe examples high cost lending issues in your state.... What payday loans cost, problems with curbing abusive car title lending, etc.)

The “Protecting Consumers from Unreasonable Credit Rates Act” is an economic stimulus measure that doesn’t cost taxpayers a penny. By limiting the total cost of consumer credit to 36 percent, Congress will keep billions of dollars in the hands of low and moderate-income consumers, enabling them to spend those dollars to pay bills, buy groceries, and help their families, not high cost lenders.

The bill’s FAIR (Fees and Interest Rate) cap on consumer credit is set high enough not to hamper mainstream responsible lending. A 36 percent rate cap is twice the limit for federally-chartered credit unions and is the limit typically used in state small loan laws. It enables credit to be responsibly extended to consumers with less than perfect credit ratings. It keeps affordable financial products available, as lenders who offer sustainable loans do so at rates well below 36 percent annually. But it would eliminate abuses that rely on high fees, interest and other devices to charge extremely high annual rates—some 400 percent and higher—to trap consumers in debt they cannot afford to pay off.

A 36 percent rate cap is also the same rate cap set by Congress in the Military Lending Act. Thus, the Protecting Consumers from Unreasonable Credit Rates Act would implement a key promise made by President Obama to extend to all Americans the same protection that Congress established against predatory lending for Service members and their families.

This measure is critical because only Congress can protect consumers from certain forms of predatory lending. Due to federal preemption of state usury caps for national banks, our state is not able to restrain the high cost of refund anticipation loans, fee-harvester credit cards, or bank overdraft loans. We need Congress to act to put all lenders under the same set of effective protections.

The FAIR cap will be the maximum amount lenders can charge, but states will be able to set lower rate caps to protect their citizens from non-preempted forms of credit. Thus, it will not lessen the protections, for example, of New York’s 25 percent criminal cap and Arkansas’s constitutional cap.

Please co-sponsor Senator Durbin's S. 500 FAIR cap to stop usurious credit rates, to protect struggling consumers, and to put all lenders under the same set of protections.

Sincerely,