



November 3, 2025

House Committee on Commerce and Labor

Public Hearing Regarding SB 269: An Act to Revise the Small Loan Act

Dear Chairman Johnson, and Members of this Committee,

My name is **Monica Burks**, and I serve as **Policy Counsel for the Center for Responsible Lending (CRL)**, a non-profit, non-partisan policy and research organization dedicated to building family wealth by eliminating predatory lending practices. CRL is affiliated with **Self-Help Credit Union**, a national community development financial institution that provides safe, affordable financial services to low-income communities and borrowers. I appear on behalf of CRL and the communities we serve to respectfully urge you to **reject SB 269**.

In the 1990s, payday lenders partnered with banks to create a practice known as *Rent-a-Bank*. This model—now largely online—exploits a provision of federal law allowing banks to export their interest rates nationwide, thereby evading state laws designed to protect borrowers from abusive, high-rate loans that trap them in debt.

Today, *Rent-a-Bank* arrangements enable online lenders to bypass state interest-rate caps on loans used for everything from pet purchases to car repairs and debt consolidation. While some products resemble traditional triple-digit payday loans, others are large-dollar loans with annual percentage rates (APRs) of **36% or higher**. A 36% rate may be defensible for small, short-term credit—but it is wholly inappropriate for large, multi-year loans.

Fintech lenders have carved out a growing role in the credit marketplace, offering loans once limited to traditional “brick-and-mortar” lenders. However, many now saturate the market with products carrying **60% to 180% APRs or more**, and they increasingly turn to state legislatures seeking statutory legitimacy for these predatory practices. Their business model depends on sidestepping state usury laws to gain a competitive advantage.

The loans that SB 269 would enable—by facilitating *Rent-a-Bank* schemes—are among the most harmful and irresponsibly priced on the market. These include high-cost

installment loans with direct access to borrowers' checking accounts, as well as balloon-payment payday and car-title loans.

A fundamental and perverse reality drives this market: lenders know that many of their borrowers cannot afford repayment, yet the exorbitant rates ensure profitability regardless. For short-term loans, borrowers often must take out a new loan to repay the previous one, perpetuating a cycle of debt. For longer-term loans, borrowers frequently fall behind or default after making a few unaffordable payments, deepening financial distress.

These products can cause as much—or more—harm than traditional two-week payday loans, trapping borrowers in longer and deeper cycles of debt. Research shows that **37% of longer-term payday loan sequences are refinanced within 30 days**, while **38% default**. For online payday installment loans—the dominant fintech channel—**55% of loan sequences end in default**.

We therefore urge you to **reject SB 269**, which seeks to exempt *Rent-a-Bank* lenders from Ohio's existing consumer-protection laws by carving out “loans made, or credit extended by...a person that solicits, arranges, finds, or brokers loans made or credit extended by...exempt entities.” Because banks and credit unions qualify as “exempt entities,” this language would effectively nullify Ohio's current prohibition on high-cost bank-partnership lending and allow unconscionable interest rates to be charged to Ohioans.

Please see the attached materials for further explanation of these products and their impact. Should you have any questions, I can be reached at **monica.burks@responsiblelending.org**.

Sincerely,

Monica Burks
Policy Counsel
Center for Responsible Lending
www.responsiblelending.org

Opportunity Financial, also known as OppFi, is a consumer lending company based in Chicago, Illinois that offers personal installment loans. Their marketing suggests they are providing an essential service to the credit and income constrained; their products, however, carry triple-digit Annual Percentage Rates (APRs). Public filings reveal a business model built around [high levels of delinquency and default](#). According to its website, OppFi's stated mission is to "empower everyday consumers to rebuild their financial health," but the company is a legacy subprime lender. OppFi uses a [rent-a-bank](#) scheme to evade consumer protections and charge customers triple-digit interest rates on its personal installment loan product. Evidence of this can be seen in OppFi's own loan documents, filings with the U. S. Securities and Exchange Commission (SEC), and complaints submitted to the Consumer Financial Protection Bureau (CFPB).

OppLoans Sample Loan Document

Loan terms for OppFi's product, OppLoans, can be found in the promissory note created at the initiation of a loan. Below are portions of the first and second pages of a sample promissory note from OppFi in 2022.¹

The original amount financed is \$1,700, with an Annual Percentage Rate (APR) of approximately 160%. The finance charge is about \$2,821, for a total repayment amount of \$4,521, assuming there are no late fees or additional charges.

OppFi partners with Finwise Bank, a bank chartered in Utah, to provide the loan. In many states with rate caps on personal loans, this partnership would allow OppFi to evade state interest rate limits.

Loan Effective Date 09/20/2022

LENDER: FinWise Bank

ADDRESS: C/O Opportunity Financial, LLC
130 E Randolph St, Suite 3400

CITY: Chicago

STATE: IL

ZIP CODE: 60601

PHONE: (800) 990-9130

BORROWER: [REDACTED]

MAIN PHONE: [REDACTED]

WORK PHONE: [REDACTED]

MOBILE PHONE: [REDACTED]

ADDRESS: [REDACTED]

CITY: [REDACTED]

STATE: [REDACTED]

ZIP CODE: [REDACTED]

FEDERAL TRUTH IN LENDING DISCLOSURE STATEMENT

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate. 159.56%	The dollar amount the credit will cost you. \$2,821.60	The amount of credit provided to you or on your behalf. \$1,700.00	The amount you will have paid after you have made all payments as scheduled. \$4,521.60

Your payment Schedule will be:

Payment Number	Payment Amounts	Payment Dates	Payment Number	Payment Amounts	Payment Dates
1	\$113.04	09/30/2022	21	\$113.04	07/07/2023
2	\$113.04	10/14/2022	22	\$113.04	07/21/2023
3	\$113.04	10/28/2022	23	\$113.04	08/04/2023
4	\$113.04	11/11/2022	24	\$113.04	
5	\$113.04	11/25/2022	25	\$113.04	
		12/09/2022	26	\$113.04	
		12/23/2022	27	\$113.04	
		01/06/2023	28	\$113.04	
		01/20/2023	29	\$113.04	
		02/03/2023	30	\$113.04	
		02/17/2023	31	\$113.04	
12	\$113.04	03/03/2023	32	\$113.04	
13	\$113.04	03/17/2023	33	\$113.04	
14	\$113.04		34	\$113.04	
15	\$113.04		35	\$113.04	
16	\$113.04		36	\$113.04	
17	\$113.04		37	\$113.04	
18	\$113.04		38	\$113.04	
19	\$113.04		39	\$113.04	
20	\$113.04		40	\$113.04	

The payment schedule reflects 40 bi-weekly payments. The loan will take 20 months to pay off.

Of the \$1,700 financed, only \$724 was disbursed to the borrower. The remaining funds were applied to an existing loan.

The loan agreement contains a "high cost credit disclosure" and states that OppLoans are meant to be short-term loans. However, this loan is a refinanced loan that is extending the period of the borrower's indebtedness from a prior loan. Moreover, there is little evidence that high-cost loans "empower everyday consumers to build better financial health," as OppFi misleadingly claims on its website.

PREPAYMENT: You may pay your loan early without any prepayment penalty. You may be charged a fee.
SECURITY: This loan may be secured by your Payment Authorization.

- Itemization of Amount Financed:
- Amount provided directly to you \$724.16
 - Amount paid on your existing loan (Existing Payoff Amount) [REDACTED] \$975.84

HIGH COST CREDIT DISCLOSURE: This is an expensive form of credit. Our loans are designed to help consumers meet short term borrowing needs and NOT intended as a long term credit solution. Alternative forms of credit may be less expensive and more suitable for your financial needs. You should compare the cost of other options with this loan before executing this Note. Paying late or making partial payments may increase the amount of the finance charges that you pay and could increase the term of your loan.

ARBITRATION DISCLOSURE: This Promissory Note includes an Arbitration Clause (the "Arbitration Clause"). In the event of a dispute related to this loan, your ability to have the dispute resolved in court is limited. You can "opt out" of the Arbitration Clause as set forth below. Please review the Arbitration Clause carefully before signing this Note.

OppFi will make three attempts to withdraw payments from consumer accounts, causing overdraft and NSF fees to accumulate.

Changes to Payment Schedule. You authorize us to initiate Automated Payments in accordance with any modified payment arrangement to which you and we agree. We may adjust the Matur Date Automated Payment for any decreased amount you owe, based on your payment history, or for any increased amount you instruct us to debit.

Additional Payments. If any amount under this Note remains outstanding after the Automated Payment on the Maturity Date, and you do not instruct us to debit such amount on the Maturity Date, then you authorize us to initiate one or more additional Automated Payments after the Maturity Date and until your obligations are paid in full at the same payment frequency as reflected in your Payment Schedule. No such Automated Payment shall exceed the lesser of (a) the final scheduled payment amount set forth in your Payment Schedule, or (b) the remaining balance, including fees, charges, and interest. You further authorize us to initiate separate electronic payments from the Bank Account for any other amounts due under this Note.

Termination. You understand and acknowledge that you may terminate this authorization by notifying us at (800) 990-9130 or info@opplans.com or by mail to OppLoans, ATTN: Compliance Department, One Prudential Plaza, 130 E Randolph St, Suite 3400, Chicago, IL 60601 at least three (3) business days before you wish to terminate this authorization.

Range of Debits and Notice of Variation. You have the right to receive notice of all regularly recurring and varying Automated Payments. Unless otherwise instructed by you, each regularly recurring Automated Payment will be in an amount ranging from \$0.01 to one-and-a-half (1.5) times the scheduled payment amount set forth in the Payment Schedule. You may elect to receive advance notice of the date and amount of each regularly recurring Automated Payment that varies from the scheduled payments if you notify us by communicating with OppLoans at (800) 990-9130, or at One Prudential Plaza, 130 E Randolph St, Suite 3400, Chicago, IL 60601. If an Automated Payment will fall outside the specified range above, then we will electronically notify you of the amount of the Automated Payment and the date on or after which the Automated Payment will be initiated, at least ten (10) calendar days in advance.

Other Payment Arrangements. If we agree, you may enter into a modified payment arrangement that may change certain terms of this authorization. If you and we agree to change any terms of this authorization, we will send you written confirmation of such change, and all provisions of this authorization not changed will remain in full force and effect. To the extent you and we agree to a modified payment arrangement, your obligations under this authorization will remain in full force and effect as applicable to such payment arrangement. Unless otherwise specified in the terms of your modified payment arrangement, you complete your obligations, or we terminate a modified payment arrangement, then you authorize us to initiate Automated Payments from the Bank Account on the dates and in the amounts set forth in your original Payment Schedule in accordance with this authorization and if needed, extending beyond your original Payment Schedule.

Error Correction. In the event we make an error in processing any payment, you authorize us to initiate a payment to or from the Bank Account to correct the error. If you believe we have initiated a payment in a manner not contemplated by this authorization, then please contact OppLoans at (800) 990-9130, or One Prudential Plaza, 130 E Randolph St, Suite 3400, Chicago, IL 60601.

Re-initiation. If any Automated Payment is dishonored, you authorize us to re-initiate such Automated Payment up to two (2) more times (if necessary). You understand that your bank may charge you non-sufficient funds fees for any dishonored payment, including any re-initiated Automated Payment attempt. You agree that we are not liable for such fees.

OppFi, OppLoans, and Consumer Experiences

The CFPB serves as one of the financial protection enforcement agencies for consumers and their families across the United States. As part of monitoring consumer experiences with financial products, the CFPB established the Consumer Complaint Database to share consumers' reported experiences with various companies. The following are sample entries from consumers related to their experiences with OppLoans:

Complaint Number	Date Submitted	State	Complaint Narrative
59935680	9/19/2022	NC	<i>I took out a loan XX/XX/XXXX for {\$2700.00}. I did not realize the interest rate was 160 % interest. I have made a {\$230.00} every two weeks since XX/XX/XXXX (6 payments) which total {\$1100.00} and ONLY {\$160.00} of that {\$1100.00} has gone towards the principal amount of {\$2700.00}. After 6 payments ({\$1100.00} total), I still have a pay off balance of {\$2500.00}! Please help me!! This is criminal according to the XXXX XXXX Laws with a 36 % max interest rate of personal contracted loans under {\$5000.00}.</i>
6072744 ²	10/11/2022	MO	<i>I have disputed this debt with your company several times because you are charging me an interest rate of 158.82 % far exceeding the permissible interest allowed in Missouri.... Your negligence is ruining my credit rating and I request this be removed from my account since you violated your own arbitration agreement.</i>
5040230	12/25/2021	FL	<i>On XX/XX/2021, I entered into a contract with OppLoans for a {\$1700.00} loan. I was not aware of the 159.49 % APR until after I had received the paperwork and deposit. I didnt see it. See attached. I am happy to pay the {\$1700.00} that they sent me but I will not send that money in interest. They have scammed me and not told me everything up front.</i>
3575692	3/22/2020	AZ	<i>I applied for a loan with XXXX who denied me then referred me to XXXX who took all info my then OppLoan popped up saying congratulations with the most outrageous option for a XXXX loan ever. The option was XXXX a month for 3 years at 160 % interest which would result in me paying that company back XXXX for a XXXX loan! I am sending screen shots of this. I did not complete the app because that is extreme predatory lending!</i>

Consumers, Policymakers, and Investors Should be Vigilant Over OppFi’s Lending Practices

Overall, the impact of OppFi's products and practices highlights the need for stronger consumer protections and regulations to prevent predatory lending practices and protect vulnerable borrowers. In states where OppFi lends directly, consumers, advocates, and policymakers should be aware of ongoing and problematic lending practices as demonstrated in the sample loan document and described in the borrower complaints. In states where OppFi utilizes a rent-a-bank scheme, state policymakers should ensure state consumer lending statutes are comprehensive and inclusive of rent-a-bank anti-evasion language. Consumers, policymakers, and investors should be fully aware of OppFi's history, as well as their current practices, and remain vigilant to ensure sufficient safeguards for all families.

¹ Full loan document on file with the Center for Responsible Lending.

² Complaint Narrative has been shortened for this example. View full complaint at Search the Consumer Complaint Database | Consumer Financial Protection Bureau (consumerfinance.gov).

Adding Fuel to the Fire: OppFi Hurts, Does Not Help, Borrowers' Credit Health

April 2023

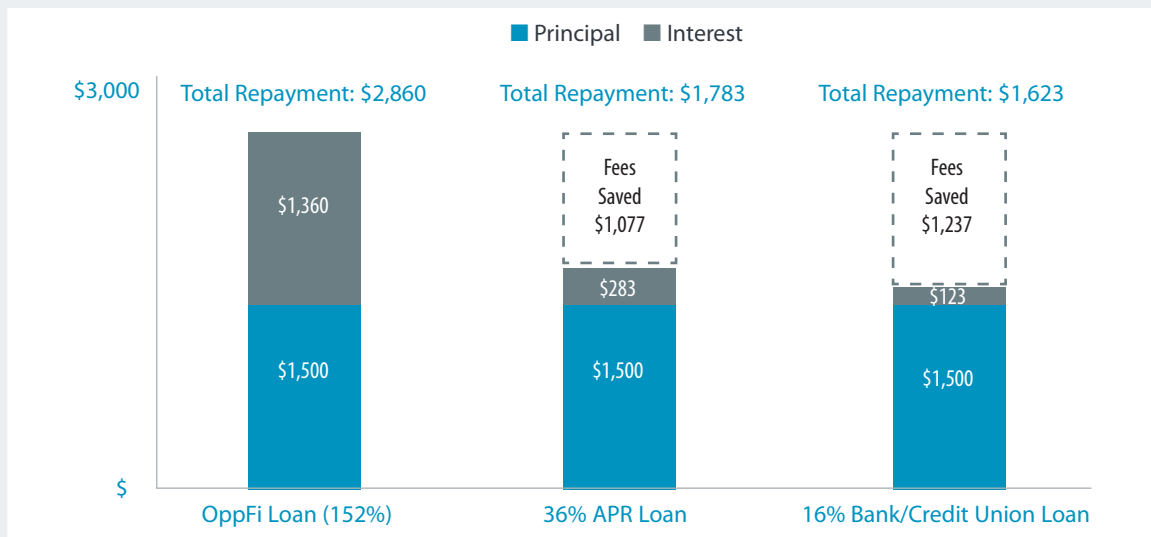
Opportunity Financial, also known as OppFi, is a consumer lending company based in Chicago, Illinois that offers personal installment loans. Although OppFi's stated mission is to "empower everyday consumers to rebuild their financial health," OppFi is a legacy subprime lender. The company uses a rent-a-bank scheme to evade consumer protections and [charge customers triple-digit interest rates](#) on its personal installment loan product.¹ In a rent-a-bank scheme, a lender partners with an out-of-state bank. The lender uses that bank's charter to make loans at rates up to five times greater than the 36% rate cap in place in many states where they operate.² With 95% of their loans made through rent-a-bank arrangements, OppFi predominantly relies on these bank partnerships to make high-cost loans to consumers in states that have prohibited such loans, due to their propensity to create a debt trap.³

Despite professing to provide an essential service to the credit and income constrained, OppFi saddles its customers with high-priced debt that is often difficult for borrowers to repay on time while meeting other financial obligations. This can lead to delinquency, default, or missed payments on other debts, which in turn can lead to late fees and sometimes debt collection lawsuits. Carrying high-cost debt can also make it harder for customers to qualify for loans with better terms, thereby reducing their access to more affordable credit.

OppFi Charges Consumers Triple-Digit Interest Rates for Large Loans

OppFi offers loans ranging from \$500 to \$4,000 with 9- to 18-month terms, charging Annual Percentage Rates (APRs) up to 160%.⁴ OppFi reports that its average loan size is approximately \$1,500 with an 11-month term. Its average effective interest rate on personal installment loans is 152%, showing that most consumers obtaining loans from OppFi pay nearly the highest rates offered.⁵ To repay a \$1,500 11-month loan with a 152% APR, a borrower would pay \$1,360 in interest in addition to repaying the original amount borrowed (see Figure 1). Alternatively, to repay a \$1,500 loan at 16% APR (a rate roughly equal to the typical interest rate on a credit card or loan from a bank or a credit union) a borrower would pay only \$123 in interest and fees.

Figure 1: Total Repayment Costs for a \$1,500 Loan with an 11-Month Term



Source: CRL calculations.

High Delinquency and Default Rates That Harm Customers Are Built into OppFi's Business Model

OppFi contends that it helps its customers build credit, and yet its loan portfolio's performance indicates otherwise. Although OppFi doesn't disclose its customers' delinquency rates or loan-level repayment outcomes, its astronomical charge-offs and high levels of default indicate that a sizable share of its customers are not successfully repaying their loans. In 2022, OppFi reported a 62% charge-off rate, and a 20% default rate on its outstanding principal balance.⁶ OppFi's interest rates are so high that even with net charge-offs of around 40%, OppFi still comes out ahead. But large swaths of OppFi's customer base do not. Extremely high rates of loan delinquencies and defaults are embedded into OppFi's business model.

When asked during an investor call whether that heightened level of borrower default was sustainable for the business in the future, OppFi's CEO, Todd Schwartz, said high charge-off rates are the cost of doing business. Schwartz then explained to OppFi's investors that even with net charge-off rates in the low forties or high thirties, OppFi generates sufficient revenue to remain profitable. In describing how high default rates are not a threat to the business model, Schwartz's exact words were: "We'll always strive to kind of target that and hit that metric."⁷ This stunning admission demonstrates that OppFi's business model permits more than one third of its customers—which number in the thousands—to suffer the adverse consequences of default.

Contrary to Its Marketing Claims, OppFi Loans Do Not Improve Customers' Credit Health

Despite OppFi's claims that its product improves the credit health of its customers, missed payments on loans and loan defaults lead to adverse credit outcomes that worsen borrowers' financial well-being. Previous CRL research measuring the credit and financial health outcomes of high-cost installment loan borrowers found that one in four borrowers with past due loans had their wages garnished and/or their car repossessed.⁸

Far more often than not, OppFi practices hurt borrowers' credit scores. OppFi reports the negative outcomes of its defaulted loan customers to credit reporting agencies, making it harder for them to access credit in the future. The District of Columbia Attorney General's office found that OppFi reports negative credit outcomes three times more frequently than it reports positive outcomes.⁹

OppFi Evades State Consumer Protections through Rent-A-Bank Schemes

Because OppFi charges triple-digit interest rates to maintain profitability despite its elevated default rate, the company currently originates 95% of its loans through "partnerships" with out-of-state banks to evade state rate cap laws.¹⁰ Although OppFi does make direct loans without bank partners in states that have lax state rate cap laws, direct lending accounts for a small share of its business. All three of OppFi's bank partners—Finwise Bank, Capital Community Bank, and First Electronic Bank—are exclusively located in Utah, a state with no substantive interest rate limits.¹¹ And through these bank partnerships, OppFi has also made loans to more than 30 million adults living in states with interest rate cap laws that make it illegal for people living there to be charged triple-digit rates.¹²

There is little doubt that OppFi is the true lender and that its bank partners are not the lenders for their loans. SEC filings make clear that OppFi is responsible for the marketing, origination, and servicing costs of their OppLoan product. Moreover, OppFi uses its own technology to make underwriting decisions.

Ultimately, the true lender is defined as the entity that holds the predominant economic interest in the loan in precedent upheld by state regulators and state attorney generals.¹³ During a presentation to investors in 2021, OppFi shared the following: In the typical life cycle of a loan, they receive \$1,657 in average revenue per customer. OppFi realizes all \$530 in profits from the loan, and Finwise receives only a portion of the servicing costs, which totals \$138.¹⁴ Two months later, former OppFi CFO Shiven Shaw told investors that "[a]fter banks originate the product [loan] through a platform, we buy back the majority of economic interests."¹⁵ OppFi seems more than willing to claim economic interest of the loan to reassure investors, contrary to what it tells state regulators.

Consumers, Policymakers, and Investors Should Scrutinize OppFi's Predatory Lending Practices

In October 2021, the District of Columbia Attorney General, Karl Racine, filed a lawsuit against OppFi for making allegedly illegal loans to more than 4,000 District residents. OppFi was evading the District's 24% interest rate cap on consumer loans through its rent-a-bank partnership with Finwise Bank, a state-chartered bank in Utah.¹⁶ The lawsuit details how OppFi "misrepresent[ed] its high interest loans as fast and easy cash and falsely claim[ed] that its loans would help struggling consumers build credit."¹⁷ Most District residents covered under this lawsuit received loans with a 160% APR—nearly seven times the District's rate cap of 24%. Ultimately, OppFi agreed to pay a \$2 million settlement as compensation for the harms done to District residents who received loans in violation of the 24% rate cap.¹⁸

Overall, the harms of OppFi products and practices highlight the need for stronger consumer protections and regulations to prevent predatory lending practices and protect vulnerable borrowers. In the four states where OppFi lends directly, consumers, advocates, and policymakers should be aware of ongoing and problematic lending practices that result in high interest, high delinquency, and high default rates. In states where OppFi utilizes a rent-a-bank scheme, which accounts for 95% of its business, regulators should vigorously enforce existing state laws against OppFi, and state policymakers should ensure state consumer lending statutes are comprehensive and inclusive of rent-a-bank anti-evasion language. Consumers, policymakers, and investors should be fully aware of OppFi's history and remain vigilant to ensure sufficient safeguards for all families.

Endnotes

¹ For more information on the harms of rent-a-bank activity and CRL's past advocacy on this issue please see letter, FDIC Must Stop Banks from Fronting for Predatory Lenders. (February 2022). *Center for Responsible Lending*. <https://www.responsiblelending.org/research-publication/fdic-must-stop-banks-fronting-predatory-lenders> and The Rent-A-Bank Scheme. *Center for Responsible Lending*. [rent-a-bank-infographic.pdf](https://www.responsiblelending.org/infographic.pdf) ([responsiblelending.org](https://www.responsiblelending.org))

² Saunders, L. (2013). Why 36%? The History, Use, and Purpose of the 36% Interest Rate Cap. (p. 3) *National Consumer Law Center*. <https://www.nclc.org/images/pdf/pr-reports/why36pct.pdf>

³ OppFi's 2022 SEC 10-K reported that 95% of originations were made by servicing bank partners. See OppFi United States Securities and Exchange Commission (SEC) Form 10-K for the fiscal year ended December 31, 2022. (March 2023). For access to OppFi SEC filings, see <https://investors.oppfi.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=100317366849>.

⁴ OppFi publishes their loan pricing and terms on their website. <https://www.opploans.com/rates-and-terms/>

⁵ OppFi United States Securities and Exchange Commission (SEC) Form 10-K for the fiscal year ended December 31, 2022. (March 2023). For access to OppFi SEC filings, see <https://investors.oppfi.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=100317366849>.

⁶ Ibid.

⁷ OppFi Inc. (OPFI) Q3 2022 Earnings Call Transcript. (November 2022). *Seeking Alpha*. <https://seekingalpha.com/article/4555683-oppfi-inc-opfi-q3-2022-earnings-call-transcript>

⁸ Glottmann, S., Rios, C., and Pete Smith. (September 2022). Unsafe Harbor: The Persistent Harm of High-Cost Installment Loans. [crl-safe-harbor-low-sep2022.pdf](https://www.responsiblelending.org/crl-safe-harbor-low-sep2022.pdf) ([responsiblelending.org](https://www.responsiblelending.org))

⁹ District of Columbia v. Opportunity Financial. Complaint for Violations of the Consumer Protection Procedures Act. (p. 8). [OppLoans-Complaint-final.pdf](https://www.opportunityfinancial.com/wp-content/uploads/2022/08/Opportunity-Financial-v.-District-of-Columbia-Complaint-for-Violations-of-the-Consumer-Protection-Procedures-Act.pdf) (dc.gov) p. 8

¹⁰ OppFi United States Securities and Exchange Commission (SEC) Form 10-K for the fiscal year ended December 31, 2022. December 31, 2022. (March 2023). For access to OppFi SEC filings, see <https://investors.oppfi.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=100317366849>.

¹¹ OppFi is a direct lender to its customers in AL, GA, NV, and WI. For more information on OppFi's bank partners, see their website here, <https://www.opploans.com/bank-servicing/>.

¹² Author calculates the population totals of 18 and older individuals living in states where OppFi offers loans at a higher interest rate than state law permits through bank partnerships. To calculate state populations, the author used the "P3|Race for the Population 18 Years and Over" table from the 2020 Decennial Census. [https://data.census.gov/table?q=&y=2020&d=DEC+Redistricting+Data+\(PL+94-171\)&tid=DECENNIALPL2020.P3](https://data.census.gov/table?q=&y=2020&d=DEC+Redistricting+Data+(PL+94-171)&tid=DECENNIALPL2020.P3). For the most current data on state rate cap laws for high-cost installment loans see, C. Carter. (June 2022). Predatory Installment Lending in the States. *National Consumer Law Center*. <https://www.nclc.org/resources/predatory-installment-lending-in-the-states-2022/>

¹³ The OCC and FDIC Plan to Trample State Laws by Gutting the Longstanding "True Lender" Doctrine. (August 2020) *Center for Responsible Lending*. [crl-gutting-true-lender-rule-10aug2020.pdf](https://www.responsiblelending.org/crl-gutting-true-lender-rule-10aug2020.pdf) ([responsiblelending.org](https://www.responsiblelending.org))

¹⁴ OppFi Investor Presentation (February 2021). <https://www.opploans.com/wp-content/uploads/2021/01/Investor-Presentation-02.10.2021-final.pdf> Slide 23.

¹⁵ OppFi Inc. (OPFI) CEO Jared Kaplan on Q2 2021 Results–Earnings Call Transcript. (August 2021). *Seeking Alpha*. <https://seekingalpha.com/article/4447953-oppfi-inc-opfi-ceo-jared-kaplan-on-q2-2021-results-earnings-call-transcript>

¹⁶ Press Release, AG Racine Sues Online Lender for Making Predatory and Deceptive Loans to 4,000+ District Consumers. (April 2021). *Office of the Attorney General for the District of Columbia*. <https://oag.dc.gov/release/ag-racine-sues-online-lender-making-predatory-and>

¹⁷ Ibid.

¹⁸ Press Release, AG Racine Announces Over \$2 Million Settlement with Predatory Online Lender Will Compensate Thousands of District Consumers. (November 2021). *Office of the Attorney General for the District of Columbia* <https://oag.dc.gov/release/ag-racine-announces-over-2-million-settlement>

THE RENT-A-BANK SCHEME consists of these 5 STEPS:

1 High-cost lender advertises loan in its own name to borrower.



High-Cost Lender



2 High-cost lender takes loan application from borrower.



Borrower



3 High-cost lender arranges for bank to put their name on the loan to avoid state lending laws.



High-Cost Lender



4 Money is sent to borrower.



Out-of-State Bank



5 Consumer interacts with and repays the high-cost lender, and the loan is serviced by the high-cost lender.



Borrower



Rent-A-Bank Lenders Defy the Will of Voters and Lawmakers and Prioritize Out-Of-State Lenders

Rent-a-Bank schemes allow unscrupulous banks and online lenders to flout the judgment of legislators and the people they serve.

Voters in recent years have passed rate caps by formidable margins in states like Nebraska, Colorado, and South Dakota, and lawmakers in New Mexico and Minnesota also have responded to their residents' concerns by passing legislation to cap rates on payday loans and protect their citizens from predatory lending. By exploiting DIDMCA rate export provisions, unscrupulous lenders continue their business inside these states despite the intentions of the people who work, live, and vote there.

Beyond ignoring the will of lawmakers and the public, exporting the higher rates allowed under DIDMCA favors out-of-state banks over hometown lenders who comply with the law.

Online lenders brazenly use state-chartered banks to evade state law. For example, when California passed a rate cap law in 2019, two public companies—Elevate and Enova—bragged to their investors that they already had a way to thwart the intentions of lawmakers who wanted predatory lenders out of their communities.

Thanks to Rent-a-Bank, online lenders are able to boast about maneuvering around legislation:

Elevate: “[W]e expect to be able to continue to serve California consumers via bank sponsors that are not subject to the same proposed state level rate limitations.” (*Elevate Credit Inc. earnings call, pages 5–6, 10; July 29, 2019, SeekingAlpha.com.*)

Real-life example

Elevate offers a **RENT-A-BANK** product called “Rise” with APRs from 99–149% on installment loans ranging from \$500–\$5,000.

DIDMCA Opt-Out: A Simple, Effective, Solution to Rent-a-Bank Lending

State attorneys general have fought this out-of-state abuse of local lending laws in the courts, but litigation is time-consuming and expensive—and the sheer volume of these evasions makes it impossible to shut them all down one-by-one.

Opting out of DIDMCA gives attorneys general and other regulators clear authority to act, prioritizes banks and lenders that follow the law, and honors the lending policies put in place by legislators and voters who want to protect their neighbors from financial abuse and wealth-stripping debt traps.

To learn more or to take action, visit ResponsibleLending.org/RentABank

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