

# United States Senate

March 21, 2020

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

The Honorable Charles Schumer  
Senate Minority Leader  
United States Senate  
S-221 United States Capitol  
Washington, DC 20510

Dear Leader McConnell and Leader Schumer,

As we look to weather our Nation's health and economic crisis, we respectfully request that you include a temporary 36 percent usury cap rate for all consumers in the upcoming COVID-19 stimulus package. Consumers and small businesses who are starved for cash should not be gauged by unscrupulous lenders; therefore, including a usury cap rate during this National Emergency is essential to protecting American consumers.

The provision should be modeled on the Small Business and Consumer Emergency Credit Act, legislation that we plan to introduce shortly. This legislation would amend the Truth in Lending Act to extend to all consumers the credit protections provided to members of the Armed Forces and their dependents under Title 10 of the United States Code throughout the duration of the COVID-19 National Emergency. That interest-rate cap would be the maximum amount lenders can charge under Federal law, but it would still allow States 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 Maryland's 24 percent cap and New York's 25-percent cap.

Providing a temporary usury cap for all American consumers would extend to them no more than the same protections already provided to service members and their families. A 36-percent rate cap is also the same rate cap set by Congress in the Military Lending Act (MLA). The MLA was passed in 2006 because of the harmful impact that high-cost predatory lending was having on our servicemembers. These impacts added increased burden and stress on service members and their families as America waged war in Iraq and Afghanistan.

As Americans are staying home and some businesses are halting operations to help fight the spread of COVID-19 the economic impacts are being felt by everyone. Many businesses are closing and workers are being laid off and furloughed. Workers' families will need to access emergency cash because 40 percent of Americans do not have the wherewithal to come up with \$400 in an emergency funds. Further, a recent survey of 1,500 business participants in Goldman Sachs' 10,000 Small Businesses program found that 96 percent of small businesses already have been impacted by the crisis, and 51 percent say that their business will be able to continue for only 0-3 months. Americans workers and American small businesses who are seeking emergency funds to survive should not have to face onerous usury rates during this time of crisis.

Thank you for your consideration of this proposal that will help consumers and small businesses alike.

Sincerely,

/s/ Chris Van Hollen

/s/ Sherrod Brown