



September 3, 2020
Acting Comptroller of the Currency
Brian Brooks
400 7th St SW
Washington, DC 20219

Re: Comments on Proposal "National Banks and Federal Savings Associations as Lenders"
Docket ID: OCC-2020-0026 RIN 1557-AE97

Dear Mr. Brooks:

Prosperity Indiana appreciates the opportunity to express our strong opposition to Office of the Comptroller of the Currency's proposed 'Rent-a-Bank' rule defining "true lender." This rule would allow predatory lenders to evade state imposed rate caps by laundering loans through banks, enabling them to charge triple-digit interest rates even when states have already capped interest at much lower levels. By allowing this practice, the OCC is trampling on existing State consumer protections and encouraging predatory and high cost lending that will trap people in debt. Our organization represents a network of nearly 200 community economic development organizations dedicated to helping low-income Hoosiers achieve and maintain economic security in each of our state's 92 counties.

Prosperity Indiana's membership is dedicated to creating inclusive opportunities that build assets and improve lives throughout every region of our state. Our network is diverse, but united by a mission to transform Hoosier communities. In particular, our members are dedicated to strengthening communities that are economically distressed through comprehensive solutions in rural, urban, and suburban neighborhoods. Expanding consumer protections against predatory lenders in order to build financial security is the heart of our work, and this rule would move Indiana and the nation in the opposite direction.

Since the organization's founding in 1986, Prosperity Indiana members have not only met basic human needs, such as providing food and shelter, but also ensure low-income Hoosiers have the tools and resources required to attain and maintain economic sufficiency. We actively engage our membership on policy issues through a variety of mediums to identify areas where community development approaches are effective, and where they should be improved upon to



be responsive to local needs. Our members have been greatly involved in the COVID-19 pandemic response and their resources strained by attempts to assist the hardest-hit Hoosiers and their communities in the ensuing economic fallout.

The “Rent-a-Bank” rule would directly harm Hoosiers hardest hit by the COVID-19 pandemic and economic depression. Even before the pandemic, 37.9 percent of Hoosiers did not have emergency savings of \$400, and 37.5% did not have liquid assets to survive to subsist at the poverty level for three months in the absence of income. This means that more than one in three Hoosiers were unprepared to withstand the economic shocks that the pandemic has brought, leaving them especially susceptible to the predatory lending that this rule would expand. The impact of the pandemic, which has caused 986,341 Hoosiers to file for unemployment to date, means that this is the exact wrong time to backfill the economic damage with bad loans from predatory lenders.

Prosperity Indiana has recently completed a series of regional meetings with our community economic development membership throughout Indiana. Increasing consumer protections in the face of the economic fallout of the pandemic was a consistent theme that our members brought up, both in conversations and in the results of the accompanying policy priorities survey. Across all areas of federal consumer protection and asset development policy priorities, our members consistently want us to “take action against unfair lending practices and promote a fairer financial market” over the next year. Allowing the expansion of “Rent-a-Banks” through this rule would go against the wishes of our membership, defying their experience and expertise in this field.

Hoosiers, and the community economic development organizations who serve them, oppose the expansion of predatory lending, such as the “Rent-a-Banks”, allowed by this proposed rule. Especially in this time of great economic turmoil, we instead need to see investment in alternatives to predatory lending that help lenders build assets and financial stability to keep wealth growing in our communities. A successful example in Indiana that should be invested in and expanded are our Community Loan Centers. Community Loan Center of West Central Indiana serves Lafayette and Hoosiers in the surrounding region. Executive Director Marie Morse has said they “have witnessed first-hand the egregious effects that predatory lending has on low- and moderate-income families. When a family faces a financial setback, they sometimes turn to payday lenders who market their products as short-term solutions.” And while HomesteadCS does have a program to offer an affordable alternative to predatory lending, too



few Hoosiers are served by such options; as a result, they would be exposed further to predatory “Rent-a-Banks” if this rule is approved.

It is for these reasons that we oppose the proposed “National Banks and Federal Savings Associations as Lenders” or “Rent-a-Bank” rule. Hoosiers cannot risk the additional financial harm that this rule would bring, and Indiana cannot afford to have its families and communities further destabilized during this pandemic. We urge you to rescind this rule and reevaluate other options to bring equitable financial assets and opportunities that strengthen our communities.

Sincerely,

Andrew Bradley
Policy Director
Prosperity Indiana
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