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August 24, 2020

Brian P. Brooks
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

**Re: Proposed rule concerning “National Banks and Federal Savings Associations as Lenders”
(Docket ID OCC-2020-0026)**

Dear Acting Comptroller Brooks:

I am writing in opposition to the proposed rule (Docket ID OCC-2020-0026) which would eviscerate New York State’s longstanding predatory lending protections. The proposal would unleash the very schemes our laws were designed to prevent and allow predatory lenders to charge outrageously high interest rates, even exceeding 100% APR. We are in the midst of an unprecedented pandemic and economic crisis. Now more than ever, New Yorkers are vulnerable to predatory lending.

New York State does not allow interest rates over 25%. This protects our constituents from predatory financial instruments like payday loans that average 400% APR nationwide. As a result, New Yorkers save nearly \$790 million every year in fees that these predatory entities would have otherwise collected. These companies target low-income and Black and brown communities to strip their wealth and trap them in never-ending cycles of debt.

This proposed rule guts the “true lender” doctrine and paves the way to allow unregulated lenders to skirt NYS laws. For years, predatory lenders have pursued “rent-a-bank” schemes where they find national banks willing to partner with them as the originator of the loans. This allows them to evade state laws because national banks do not have to adhere to state interest rate limits. The “true lender” doctrine has been successful in stopping these schemes because it establishes that the true lender is the party with the most economic interest in the loan. However, this proposed rule would establish the national bank as the true lender as long as its name is on the agreement.

Acting Comptroller Brooks

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New Yorkers are battling both the COVID-19 pandemic and the economic crisis that resulted from it. Workers are still struggling on unemployment, business owners are struggling with reduced revenue and homeowners and renters are struggling with the cost of housing. This proposal would devastate the livelihood of our constituents, impede our recovery efforts and exacerbate existing economic inequities.

I am strongly opposed to this proposed rule change and this effort to usurp the strong consumer protection laws of New York. I urge you to withdraw this proposal immediately.

Respectfully,

A handwritten signature in blue ink, appearing to read "Velmanette Montgomery".

New York State Senator Velmanette Montgomery
Senate District 25