



Center for Responsible Lending

February 5, 2026

The Honorable Nathan Sosa, Chair
House Committee on Commerce and Consumer Protection
State Capitol
900 Court Street, NE
Salem, OR 97301

Re: Support House Bill 4116

Dear Chair Sosa, Vice-Chairs Chaichi and Osborne, and Members of the Committee:

I write on behalf of the Center for Responsible Lending (“CRL”) to offer strong support for House Bill 4116 (“HB 4116”). The bill will close a loophole that allows out-of-state lenders and banks **to make loans at annual percentage rates of up to 190%, far above the 36% cap the Oregon Legislature has set for loans made to Oregonians since 2007.**

CRL is a non-profit, non-partisan policy and research organization dedicated to building family wealth by eliminating predatory lending and debt collection practices that push families further into poverty. CRL is affiliated with Self-Help Credit Union, a national community development financial institution that provides access to safe, affordable financial services to low-income communities and borrowers.

State interest rate limits are a vital consumer protection. They prevent loans from trapping borrowers in unmanageable debt and exacerbating financial distress. This applies to both small loans with extremely high interest rates and to larger loans with relatively lower interest rates, where charges can accumulate quickly.

Triple-Digit Interest Rate Loans Trap Borrowers in Unaffordable Debt

Among the most irresponsible loan products are installment loans at triple-digit interest rates. The combination of higher principal amounts and exorbitant interest rates traps borrowers in prolonged, unaffordable debt. Take one real example of an irresponsible online loan offered by Opportunity Financial (“OppFi”), which testified against the HB 4116 at Tuesday’s hearing. The customer borrowed \$1,700 over 20 months at 160% APR, paying **over \$2,800** in finance charges

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and making a total of **over \$4,500 in payments**.¹ Over the first three months of payments, the borrower paid roughly \$620 total, yet **only \$95 of that amount went to pay down the principal**, with the remainder going to interest payments resulting from the sky-high rate. After those three months, the **borrower still owed over \$1,600 in principal**, despite making over \$600 in payments.

OppFi is not alone. Another lender that testified against HB 4116, Elevate, likewise offers installment loans to Oregon residents at interest rates well above the state's 36% cap, with APRs exceeding 100%. In 2022, the District of Columbia Attorney General secured a nearly \$4 million settlement with Elevate Credit, Inc. after finding the company deceptively offered high-cost loans—some APRs as high as 99-251%—to over 2,500 District consumers, required refunds and interest waivers, and mandated that Elevate stop charging rates above the District's legal cap.²

CRL's analysis of transactional data from OppFi borrowers shows that approximately **34% of OppFi borrowers refinanced their loans at least once**.³ On average, borrowers who refinanced did so twice, and 10% refinanced five or more times. The median number of days between the initial loan and refinance (or consecutive refinances) was 91 days. While not every refinance is harmful, the prevalence and frequency of refinancing indicate that these loans are often unaffordable at origination and function to extend borrowers' periods of indebtedness rather than provide a path to repayment. For example, one borrower refinanced their OppFi loan several times and remained indebted for more than 26 months, making payments of \$180 twice a month, while another refinanced more than a dozen times between 2020 and November 2024—about every three months—illustrating how repeated refinancing can turn a short-term loan into a prolonged and unaffordable debt obligation.

Loans such as these, which online lenders make to Oregon residents, are so harmful because they misalign the incentives between lenders and borrowers. In a well-functioning loan market, lenders profit only when borrowers can successfully repay their loans according to the terms. With sky-high interest rates, however, borrowers often repay an amount equal to the loan principal very quickly, allowing the lender to recoup its investment in far less time than the stated loan term. As a result, lenders can recover their costs even when borrowers ultimately default. In these circumstances, lenders have reduced incentives to thoroughly assess borrowers' ability to repay,

¹ *Burned Borrowers: A Look at the Experiences of OppFi Customers*, CRL (April 2023), available at <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-burned-borrowers-oppfi-7apr2023.pdf>.

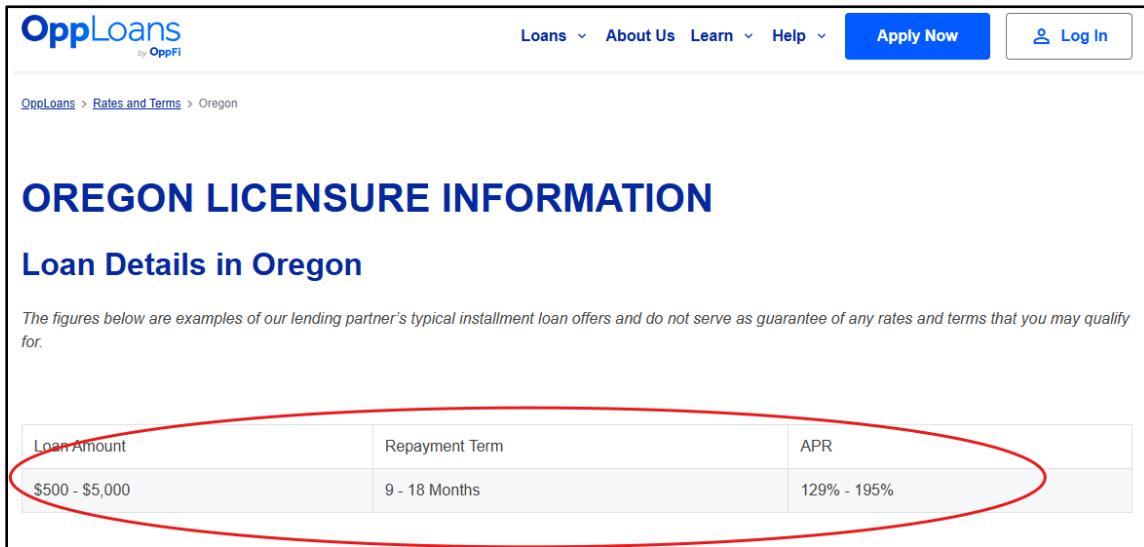
² “AG Racine Announces Nearly \$4 Million Settlement with Predatory Online Lender That Will Compensate Thousands of District Consumers,” Newsroom (Feb. 2022), available at <https://oag.dc.gov/release/ag-racine-announces-nearly-4-million-settlement>.

³ *Lost Opportunities: How OppFi Traps Borrowers in Unaffordable Debt*, CRL (Jan. 2026), available at <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-lost-opportunities-jan2026.pdf>.

leading to widespread unaffordable lending. **This breakdown in affordability is reflected in OppFi's own disclosures: the company's most recent 10-K filing reports a net charge-off rate of 51.4% (as a percentage of average receivables).**⁴

Closing the Rent-A-Bank Loophole and Restoring Oregon's Authority

How do irresponsible lenders make 195% APR loans in Oregon despite the state's 36% APR interest rate cap? **Predatory online lenders evade Oregon's interest-rate limit on consumer loans through "Rent-A-Bank" schemes.** In these arrangements, online non-bank lenders route their loans through banks located in states without usury limits, such as Utah and Nevada, and offer predatory loans nationwide, including in states like Oregon where such rates would otherwise be illegal. For example, OppFi's own Oregon rate sheet shows installment loans with APRs ranging from 129% to 195%—more than five times the 36% legal limit in Oregon. *See Exhibit A (below).*⁵



The screenshot shows the OppLoans website with a navigation bar including 'Loans', 'About Us', 'Learn', 'Help', 'Apply Now', and 'Log In'. The URL in the address bar is <https://www.opploans.com/rates-and-terms/oregon/>. The main content area is titled 'OREGON LICENSURE INFORMATION' and 'Loan Details in Oregon'. A note states: 'The figures below are examples of our lending partner's typical installment loan offers and do not serve as guarantee of any rates and terms that you may qualify for.' Below this is a table with three columns: 'Loan Amount', 'Repayment Term', and 'APR'. The table shows one row with '\$500 - \$5,000', '9 - 18 Months', and '129% - 195%'. A red oval highlights this row.

Loan Amount	Repayment Term	APR
\$500 - \$5,000	9 - 18 Months	129% - 195%

Rent-A-Bank is facilitated by the federal Depository Institutions Deregulation and Monetary Control Act of 1980 ("DIDMCA"), which extended to state-chartered banks the right to export the interest rates of their home states to borrowers in other states. When used in this manner, these loans undermine the policy choices of states like Oregon that have elected to protect their residents from high-cost loans, effectively nullifying those state usury caps.

⁴ OppFi SEC 10-K filing (March 2025), p 73, available at <https://investors.oppfi.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=18275610>.

⁵ Oregon Licensure Information, OppLoans by OppFi, available at <https://www.opploans.com/rates-and-terms/oregon/>.

HB 4116 provides a simple solution: it restores Oregon’s authority to enforce its 36% interest-rate cap on all lenders, whether in-state or out-of-state, by opting out of DIDMCA.⁶ When the U.S. Congress enacted DIDMCA, it expressly preserved states’ authority to opt out of the Act’s interest-rate exportation provision.⁷ Oregon should join jurisdictions such as Iowa, Puerto Rico, and Colorado, which have exercised this authority to protect residents from high-cost, out-of-state loans.

Opponents’ principal argument against HB 4116 is that it would restrict access to credit. This argument has no merit, since Oregon law permits lenders to charge 36% APR, not only on small loans, but even on loans as large as \$30,000 and larger.⁸ There is a robust market of lenders that operate profitably at or below this threshold. Even the American Fintech Council (“AFC”), which testified against the bill, describes itself as the “premier trade association representing the largest financial technology (Fintech) companies and innovative banks,” does not admit lenders that charge above 36%⁹ and has publicly supported a nationwide 36% interest-rate limit.¹⁰ At the hearing, AFC testified that it supports efforts to shut down lending at above 36% APR in Oregon. We agree.

Recognizing that loans above 36% APR are irresponsible is neither radical nor controversial. Congress has already made this determination for active-duty service members by capping consumer loans at 36% APR under the Military Lending Act. Many lenders, large and small, operate successfully within this limit.¹¹ **Only a narrow subset of outlier lenders rely on business models that trap borrowers in prolonged, unaffordable debt at triple-digit interest rates.**

Testimony at the House Committee on Commerce and Consumer Protection public hearing on February 3, 2026, confirms the scope of this problem. **The Division of Financial Regulation testified that since 2020, it has identified at least 22,000 loans made in excess of Oregon’s 36%**

⁶ On February 3, 2026, the Division of Financial Regulation testified that after surveying Oregon state-chartered banks and credit unions, it confirmed do not offer loan products above 36% APR. Testimony available at minute mark 57:53 <https://olis.oregonlegislature.gov/liz/mediaplayer/?clientID=4879615486&eventID=2026021032>

⁷ 12 U.S.C. §1831d, available at <https://www.govinfo.gov/content/pkg/USCODE-2010-title12/html/USCODE-2010-title12-chap16-sec1831d.htm>.

⁸ ORS 725.340; *See e.g.*, *High-Cost Rent-a-Bank Loan Watch List*, NCLC (Sept. 2024), available at <https://www.nclc.org/resources/high-cost-rent-a-bank-loan-watch-list/>.

⁹ Our Mission, AFC, available at <https://www.fintechcouncil.org/our-mission>.

¹⁰ Federal: American Fintech Council (AFC) Announces Support For New Legislation To Create 36 Percent Interest Rate Cap On Consumer Loans (Oct. 31, 2023), available at <https://www.fintechcouncil.org/press-releases/american-fintech-council-afc-announces-support-for-new-legislation-to-create-36-percent-interest-rate-cap-on-consumer-loans>.

¹¹ *See, e.g.*, *Why Cap Interest Rates at 36%*, National Consumer Law Center (Aug. 2021), available at https://www.nclc.org/wp-content/uploads/2022/09/IB_Why_36.pdf.

APR cap, and five *known* out-of-state lenders that continue to operate in violation of the law.¹² HB 4116 ensures that Oregon residents are protected from these outlier, predatory loans and restores the state's ability to act swiftly and efficiently, without relying on time-intensive true lender analyses that consume significant public resources.

HB 4116 will restore Oregon's authority to enforce its 36% interest rate cap on consumer loans, ensuring that all lenders must follow the same rules. This gives borrowers certainty that the loans they receive comply with state law and are safeguarded from high-cost, predatory lending, while creating a level playing field for in-state lenders. **By passing this bill, the Legislature will protect consumers, provide certainty in the lending market, and close the loophole that allows predatory, out-of-state lenders to circumvent state law.** I urge the Committee to pass HB 4116.

Sincerely,

Ellen Harnick

Ellen Harnick
Executive Vice President & Director of State Policy
Center for Responsible Lending

¹² House Committee on Commerce and Consumer Protection, Oregon State Legislature (Feb. 3, 2026), available at minute mark 56:40

<https://olis.oregonlegislature.gov/liz/mediaplayer/?clientID=4879615486&eventID=2026021032>.