



Center for Responsible Lending

February 25, 2026

The Honorable Kathleen Taylor, Chair
Senate Committee on Labor and Business
State Capitol
900 Court Street, NE
Salem, OR 97301

Re: Support House Bill 4116

Dear Chair Taylor, Vice-Chair Hayden, 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 previously submitted written testimony in support of HB 4116 before the House Committee on Commerce and Consumer Protection. That testimony is attached as **Exhibit A**. This submission is intended to supplement our prior testimony and to address several issues raised during the Senate Committee on Labor and Business Public Hearing on February 23, 2026.

I. DIDMCA Opt-Out Does Not Harm Oregon State-Chartered Banks

Testimony from the Oregon Division of Financial Regulation (“DFR”) does not support the claim that HB 4116 would harm Oregon state-chartered banks. **DFR has indicated that it is not aware of evidence that Oregon consumers are turning to Rent-A-Bank lenders because they are being denied credit by lenders complying with the state’s 36% interest rate cap on consumer loans.** On the contrary, DFR has received information from multiple in-state banks that lend within the cap that they do not require a minimum credit score, demonstrating that credit is available to borrowers affected by credit scoring limitations without exceeding Oregon law.

DFR further reports that Oregon currently has approximately 190 licensed consumer finance lenders. These lenders collectively brokered or facilitated 1,806,090 loans in 2024, totaling more than \$1.6 billion.¹ The vast majority of these loans complied with Oregon’s rate cap. This data reflects a robust and functioning credit market operating within existing state law.

¹ “2024 Annual activity report,” Consumer finance, payday, and title lending annual activity, DFR, available at <https://dfr.oregon.gov/business/reg/reports-data/finance/Documents/consumer-finance/2024-cf-annual-rpt.pdf>.

302 West Main Street
Durham, NC 27701

Tel: 919.313.8500
Fax: 919.313.8595

910 17th Street NW, Suite 500
Washington, DC 20006-2610

Tel: 202.349.1850
Fax: 202.289.9009

1970 Broadway, Suite 350
Oakland, CA 94612

Tel: 510.379.5500
Fax: 510.893.9300

Importantly, at the House Committee on Commerce and Consumer Protection Public Hearing on February 3, 2026, DFR testified that, **after surveying Oregon state-chartered banks and credit unions, it confirmed that those institutions do not offer consumer loan products with APRs above 36%.**² Together, this reflects that in-state, regulated financial institutions are complying with Oregon’s interest rate limits on consumer loans and are not engaged in the triple-digit lending practices at issue.

By contrast, DFR has identified at least 31,000 loans made to Oregon borrowers with interest rates exceeding the 36% cap, totaling at least \$61 million.³ These figures are derived from routine regulatory examinations of licensed lenders. The high-cost lending at issue therefore represents a discrete segment of the market *operating illegally* outside Oregon’s established rate limits—not the core activities of Oregon-chartered banks.

The available evidence indicates that Oregon state-chartered banks are adhering to the 36% cap on consumer loans. By contrast, the loans exceeding the cap are primarily attributable to out-of-state lenders operating above the legal rate. These illegal, predatory loans create an uneven competitive environment, as in-state banks and credit unions must comply with the state’s limit, while out-of-state lenders can offer loans at substantially higher rates by exporting their home-state rates through Rent-A-Bank schemes. This dynamic can divert business away from Oregon-chartered institutions and distort the consumer lending market.

II. DIDMCA Opt-Out Addresses Out-of-State, High-Cost Lenders

While Oregon state-chartered banks comply with the 36% interest rate cap, a small number of out-of-state lenders continue to offer loans at triple-digit APRs, creating a disproportionate impact on the market and prolonged financial distress on Oregonians. Opportunity Financial (“OppFi”) and Elevate Credit, Inc. (“Elevate”), for example, testified that their products are designed for \$400 emergencies. In reality, loans made to Oregon borrowers are larger, averaging \$3,000, far beyond the emergency context described in testimony.

OppFi and Elevate also referred to their products as “payday loan products,” but the loans they actually offer are installment loans, as defined under ORS 725.340.⁴ These loans carry

² 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>.

³ HB 4116, DFR (Feb. 23, 2026), available at

<https://olis.oregonlegislature.gov/liz/2026R1/Downloads/PublicTestimonyDocument/252048>.

⁴ Oregon Licensure Information, OppLoans by OppFi, available at <https://www.opploans.com/rates-and-terms/oregon/>; Elevate Disclosures state that it is currently not referring Oregon residents for lines of credit, yet testified it is offering loans to “deep non-prime consumers,” available at <https://www.elevate.com/financial-solutions#financial-solution-borrowing>.

extremely high APRs, resulting in borrowers paying more than permitted under Oregon law. **For example, DFR found that one company reported more than 9,000 loans exceeding the cap, with an average APR of 127%, an average loan amount of \$2,533, and an average term of 851 days. Total interest payments on such loans would average approximately \$5,441, compared with roughly \$3,777 for a similarly sized loan at 36% APR.**⁵

Elevate has described its loans as “easily the most transparent and consumer-friendly loans in the market today.”⁶ These claims are false and inconsistent with publicly available evidence. In 2022, the District of Columbia Attorney General secured a nearly \$4 million settlement with Elevate after finding *the company deceptively offered high-cost loans*—some with APRs up to 251%—to more than 2,500 consumers.⁷ Separately, CRL’s analysis of transactional data from OppFi borrowers further demonstrates that approximately 34% of loans were refinanced at least once, with many borrowers remaining indebted for more than two years, often refinancing multiple times, illustrating the real-world unaffordability of these loans.⁸

Testimony at the House Committee on Commerce and Consumer Protection hearing on February 3 confirms the scope of this issue. DFR identified at least 22,000 loans exceeding Oregon’s 36% APR cap since 2020, facilitated by five known out-of-state lenders. These findings underscore that high-cost lending in Oregon is concentrated among a limited group of out-of-state lenders, like OppFi and Elevate, underscoring the need for DIDMCA opt-out to ensure Oregon has the authority to enforce its 36% interest rate cap on all loans made to Oregon residents.

Industry representatives have also suggested that their products are adequately regulated by federal law. This claim is false. There is no general federal cap on interest rates for consumer loans. The only federal rate cap is under the Military Lending Act (“MLA”), which limits APRs to 36%, including fees and other costs, and applies only to active-duty service members and their dependents. For most civilian consumers, no comparable federal rate ceiling exists. Oregon’s 36% APR cap is comparable to the MLA’s 36% APR cap, and even the American Fintech Council says it sets a 36% APR limit for its members.⁹ There is no credible basis to oppose Oregon enforcing the same 36% standard to protect all Oregonians. HB 4116 simply ensures that Oregon, not Utah or Kentucky, determines the interest rate limits that apply to Oregon’s families.

⁵ HB 4116 Outstanding Questions (Answered by DFR), available at

<https://olis.oregonlegislature.gov/liz/2026R1/Downloads/CommitteeMeetingDocument/315350>.

⁶ Senate Committee on Labor and Business, Oregon State Legislature (Feb. 23, 2026), at minute mark 25:00

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

⁷ “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>.

⁸ *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>.

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

III. DIDMCA Opt-Out Reduces Long-Term Enforcement Burdens

Some lawmakers have raised concerns that implementing DIDMCA opt-out could generate litigation over the constitutionality or interpretation of the provision, similar to Colorado. Experience suggests that such litigation is generally transitional. Initial legal challenges typically arise shortly after enactment, as courts carefully interpret and clarify the new framework’s boundaries within the law. Once guidance is established, enforcement becomes predictable and administrable.

Under Oregon’s current legal framework, as DFR described in its testimony, litigating “true lender” status is case-by-case, resource-intensive, and consumes significant staff time. Determining which entity is the true lender often requires analyzing complex contractual arrangements, sometimes involving multiple intermediaries, and outcomes can vary across cases. DFR recently highlighted this challenge in its enforcement action against Wheels Financial (DBA Loan Mart).¹⁰ In that case, DFR secured a significant settlement for Oregon borrowers by establishing that Wheels, not the out-of-state bank, was the true lender. **While a clear success, the Wheels action took three years and required substantial agency resources because Rent-A-Bank schemes are highly fact-dependent and vary in structure.**

DIDMCA opt-out would create a clear, bright-line rule prohibiting high-cost lending through Rent-A-Bank schemes. While some litigation may occur initially to interpret the new provision, it represents a one-time cost that establishes clarity for both regulators and lenders. In contrast to the ongoing case-by-case determinations under the current system, an opt-out would streamline enforcement, allowing DFR to prevent consumer harm more efficiently and take timely action when necessary.

IV. HB 4116’s Agent, Broker, or Facilitator Prohibition Enhances Enforcement Against High-Cost Lending

HB 4116 includes a clear provision establishing that a person is subject to Oregon’s consumer finance law under Chapter 725 if they act as an agent, broker, or facilitator for a person making consumer finance loans to Oregon consumers.¹¹ This language ensures that non-bank lenders cannot evade Oregon’s 36% rate cap by claiming they are not the “true lender” or by structuring loans through third-party entities or other intermediaries, including but not limited to tribal partnerships.

¹⁰ “DFR fines LoanMart \$660,000 for charging excessive interest in consumer loans; company to repay \$900,000 to Oregon borrowers,” Press Release (Jan. 30, 2026), available at <https://apps.oregon.gov/oregon-newsroom/OR/DCBS/Posts/Post/DFR-fines-LoanMart-for-charging-excessive-interest-in-consumer-loans>.

¹¹ H.B. 4116, §1(3) (“A person is subject to this chapter if the person engages in the business of making consumer finance loans of \$50,000 or less or if the person acts as an agent, broker or facilitator for a person that engages in the business of making consumer finance loans of \$50,000 or less to a consumer who resides in or maintains a domicile in this state and the consumer”), available at <https://olis.oregonlegislature.gov/liz/2026R1/Downloads/MeasureDocument/HB4116>.

As DFR noted, the measure does not affect Oregon tribes, tribal banks, or tribal lending directly; rather, it protects tribal members from the harms associated with high-interest lending practices.¹² HB 4116 specifically targets nonbank actors who attempt to evade compliance with Oregon law through contractual arrangements or legal constructs.

Enforcement in other states illustrates how these types of agents, brokers, or facilitators can be held accountable. For example, in 2024, the Minnesota Attorney General secured a settlement against LDF Holdings, a non-bank lender that used a tribal partnership to offer high-interest loans exceeding state limits.¹³ This demonstrates that enforcement against intermediaries, whether claiming tribal status or attempting to obscure true lending responsibility, is feasible and effective when statutory authority is clear. **HB 4116 provides Oregon’s law enforcement and regulators with comparable authority, allowing them to pursue any entity that structures or facilitates high-cost loans in ways intended to evade the state’s legal standards.**

By prohibiting agents, brokers, or facilitators, HB 4116 strengthens consumer protections and closes pathways that high-cost lenders have used to evade the 36% cap on consumer loans. This provision complements the DIDMCA opt-out by ensuring that all lenders operating in Oregon, whether directly or through intermediaries, are held to the same regulatory standard.

Accordingly, HB 4116 protects Oregon consumers by closing the DIDMCA loophole that enables high-cost lending, ensuring a level playing field for state-chartered banks, and reducing long-term enforcement burdens by providing clear statutory authority to address lenders and their intermediaries that attempt to evade the law. **HB 4116 represents a necessary and practical step to enforce the state’s 36% interest rate cap and safeguard Oregonians from predatory lending practices. 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 HB 4116 Outstanding Questions (Answered by DFR), available at <https://olis.oregonlegislature.gov/liz/2026R1/Downloads/CommitteeMeetingDocument/315350>.

¹³ “Attorney General Ellison secures consent order stopping high-cost online lenders and discharging illegal loans,” Press Release (Nov. 26, 2024), available at: https://www.ag.state.mn.us/Office/Communications/2024/11/26_LDFHoldings.asp.

Exhibit A

*House Committee on Commerce and Consumer Protection
CRL Written Testimony, February 5, 2026*



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

302 West Main Street
Durham, NC 27701

Tel: 919.313.8500
Fax: 919.313.8595

910 17th Street NW, Suite 500
Washington, DC 20006-2610

Tel: 202.349.1850
Fax: 202.289.9009

www.responsiblelending.org

1970 Broadway, Suite 350
Oakland, CA 94612

Tel: 510.379.5500
Fax: 510.893.9300

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 interface. At the top, there is a navigation bar with links for Loans, About Us, Learn, and Help, along with an 'Apply Now' button and a 'Log In' button. Below the navigation bar, the page title is 'OREGON LICENSURE INFORMATION' and the subtitle is 'Loan Details in Oregon'. A disclaimer 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, a table provides loan details for Oregon:

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>.