

U.S. REPRESENTATIVE
GLENN GROTHMAN

Wisconsin's 6th District

FOR IMMEDIATE RELEASE

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Grothman Introduces Bipartisan Veterans and Consumers Fair Credit Act

(Washington, D.C.) – Congressmen Glenn Grothman (R-WI) and Jesus “Chuy” Garcia (D-IL) today introduced the bipartisan Veterans and Consumers Fair Credit Act (VCFCA). This bill will curb high-cost, predatory payday loans, auto-title loans and similar forms of toxic credit across America. A bicameral companion bill is being introduced in the Senate by Senators Jeff Merkley (D-OR), Jack Reed (D-RI), Sherrod Brown (D-OH) and Chris Van Hollen (D-MD).

In 2006, Congress passed the bipartisan Military Lending Act, that required the Department of Defense (DOD) to institute a 36 percent rate cap when active duty servicemembers and their families take out predatory loans. This wildly successful rule has protected servicemembers and their families from falling into a cycle of debt that would harm themselves, their families and/or make them unable to perform their duties in the military. This 36 percent rate cap does not apply to veterans, Gold Star Families or anyone else for that matter.

VCFCA will extend this 36 percent rate cap on predatory payday loans, auto-title loans and similar forms of toxic credit not only to our nation’s veterans and Gold Star families, but all Americans.

Quick facts on predatory lending:

[The average interest rate on payday loan is 391% APR](#)

[12 million people per year take out payday loans in America](#)

[On average, a person who takes out an auto title loan will take out eight more loans to pay off the initial loan.](#)

“Usury has been condemned since Biblical times,” said Grothman. “Historically, the United States has had usury laws, putting a guard rail up for borrowers. As more and more loans are given online, it becomes more difficult for states to deal with the problem of snowballing debt.

We already protect military service members under the Military Lending Act, which means that we have recognized the predatory nature of high-interest loans to our men and women in

uniform. This raises the question – if it is wrong to allow predatory lenders to target our service members, why is it right to let them target the rest of the community?”

“[t]here is no practice more dangerous than borrowing money... for when money can be had in this way, repayment is seldom thought of in time... It comes easy and is spent freely and many things indulged in that would never be thought of, if to be purchased by the sweat of the brow. In the meantime, the debt is accumulating like a snowball in rolling.” --George Washington, Letter to his nephew on personal borrowing, 1797

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U.S. Rep. Glenn Grothman is serving his third term representing Wisconsin’s 6th Congressional District in the U.S. House of Representatives.



Link to the release: <https://grothman.house.gov/news/documentsingle.aspx?DocumentID=1328>