

January 14, 2020

Bernard E. Brown


The Honorable Jelena McWilliams, Chairman
Federal Deposit Insurance Corporation
1776 F Street, NW
Washington, DC 20006
Delivered electronically to comments@fdic.gov

Re: Comments on FDIC Notice of Proposed Rulemaking, Federal Interest Rate Authority, 12 CFR Part 331, RIN-3064-AF21

Dear Chairman McWilliams,

I am writing from the State of Kansas to strongly oppose the FDIC's "federal interest rate authority" proposal.

Kansas has strong interest rate caps intended to protect our residents from predatory loans. However, our rate caps are currently being evaded through rent-a-bank schemes. The FDIC's proposal, particularly coupled with the FDIC's failure to stop its banks from facilitating rent-a-bank usury evasions happening now, threatens to open Kansas's doors to more of these scams. Rent-a-bank schemes harm the people of Kansas by subjecting them to predatory loans that exploit many of our most financially vulnerable residents.

Since the inception of this nation, regulation of interest rate limits has been a state function. Yet the FDIC seeks to change that now, by claiming that state-regulated non-bank lenders that buy loans from banks should be able to charge rates that exceed those provided by Kansas law. The FDIC's proposal leaves far too much room for predatory lenders to pursue rent-a-bank schemes while burdening state regulators and private citizens with the impractical task of policing who is the "true lender." This task is a challenge already, but it will become far more challenging in a landscape where the FDIC's proposal has been finalized.

The FDIC lacks the authority to regulate the interest rates charged by state-regulated non-bank lenders. Moreover, the FDIC has demonstrated no need for this policy. Indeed, the residents of Kansas are not being harmed by a shortage of loans that exceed Kansas's rate cap; rather, they are better off without high-cost loans.

I urge you to withdraw this unjustified and extremely harmful proposal.

Sincerely,


Bernard E. Brown