



Coalition on Homelessness
and Housing in Ohio

COHHIO

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Advocates Laud New DoD Military Lending Act Rules to Protect Troops from Predatory Lending

Columbus, Ohio - Today, consumer advocacy groups in Ohio applauded the Department of Defense for issuing new proposed rules to protect servicemembers and their families from predatory lending practices. The new rules update implementation of the Military Lending Act, bipartisan legislation passed by Congress and signed into law by President George W. Bush, to close loopholes predatory lenders have used to prey on members of the armed services.

"Abusive lending practices targeting those that protect our country are wrong," Kalitha Williams, Policy Liaison of Policy Matters Ohio said. "The Department of Defense is doing the right thing in protecting military families and cracking down on predatory lenders. The fewer people trapped in a cycle of debt, the better."

"We support measures like this to end the debt trap for military families, and hope that similar federal measures can be adopted to protect all working families from the toxic payday lending business model," added Bill Faith, executive director of the Coalition on Homelessness and Housing in Ohio.

The Military Lending Act limited loans to members of the military to a 36% annual percentage interest rate. Predatory lenders have used loopholes and created new, sky-high interest rate loan products to circumvent the narrow definitions the Department of Defense used in its original regulations implementing the law. Often marketed as a quick fix to a cash crunch, the defective and predatory loans currently targeting members of the military are designed to trap them in a cycle of debt they cannot escape. Many lenders charge effective interest rates over 400% when factoring in exorbitant fees and worthless insurance products often sold with loans.

"Especially in Ohio, the last few years have shown that predatory lenders are, unfortunately, a wily bunch, and they often have friends in high places," Faith said. "Today's new rules are a mark of the Department of Defense's true commitment to doing what is in the best interest of servicemembers."

COHHIO and the CASH Coalition oppose predatory lending practices and have been strong advocates of reforms to protect consumers and their families.

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Ohio CASH, a project of Policy Matters Ohio, stands for Creating Assets, Savings and Hope and is the state asset building coalition focused on family financial stability and consumer protection.

COHHIO is a coalition of organizations and individuals committed to ending homelessness and to promoting decent, safe, fair, affordable housing for all, with a focus on assisting low-income people and those with special needs.