



SUPPORT [S.J.Res. 132](#) to Protect Servicemembers from Predatory Lending

In 2021, the Consumer Financial Protection Bureau (CFPB) cracked down on harmful lending practices aimed at servicemembers by issuing guidance to affirm its authority to supervise nonbank lenders for Military Lending Act (MLA) compliance. But in a rule submitted to Congress, the Trump CFPB rescinded that guidance—making it easier for financial institutions to target servicemembers with tricks and traps.

Senator Reed’s joint resolution of congressional disapproval (JRD) would undo the Trump CFPB decision and restore the earlier rule: “Examinations for Risks to Active-Duty Servicemembers and Their Covered Dependents.”

Endorsers: National Consumer Law Center (on behalf of its low-income clients), Consumer Federation of America, Center for Responsible Lending, Protect Borrowers, Americans for Financial Reform, National Community Reinvestment Coalition

Key Points

- **Predatory lenders [target](#) servicemembers.** Prior to implementation of the MLA, research conducted by the Department of Defense (DoD) found that [one in five](#) servicemembers used payday loans with annual percentage rates (APRs) ranging from 390-780%.
- **The MLA is a highly effective shield for servicemembers against predatory practices.** The MLA protects servicemembers who are targeted by predatory practices, like payday loans with sky-high APRs. Implementation of the MLA reduced the number of payday loan outlets near military bases by [70%](#) in some areas.
- **Nullifying the MLA degrades military readiness, costs taxpayers money, and tarnishes servicemembers’ records.** The DoD has said that “high-cost debt can [detract from mission focus](#), reduce productivity, and require the attention of supervisors and commanders.”
- **After the CFPB [stopped supervising](#) for MLA compliance during Trump 1.0, the Biden CFPB reasserted its authority to protect servicemembers.** In 2021, the CFPB issued an [interpretive rule](#) affirming its ability to examine for violations of the MLA by financial institutions, including usurious loan terms.
- **The Trump Administration withdrew this commonsense guidance, and this JRD seeks to restore it.** Although underlying statutes like the MLA continue to protect servicemembers from predatory financial practices, the Trump Administration’s rescission of guidance to restart the CFPB’s supervision of financial institutions for compliance with the MLA signals to bad actors that they may have leeway to conduct predatory lending without fear of facing any real consequences from the current CFPB. It is critical for Congress to restore the earlier guidance.