



## Consumer Federation of America

1620 I Street, N.W., Suite 200 \* Washington, DC 20006

September 6, 2006

***Re: Department of Defense Report Reinforces Need for Talent/Nelson anti-predatory lending amendment in Defense Authorization Conference Report***

Dear Senators and Representatives,

**We are writing to ask for your support of the Talent/Bill Nelson anti-predatory lending amendment as part of the fiscal year 2007 Defense Authorization Conference Report.** This important amendment, which was included in the Senate version of the Defense Authorization bill (S. 2766), would cap interest rates at 36 percent annually for loans made to military families.

The recent report issued by the Department of Defense for Congress regarding the impact of predatory lending on military families provides solid evidence of the need for this legislation. Specifically, the Department of Defense found that predatory lending practices that target military personnel are prevalent, undermine military readiness, harm the morale of troops and their families, and add to the cost of fielding an all-volunteer fighting force. As a result, the Department of Defense included a strong recommendation for a federal rate cap of 36 percent annually for interest rates on loans to service members and their families.

The Report includes maps that clearly demonstrate that high cost lenders cluster around military bases across the country. These lenders often charge triple digit interest rates, trapping Service members in a cycle of unaffordable debt and placing essential family assets at risk. The Report's case studies of Service members who have been victims of payday loans, car title loans and high-cost installment lending illustrate the impact on our men and women in uniform. In addition, the 2006 Defense Manpower and Data Center survey quantifies the serious extent of high cost credit to personnel. The Talent/Nelson Amendment is an important first step in delivering the reforms recommended by the Department.

By enacting a federal rate cap, as recommended by the Department and supported by veterans, civil rights, and consumer organizations, the Talent/Nelson amendment will

protect all military personnel from rate gouging and improve military readiness. **We urge you to protect service members and their families from predatory lending by voting to include the Talent/Nelson Amendment in the fiscal year 2007 Defense Authorization Conference Report.**

Sincerely,

Jean Ann Fox  
Director of Consumer Protection

Travis Plunkett  
Legislative Director