



America's
Credit Unions



February 12, 2026

The Honorable Bernie Moreno
United States Senate
SR-284 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Warren Davidson
U.S. House of Representatives
2113 Rayburn House Office Building
Washington, D.C. 20515

Dear Senator Moreno and Representative Davidson:

On behalf of the undersigned trade associations, we are writing to express our support for the *American Lending Fairness Act of 2026*.

Congress passed the Depository Institutions Deregulation and Monetary Control Act (DIDMCA) in 1980 to create parity between nationally-chartered and state-chartered banks and credit unions operating in the same state. Sections 521-523 of DIDMCA override state interest rate laws by allowing state-chartered banks and credit unions to export the interest rate permitted by the state in which the bank or credit union is chartered to other states. The legislative history of DIDMCA also suggests that Congress intended to confer upon all federally insured state-chartered banks and credit unions the same interest rate authority long enjoyed by national banks and credit unions. In doing so, Congress enabled much greater competition in the lending market, dramatically enhancing access to credit in the years to come.

DIDMCA Section 525 provides an opt-out provision should states not want their own state-chartered banks and credit unions lending at rates above that state usury limit. Colorado now seeks to limit interest charges by out-of-state financial institutions via state legislation that would allow them to “opt-out” of DIDMCA. However, the Colorado law misinterprets DIDMCA as allowing a state to “opt-out” of allowing out-of-state banks and credit unions to import interest rates when making loans to residents of Colorado. In doing so, Colorado is arguing that the DIDMCA opt-out provisions allow Colorado to apply its interest rate caps to *any* loan that is made to in-state borrowers even if the lending bank or credit union is located out of state. This would purportedly include banks and credit unions that would have otherwise been protected by DIDMCA, which allows for a financial institution to follow the rate caps set by the state where they are incorporated. This is simply not the case.

Passed in 1980, DIDMCA was originally designed to level the playing field between state-chartered and nationally chartered banks and credit unions by allowing state banks and credit unions to *export* their home-state interest rates across state lines. That parity has been essential to promoting competition and expanding access to credit for consumers nationwide.

Under Colorado’s 2023 law, however, federally insured state banks, savings and loan associations,

savings banks, and state-chartered federally insured credit unions outside Colorado would be irreparably harmed. These institutions, which make loans in their states to Colorado residents in conformity with their own states' usury laws, would be placed at a severe competitive disadvantage vis-à-vis national banks and federal credit unions that make loans to Colorado borrowers.

Specifically, the Colorado law imposes Colorado's interest rate and fee limitations on out-of-state, state-chartered depository institutions that lend to Colorado borrowers, while those same interest rates and fee limitations would remain preempted for national banks under Section 85 of the National Bank Act, 12 U.S.C. § 85, and for federal credit unions under Section 107(5) of the Federal Credit Union Act, 12 U.S.C. § 1757(5). That competitive imbalance directly contradicts Congress's express intent in enacting DIDMCA: "to prevent discrimination against State-chartered insured depository institutions" by authorizing them to lend¹ at the same rates as the national banks with which they compete. The legislative history further confirms that Section 525 of DIDMCA was intended to permit states to reimpose usury limits only on loans made within the state by that state's own state-chartered institutions—not to impose those limits extraterritorially on institutions chartered in other states.

Colorado's proposed interpretation of DIDMCA presents immense threats to American consumers, small businesses, and the institutions that serve them. Similar actions by other states would reduce access to credit for consumers, particularly subprime borrowers who rely on affordable small-dollar loans, credit cards, and other short-term financing products to make ends meet.

Thank you for your leadership in introducing the *American Lending Fairness Act of 2026*, which addresses these harms, restores competitive parity, and protects consumers' access to responsible credit.

Sincerely,

Consumer Bankers Association
America's Credit Union
American Fintech Council
American Financial Services Association
Financial Technology Association

¹ 12 U.S.C. § 1831d(a).