



Congress Votes to Repeal the OCC's True Lender Rule

The U.S. House and Senate voted to repeal the OCC's "true lender" rule, sending the resolution to President Biden to be signed into law.

OCC's much needed rule created a standard to determine when a bank is the "true lender" in partnering with a third party. Under the rule, banks were deemed true lenders if they fund the loan or are named as the lender in the loan agreement on the origination date.

CBAI supported the rule, and in a January 20, 2020, comment letter to the OCC stated,

[T]he ability to sell, assign or otherwise transfer a loan is universally recognized as a crucial risk management tool which enhances the safety and soundness of financial institutions particularly in times of stress. ... This management tool would be significantly weakened if the interest on assigned loans to third parties was uncertain."

The resolution repealing the rule bars the OCC from issuing a new rule in "substantially the same form" unless there is a change in the law. CBAI looks forward to working with Congress to preserve these important "true lender" rights and protections for community banks without enabling the use of rent-a-bank schemes which permit some financial service providers the ability to avoid state usury laws and potentially harm consumers and small businesses.

[Read CBAI's Comment Letter to the OCC »](#)