

Senators and Representatives of the UCCC Interim Study Committee

I email you to insure you are aware that The Military / Veterans Coalition of Indiana holds a strong position supporting limiting lending interest rates to 36% APR which is the current federal law for service members of our armed forces serving on active duty. Indiana is a huge Reserve and Guard Force in our nation and unfortunately not covered by the federal law until these citizen warriors are mobilized for deployments such as we have seen since 1990 with Desert Shield / Desert Storm.

Since 2007, the Military Lending Act (MLA) has protected members of the military from payday/(consumer) loans. The legislation capped the interest rate that lenders could charge active duty members of the military and their families at 36 percent including fees.

In 2006, prior to the enactment of the MLA, the Department of Defense (DoD) described payday/(consumer) lending as one of the top issues of concern for military families. The DoD's [*Report On Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents*](#) explained that, "Predatory lenders seek out young and financially inexperienced borrowers who have bank accounts and steady jobs, but also have little in savings, flawed credit or have hit their credit limit." The report went on to explain that, "Predatory lenders market to the military through their ubiquitous presence around military installations and/or through the use of terms to affiliate themselves with the military."

According to the Center for Public Justice's [Guideline on Government](#), I quote:

"The government of a political community bears responsibility to legislate, enforce, and adjudicate public laws for the safety, welfare, and public order of everyone within its jurisdiction. The guiding norm, or principle, for such laws is public justice."

To fulfill its role, Indiana government should prohibit predatory and deceptive lending. Congress rightly enacted the MLA to protect members of the active military from harmful lending practices. Indiana should do the same!

Predatory lending practices not only take a large toll financially on members of the military and their families, they take a toll on emotional and mental wellbeing too.

Falling deeper and deeper into debt immobilizes families and strains relationships.

Crime grows in areas where these lending operations exist and Indiana is not exempt to this.

Bankruptcy in Indiana is very bad today. Indiana ranks as the 7th highest bankruptcy rate.

The government has a responsibility to uphold public justice and protect members of the active military through the enforcement of the Military Lending Act. Likewise, we as citizens, Military and Veterans Service Organizations, along with civil society institutions have a responsibility to come alongside service members and others in our community who are struggling under the weight of unjust lending practices.

As I testified during committee meeting earlier this year, service members who into debt problems affects many people directly and indirectly at a time every service member needs to be focused on combat preparedness. Commanders and staffs get sucked into dealing with lenders about service member's indebtedness which consumes hours of time which should be used of readiness! Indebtedness tears unit moral up and steals team cohesion at a time when it is needed the most.

Families struggle enough with their loved one being mobilized for deployment to a combat zone as we have seen in Syria, Iraq, Afghanistan, and other very dangerous places. The suicide rate among service members and veterans is at an all time high with over 22 suicides per day. Indebtedness plays a role in this crisis.

Today, Indiana has the Military Family Relief Fund created and designed to help veterans and those serving when they experience an unexpected hardship. The National Guard also has a fund to help Guardsmen when they too experience a financial crisis. The Reserves does not have such a fund for reserve warriors yet service organizations like the United States Army Association have funds to help. Veterans in financial crisis can get help from Veterans Service Organizations; the VFW, AMVETS, DAV, and American Legion are the most well known of these entities.

Service members with indebtedness issues are subject to losing their security clearances. They are prevented from getting security clearances, and are subject to reduction in pay grade or even discharge because of their non-deployment status attached to a security clearance. The Indiana National Air Guard units in Terre Haute require the vast majority of their service members to have a secret or top secret security clearance to work in the intelligence secure facilities (SCIF) located there. Loss of security clearance eliminates them from those units and most likely they are discharged from the Guard.

Similarly, members of the 434th Air Force Reserve at Grissiom Air Reserve Base require secret or top secret security clearance as they are assigned missions that are classified around the world. No security clearance—non-deployable and possible discharge.

When a Reserve or Guard unit has service members who are non-deployable the unit also can come non-deployable. When this happens these units loose training dollars, maintenance dollars, and ultimately will be move to another state where the unit can met the required readiness that DOD requires. The Reserve and Guard are needed to meet the operational readiness tempo of

America. The Active Duty Forces cannot deploy, operate, sustain, or survive without our Reserve and Guard.

To help you understand this better know that during Desert Shield / Desert Storm (which I served in) almost 44,000 troops were either Guard or Reserve in the Logistics Command I served in. My Reserve unit mobilized and deployed in 14 days. We deployed before the 7th Corps from Germany (Active Duty force of about 120,000 soldiers) to receive this force, arm them, and further move them within Saudi Arabia. Even today, this Army Reserve unit deploys over 100 service members in less than 2 weeks anywhere in the world. The 434th Air Force Reserve Unit is used more than any active duty air refueling unit in the Air Force.

The Military / Veterans Coalition of Indiana have member organizations like Bight Point and others that work hard to help veterans in financial need. The General Assembly should look for opportunities to assist the Bright Points and create laws to encourage more communities to help all Hoosiers in financial crisis. Some specific things to consider include: 1. Tax incentives to companies like Wal-Mart that can get their pay before payday. 2. Loan guarantees for subprime lenders that provide financial education, insure default rates remain low, and provide plans that will move the debtor out of their indebtedness. 3. Loan "BrightPoint Like Lenders" money at prime or below prime rates to stimulate expansion and positive support for Hoosiers. 4. Pass laws that restrict predatory lending practices. 5. Give matching funds to communities that raise money to start "BrightPoint Like Lenders".