September 14, 2026

The Honorable French Hill
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Hill and Ranking Member Waters,

The signatories to this letter represent a broad and diverse group of financial institutions that offer a wide range of financial products in the American lending marketplace. We write to express support for the **bipartisan** *American Lending Fairness Act of 2026* (ALFA), introduced as H.R. 7866 by Rep. Warren Davidson (R-OH). Co-sponsors include Reps. Andy Barr (R-KY), Vincente Gonzalez (D-TX), Young Kim (R-CA), Josh Gottheimer (D-NJ), Scott Fitzgerald (R-WI), Sarah McBride (D-DE), and Steven Horsford (D-NV). We are pleased to see that the bill is scheduled for markup at the Committee's meeting on September 16.

This critical legislation narrowly amends the *Depository Institutions Deregulation and Monetary Control Act of 1980* (DIDMCA), legislation that passed the House by a vote of 380-13 and the Senate by a vote of 76-9 before being signed into law by President Jimmy Carter. Specifically, ALFA clarifies the appropriate, limited scope of DIDMCA's opt-out provision and preserves DIDMCA's intent of parity amongst state-chartered depository institutions and national banks.

The Conference of State Bank Supervisors (CSBS) supports this legislative clarification, emphasizing that ALFA would "preserve each state's authority to establish the rules governing its own chartered institutions, restore certainty to the DIDMCA framework, and reinforce the interstate lending parity that Congress originally intended."[1]

DIDMCA Overview

The dual banking system is a unique feature of the U.S. financial services ecosystem, comprised of both federally chartered and state-chartered banks and credit unions. On the national side, the National Bank Act and Federal Credit Union Act authorize federally chartered depository institutions to lend throughout the country under the rules of their home state charters. DIDMCA was passed to even the playing field. Section 521 clearly states that the law's intent is "to prevent discrimination against state chartered insured banks" by granting state-chartered depository institutions that same right of lending under the rules of their home state charters.[2] Through section 525 of DIDMCA, Congress gave each state the ability to opt out of this regime and regain jurisdiction over the lending rights of its state-chartered institutions and the "loans made in that state." Over 40 years of federal authority since before DIDMCA and after its signing makes clear that a loan is made where the bank or credit union performs its loan-making functions (typically its state of charter), not where the borrower resides.[3]

DIDMCA Related Litigation

Colorado opted out of DIDMCA in 2023, and Oregon followed suit earlier this year. Each of these states wants to impose its jurisdiction on loans to its residents by state institutions chartered in other states. This directly contravenes Congress' original, limited intent. Industry associations have initiated legal action on behalf of their members in each case. The action in Oregon was just filed, but the Colorado litigation has been ongoing. A federal district court issued a preliminary injunction against Colorado years ago, and it is still in effect, pending an upcoming review by the full 12-member panel of the 10th Circuit Court of Appeals.

Even positive resolutions in both cases would not resolve this issue on a national level, because rulings by those courts would only be enforceable in the states over which they have jurisdiction. And since Oregon is in the 9th Circuit, potential conflicting rulings would only further exacerbate the patchwork of conflicting state legislation that DIDMCA was intended to prevent, and has prevented, for nearly a half century.

Passage of federal legislation in the form of the American Lending Fairness Act would not only ensure keeping existing parity amongst lending institutions on a national level and clarity as to the limited scope of DIDMCA's opt-out provision, it would also provide certainty that the dual banking system is preserved.

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[1] Conference of State Bank Supervisors (Sept. 2, 2026). *RE: American Lending Fairness Act of 2026* [Letter to the U.S. House Committee on Financial Services]. Available at https://www.csbs.org/node/583531.

[2] Sec. 521, § 27, 94 Stat. at 164.

[3] *Marquette Nat'l Bank v. First of Omaha Serv. Corp.*, 439 U.S.299, 310–13 (1978); FDIC Interp. Ltrs. 1983-16 and 1988-45 and its amicus brief in *Greenwood Tr. Co. v. Commonwealth of Mass.* WL 12577410, at *35–36 (1992); OCC Interp. Ltr. 1995- 686; *Jessup v. Pulaski Bank*, 327 F.3d 682, 684–85 (8th Cir. 2003) quoting OCC Opinion Letter of Aug. 2001.

Sincerely,

American Bankers Association
America's Credit Unions
American Financial Services Association
American Fintech Council
Association of Military Banks of America
Bank Policy Institute
Consumer Bankers Association
Defense Credit Union Counsel
Financial Technology Association
National Association of Industrial Bankers
National Bankers Association
Online Lenders Alliance