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Oregon's DIDMCA Opt-Out

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In the latest development regarding states continuing to push "true lender" concerns, **Oregon passed a law on April 13, 2026** stating that for purposes of the federal Depository Institutions Deregulation and Monetary Control Act (DIDMCA) – the law that allows states to opt-out of banks exporting their state's interest rates into Oregon, the state "does not want [DIDMCA] to apply to consumer finance loans made in this state." Consumer finance loans in Oregon mean those made to consumers that are for $50,000 or less, and the interest rate on those loans is capped at 36%, which is actually a fairly high interest rate cap, especially compared to Colorado's cap of 21%, which state has also attempted to opt-out from DIDMCA recently. The effective date of the law was June 5, 2026.

Once again, three financial services trade associations **have filed suit to enjoin enforcement of the Oregon law**, including the National Association of Industrial Bankers, the Online Lenders Alliance and the American Financial Services Association. The suit makes the same argument made in the Colorado lawsuit, which was supported by the Federal Deposit Insurance Corporation in its amicus brief in that case, that when a loan is "made in" a state, **it is necessary to look at the lender's location**, and not the borrower's location. Effectively, this means that when loans are made by out-of-state state banks, those state banks may continue to export their interest rate into the state (national banks are still allowed to export their interest rates, despite a DIDMCA opt-out.

The trade associations have also added a "dormant commerce clause" argument to their brief. The Oregon legislation triggers the applicability of Oregon's rate cap each time a borrower makes a loan payment from an Oregon bank account, so even if the borrower has a loan that has a higher interest rate and that loan was made legally when the borrower lived in Utah, for example, merely paying the loan from Oregon means that the loan becomes non-compliant in Oregon. Such a result is a restraint on interstate commerce, hence the unusual inclusion of a dormant commerce clause argument.

The upshot here is that for lending programs that make loans in Oregon and are working with an out-of-state state bank partner and **are not making small-dollar loans**, such loan programs are likely already in compliance with the 36% interest rate. This is because such loan programs, to be competitive with prime and near-prime borrowers, likely offer interest rates that are generally lower and because there are operational efficiencies in complying with a 36% interest rate cap, since 36% is the same interest rate cap in place for borrowers under the federal Military Lending Act. However, for lending programs that do make small-dollar loans or that are focused upon subprime and non-prime borrowers, the Oregon law is likely to present real challenges for their business models.