

February 18, 2020

House Bill 5097

Dear Members of the House Ways & Means Committee,

My name is Sandra Pearson and I serve as President and CEO of Habitat for Humanity of Michigan representing over fifty local Habitat for Humanity affiliates (thirty-four are veteran build affiliates), more than 1,000 board and committee members, over 20,000 dedicated volunteers, more than 500 employees, and more than 8,320 partner families; all of whom pay on a mortgage and pay property taxes. We are in the business of partnering with people and extending access to capital through shelter and financial education, coaching, and counseling.

Clarence Jordan, one of Habitat for Humanity's original founders, famously said, "What poor people need is not charity, but capital." For over 30 years Habitat affiliates across the state of Michigan have adhered to this moral philosophy by providing our families with little to no interest loans in order to better their lives and secure a brighter future for their children. We believe in providing people with a *hand up*, not a *hand out* which builds community and creates a new tax base. Michigan's working families need access to safe, affordable options and not to be trapped in high-cost loans that are nearly impossible to escape.

Predatory payday lending is antithetic to everything we hold dear. HB 5097, which would expand this practice, is unconscionable. These loans target the most vulnerable in our communities with the intention of trapping them in a debt cycle they cannot escape. Over 513 million dollars has already been drained from Michigan residents in just five years. In addition, a study from the Center for Responsible Lending found that over two-thirds of Michigan payday stores are headquartered out of state. Passage of HB 5097 would be devastating for our State.

The Habitat model shows us it is possible to provide people with access to capital without preying on them. The result of the majority of payday loans is that they ultimately take away a person's financial capability and puts them in a worse situation than when they started. While consumers should have the power to make their own choices, Michigan lawmakers should not authorize the sale of clearly predatory products.

I wish to ask you think about your idea and vision of a healthy community and neighborhood. Does your vision of a healthy neighborhood include a payday lending store? We surveyed our affiliates throughout the state – urban, suburban, rural, Upper-Peninsula, and Lower Peninsula – across the board people want to see these predators removed from our communities.

Sincerely,



Sandra Pearson

Habitat for Humanity of Michigan, President & CEO

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