



We, the undersigned organizations, write in strong support of SB 632 and HB 5290, legislation that would cap interest rates and fees on payday loans at an APR of 36%.

Payday lenders target our most vulnerable community members including veterans, seniors, communities of color, small business owners, and those who can least afford it. These predatory loans carry exorbitant fees equivalent to an average APR of 370% in Michigan.

While payday loans are marketed as a one-time financial fix for emergencies, data shows us that millions of people take out one payday loan only to reborrow again when that loan is due. This puts the borrower in perpetual debt, and results in them paying hundreds of dollars more in fees than the principal of their loans. Data from the Consumer Financial Protection Bureau shows that:

- **70% of Michigan's payday loan borrowers reborrow on the same day a previous loan is repaid, and**
- **75% of payday lenders' revenue comes from borrowers caught in 10 loans per year.**

On the other hand, families in states where payday lending has been outlawed report relief and support for maintaining the rate caps that disrupt the predatory payday lending business model. **Twenty states plus the District of Columbia cap interest rates at 36% or less**, effectively stopping the payday loan debt trap. Most recently, Minnesota, Nebraska, and Illinois have capped interest rates on payday loans at an APR of 36%. Notably at the federal level, the Military Lending Act caps lending rates to active-duty military at an APR of 36%.

Michigan payday lenders disproportionately target communities of color and rural areas. Data shows that there are 5.6 payday stores per 100,000 people in Michigan. In Black communities, that figure is 25% higher and in Latino communities the number of payday lending stores is 18% higher. Payday lenders also strategically set up stores in rural areas. The Center for Responsible Lending found that the rural census tracts have a payday store concentration of 7.1 payday lending stores per 100,000 people.

Recently, the Black Leadership Advisory Council appointed by the Governor released a report with policy recommendations to reduce inequities and promote economic growth and wealth equity for the Black community in Michigan. One of their formal recommendations to the Governor was to support legislation to place a 36% rate cap on predatory loans.

While consumers should have the power to make their own choices, Michigan should not authorize these clearly predatory products. Michigan's working families need access to safe, affordable options for overcoming a cash shortage, which former borrowers have found in states that outlaw the practice. The last thing these families need is to be trapped in high-cost loans that are nearly impossible to escape. Payday lenders siphon millions of dollars from the pockets of Michiganders and from our local economy, and further strain existing charitable or government services.

We urge you to support SB 632 and HB 5290, legislation that would cap interest rates and fees on payday loans at an APR of 36% and protect Michigan consumers.

Statewide Organizations

Community Economic Development
Association of Michigan (CEDAM)
Center for Civil Justice
Corporation for Supportive Housing
Michigan Poverty Law Program
Great Lakes ADA Center
Opportunity Resource Fund
Michigan Association of United Ways
Michigan Community Capital
Cinnaire
Michigan Disability Rights Coalition
Lake Trust Credit Union
Michigan Coalition Against Homelessness
Michigan League for Public Policy
Michigan CDFI Coalition
Michigan Community Action
CHN Housing Partners
Habitat for Humanity of Michigan
Council of Michigan Foundations

Adrian

Lenawee Financial Stability Coalition
Lenawee County Department of Veterans
Affairs
Lenawee Community Health Authority

Alger

Reliable Billing

Allegan

Community Action of Allegan County

Alpena

Habitat for Humanity Northeast Michigan

Battle Creek

Goodwill Industries of Central Michigan's
Heartland, Inc

Bay City

YWCA Great Lakes Bay Region

Belding

United Way of Montcalm - Ionia Counties

Benton Harbor

City of Benton Harbor
Caring Connection

Beverly Hills

Red Maple Resources, Inc

Boyne City

Northern Homes CDC

Bridgeport

Bridgeport Charter Township

Cadillac

Cadillac Area Habitat for Humanity

Cassopolis

Village of Cassopolis

Clarkston

Earth Tones Enterprises

Clarksville

Trinity Village Non Profit Housing
Corporation

Detroit

Detroit CDFI Coalition
Detroit Future City
MACC Development
Dream of Detroit
Detroit Disability Power
Community Development Advocates of
Detroit (CDAD)
Invest Detroit
Church of the Messiah Housing
Corporation
Business Men & Women Social Club of
Detroit
New Economy Initiative
Detroit Development Fund
IFF
ProsperUS Detroit
Michigan Women Forward
One Detroit Credit Union
Detroit Affordable Housing and
Homelessness Task Force
Detroit Housing Commission
Second Chance 2000 Inc.
Regent Park Community Association

Detroit (cont.)

Sinai-Grace Guild Community
Development Corporation
Release Relax Recycle
Business Men & Women Social Club of
Detroit
Jumi Consulting Group
U Snap BAC Non Profit Housing Corp.
Finally United Corporation
United Way for Southeastern Michigan
SER Metro-Detroit, Jobs for Progress, Inc.

East Lansing

North Coast Community Consultants
Irving Park Consulting, LLC

Flint

Genesee County Habitat for Humanity
Communities First, Inc.
Metro Community Development, Inc.

Gaylord

NEMCOG - Northeast Michigan Council of
Governments
City of Gaylord
Otsego Community Foundation

Grand Rapids

New Development Corporation
LINC UP Nonprofit Housing Corporation
Habitat for Humanity Kent County
Kent County Essential Needs Task Force
Project GREEN
Family Promise of West Michigan
Grand Rapids Housing Commission
Access of West Michigan
Together West Michigan
Heart of West Michigan United Way

Harbert

Neighbor by Neighbor

Hart

Dogwood Community Development

Inkster

Inkster Housing Commission

Jackson

Community Action Agency

Kalamazoo

United Way of South Central Michigan
City of Kalamazoo

Kentwood

Love INC South Kent County

Kingsford

Habitat for Humanity Menominee River

Lansing

Lansing Economic Development
Corporation
City of Lansing
Ingham County Land Bank
Habitat for Humanity Capital Region
Our Future Network, Inc
Prospect PLACE Neighborhood
Fair Lending Services, Inc
Women's Center of Greater Lansing
Astera Credit Union
Lansing Regional Chamber of Commerce

Manistee

Manistee County Human Services
Collaborative Body

Livonia

CEED Lending

Mackinaw City

Woda Cooper Companies, Inc.

Manistee

Manistee County Habitat for Humanity

Marcellus

Patch & Remington

Marquette

Marquette County Habitat for Humanity
Alger Marquette Community Action Board
dba Community Action Alger Marquette

Mason

Ingham County Treasurer

Mt. Clemens

Hearts for Homes

Muskegon

Beyond Common Consulting

Newaygo

Hope 101 Ministry Inc

Moxy Homes LLC

Petoskey

Northwest Michigan Habitat for Humanity

Plainwell

Allegan Homeless Solutions

Pontiac

Venture, Inc.

Oakland Livingston Human Service

Agency

Redford

West Outer Drive Civic Association

Conscious Communities

Royal Oak

Nextpointe Real Estate

Saginaw

Compassionate Care Network Inc

Scottville

Habitat for Humanity of Mason County

Southfield

Agent Dan Jones & Associates

Traverse City

United Way of Northwest Michigan

Homestretch Nonprofit Housing Corp.

Northwest Michigan Community Action

Agency

Union Pier

Neighbor by Neighbor

Vanderbilt

Inner Edge Wisdom, LLC

Wyandotte

Michigan Legacy Credit Union

Ypsilanti

Ypsilanti Housing Commission

Joyful Treats Catering

Revalue

DCDI