



## A note from SVdP regarding **HOUSE BILL 5097**



Being a “voice for the poor” is an important part of the Society of St. Vincent de Paul. One of the most harmful offerings which those in need often find themselves using are “payday lending” services (e.g. *Check ‘n Go, One Stop Cash Advance, Advance America*). And while many of us who are active in helping the poor would like to see these practices abolished altogether, in February 2020, the House Ways and Means Committee met and considered House Bill 5097, a measure which would actually expand payday lending in Michigan. This bill has been in committee since October 2019 and would provide payday lenders the authority to offer small loans of up to \$2,500. The current limit is \$600. While no vote was taken, the Committee is expected to move the bill forward to the full House of Representatives, very soon. Michigan Catholic Conference (MCC) has raised several concerns about HB 5097.

Among other concerns, this bill:

- Charges borrowers an exorbitant 132 annual percentage rate (APR), or an eleven percent interest rate per month which is way too high
- Lacks adequate consumer protections
- Provides no limit to the length of the loan, (ex. \$1000 loan can turn into \$2000).
- Does not require the borrower's payments to be put towards the principal of the loan.

We would like to ask your help by writing to your local State Representative to oppose House Bill 5097 as the measure comes before the full House of Representatives. The SVdP link is no longer active, but you can use this handy site to find out who your representatives are and how to contact them: <https://www.house.mi.gov/mhrpublic/frmFindaRep.aspx>

Thank you!