

# Faith Leaders for Fair Lending urge lawmakers to enact reform

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AUSTIN—Texas Baptists have joined the Texas Catholic Conference and other religious leaders to form Faith Leaders for Fair Lending, an effort to demand reform of the payday and auto-title lending industries in the state.

“Payday lenders exploit the law in order to exploit the poor,” said Steve Wells, pastor of [South Main Baptist Church in Houston](#). “When there are bad actors in the economy, we rightly turn to lawmakers to make laws that make sense. We therefore call on the legislature to reign in and regulate this out-of-control industry.”

In committee hearings and private discussions with lawmakers, faith leaders spotlighted exorbitantly expensive practices by payday and auto-title lenders and described how those practices harm families, churches and communities.

If borrowers cannot pay off the entire amount of a payday or auto-title loan in two to four weeks, they must pay high fees to roll over the loan, and more than half—57 percent—cannot repay the loan in two weeks, the [Texas Baptist Christian Life Commission](#) reports. High fees accompany each rollover, and payments do not reduce the principal. Installment loans keep borrowers in debt at effective annual rates of 500 percent or higher.

## **‘Unfairness and exploitation’**

“The unfairness and exploitation represented by much of the payday and auto-title lending industry is morally unacceptable,” said Curtis Guillory, bishop of the Catholic Diocese of Beaumont.

“The cycle of debt created by these loans prevents the very self-sufficiency families seek. The extreme interest rates and fees charged by payday lenders create a painful cycle of dependence that traps financially vulnerable families throughout our state. It is time to end that cycle and offer families protection from this abuse.”

Faith Leaders for Fair Lending urged support for several bills—[HB 3047](#) by Rep. Tom Craddick, R-Midland; [SB 92](#) by Sen. Rodney Ellis, D-Houston; HB 2808 by Rep. James White, R-Woodville; and [SB 121](#) by Sen. Royce West (D-Dallas).

“Payday lending institutions have invaded our communities. In fact, they are more numerous than McDonald’s and Starbucks,” said Michael Evans, pastor of [Bethlehem Baptist Church in Mansfield](#).

### **Entrapping the poor**

“Their current business model traps the poor and the financially vulnerable in high-cost loans. We are simply asking that our legislative representatives institute reasonable reforms that limit the predatory practices of a virtually unregulated industry.”

Faith Leaders for Fair Lending argues this constitutes state-sanctioned usury, and the group is calling for statewide reform. Faith leaders have been instrumental in passing local payday-lending ordinances in 22 Texas cities.

“We have asked the legislature to consider strong payday and auto-title industry reform for the last several sessions, and we will continue to ask that our legislators act to reform this industry,” said Jesse Rincones, pastor of [Alliance Church in Lubbock](#).

“I pray that this is the session that our legislators will have the courage to regulate these predatory loan products and protect our congregations and

communities from those who take advantage of people in their most vulnerable financial moments.”

Joseph Parker Jr., pastor of [David Chapel Missionary Baptist Church in Austin](#), urged Texas lawmakers to answer the Old Testament prophet Micah’s call to “act justly” and “love mercy” by enacting meaningful regulation of payday and auto-title lenders.

“I have witnessed firsthand the destructive nature of payday and auto-title loans in this community,” Parker told the Senate Business and Commerce Committee. “People take out the loans as a quick fix to a financial emergency, and then they become entangled in a cycle of debt from which they cannot escape.”

People frequently ask his church for housing and utility bill assistance because they lack the funds to meet other obligations after paying what they owe payday lenders, he said.

“It is often a pitiful experience to look into the faces of these persons and see the shame and pain of those who are in what I would call the captivity of these transactions,” he said.

### **Increases requests for emergency assistance**

Kathryn Freeman, public policy director for Texas Baptists’ Christian Life Commission, likewise noted an increase in requests for emergency financial assistance among people who were trapped in a cycle of debt after securing a payday loan or auto-title loan.

Groups as diverse as the Southern Baptist Convention, the Cooperative Baptist Fellowship and the National Association of Evangelicals have called for meaningful payday lending reform at national and state levels, she noted.

Churches are seeking to develop alternative models for short-term lending, and many congregations offer financial education programs to teach members how to manage money and exercise individual responsibility, she stressed.

“But we cannot educate our members out of this problem. We need state regulation,” Freeman told the Senate committee.

*With additional reporting by Managing Editor Ken Camp*