

About Payday Loans –

The Bureau of Financial Institutions reports that in 2006 in Virginia alone, over 3.5 million payday loans were made to 433,537 borrowers. Those 3.5 million loans were made from 791 payday loan locations in Virginia – twice the number of payday loan shops than McDonalds restaurants.

According to the **Center for Responsible Lending**, 99 percent of Payday borrowers require more than one loan, and the average amount paid back on a \$325 loan is \$800!

Low-income workers, minorities, and single mothers are disproportionately targeted with Payday loans. Victims face threats of bankruptcy, eviction, and repossession, all of which complicate already challenging financial situations.

Maryland and West Virginia have never allowed Payday lending. Georgia, North Carolina and Washington, D.C. once allowed Payday lending but have now eliminated it.

Virginia could be next. The Virginia General Assembly this year should see legislation that will repeal the Payday Loan Act of 2002, which gave a special exemption to the Payday Loan industry. This proposed legislation would halt Payday lenders' ability to charge exorbitant interest rates and fees and bring them under the current Virginia statute that limits small loan APRs to 36%. This is in contrast to their current practice of charging as much as 700% or more. – from www.virginiafairloans.org

Responding to the Spiritual Crisis of Debt



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The 217th General Assembly of the Presbyterian Church (U.S.A.)

approved “A Reformed Understanding of Usury for the 21st Century,” which encourages individuals and congregations to become active in opposing questionable lending practices and encouraging ethical financial alternatives – especially for those who are poor and marginalized.

(see *full document at:* <http://www.pcusa.org/oga/publications/usury.pdf>)

Working with the **Virginia Interfaith Center for Public Policy**, the Public Ministries Board this year will offer churches in the Presbytery of the James an opportunity to learn more about Payday loans and help educate members – and their elected representatives in the Virginia General Assembly – about the need to reform lending practices in the Commonwealth.

The foundation for our involvement is in Biblical teaching against usury (Exodus 22:25; Proverbs 28:8), and in the Reformed tradition that discourages predatory lending to the poor and the outcast.

What Can I Do?

- Speak with your Pastor about the need to educate your congregation
- Take the matter to the appropriate committee (or Session, depending on how your church is organized. If you are unsure, ask your Pastor.)
- Sign the Pledge (go to <http://www.faitfulpledge.org/>)
- Contact your elected officials through letters, personal visits, etc.
- Attend a legislative committee meeting in Richmond
- Share information with others

(The Presbytery of the James can provide: more information about predatory lending in Virginia; bulletin inserts; articles for your church newsletter; sample letters to elected officials and newspaper editors; lists of elected officials and how to contact them; speakers and educational materials for events in your church and for the surrounding community; arrangements for groups who want to attend legislative committee meetings in Richmond; other assistance in learning more about this important issue.)

What Can We Do?

- Adopt a Church Commitment (see the Third Presbyterian Church example at <http://www.faitfulpledge.org/ThirdPresSession.doc>)
- Host an Educational Meeting** – invite other churches and neighbors from your community
- Church Leadership speak with elected officials
- Come as a group to a legislative committee meeting in Richmond
- Contact **Nancy Summerlin** (nancysummerlin4@yahoo.com) at the Presbytery of the James for more ideas about how your congregation can become better informed

To learn more – visit the following websites:

- Virginia Interfaith Center for Public Policy: <http://www.faitfulpledge.org/>
- Virginia Partnership to Encourage Responsible Lending: <http://www.virginiafairloans.org>
- Virginians Against Payday Loans: <http://www.stop paydayloans.org/>
- Center for Responsible Lending: <http://www.responsiblelending.org/>

... or e-mail **Nancy Summerlin** at nancysummerlin4@yahoo.com