

## A RESOLUTION CONCERNING PREDATORY LENDING PRACTICES

WHEREAS, The General Board of Pension and Health Benefits of The United Methodist Church has identified “Predatory lending [as] a form of subprime lending characterized by unscrupulous or unethical lending practices. These practices can include the application of excessively high fees and interest rates, the use of balloon payments, flipping (successive refinancing of the original loan at increasingly higher rates), packing (linking the issuance of the loan to the purchase of some form of insurance) and steering (directing otherwise credit-worthy borrowers into high-priced subprime loans). The United Methodist Church has directed all general agencies to invest in banks that have ‘policies and practices that preclude predatory or harmful lending practices’ (Resolution 213, Investment Ethics)” (On Your Behalf, April 2006); and

WHEREAS, Predatory lending companies make predatory loans to borrowers at interest rates above 300 percent APR, and the characteristics of these predatory loans encourage repeat renewal and back-to-back borrowing on these loans; and

WHEREAS, These predatory loans are targeted at low-wealth and vulnerable consumers, most often the unsuspecting elderly, the military, the poor and minorities who are least able to afford the cost of such predatory practices; and

WHEREAS, The practice of predatory lending is a serious stumbling block for persons seeking to climb out of poverty and achieve homeowner status; and

WHEREAS, For these reasons, predatory payday loans hurt vulnerable consumers and the neighborhoods in which they live; and

WHEREAS, Other states have effectively prohibited these predatory loans through legislation; and

WHEREAS, The scriptures are clear in demanding economic justice for the poor (see Amos 2:6; 4:1-3; and 8:4; Deuteronomy 24:14; Exodus 23:9; Micah 2:1-2; Proverbs 14:31; 17:5; 22:16; and 22:22-23; Zechariah 7:10; and Proverbs 21:13); now, therefore, be it

RESOLVED, The Board of Church and Society of The South Carolina Conference of The United Methodist Church supports those who are targeted by the predatory lending industry; and, be it further

RESOLVED, The Board of Church and Society of The South Carolina Conference of The United Methodist Church supports House Bill 3294 and additional legislation which will limit the interest rate payday lenders can charge customers, ban internet payday lending by lenders not licensed in SC, limit the number of payday loans that a company can make to a consumer at one time, and ban one-sided mandatory arbitration clauses and allow for penalties when a lender violates the prohibitions of the law; and, be it further

RESOLVED, That this resolution be forwarded immediately to the members of the South Carolina General Assembly and the Governor of South Carolina for action; and, be it further

RESOLVED, That the members of this conference will contact their representatives and let their voices be heard.

By The Board of Church and Society of the SC Conference UMC