



CATHOLIC CONFERENCE OF OHIO

Testimony in Support of S.B. 185 November 15, 2005

Mr. Chairman, members of the Finance Committee. My name is Jim Tobin. I am an Associate Director with the Catholic Conference of Ohio. As you may recall, we have an extensive outreach through our Catholic Charities structures towards families and persons in need. Many of our requests for services are related to housing needs and insufficient financial resources. Our teachings around social justice also call us to support efforts that help to assure fair and responsible business practices. Predatory practices that take advantage of the ignorance or hardship of another is a form of stealing.

It is with this in mind that we encourage your support of legislation such as S.B. 185 and S.B. 162. Having the Consumer's Sales Practices Act apply regarding mortgage lending appears reasonable, workable, and necessary.

It also seems to us that the CSPA would provide an important tool to protect against abusive practices that may occur in payday lending institutions. We encourage you to keep this feature in S.B. 185.

We understand that discussions are occurring that may limit the scope of S.B. 185 to address only mortgage lenders. We would, however, like you to consider the attached letter from the recently formed Payday Lending Coalition encouraging additional safeguards in this area as well.

As you will note from this letter that according to the National Center for Responsible Lending, there are more than 1,100 payday lenders in our state, with 420,000 Ohioans using these services annually. Approximately \$290,000,000 in fees is imposed on consumers on a yearly basis. Allowing consumers recourse through the CSPA, should abuse occur, also seems reasonable, workable and necessary.

Thank you for this opportunity.

OHIO PAYDAY LENDING COALITION

November 11, 2005

Governor Bob Taft
77 South High St., 30th Floor
Columbus, Ohio 43215-6117

Dear Governor Taft:

I am writing in behalf of the Ohio Payday Lending Coalition, which includes representatives of more than 20 faith based, community, consumer, and housing organizations. We highly commend your recent decision to address the abusive lending practices of predatory lenders in our State. Your leadership on this matter can make a difference in protecting consumers. As you know, Ohio has the highest foreclosure rate in the nation. Daily, unscrupulous lenders are stripping thousands of Ohioans of their major asset, their homes. We join you in urging the Ohio General Assembly to cover such abusive practices under the Consumer Sales Practices Act (CSPA). We are hopeful that the Ohio General Assembly will incorporate your recommendations in the predatory lending bills that are currently pending.

I also strongly urge you to extend consumer protection through the Consumer Sales Protection Act to those Ohioans who are falling prey to Payday lenders throughout Ohio. According to the Center for Responsible Lending, there are more than 1,100 payday lenders in our state. In 1997, there were only 88. This represents a 1200% increase. In addition, the Center for Responsible Lending reports that 420,000 Ohioans use these services annually. Approximately \$290 million in fees are imposed on consumers on a yearly basis.

While some states have passed comprehensive legislation that protects consumers from the debt trap of Payday Lending, Ohio has failed to do so. Our coalition intends to craft model legislation in which we will pursue passage in the General Assembly. Our hope is that your administration will join us in curbing the legalized loan sharking that is taking place in our state. In the meantime, will you join us in urging that Payday Lending be included in the CSPA? Although the extension of CSPA requirements is not the full solution we seek, it will provide some modicum of protection that is greatly needed.

Thank you for allowing me this opportunity. We look to working with you and the General Assembly on this matter.

Sincerely yours,

Tom Allio, chair, Ohio Payday Lending Coalition

**PO BOX 434, AKRON, OHIO
330-535-2787**