



CATHOLIC DIOCESE OF LEXINGTON

THE CATHOLIC CENTER
OFFICE OF THE BISHOP

3 November 2015

Dear Pastors, Administrators, Parish Life Directors, Collaborators in Ministry,

Now that the gubernatorial elections are over and the political commercials are off the air, at least temporarily, the real work of governing begins. As Catholics who take our faith seriously and want to contribute to the common good, we express our positions on a variety of issues. In many our advocacy and work for justice is more important outside of campaign season, the time when the real work of legislation takes place. Pope Francis' visit to our country was a great encouragement for us to live our faith and try to improve the conditions of the poor and marginalized in our society.

One issue worthy of our attention and addressed by the Catholic Conference of Kentucky, the Kentucky Council of Churches, and the BUILD network in Fayette County along with many other institutions and agencies that work with the poor, is the issue of **Predatory Lending** in Kentucky. The Kentucky Coalition for Responsible Lending has described the seriousness of Payday Loans in our state. You can get more information and data about payday lending from www.kyresponsiblelending.org.

I encourage you to disseminate information in any way you can and encourage your parishioners to become informed about the dangers of payday lending and the cycle of debt that is easily created. Attached with this e-mail are a petition form for the Kentucky General Assembly to limit payday loans to 36% annual interest and a form for letters to state senators and state representatives promoting this legislation.

It is critical to have broad support in order to get this legislation acted upon in the General Assembly. BUILD leaders in Lexington would like to collect the letters and petitions for presentation by December 1. Please send letters and petitions to:

Katherine S. Goetz
151 Hume Rd.
Lexington, KY 40516

Peace and all good,

Most Reverend John Stowe, OFM Conv.
Bishop of Lexington

Dear Senator _____:

Dear Representative _____:

I strongly encourage Kentucky legislators to limit interest and fees on payday loans to 36% per year, which is the maximum rate for all other loans in the Commonwealth.

Current law allows payday loan lenders to charge 15% every two weeks for a loan of \$500 or less. This means that borrowers who renew the loan every two weeks for a year pay up to 400% in interest!

I support an interest rate of 36% a year on payday loans because: (Mark an X beside all that apply)

- I am currently trapped in a payday loan.
- I have been trapped in a payday loan in the past.
- I have a friend or relative who has been trapped in a
payday loan.
- I believe that payday loans hurt my community.
- My religious faith tells me that the high interest rates charged by payday lenders are unjust.

Add your own comments in the space below:

Your constituent,

Name

Address

TELL THE GENERAL ASSEMBLY TO BAN 400% ANNUALIZED INTEREST IN KENTUCKY

We, the undersigned, urge the General Assembly to limit interest on payday loans to 36%.

Current law allows payday loan lenders to charge 15% every two weeks for a loan of \$500 or less.

Payday lenders think that because these loans are supposed to be short term, they should not have to follow the 36% rate which applies to other small loans. This might be a valid argument if the payday loan were a one-time occurrence. In fact, only 1% of payday loans go to one-time borrowers. The average borrower takes out 10 loans per year and owes the payday lender for 207 days per year. (Figures taken from the Kentucky Department of Financial Institutions.)

The industry's business plan depends on repeat borrowers. The interest and fees which Kentucky families pay to payday lenders could be better spent on rent, utilities, groceries, and medical care. Social Service agencies and churches will tell you that many families need assistance because they are trapped in payday loans. We believe that high-cost payday loans hurt our communities, fly in the face of justice, and drain the Kentucky economy.

We strongly urge the General Assembly to require payday lenders to follow the 36% interest rate that applies to all other small loans in the Commonwealth.

NAME

ADDRESS