

**Small Dollar Loans**

# LENDING JUST LOANS

**For A Time Such As This**

**A PAYDAY LOAN ALTERNATIVE PROGRAM**

# PROBLEM: PAYDAY LOANS

390%  
APR

A Quick  
Financial  
Fix  
Resulting  
in Long  
Term Debt  
Traps

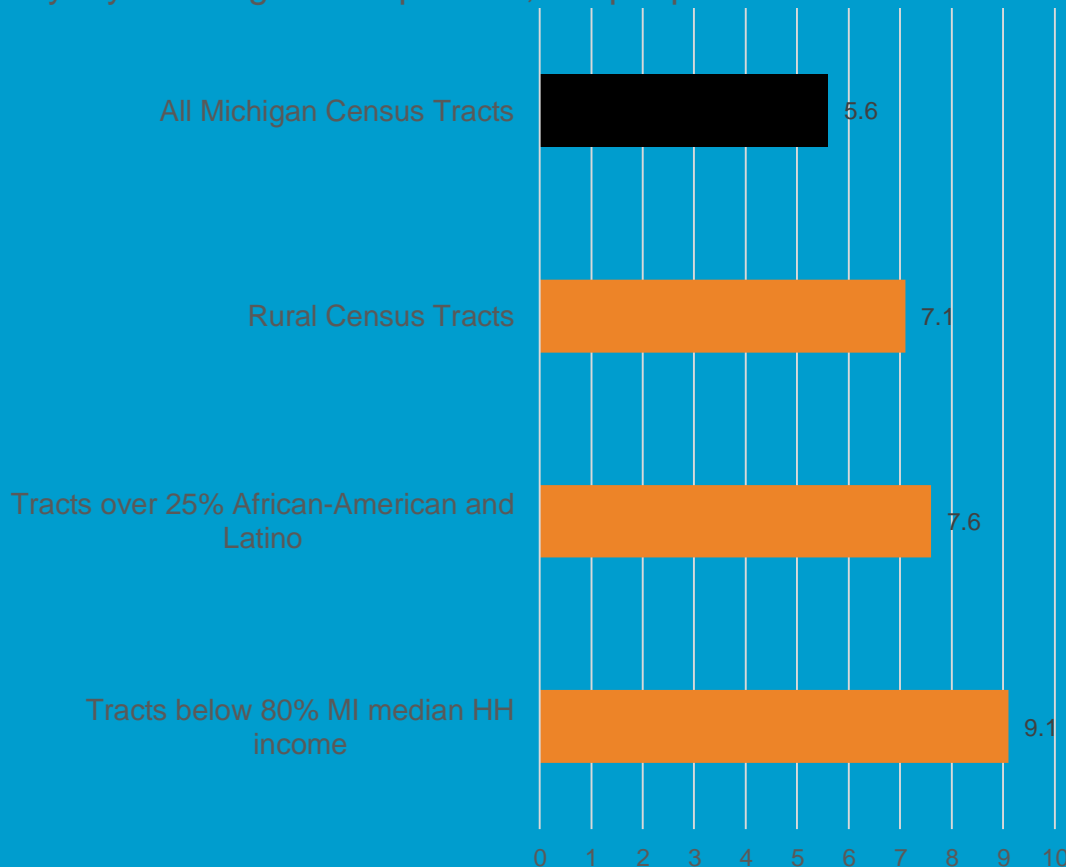


Borrowers  
Can't  
Repay  
and Have  
Money to  
Live

# Payday Lenders Target the Most Vulnerable in Michigan

- Payday lending stores across the state tend to locate in communities in at least one of the following groups:
  - Rural tracts and regions
  - Higher concentrations of people of color
  - Low-income communities.

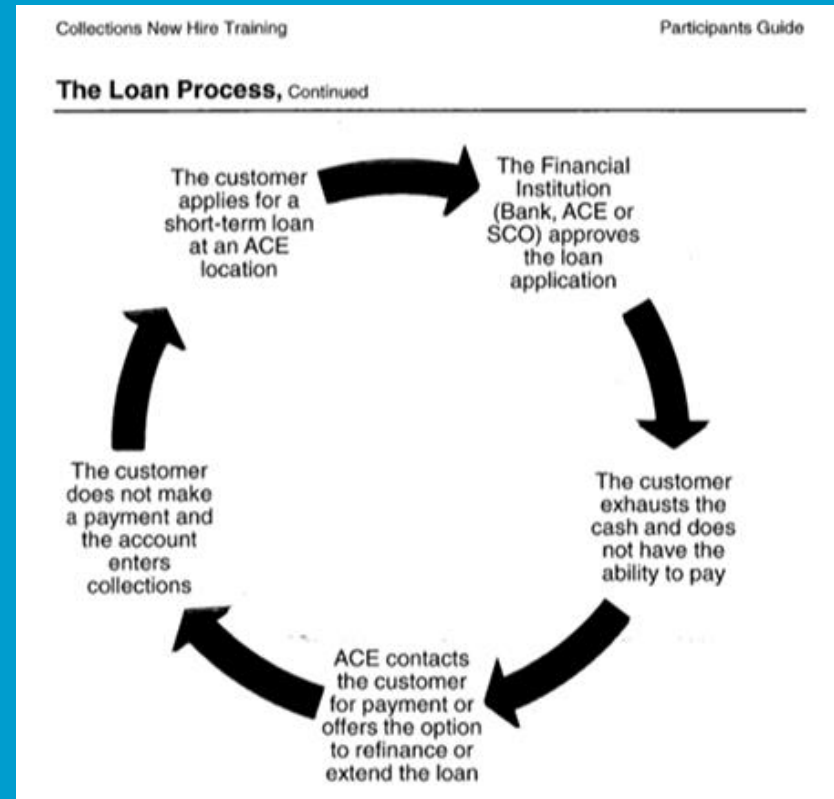
Payday Lending Stores per 100,000 people



# THE DEBT TRAP

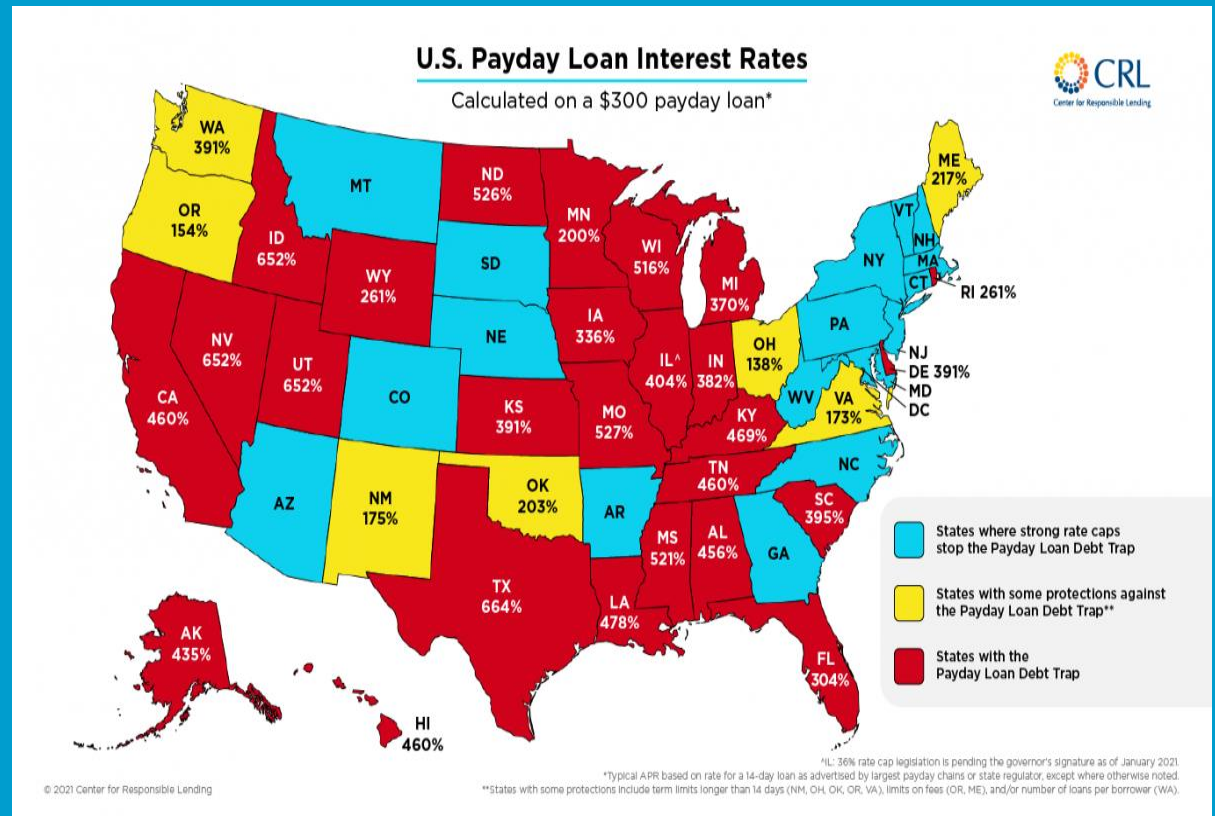
## Payday Loans Trap Borrowers—and Take More Money The Longer they Have People Stuck

- The CFPB shows that 75% of payday lenders' revenue comes from borrowers caught in 10 loans per year
- 70% of Michigan payday borrowers take out a loan the same day they pay off the previous loan



# NATIONWIDE TRENDS

- The Military Lending Act is a federal law prohibiting loans of over 36% APR for military members
- 18 states plus the District of Columbia cap interest rates at 36% or less



# THE HABITAT LOAN PILOT

- \$55,000 loan pool – 33 loans
- \$900 average loan amount
- 92% customers paid on time
- 3 borrowers paid late - 0 defaults
- Affiliates excel in financial coaching
- Affiliates need loan servicing support



# **FAIR LENDING SOLUTION: JUST LOANS**

- **Affordable Repayments**
- **12% Max Interest Rate - 24% APR**
- **FinCap by Certified Coaches**
- **Affiliate Origination, Revenue Earned**
- **Collaborative Fundraising for Habitats**



**Fair Lending  
Services Inc.**

LENDING WITH THE CUSTOMER IN MIND

# WHY HABITAT FOR CONSUMER LOANS?

- **Mission connection: finances and housing**
- **Increase scale and impact of Habitat**
- **PDLs cause lost housing**
- **Focus on justice & equity in lending**
- **Building communities and hope**





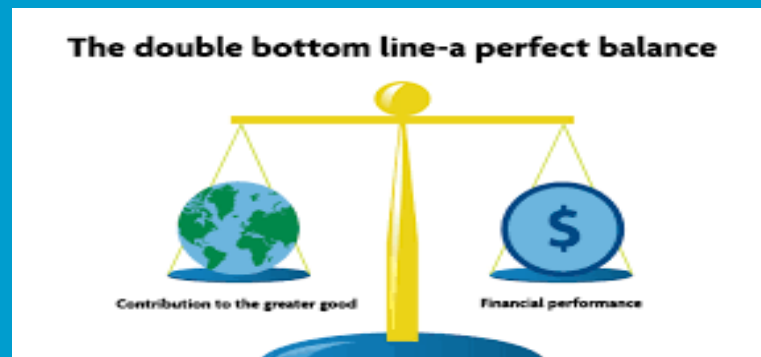
# WHAT SETS US APART?

- All borrowers attend financial education
- Ongoing connection with a financial coach
- Virtual services, customer focused
- Model: Never again use pay day loans



# Helping People, Helping Habitat

- Helping people get out of bad loans
- Helping people control finances
- Financial counseling, wealth building
- Homeownership in the future?
- Achieve Mission, Earn Revenue



# LOOKING FORWARD

- **Credit Builder Loans**
- **Repayable Down Payment Assistance**
- **Home Repair Financing**
- **Modular Home Production / Financing**



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# QUESTIONS, COMMENTS



# Thank You!

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“The only way to ensure social justice in a capitalist country is through economics and ownership.”

~ Dr. Martin Luther King, Jr.