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## **New legislation spells out reforms that would make payday lending fair and affordable in Ohio**

*Reps. Koehler and Ashford say sensible changes would save residents tens of millions of dollars annually and have strong public support; Ohio groups support efforts and join growing statewide momentum for reform*

**COLUMBUS** -- State lawmakers Kyle Koehler (R-Springfield) and Mike Ashford (D-Toledo) today introduced legislation to reform a payday lending market that charges the highest rates in the nation, drains money from the state's economy and harms Ohio consumers.

The legislation has the support of a growing grassroots coalition of Ohio consumer, business, veterans and faith groups. Supporters include the Ohio Job & Family Services Directors Association, Ohio Council of Churches, Catholic Conference of Ohio, Ohio Poverty Law Center, Franklin County Veterans Service Commission, Central Ohio Fair Housing Association and Ohio CDC Association.

"Our proposed reforms would bring stratospheric borrowing costs back down to earth from their hyper-inflated current levels," Rep. Koehler said. "These adjustments are long overdue. They will help our state's hard-working consumers using a proven model that will still preserve access to credit in Ohio."

More than a million Ohioans have taken out high-cost payday loans. Ohio today has the highest payday loan rates in the nation—an average annual percentage rate (APR) of 591%. A typical Ohioan who has a \$300 payday loan out for five months must pay back more than double the amount (\$680) in interest and fees alone.

The legislation introduced today makes loans affordable by ensuring monthly payments do not exceed 5% of a borrower's gross monthly income. The bill also sets a maximum on how much payday lenders can charge, limiting the annual interest rate to 28% plus monthly fees of 5% on the first \$400 loaned, or \$20 maximum.

Rep. Ashford said the legislation will ease financial hardships on Ohio families. "Unfortunately, many payday lenders are geared toward taking advantage of households that are living paycheck-to-paycheck," Ashford said. "For too many families, this makes it impossible to pay off the 591 percent loans and, as a result, Ohioans are living behind the financial eight ball for a long time. We hope to change that with this legislation."

Added Carl Ruby, Senior Pastor, Central Christian Church, Springfield, and Director for the Ohio Coalition of Faith Leaders for Lending Reform, "Now is the time for us to end practices that prey upon the most vulnerable members of our communities. I, and

many other faith leaders from across Ohio, strongly support this bill because it ends practices that price-gouge families, trapping them in long cycles of debt.” Ruby is one of the founders of Ohioans for Payday Loan Reform, the growing statewide coalition.

A number of veterans’ service groups have voiced support of reform efforts, noting that veterans who can’t pay off payday loans have turned to them for help. “Many of the veterans we assist at the commission find themselves trapped into a cycle of borrowing money that has no easy exit and can be very expensive,” said Robert C. Bramlish, executive director of the Franklin County Veterans Service Commission. “We are hopeful that today’s proposed legislation will result in reasonable lending programs that provide relief to financially challenged veterans as well as all Ohio citizens.”

Rick Williams, President & CEO of the Home Ownership Center of Greater Cincinnati, said, “We need to increase all Ohio residents’ financial independence. That simply can’t happen for people who are caught in an expensive payday loan cycle. Let’s provide them a more fair, transparent product that they can pay off in a reasonable amount of time.”

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