VOICES

Your Turn
Lizzie Bebber
Guest columnist

It's time for S.C. to cap interest rates on loans to consumers

We first began working with a 71-year-old Greenville resident in August 2022 when her landlord, Homes of Hope, referred her to our Striving to Thrive program for support.

United Ministries had recently begun a pilot program to serve already housed clients who were in financial trouble due to missed payments or unexpected life-altering events.

Over a nine-year timeframe, this participant had taken out 18 personal, high-interest loans. Several were secured with collateral that could have been seized.

She told us that she had nowhere else to turn for money, and at the time she took out each of these loans, she knew of no resources to access the funds in time to pay her bills. These triple-digit interest loans and her inability to get out from under them was a major reason why she decided to declare bankruptcy.

Homes of Hope President/CEO, Don Oglesby, when asked said, "Her situation was precarious even while being affordably housed. And from what we know, she is not alone."

Between 2019-2021, 25% of the people United Ministries pulled credit reports for had active high-cost loans or high-cost loans in collections. Of those, 63% were African American and 54% were women. The total amount of debt reflected on those credit reports combined was $454,632 – an average of more than $3,500 per person.

Our participants were literally drowning in debt that carried interest rates and fees totaling 200%-400%.

United Ministries serves people who work incredibly hard to achieve self-sufficiency for their families. The triple-digit interest rates and fees often charged by payday, auto title and high-cost installment lenders create a cycle of debt that is very difficult for a borrower to complete.

Oftentimes, families with children find themselves without a car or a home because their vehicle has been repossessed or payments on payday and installment loans don't leave enough money for rent or basic necessities.

The SC Fair Lending Alliance, and the dozens of nonprofits, businesses, and individuals who have joined it, are committed to creating a more just reality for our neighbors who find themselves in need of financial support.

Right now, payday lenders are charging 395% APR, according to The Center for Responsible Lending.

Auto title and high-cost installment lenders can charge any interest rate they want, with the highest rate filed with SC's Department of Consumer Affairs in 2021 being a staggering 950%.

But there's something we all can do to change that. Earlier this month, bill S.518, which would create a 36% interest rate cap for all consumer loans, was introduced in the SC Senate.

While many of us are fretting over increases in interest rates for vehicles and homes reaching 6%-7%, a 36% rate cap would be a significant and impactful change for so many who find themselves in loans that average 200%-300%.

Capping rates at 36% would also bring South Carolina in line with the federal Military Lending Act that currently protects all active-duty service members and their dependents. The SC Fair Lending Alliance (capratesc.com) believes that South Carolina teachers, law enforcement officers, nurses, restaurant workers, and the elderly all deserve the same protection.

Capping rates would create a well-functioning market for small-dollar loans. Neighboring states North Carolina and Georgia are among many throughout the country that have reined in predatory lenders. And citizens in these two states have more access to credit than South Carolinians.

I'll make a special request of anyone reading this who identifies as a "person of faith."

I urge those in faith communities, especially leaders of those congregations, synagogues, and temples, to prioritize learning about how these predatory practices in South Carolina disproportionately affect people of color, low-wealth households, and the elderly.

Counties with the highest poverty rates have the highest interest rates.

Educate yourselves and your faith communities about these issues, and join the SC Fair Lending Alliance by letting your senator know that you support Senate Bill S.518 and why it's important that they support this legislation.

Lizzie Bebber, MDiv., is executive director of United Ministries of Greenville.

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LETTERS

Greenville needs to get tough to curb 'embarrassing' litter

First, I'd like to take the opportunity to commend Laraine Curtis for her efforts and then also comment on her letter published Feb. 19 regarding the massive litter issue in the Greenville area.

I, too, have picked up litter here and also report it, via the "Litter Ends Here" app. To Greenville County's credit, it is responsive and has acted on the reports.

However, the only *real* solution to this problem is that the actual littering needs to be stopped. Otherwise, we're just playing a sad game of "whack-a-mole" and wasting money and resources.

I've lived in Greenville for just over a year and am stunned by the amount of roadside litter and dumping here! Where I moved from was not "litter-perfect," but it was nothing close to this.

With the incredible international attention that Greenville receives as a jewel of a place to visit and live, this is an embarrassment, not to mention a health hazard!

If the authorities don't enact significant and frequent fines for littering and then reinforce them, we will all suffer as our property values are negatively impacted and our taxes increase, from an issue that we all have control over.

As far as what we, as individuals can minimally, do?

Please wait to throw your car garbage into waste receptacles at gas stations, stores or at home.

We *all* live here.

Chris Cerasoli, Greenville

Kudos to Scott, Graham for 'reaching across aisle' on climate bill

I was pleased to hear that SC Sens. Lindsey Graham and Tim Scott have co-sponsored the RISEE Act -- just reintroduced in the 118th Congress. The bipartisan bill would ensure that funding from offshore wind development in South Carolina returns to the state and is utilized to protect shorelines and safeguard vulnerable communities and businesses most threatened by sea level rise.

As President Biden said in his recent State of the Union speech, "The climate crisis doesn't care if you're in a red or blue state." To that end, I appreciate that our senators are willing to reach across the aisle to seek sensible climate solutions for the betterment of South Carolinians. I know I am not alone.

Recently, a national poll revealed that three-quarters of Americans (74%) want politicians to stop bickering and compromise with one another. So kudos to Graham and Scott.

May this be one of many bills they back in this Congress that will move us away from carbon pollution, help our communities, and ensure South Carolinians benefit from the clean-energy transition.

Charlotte Ward, Greenville

We want to hear from you

We welcome letters to the editor on timely, news topics. They should be fewer than 250 words. Please include your name, home address, email and telephone number. All letters are subject to editing for length and clarity. Send letters to: P.O. Box 1688, Greenville, S.C. 29602; by fax: 864-298-4805; email:letters@greenvillenews.com.

GETTY IMAGES

SC bill would provide 'guardrail' against interest-rate 'debt traps'

Your Turn
Mark O'Rourke
Guest columnist

South Carolina enjoys a strong economy, high employment, great quality of life, good governance, and a wide safety net for those in need. Nevertheless, a substantial number of people living on low, fixed incomes in South Carolina, such as Social Security and disability, are in financial distress at any time. Many, with low wealth, low income, and low credit scores fall prey to high-cost loans that 1) they cannot afford; 2) force them to commit their checks and refinance repeatedly; and 3) trap them in debt from which they cannot escape.

A successful strategy to eliminate this high-cost, predatory lending that other states have used is a 36% APR cap on interest and fees for these loans. This solution is under consideration in South Carolina as Senate Bill 518, which would make it unlawful to charge a more than 36% interest rate and fees on consumer loans in South Carolina. Senate bill 518 would create a guardrail to shield financially distressed South Carolinians from the high-cost loans that trap them further in debt; allow the lending industry to continue to function and thrive in our state; and stop the extraction of hundreds of millions of dollars from our state economy by predatory lending every year.

Many of the people who get caught in these high-cost loans are not carefully reviewing their market options and comparing alternative strategies. They are often financially unsophisticated, desperate, and lured into high-cost loans by predatory marketing practices. They are often isolated and too embarrassed to ask friends or family for help. The elderly and disadvantaged are particularly vulnerable.

In 2005, the US military recognized that many young soldiers, sailors and airmen were falling prey to these loans. I served in the Navy as an instructor at the Naval Nuclear Power School, and I certainly saw it happen. In response, the US Congress passed the Military Lending Act (MLA), which capped consumer credit fees and interest rates, for servicemen and their dependents in every state, at 36% APR. This interest rate cap has been a great success, reducing the harm of predatory lending among the military. At the same time, servicemen still have plenty of access to credit and financial help, and the lending industry continues to serve this group.

At St. Anthony of Padua Catholic Church in Greenville, a group of parishioners saw the problem and formed a nonprofit group, called the Micro-Loan Assistance and Financial Health Program, or MICAH. MICAH counsels and mentors individuals in financial distress. When needed, MICAH offers small-dollar loans at a 4% annual interest rate, rather than high-cost, debt-trap loans with rates commonly 300% to 400%. Our MICAH program is only one of a considerable number of programs that offer financial counseling in the Greenville area and across the state. We have learned that many financial crises can be solved with help from mentors, using existing resources and programs, along with some low-cost loans.

Numerous states have passed a 36% APR cap on fees and interest for these loans, modeling the legislation after the Military Lending Act. They have been successful at reducing debt-trap loans, while allowing the lending industry to flourish in those states. People in North Carolina and Georgia are not saying, "Bring back these high-cost loans and predatory practices."

The 36% rate cap and S 518 have wide support across our state, including from the AARP, faith communities, social services organizations and advocacy groups. Opponents of the 36% APR rate cap say that it would limit credit for the poor and hurt the very people the legislation is intended to help.

But the 36% APR rate cap has stood the test of time. In the 18 states and the District of Columbia where the rate cap has been in place for years, access to credit is doing just fine and the lending industries are doing well. The 36% APR rate cap of S 518 would serve as a guardrail to protect people in South Carolina from these loans, the way the Military Lending Act has protected servicemembers, and the way a growing number of other states have protected their vulnerable citizens.

Dr. Mark O'Rourke is a Greenville physician retired from active practice and a founding board member of the Microloan Assistance and Financial Health (MICAH) program.