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Historically, access to credit has almost always been a good thing for American families. Financial services – from savings banks to credit cards to home loans - have enabled millions of households to respond to emergencies, save money and build family wealth over time.

Unfortunately, many American households have become increasingly subject to an array of predatory lending practices that drain assets and trap families in debt rather than build household wealth.

Unfair mortgages – Starting in the 1990s, subprime lenders put millions of families into overly expensive and unnecessarily risky home loans. As these loans fail and neighboring home values decline, over \$502 billion in household wealth will be lost in 2009 alone.¹

Payday and car title loans – Short-term loans that use a paycheck or car title as collateral trap millions of borrowers in cycles of debt and charge in excess of 300% APR. Payday loans increase a family's risk of bankruptcy and loss of bank account.²

Overdraft fees – Each year, households pay over \$17.5 billion in bank overdraft fees.³ Typically, banks provide customers no warning or opportunity to stop their purchase and avoid overdraft.

For people of faith, responsible lending is a moral concern. Religious texts warn against usury – the practice of charging excessive or unjust interest – particularly if paying that interest would deprive a person of basic necessities, livelihood or home. Faith-communities frequently work with families facing foreclosure or debt brought about, in part, by predatory lending.

Clergy and faith leaders have been powerful voices for eliminating abusive lending. The Faith-Based Program at Center for Responsible Lending works to amplify these voices.

Research and Policy - CRL provides ministries with research and policy relevant to community development and asset protection.

Campaign Support – CRL provides training and technical assistance to a variety of faith-based organizations in state and national campaigns to stop abusive lending.

Religious Reflection – CRL collaborates with faith-based groups in developing resources that enable congregations to reflect on credit and debt in light of current needs.

Religious Teaching on Lending

"If you lend money to one of my people among you who is needy, do not be as a creditor, charge him no interest. If you take your neighbor's cloak as a pledge, return it to him by sunset."
-- Exodus 22:25-26

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"Let the exacting of usury stop! Give back to (your countrymen) ... their fields, vineyards, olive groves and houses, and also the usury you are charging them"
-- Nehemiah 5:11

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The Hebrew word for interest is *neshekh* meaning, "to bite."

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The Islamic terminology for usury is *reba*, meaning "excessive."

For more information and to receive faith-based updates from Center for Responsible Lending, contact Rachel Anderson, Rachel.anderson@responsiblelending.org, 202-349-1873

About the Center for Responsible Lending

The Center for Responsible Lending (CRL) is a national nonprofit, nonpartisan research and policy organization dedicated to protecting home ownership and family wealth by working to eliminate abusive financial practices. CRL is affiliated with Self-Help, one of the nation's largest community development financial institutions.

For additional information, please visit our website at www.responsiblelending.org.

¹ *Soaring Spillover: Accelerating Foreclosures to Cost Neighbors \$502 billion in 2009 Alone; 69.5 Million Homes Lose \$7200 on Average*. Center for Responsible Lending. (May 2009).

² Paige Marta Skiba and Jeremy Tobacman, *Do Payday Loans Cause Bankruptcy?* (Oct. 10, 2008); Dennis Campbell, Asis Martinez Jerez, and Peter Tufano, *Bouncing Out of the Banking System: An Empirical Analysis of Involuntary Bank Account Closures* (June 6, 2008).

³ *Overdraft Loans Trap Borrowers in Debt*. Center for Responsible Lending. (March 18, 2008).