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*The Monthly Newsletter of COHHIO, the Coalition on Homelessness and Housing in Ohio*

## Payday Lending Sparks Interest in Legislature

Bev Cousar stepped to the microphone and slowly scanned the audience. Clearly, this was a new experience for the grandmother from Columbus' north side. "I don't want you to feel sorry for me," she said to the 44 legislators and aides who had gathered to learn more about the payday lending industry in Ohio. "I just want to help anyone I can understand what they're getting into when they take out a payday loan."

Her testimony was compelling. "I wanted to help my son in Texas, a single parent, who recently lost his job and his rent was coming due," she said. "Without my help, he and my grandkids would've been out on the streets," she said emotionally, "so I went to a payday lender." Ultimately, the \$500 loan cost her \$3,000 and six months of intense stress and frustration.

Cousar was one of five speakers invited to a June 6 briefing hosted by Rep. Bill Batchelder (R-Medina) and organized by the Ohio Coalition of Responsible Lending, of which COHHIO is a member. Batchelder's goal was to gauge the level of legislative interest in moving forward with ways to curb predatory payday lending abuse. Indeed, there was interest by legislators, notably Rep. Matt Lundy (D-Elyria), who turned to the group and said, "I don't know how we can sleep at night knowing this is going on all over Ohio."

Coalition chair Tom Allio said that payday lending in Ohio is nothing but "legalized loan sharking." Allio, executive director of the Catholic Commission and senior director of the Diocesan Social Action Office, said that those in the faith-based community "are concerned about the impact payday lending has on family



Rep. Bill Batchelder (R-Medina), host of the June 6 payday lending briefing

life, on charities, and on social service agencies across our state. Our hope is that we can develop a reform that reflects the common good of our state."

COHHIO's Bill Faith told legislators he'd learned a great deal about predatory lending while helping usher in SB 185. "The biggest mistake we made is that we didn't do it [predatory mortgage lending reform] sooner," Faith said. "Waiting just creates more victims." He advocated for a "cleaner, more fair, less abusive, more affordable product."

Batchelder agreed. "We once thought payday lending was an urban problem involving only the poor. Not true. It's a general problem we need to address. We need to have alternatives; we need to have knowledge," he said, "to go into battle with weapons."



## The Hidden Homeless

By Jonda Clemings, MEd, LSW,  
COHHIO Rural Housing Program  
Coordinator

Homelessness exists in all small towns and communities across Ohio. In fact, nine percent of all homeless persons are in rural America, according to a report distributed by the Urban Institute and Interagency Council on Homeless. Often, the rural homeless are “hidden” (living in abandoned buildings, woods, campers, etc.), which keeps many small town residents from realizing there are homeless in their midst.

Like metropolitan areas, the two main causes of homelessness in rural areas are poverty and lack of affordable housing. According to the *Rural Housing Data Portal*, the poverty rate in rural areas is 13.6% compared to the national poverty average of 12.5%. Another concern in rural areas is that the housing stock is poor or substandard.

Many rural homeless move from one “poor housing option” to another – from a substandard unit, into a doubled up situation, into a high cost burden situation, into an overcrowded situation. Though many reside in unsteady and uncertain housing

situations, they do not qualify for many of the “homeless” programs and services offered.

The burden of homelessness is often greater in rural communities due to the lack of capacity by the rural service providers and to a lack of housing projects and community resources. Unfortunately, many who are not yet homeless are only a paycheck away.

Given the special needs of the “hidden homeless” in Ohio, COHHIO has increased its capacity to help train and support service providers in the rural counties. COHHIO staff are available to provide technical assistance and capacity building around the following topics on a request/ response basis: developing and sustaining a Continuum of Care; developing, writing and implementing a Plan to Address Homelessness; permanent Supportive Housing; Continuum of Care process; grantsmanship; “Housing 101” – types of housing models, best practices for housing programs and services; and other rural housing and homelessness issues. Contact [jondaclemmings@cohhio.org](mailto:jondaclemmings@cohhio.org) for more information.



## Ending Chronic Homelessness

The National Alliance to End Homelessness released a brief earlier this year detailing the importance of committing local, state, and federal resources to the development of a “housing first” approach to ending chronic homelessness in the United States.

Columbus is a “housing first” pioneer, developing 760 new units of Rebuilding Lives supportive housing

units since 1999. “We’ve helped more than a thousand people who used to cycle in and out of homeless shelters live in permanent homes, some for the first time in a decade,” said Barbara Poppe, executive director of the Community Shelter Board at the organization’s June 5 record-breaking fundraiser. “CSB is committed to expanding the (continued on page 6)

*Pictured at Right:  
Cleveland Housing  
Network’s Emerald  
Commons*



## Notes of Faith

from COHHIO's Executive Director

It was about a year ago, on a hot June day, that we celebrated the signing of SB 185, a bill designed to fight predatory mortgage lending in Ohio. But predatory lending is still rampant in Ohio in the form of payday loans, so we have recently joined with the Ohio Coalition for Responsible Lending to help strengthen efforts for reform (see also cover story).

After all, these loans have a lot in common. Both strip wealth from the borrower rather than build it; both charge excessive fees and interest rates and use serial refinancing as a way to trap customers. Both target hard working Ohioans who are adversely affected by shifting financial winds; both negatively impact communities by siphoning hard-earned dollars away from families; and both put pressure on already stressed social service agencies with increased demands for emergency food, rent and mortgage assistance, utility assistance and consumer credit counselors.

There's one major difference, however; unlike predatory mortgage lending, payday lending *is still legal in Ohio*. That's about to change with the legislative charge led by Rep. Bill Batchelder (R-Medina). Batchelder supports capping payday lending rates at 36 percent APR, the same rate mandated for military personnel and their families as outlined in the federal Talent-Nelson amendment.

With research help from our anti-predatory mortgage lending partners, including Paul Bellamy, J.D., PhD., the Center for Responsible Lending, Policy Matters Ohio, and the Housing Advocacy and Research Center, we dug up some pretty unsavory facts about the industry, including:

- **The business model** creates a flawed product, one designed to keep borrowers trapped in multiple anti-competitive loans over long periods. Lenders create demand for their services

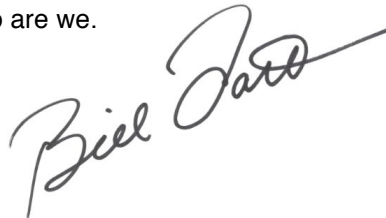
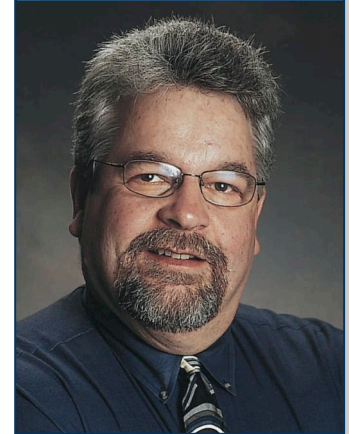
by making it nearly impossible for borrowers to pay off their loan.

- **The rates** and fees are outrageous -- usually 391% APR in Ohio for up to \$500 borrowed, translating into \$45 every two weeks for a \$300 loan.
- **Every Ohio county** in 2006 had at least one payday lender, with the exception of Ottawa and Vinton counties. Thirty-five counties had more than ten locations and nine counties had *forty or more* locations.
- **The industry is growing.** There are now more payday loan storefronts than McDonalds, Wendy's and Burger King restaurants *combined* with 1,562 locations.

And to those who say the responsibility rests with the customer, I ask, is it the fault of the customer whose infant is injured as a result of a manufacturing flaw in a car seat? No. Government regulations are imposed to keep citizens safe. Homeowners are safer today as a result of the Homebuyers' Protection Act. Small loan borrowers will be safer tomorrow as a result of our collective efforts today.

I say collective because we need your help. First, we need you to urge victims of payday lending abuse to call our confidential toll free hotline (1-866-966-8727) and share their experiences. Second, we need for you to join the Ohio Coalition for Responsible Lending by signing the endorsement form on our website ([www.cohhio.org](http://www.cohhio.org)). Hit the Advocacy button on our website, then the Coalition for Responsible Lending tab. The endorsement form is just below the logo.

The payday lending industry in Ohio is a mighty opponent. But as we've shown, together, so are we.

Bill Faith,  
Executive Director

### Budget watch:

While it's still too early to say definitively, we're optimistic that we'll be successful in raising the Ohio Housing Trust Fund cap, at least incrementally. Watch for a story in next month's newsletter.

*Youth are not tomorrow's  
leaders...WE NEED  
THEM TODAY!*



**YEP thanks the  
Columbus  
Chapter of the  
Women of the  
Moose for their  
generous  
donation to our  
program.  
Thank you  
ladies!**

*YEP: Uniting Youth for Change*



## YEP has Big Plans for Summer '07

YEP's power-packed summer begins with a trip to Washington D.C. the week of June 18<sup>th</sup> to advocate for increased funding to meet the needs homeless and transitional youth. We will be pushing for federal legislation called the "FAFSA Fix" that will help homeless students gain access to financial aid for college. The youth also will be advocating for increased federal funds for homeless education programs and the Runaway and Homeless Youth Act.

In July, YEP hosts a week-long youth leadership camp for 11-15 year olds. Held at one of Ohio's state parks, the camp will feature leadership training, advocacy training, and discussions of poverty, homelessness, school issues and what we can do to make a difference.

In August, we'll hold our bi-annual statewide conference at OSU, which will include representatives from each local youth council. The goals are to plan our advocacy agenda and to provide service to the Columbus community by hosting our annual Franklin Park picnic.

These events are in addition to our local meetings, service projects, advocacy, and awareness efforts. YEP is constantly growing, and if you have youth (11-21 year olds) in your agency who would like to be involved in these events or others, contact Angela or Nick at 614-280-1984 or e-mail [nickbates@cohhio.org](mailto:nickbates@cohhio.org).



Ohio First Lady Frances Strickland visits youth at Daybreak in Dayton

## Community Service Benefits All

For youth especially, homelessness and extreme poverty are often the results of conditions beyond their control, and can cause stress, depression, anxiety, hopelessness and despair. Community service opportunities can engage affected youth and teach them pride and ownership in their community. Many organizations, such as church groups, the Scouts, Kiwanis and others have recognized the impact that service projects can have on those who are serving.

The Youth Empowerment Program encourages all of the agencies that serve homeless and transitional children and

youth to make community service a part of your summer programming. Community service not only will benefit your community, but it will greatly benefit the children and youth in your program that provide the service. Service projects lead children and youth to develop feelings of pride in their work, ownership of their community, and strong feelings of personal accomplishment. If your agency would like to set up community service projects and needs assistance, please contact Angela Lariviere at [angelal@cohhio.org](mailto:angelal@cohhio.org)

## GSE Reform Bill Includes Affordable Housing Trust Fund

A bipartisan bill has passed the U.S. House that will overhaul federal oversight of Fannie Mae, Freddie Mac and the Federal Home Loan Banks. Introduced by Congressman Barney Frank (D-Mass), H.R. 1427 creates a new Affordable Housing Fund dedicated to the preservation and production of homes affordable to very low income and extremely low income individuals and families. The creation of an off-budget and non-tax payer funded affordable housing fund as part of the "Federal Housing Finance Reform Act of 2007" will help alleviate the current affordable housing shortage across the United States. The new Affordable Housing Fund is funded by requiring Fannie Mae

and Freddie Mac to contribute to it based on the size of their mortgage portfolios. The fund is expected to receive about \$600 million a year in funding. During the first year of the fund's existence, 100% of the funding will go to areas in Mississippi and Louisiana devastated by Hurricane Katrina and Hurricane Rita. After that the funds will be distributed to all states based on a formula to be used for rental housing, homeownership and infrastructure improvements associated with housing. **Please call Senators Brown and Voinovich and urge them to help Ohio's low-income families by quickly passing H.R. 1427! Call the Capitol Switchboard at 202-224-3121.**

## House Bill 138 Would Streamline Foreclosure Process

Ohio HB 138, introduced in March by Reps. Mike Foley (D-Cleveland) and Louis Blessing (R-Cincinnati), streamlines the foreclosure process and increases the ability of County Treasurers to enforce tax liens on tax delinquent properties. The bill enhances the authority of the County Treasurer to bring an action in municipal court or in the county board of revision; and enhances the ability of the county's prosecuting attorney to bring action in court in the name of the county treasurer. Also, when a lender regains property as a result of low-bid or no-bid at a Sheriff

sale, the bill requires that the property be registered in the lender's name with a local contact.

These expanded powers will allow counties to enforce the state's tax lien on any delinquent occupied or vacant property and improve the procedure by which the delinquent property is sold or ownership is transferred to the county subdivision or municipality. The promising bill expected to be approved by the Civil and Commercial Law Committee at 2:30 p.m. on Wednesday, June 13<sup>th</sup>.

## Program Offers Help Restructuring Predatory Mortgage Loans

Third Federal, a Cleveland-based Savings & Loan has developed a new program designed to help new home buyers and struggling subprime borrowers restructure their home loans or obtain a mortgage at much lower rates. The *Home Today* program offers both refinancing of delinquent mortgages and educational sessions to "help individuals become and remain

successful homeowners." For more information about Third Federal's *Home Today* Program or for a list of their Training Partners in Cleveland, Columbus, Akron and Cincinnati, check out <http://www.hometoday.org/resources.cfm>



Rep. Mike Foley  
(D-Cleveland)



Rep. Louis Blessing  
(R-Cincinnati)

## Double Trouble

*Your COHHIO news source for predatory mortgage and payday lending updates*

### News from the Foreclosure Front

Article about Queens woman attempting to avoid foreclosure & New York's laws that require lenders to enter into court proceedings before foreclosing on a home:

<http://www.nytimes.com/2007/05/27/realestate/27cov.html>

Article hypothesizing why mortgage lending industry was eager to originate loans that were practical for the borrowers only if their homes appreciated in value:

<http://www.washingtonpost.com/wp-dyn/content/article/2007/05/25/AR2007052500831.html>

Article noting that rates on 30-year mortgages have jumped, leading analysts to believe the worst is not over for the U.S. housing market:

<http://www.washingtonpost.com/wp-dyn/content/article/2007/05/24/AR2007052401490.html?tid=informbox>

### News from the Debt Trap

Article about D.C. Attorney General who is cracking down on businesses that target low-income customers and charge exorbitant interest rates for their services:

<http://www.washingtonpost.com/wp-dyn/content/article/2007/04/25/AR2007042502731.html>

Article discussing the growing problem of payday lending in Ohio:

<http://www.ohio.com/mld/ohio/news/17254836.htm>

Article about BREAD's effort to cap payday loan interest rates:

[http://www.dispatch.com/dispatch/content/local\\_news/stories/2007/05/08/RISEUP.AR\\_T\\_ART\\_05-08-07\\_B1\\_NI6KEI6.html](http://www.dispatch.com/dispatch/content/local_news/stories/2007/05/08/RISEUP.AR_T_ART_05-08-07_B1_NI6KEI6.html)

Article detailing credit union's alternative to payday loan:

<http://www.knowledgeplex.org/news/471701.html>



## Ending Chronic Homelessness (con't)

(continued from page 2) program to help even more families and individuals build new futures," she said.

NAEH estimated that there were between 150,000 and 200,000 chronically homeless individuals in the United States. Efforts to combine a "housing first" approach -- prevention strategies combined with supportive services to help those with health conditions, illnesses, or disabilities -- have a greater impact and are more cost-effective.

Cleveland's Housing First program is another example of a successful

permanent supportive housing model that offers quality accommodations and professional staffing for needed services. Emerald Commons, a project completed by the Cleveland Housing Network and formally dedicated last month, is one such example.

Most indications reflect a decline in the number of homeless as a result of the "housing first" approach. For more information about both cities' permanent supportive housing projects, visit the Community Shelter Board and the Cleveland Housing Network websites.

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We're on the Web!

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[www.cohhioyep.org](http://www.cohhioyep.org)

[www.OHvotes.org](http://www.OHvotes.org)

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**COALITION ON  
HOMELESSNESS  
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## NVEN IS COMING!!!

OhioVOTES will host the Nonprofit Voter Engagement Network (NVEN) National meeting in Columbus July 19-21 at the Westin Hotel. National founder, George Pillsbury of Boston, and National Coordinator, Bridgette Rongitsch of St. Paul will convene voting rights advocates from Michigan (Michigan Participation Project), Pittsburgh (Everybody VOTE), Massachusetts (Mass VOTE), Connecticut (Connecticut VOTES) and Minnesota (Minnesota Participation Project).

**We Can't Wait for '08** is the theme of the conference. The goal is to share successes and lessons learned from 2006 and to lay the groundwork for the 2008 elections and beyond. The key to bringing about change in our communities is to engage everyone in the voting and election process! More information on NVEN is available at [www.nonprofitvote.org](http://www.nonprofitvote.org).

## Mortgage Cancellation Relief Act Could Ease Burden on Beleaguered Homeowners

Federal legislation has been introduced in both the House and Senate that would lessen the financial burden on Ohio homeowners who are at risk of or are in the process of losing their home to foreclosure. Subprime borrowers who find they owe more on their mortgage than the value of their home are required paying federal income tax on the portion of a forgiven debt as a result of either loan restructuring or foreclosure.

The Mortgage Cancellation Tax Relief Act of 2007 (H.R. 1876), introduced by Rep. Robert **Andrews** (D-NJ) and Rep. Ron **Lewis** (R-KY), would ensure that the IRS does not treat debt forgiveness as tangible income. H.R. 1876 has been referred to the House Committee on Ways and Means.

An identical bill (S. 1394) by the same name has been introduced by Senator George **Voinovich** (R-OH) and referred to the Senate Committee on Finance. Both bills would enhance lenders' ability to restructure or modify mortgages that are in risk of foreclosure without further damaging the financial situation of their borrowers. Passage of the Mortgage Cancellation Tax Relief Act of 2007 would help to curb the tidal wave of foreclosures sweeping across Ohio by enabling struggling homeowners to get back on their feet with a reduced mortgage they can afford to repay.

Ohio Treasurer Richard **Cordray** urged the Ohio Congressional Delegation to support this legislation. "Under existing federal law, workout plans and loan restructuring agreements – which are key tools in our efforts to stave off foreclosures – are needlessly penalized," wrote Cordray, in a letter to Congressman John Boehner. "As a result of this tax treatment, the lender's willingness to reduce the mortgage principal is not only less useful, but can even be harmful to an already extended borrower. A lender taking the responsible step of cutting mortgage principle to bring a loan in line with a home's realistic valuation triggers the unintended consequence of an IRS tax bill for the phantom income equal to the amount of reduced principal. . . . Passage of HR 1876 would also permit the use of short sales to avoid foreclosure and keep homes occupied, without adding a new tax burden on families that have just lost the largest investment they likely have every made."

Please urge Senator Brown and your member of Congress to assist lenders and homeowners restructure loan agreements and to help those families that ultimately lose their homes avoid a second financial crisis as a result of a sky-high tax bill! **Call the Capital Switchboard at 202-224-3121.**

### **About Our Organization...**

COHHIO is a statewide advocacy group and service providers network dedicated to ending homelessness while ensuring that Ohioans have decent, safe, fair, affordable housing, especially those with low-income and special needs.