

Alternative Lending Programs Available in Michigan



House Bill 5097 would create a loophole in state law to allow payday lenders to charge borrowers an exorbitant 132% APR on loans up to \$2,500. Data shows that rates such as these wreak financial havoc on individuals who typically need a one-time cash solution. In order to pay these loans off, over 70% of borrowers take out new payday loans within 30 days, causing a long-term debt cycle for their family. Listed here are some of the many reasonable, lower-interest alternatives offered throughout the state of Michigan to assist individuals in a time of need.



Michigan's Employer Resource Network (ERN) helps employers and financial institutions collaborate to offer small loans at low interest with terms up to one year. Borrowers build savings and receive financial education during that time. In 2019, \$422,225 in loans were made with 3,700 employees served. ERN operates in nine counties including Kent, Ottawa, Kalamazoo, Oceana, Allegan, Calhoun, St. Joseph, Muskegon, and Saginaw, as well as the cities of Battle Creek, Kalamazoo, and Grand Rapids.



Community Loan Center of Mid-Michigan, like the ERN, allows employees of registered employers to access loans of up to \$1,000 with low fees, no collateral, and affordable monthly payment plans. This program enrolls new employers for free, so it is widely accessible in the Flint and mid-Michigan region.



Southwest Economic Solutions of Detroit operates lending circles which enable individuals to pool their money and offer small, short-term loans to members of the circle.¹²



Metro Community Development in the Flint area offers loans of \$500–1,000 for terms of up to 12 months. These small-dollar loans are repaid through paycheck deductions and are designed to build credit.



St. Vincent de Paul Society offers micro-loans of up to \$750 at 3% interest for up to 18 months throughout the ten-county Lansing Diocese. Financial education is included. Other St. Vincent de Paul Societies around the state have similar programs or plan on offering them soon, including in Oakland and western Wayne counties.



Habitat for Humanity of Michigan is in the process of launching a statewide small-dollar lending program in coordination with investors.



Bank of America offers cash advances of up to \$500, in increments of \$100, for a flat \$5 fee. Loans are repaid in three equal installments over 90 days. To help borrowers improve their credit scores, payment information is reported to the major credit bureaus through a program called Balance Assist.

Credit Unions

Many credit unions around the state offer small-dollar loans:

One Detroit Credit Union offers seasonal loans of \$500–3,000 for up to 12 months with a standard bank APR based on credit.

CP Financial Credit Union in Jackson offers loans to people who lose their job as well as education and budgeting tools to help people spend more intelligently.

Health Advantage Credit Union in Saginaw offers a payday loan alternative product of up to \$500 at 15.9% interest.

Lake Trust Credit Union, which is statewide, offers Life Impact Loans which cover short-term expenses during emergency situations such as loss of a job or an unexpected illness. A member can take out a loan of up to \$4,000 at an APR of 6.75%.

Astera Credit Union offers Snap Cash loans, an alternative to payday loans designed to cover expenses between pay periods. The six month loan has an APR of 24.99%. They have locations in Ionia and Lansing.

Community Promise Credit Union in Kalamazoo offers six month loans of up to \$700 with a \$20 administration fee and 6–18% APR.

During the pandemic, Michigan credit unions made nearly 9,500 emergency cash loans, covering more than \$22,500,000.

Financial Education Available in Michigan



Financial Empowerment Centers in Lansing, Detroit, Oakland, Ann Arbor, and other communities offer financial services including access to individual, professional financial counselors that aid residents in improving their credit scores, budgeting, and lowering debt, and provide other financial help.



Project GREEN in Grand Rapids offers grassroots economic empowerment programs including workshops on tips, resources, and knowledge to help with budgeting and growing savings.



SHOW ME THE MONEY DAY
MICHIGAN

Show Me the Money Days are events offered by several community groups throughout the state to help community members access free financial counseling that helps them to build stability and financial confidence.

MARQUETTE BANK

Love where you bank

Marquette Bank Financial Seminars are free public seminars on various financial planning topics including higher education saving, home-ownership, and personal finance.



Northern Michigan Community Action Agency (NMCAA) offers financial and credit education.



Resources for living. Hope for life.

United Church Outreach Ministry, a church in Grand Rapids, offers a course in financial preparation in both English and Spanish covering general finance and holiday planning.



Isabella Bank, serving Midland, Big Rapids, Mount Pleasant, and Saginaw, offers accessible training on financial literacy.