



Exodus Lending takes a faith-based approach to righting financial injustice

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A BELIEF IN THE TYPES OF ETHICAL LENDING PRACTICES THAT MARTIN LUTHER CITES IN HIS TREATISE ON “TRADE AND USURY,” COMPLETED IN 1524, INSPIRED THE CONGREGATION AT HOLY TRINITY LUTHERAN CHURCH TO INVESTIGATE A PAYDAY LOAN LENDER WHEN IT OPENED FOR BUSINESS IN 2011 IN THEIR SOUTH MINNEAPOLIS COMMUNITY. Concerned for their financially challenged neighbors, the congregation quickly began discussing ways to respond to the new high-interest storefront lender. They initially focused both on lobbying state leaders to change policies to restrict payday lenders and on supporting those trying to get out of debt. When a 2014 legislative reform effort failed, they redoubled their focus on those needing a way out of the payday lending cycle.

The Holy Trinity Lutheran Church congregation has deep roots in the community and can trace its origins in the Minneapolis Longfellow community to 1904. Committed to serving those in their neighborhood, the congregation expressed deep concern knowing payday lenders’ reputations and the implications that such a storefront could potentially have in their busy neighborhood over time. The then-new storefront had been conveniently located to attract potential borrowers, situated near multiple bus stops, a light rail depot and at the crossroads of two major highways. The congregation decided to take action.

In 2015, the congregation founded Exodus Lending, a first-of-its-kind nonprofit, created to help people escape the payday loan cycle and its exceedingly high interest rates and fees. Exodus Lending starts by helping its participants make a clean break. After a quick review of each new client’s situation and a confirmation that the client is committed to the program, a case manager severs the relationship between the borrower and the payday lender by going to the lender and paying off the debt on the new client’s behalf, freeing them from ever having to visit the storefront again.

Exodus Lending participants then receive a no-interest, no-fee loan, which they have a year to pay back. They also receive additional financial education and support through Lutheran Social Services which partners with Exodus Lending to offer financial counseling. Exodus Lending also helps participants set up savings accounts and offers a match program to those who contribute to them, preparing them to better weather any future financial crisis. Exodus Lending features a 96 percent repayment record and has helped nearly 90 clients find a way out of the payday lending cycle.

Initially focused on helping their neighbors transform their financial lives, Holy Trinity Lutheran Church members report that they feel like they’ve also become better stewards of the gifts they’ve been given.



Shown here at the Exodus Lending office are (from left) Meghan Olsen Biebighauser, parish organizer and outreach leader at Holy Trinity Lutheran Church, Pastor Jay Carlson and Sara Nelson-Pallmeyer, executive director for Exodus Lending.

“Over the years and through a series of forums and candid discussions, money has become a much more public topic of conversation in our congregation,” says Meghan Olsen Biebighauser,

parish organizer and outreach leader at Holy Trinity Lutheran Church. “Members have become more honest about their own financial safety nets as well as being more forthcoming in helping others in need.”

Exodus Lending operates through word of mouth and the advocacy of others in the program as well as through the efforts of congregation members who are actively supporting the nonprofit, as well as several other local congregations and social justice nonprofits. For example, Biebighauser and Pastor Jay Carlson shared the Exodus Lending story this past June at Luther Seminary’s Summer Stewardship Speaker Series.

“What impresses me most about Holy Trinity,” says Sara Nelson-Pallmeyer, executive director for Exodus Lending, “Is that they took faith to the community.” Much like Luther concluded in his treatise on usury, “To serve God is to keep his commandment and not steal, rob, take increase, and the like, but give and lend to the needy.” ☩

More information about Exodus Lending can be found on their website (<http://exoduslending.org>). Additionally, Exodus Lending was recently featured in Living Lutheran (www.livinglutheran.org/2016/08/from-hardship-to-freedom/) and in the Twin Cities Daily Planet (www.tcdailyplanet.net/new-guidelines-nonprofits-help-curtail-predatory-payday-loans-in-minnesota/).

Courtesy photos

How the payday lending process works

For some, payday loans may seem like the answer to a variety of the financial pinches in which they find themselves. Although the loans are typically taken out for relatively small amounts, usually from \$200 to \$1,000, the challenge is that they need to be repaid in full by the borrower’s next payday. If they are not paid in full by that time consequence ensues. Additional fees are assessed and a new loan is taken out to pay back the previous loan with fees applied once again for borrowing. The pitfall occurs each and every payday that the borrower cannot pay back the lender in full. A loan is taken out to repay a loan and more fees are subsequently assessed.

This process entraps the borrower, leaving no possible opportunity to get ahead of payments and fees. And while lenders don’t call them interest rates but rather refer to them as fees, they can ultimately range from 273 to 450 percent of the original loan amount. These businesses and the process they undertake are quite prevalent in Minnesota with nearly 40 payday lenders in the Twin Cities alone and more than 70 statewide.