



Arkansans Against Abusive Payday Lending

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October 7, 2016

The Honorable Richard Cordray
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Arkansans Against Abusive Payday Lending comments on proposed rulemaking on payday, vehicle title, and certain high-cost installment loans

Docket number CFPB-2016-0025 or RIN 3170-AA40

Dear Director Cordray:

Arkansas has been a payday loan-free state since 2009 and we respectfully urge the Consumer Financial Protection Bureau (CFPB) to issue a strong payday lending rule that ends the payday loan debt trap throughout the country. We submit this comment to share with your Arkansas's history with payday lending and the harm it caused our communities, our efforts to enforce our law against loopholes, and how families are better off without these debt traps. We urge a strong rule by the CFPB to ensure that our laws are not undermined.

The best way to address abusive payday lending, as well as car title and other forms of predatory high-cost lending, is to put an end to it once and for all. Ninety million Americans live in the fifteen payday loan-free states like Arkansas, and we know they are better off without payday lending. We will continue to fight to keep high-cost loans out of Arkansas and the communities within our state.

Brief History of Payday Lending in Arkansas

For many years, Arkansas suffered the harms of unaffordable debt trap loans. Even though Arkansas has a constitutional usury limit, check cashers convinced our state legislators to pass the Check Cashers Act 1999 which permitted payday lending with interest rates from 182% to 2,088% per annum. They were able to do that in Arkansas, even with a usury limit in our constitution that limited consumer loans to no more than 5% above the Federal Reserve Discount Rate, with a maximum of 17% per annum. To bypass this constitutional usury limit they called their payday loans “deferred presentment” of a check, stated their transactions were not deemed “loans,” and that their fees were not deemed “interest.”

During this time, payday loans in Arkansas caused great harm, since they were unaffordable, charged excessive rates, and took extraordinary leverage over borrowers by being able to seize money directly out of a borrower's bank account through the use of a post-dated check. These loans trapped low income borrowers and borrowers of color into renewals and refinancing due to the borrower's inability to repay the loan. Most borrowers of these high-cost loans could not afford any additional debt, and were unable to pay off the loan when it came due. Borrowers in Arkansas were trapped in perpetual debt to these high-cost lenders for months and often years. See attached list of stories of Arkansans harmed by payday loans.

In 2004, we formed a coalition of 40 senior, civil rights, labor, faith-based, community, consumer justice groups, affordable housing, military and veterans, legal services organizations, and others. See Attached List.

We sought relief at the Legislature in 2005 and 2007; however, the payday lenders' lobby was a formidable force and blocked these efforts to prevent the debt trap. When those efforts did not succeed we went to the Arkansas Supreme Court. Arnold, Batson, Turner & Turner, Attorneys-at-Law, a member of our coalition, petitioned the Arkansas Supreme Court in three separate cases and won all three. Once the Arkansas Supreme Court issued opinions in 2008 that the Check Casher Act of 1999 was unconstitutional, the Arkansas Attorney General demanded that the payday lenders comply with the 17% rate cap.

Seventy-five percent of the payday lenders complied while twenty-five percent changed their mode of operation. They pretended to operate within our laws and constitutional usury limit. However, they were still charging fees that equated to triple-digit interest rates. It took fifteen months for the Arkansas Attorney General to force all of the remaining payday lenders to comply with our law. The payday lenders chose to leave the state. The last payday lender, First American Cash Advance, left our state on July 31, 2009 and we have been a payday loan free state ever since.

In 2011, the state Legislature repealed the Check Cashers Act of 1999 which had authorized "deferred presentment" of checks which the Arkansas Supreme Court found unconstitutional in 2008. That same year the voters of Arkansas agreed to increase the constitutional usury rate to 17% per annum for all loans.

Arkansans have benefited from the enforcement of its rate cap

How do people fare now that they are not trapped in unaffordable payday loans? Much, much better! We are no longer flooded with stories of people unable to pay their bills because of the payday lenders or stories of feeling trapped and helpless due to the unsustainable debt. In addition a recent report looked at this exact question, asking former payday borrowers about their experiences seven years after our rate cap went into effect. The report, attached to this letter for reference, includes key compelling findings.

The report notes that borrowers utilize a range of other options, including seeking help from friends and family, building up savings, and utilizing credit cards. Highlights of interviews with former payday borrowers when asked about their experiences now that payday lending is illegal in Arkansas are very compelling:

- "Our life is thankfully much more financially stable."
- "Much better financially. You don't continue to repeat the vicious cycle."

- “Keep it out of AR. They should never be allowed to charge more interest than banks do.”
- It was easy to get the money [from payday lenders] but it was hard to get out of it.”

In addition, Arkansas has benefited from the rate cap because it provides our state with the enforcement tools needed to stop these predatory lending practices when they occur. After the Supreme Court’s ruling upholding our state’s 17% rate cap, payday lenders attempted several schemes to try to evade it. Luckily, to date, Arkansas has effectively slammed these schemes shut, and we will remain vigilant to do so. The lesson for the CFPB is that the rule must be iron clad to prevent loopholes that predatory lenders will seek to exploit.

CFPB Must Not Undermine Arkansas’s Strong Law

Many Arkansans have low incomes and struggle to make ends meet from paycheck to paycheck. The last thing Arkansas residents need is a plague of predatory, high-cost, small-dollar loans to dig them into an even deeper hole — precisely what could result if the CFPB were to issue a weak payday lending rule.

One provision is particularly concerning: The CFPB’s proposed give away to the payday lenders where payday lenders could still make up to six loans a year to a borrower without ever having to assess whether the loan is affordable or not. This is very troubling, especially considering that the costs of these loans average over 300% APR and can be even higher. Even a single, small unaffordable loan can sink people into a hole that is very hard to climb out of. In addition, this six-loan loophole may be seen as a sanctioning of the very loans that we fought for some many years to be deemed illegal in our state. Such a loophole puts at risk our years of work and strong consumer protections in Arkansas. It must be closed!

Similarly, the CFPB proposal does not go far enough to protect against the abusive types of longer-term payday loans that we have seen predatory lenders try to push in our state. The CFPB’s protections are not sufficient to ensure that people will have enough money to live on after repaying the loan and do not protect against the flipping of these unaffordable longer-term loans. Again, this is an instance where a weak rule runs the risk of sanctioning unsafe loans which will fuel lenders’ attempts to try to make them in our state.

As the CFPB prepares propose a rule to address payday lending nationally, the CFPB must not undermine our state’s usury and other consumer protection laws. Indeed, we urge you to set a high bar for the entire country and issue a rule that enhances, rather than diminishes, our existing state protections. Like you, we appreciate that there is a tremendous amount at stake for low-income families and communities throughout the country.

We remain deeply concerned that a weak CFPB payday lending rule will usher in a new wave of predatory lending in our state, as aggressive payday lenders argue that what is permitted in some states under CFPB’s rule should be permitted everywhere. A rule that undercuts laws that protect tens of millions of Americans in payday loan-free states would not be sound public policy, even if it mitigates harms in states where payday lending is now legal.

A strong rule would, at a minimum:

- **Strengthen the enforceability of existing usury laws and other state consumer protections.** The CFPB rule should provide that a violation of state usury or other

consumer protection laws is an unfair, deceptive and abusive act and practice (UDAAP). The rule should provide that payday loans are subject to the law of the state where the borrower resides. And it should establish that those who facilitate illegal loans, including through payment processing, lead generating, and advertising, are engaging in unfair, deceptive, and abusive acts and practices.

- **Require a meaningful “ability to repay” standard without exceptions, and with no safe harbors or legal immunity for poorly underwritten loans.** The CFPB rule should include a strong “ability to repay” requirement for all loans, based on income and expenses. It should not provide any safe harbors. A weak rule, particularly one that allows lenders to make unaffordable loans or that includes a safe harbor, would give payday lenders unwarranted ammunition to knock down existing state protections, as they have been trying to do for years. Rather, the rule should provide that loans that do not meet a meaningful ability to repay standard are per se unfair.
- **Include enforceable protections against abuses by lead generators and other third-party marketing affiliates that sell people’s sensitive personal and financial information to payday lenders.** The sale of this information exposes people already in dire financial straits to risks of fraud and other exploitative business practices.
- **Affirm that state interest rate caps are *the most effective ways to protect people from payday and other predatory, high-cost loans.*** Although the CFPB may not set an interest rate cap, it is critical that states maintain their caps and other consumer protections against abusive high-cost lending.

In addition, the CFPB should require all financial institutions to permit accountholders to close their accounts at any time for any reason, and prohibit financial institutions from charging overdraft fees once the accountholder has requested that the account be closed.

Arkansas has shown that strong, enforceable prohibitions against payday lending constitute sound public policy and clearly benefit the public interest. Financially struggling Arkansas residents have found ways other than abusive, unfair, and predatory payday loans to address their financial needs. Payday lending would, as it has elsewhere where permitted, make these residents worse off, not better.

For these reasons, we urge you to issue a strong rule that in no way undermines Arkansas’ clear ban on payday lending, and that enhances Arkansas’ protections against abusive payday lending practices. Indeed, a strong rule will benefit people everywhere.

Respectfully,

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Arkansans Against Abusive Payday Lending – Coalition Partners

Note: Arkansans Against Abusive Payday Lending (AAAPL) was active from September 2004 until July 2009. In July 2009 we were successful in our mission to rid our state of high-cost payday lending. We disbanded our coalition after the last payday lender left our state on July 31, 2009. The organizations listed below were all a part of our 40 member coalition.

AARP/Arkansas

Air Force Sergeants Association - Chapter 658

Arkansas Advocates for Children and Families

Arkansas Consumer Law Center

Arkansas Education Association

Arkansas Hunger Coalition

Arkansas Interfaith Alliance

Arkansas State Representative David Johnson

Arkansas Trial Lawyers Association

Arnold, Batson, Turner & Turner, Attorney-at-Law

Association for Community Organizations for Reform Now

AFL/CIO

Best Credit Services, Inc.

Better Business Bureau of Arkansas

Central Arkansas Development Council

Clark County Quorum Court Justice of the Peace Wayne Bowen

College Station Community Development Corporation

Community Development Department of the City of Jacksonville

Consumer Credit Counseling Service (CCCS)

Crawford-Sebastian Community Development Council, Inc.

Family Council

Family Service Agency

Family Support on Little Rock Air Force Base (ex officio)

Federal Reserve Bank of Little Rock

Jewish War Veterans of the U.S.A., Arkansas Post 436

Law Offices of Blankenship & Warner

League of Latin American Citizens (LULAC)

Legal Aid of Arkansas, Inc.

Military Officers Association of America (MOAA) - Arkansas Council of Chapters

NAACP/Arkansas

Nicholson Communications

North Little Rock Ministerial Alliance

Private Citizens

Pulaski County Cooperative Extension Service

Silver Haired Legislators Alumni Association (SHLAA)

Springer's of Granite Mountain

United Way - Heart of Arkansas

U.S. Citizens for Fair Credit Card Terms, Inc.

And many Victims

Payday Loans in Arkansas Caused Significant Harm

Here are just a few of the stories of people who sought help from our coalition due to the payday loan trap when it was legal here in Arkansas:

Bob from Center Bluff, Arkansas Story -

Hi, my name is Bob and I live in Center Ridge, Arkansas. I can vividly remember this true to life nightmare. There had been a death in the family and I was having trouble just paying the utilities. I saw a payday lending office and decided why not? I figured that if I could "catch up" the bills, then I could afford to pay off the payday loan about \$10 dollars a month until it was paid.

I went in and needed to provide documents from my bank and my source of income. They required that you have no insufficient funds on your statement. So I got my first payday loan. As I signed the lengthy form, the clerk reminded me that I had to pay the full amount in 2 weeks. It was 3 more weeks to payday, and naively I agreed to this because I thought I could be resourceful with my money and make up the difference.

This was not the case. I pawned most of my belongings to make the difference and when I fell short, I had sought another payday lending company just to pay the first one off. So now I was in debt to two payday lending companies. I had a little money left after paying the bills, so I thought that things would settle down. Payday came around and now I was faced with two more large debts plus my regular monthly expenses.

Thus I became enslaved by these merciless businesses. This continued for many years until I was spending most of the month dealing with over 12 payday lending companies. One would go to pay the other. Some of the debts were big amounts, others were less. I traveled from Knoxville to Russellville to Morrilton to Conway to Batesville to Clinton to Hot Springs to Heber Springs to Searcy every month for years, along with the same group of customers I would see at these stores who were caught in this same debt cycle as I was every month. I finally asked my sister to loan me \$3,200.00 to pay these people off.

Now I have my dignity back, but this nightmare continues for many others. The moral of this story is to **WARN YOUNG AND OLD ALIKE...**do not patronize these businesses, you will be physically, mentally, spiritually challenged and defeated by these businesses. **BEWARE;** remember the story about Adam and Eve and the snake (check cashers).

Brandi from Pine Bluff, Arkansas Story -

My name is Brandi and I live in Pine Bluff, Arkansas. My family was going through a transition and fell into a financial bind. My husband and I decided to get a payday loan in the amount of \$300.

We didn't want to carry out the payments of \$68.00 they set for us because we would've repaid a little over \$800 for a \$300 loan, so my husband made bi-weekly payments in the amount \$100 directly [in store] to the company. A balance of \$180 was paid in full on the 6th week of payments.

The company started saying that we still owed money to them (another \$300) as if they hadn't received any payment(s) from us even though receipts of such had been provided. They started

making attempts to draft the money out of our account until an attorney became involved.

I wouldn't recommend pay day lending to **anyone** because it is indeed a trap. The interest rates are outrageous. Even for those of us who got the loan, repaid the money as scheduled, it's still a trap because the company will only swear they never received funds in an attempt to continue draining your families finances for as long as **they want!**

I would recommend trying any other method of loans aside from payday lending because it **can become a never ending process of trickery and deceit.**

Chris' from Arkansas Story -

My name is Chris and I live in Arkansas. One evening my ex-wife called me and advised that a company had called her asking for my contact information telling her that it was concerning a lawsuit.

I contacted the return number which connected me to Southern District Check Processing Center in Aventura, FL. The person I talked to identified herself only as Ms. Cody and told me that they were taking action against me because of a 2011 Internet Payday Loan from some company called JHS Marketing.

Due to a medical emergency during that time, I did have a loan, but did not recall ever having done business with this company. The collection person stated that because the ACH withdrawal was insufficient they were going to file charges against me for bank fraud unless I agreed to make payment arrangements on the account. They offered me \$350.00 to be paid in 15 days and when I told them I could not do this, they told me my only other option to avoid filings with my county would be to pay them \$522.42 within 90 days in bi-weekly payments of \$87.00.

I was shocked and frightened and agreed to this. I gave them my debit card information and they agreed to e-mail me information detailing the debt and agreement. When I had a chance to think about it, I realized that I had made a terrible mistake.

What little paperwork they sent me had a different loan company then the one they quoted. The more I researched the less legal any of this seemed. With the help of www.StopPaydayPredatorsArkansas.org I was able to get the help I needed to get the matter resolved.

These companies feed on the fear and embarrassment of their victims. I have certainly learned a valuable lesson about doing any business with these types of companies.

Debbie's from north Arkansas Story -

I am 34 and a single mom who lives in north Arkansas and is well educated. These loans don't only prey on the uneducated like some seem to think!

My story starts with a lot of medical bills and flat tires and a water heater that went out. It became hard for me to balance everything and I thought that a payday loan would get me by until.... RIGHT!!!

It just stirred up more problems and made me very nervous. Once I got one loan it was not long before I needed another loan to try to cover on the first loan, then a third.

Then I found the website for Arkansans Against Abusive Payday (AAAPL). They helped me get in touch with the state and so far two of the loans are no more, they were marked "Paid in Full."

Eric's from Conway, Arkansas Story -

My name is Eric and I live in Conway, Arkansas. Our family had a financial emergency. We were in need of money fast, so my wife got a payday loan over the internet for \$300.

After we received it, 2 weeks later the first payment was withdrawn automatically from our checking account. Within two and a half months the loan was repaid plus interest, but the payday loan company continued to withdraw money from our checking account.

They wouldn't stop taking payments on their end even after I asked them to stop. So I had to do a stop payment at my bank. However even after I did the stop payment, they withdrew money from my checking account by making the amount they were withdrawing 2 cents less than the stop payment amount which was a red flag there.

So on a \$300 loan; we have over paid nearly \$250 in interest. What a rip-off!

Glenda from North Little Rock, Arkansas Story -

My name is Glenda. I live in North Little Rock, and I am a victim of payday lending. Abusive payday lenders trapped me in a cycle of debt and harassed me when I was unable to pay. If this happened to me, this could happen to you, your family member or someone you know. So, I would like to share my story.

My husband had to retire on disability from his job because of an injury. His salary was cut by more than half. We still had the same bills so I borrowed \$500 from a payday lender to help make ends meet. Instead of solving my problem, it was the beginning of a nightmare. I only received \$462.00 because \$83.16 was for interest on the loan to be paid back in two weeks. When I was unable to pay this back on time, I had to go to another payday lender to get a loan to pay the first payday lender back and this in turn starts the cycle of debt.

When it became impossible to make timely payments, harassment and scare tactics began. Payday lenders call you at your job, call and send letters to your home, or call your boss and put your job at risk. The payday lender issued a credit card to me without my knowledge or consent. The only way I found this out was my husband and I refinanced our home and discovered the past due credit card account on my credit report.

Some payday lenders use very abusive collection methods. Borrowers usually give the payday lender a check as security for the loan. Payday lenders can then threaten to turn your check over for collection. They attempted to cash mine three or four times causing \$30 bank overdraft charges each time on top of the \$25.00 the payday lender charged me for an insufficient check.

My experience with payday lenders had me feeling afraid and humiliated. I personally cannot have my name on our checking account or bank cards because of being afraid they will continue trying to run these checks through. My husband has to handle all the bills and business.

The 1999 Check Cashiers Act protects some payday lenders who charge "fees" which amount to more interest than the Arkansas Constitution allows (17%). I would like lawmakers to protect vulnerable consumers like me by enforcing the state Constitution's limit of 17 percent.

Hattie from Little Rock, Arkansas Story -

My name is Hattie, and I am a victim and survivor of abusive payday lending practices. I am a resident of Little Rock, but I am from Arkadelphia. For many years, I was an employee of UAMS.

My encounter with payday lending occurred in 1999. It was then that my husband had just died after a prolonged illness and my daughter was suffering a serious medical problem. As a result of these circumstances, I found myself facing about \$95,000.00 in unpaid medical bills. I had to file a bankruptcy petition. In addition to the huge medical debt, I found myself needing \$750.00 to repair my automobile.

Before this time, I had been qualified to borrow up to \$3,000.00 from my credit union on nothing more than my signature. I could not do that this time, though, because of the large unpaid indebtedness. I needed my automobile every day, in order to take my grandchildren to and from school everyday and run errands for the family. Because I was unable to get the money to repair the car from any other source, I decided to turn to a payday lending company.

I borrowed \$500.00 from the payday lender and added that amount to the \$250.00 that I had on hand and paid to have my car repaired. As a part of the loan transaction, I left with the payday lender a check for \$575.00, \$500.00 of which was for repayment of the loan principal and the additional amount for what I understood to be the interest on the loan.

That's when I became caught in the quagmire. I did not have the money in the bank when the first pay period ended, so I had to roll the loan over. As I understood things, to refinance the loan it cost me a \$65.00 charge in addition to another \$75.00 interest for the next payroll period. That was an additional \$140.00 to the \$575.00 that I initially owed.

That was also an additional \$140.00 from my already-tight household budget for my daughter, my grandchildren, and myself. At the end of the second payroll period, I was again unable to pay the full amount of the loan. So I had to refinance the loan another time for another \$140.00. So I was even deeper into the debt-trap.

The bottom line is that –as time went by I basically became indebted to the payday lender to the tune of an extra \$280.00 each month based on a single loan of \$500.00. I had no chance of reducing the debt, because the only options that I had with the payday lender were to pay the full amount of the indebtedness or to refinance the loan over and over again.

The situation was a downright nightmare. I was both stressed and depressed as I tried desperately to find a way out of the situation. I could not allow the payday lender to send that check that I had given to the lender to my bank, because I did not have sufficient funds to cover it.

I was in this trap from about mid-June, 1999, until mid-February, 2000. I was very fortunate that my tax refund that year was large enough to allow me finally to pay the payday lender all of the built-up debt. The life of the loan was about 8 months, and I figure that I paid \$2,240.00 in interest and fees on a \$500.00 loan. I figure that my total payment was about \$2,740.00.

I don't want anyone else to suffer what I did with payday lending. I know that sometimes in life people need to be able to borrow a relatively small amount of money from some source whenever they find themselves in financial trouble despite being as responsible as they can be. But I also

know that the astronomical interest and fees charged on payday loan, and the refinance rat-race that comes with them, are definitely not the answer.

Hazel from North Little Rock, Arkansas Story -

My name is Hazel and I am presently a resident of North Little Rock. At the time I got involved with payday lenders, I lived in Jacksonville. I am telling my story to help educate other citizens as to the debt trap you can find yourself in after getting a payday loan. I also want to help others better understand just what happens with these lenders. Hopefully others won't fall prey to their lending practices.

I had been temporarily laid off my part-time job which was to pay the expenses for two major events I needed to attend. One was a family reunion of an entire new family I did not know and that I had and had never met. The other was my 40th year high school class reunion of which I had earned the title of "Queen."

I needed approximately \$500.00 to attend both events (registration fees, transportation, lodging, etc.). I had been told I would be going back to work the first of the month so I thought once I went back to work, I could repay the loan. I was eligible to borrow \$300.00 from First American Cash Advance in Jacksonville. The check was written for \$300.00, but I actually received less. I think it was about \$260.00 that I actually received.

When I didn't get back to work as scheduled, I was unable to repay to loan on time. They began harassing me by phone with very intimidating threats about putting me in jail. They began terrorizing me by visits to my home and my neighbor; calls were made to my 84-year old mother and my brother. I'd never had anyone to try to collect a debt in that manner before.

My social security was direct deposited and they would go to my bank as soon as it opened, which was long before the close of business deadline for me to pay my loan. They should have allowed me to present my check for payment. Because they took money from my checking account at the bank that caused my rent and living expenses to run short.

This caused me to have to run and get another payday loan from another store for payment causing my rent and living expenses to run short. Which, in turn, caused me to have to run and get another loan someplace else in order to pay my living expenses. I didn't get back to work when I expected so I was in this vicious cycle of trying to pay them and then remake the loan in order to keep my expenses paid.

I was stressed beyond my limit. I could not reason with them so that's when I contact Mr. Todd Turner, a consumer protection attorney for advice and assistance. I discontinued my direct deposit, and changed my phone number. They would then re-deposit the check over and over again causing astronomical bank fees. They later began sending out credit card applications urging me to accept the card so they could charge the check amount to the credit card.

I was terrified. I began spending the night with friends whenever I got a call from them because I didn't know what they were going to do. It was very humiliating and degrading. I hope my children and grandchild never get mixed up with these people.

I pray that our lawmakers will change the Check Cashers Act that allows payday lenders to charge more interest for loans than the Constitution allows (17%) and keep these predators from preying on the citizens of Arkansas with their unfair practices.

Katie from Monticello, Arkansas Story -

My name is Katie and I live in Monticello, Arkansas. I am currently in the process of breaking free from the payday loan cycle. I have been using payday lenders for approximately 10 years. When it first started, it was to take care of an immediate emergency, but over time, these loans became like another paycheck that I had to have to pay my bills, but because of the fees I then had nothing left over.

Over the years I have used income tax returns, work bonuses, and any extra money available to pay all the loans off. I have even taken out personal loans three times, to pay off all the smaller loans. Every time, I promised myself I would never return. It is so demeaning, and you feel stupid for not being able to have a better hold on your finances.

I have been unable at times, to buy groceries, buy gas, take my children to birthday parties, participate in church functions, put my own children's birthday celebrations on hold, etc., just because I had over-committed myself financially to these payday lenders. I would feel empowered when they were paid off, and defeated when I owed every payday lender in my area.

It starts small, because you have an emergency. I am a single parent, so when an emergency came up, there was not any other source to help. I would turn to these services, and before you know it, you are taking out a second loan to pay off the first loan. Another loan to pay off the two, another to pay off three, and so on. Then, you're stuck! I had a friend that was in this cycle with me for years, and we would call these places by loan shark names, because we had to laugh rather than cry when we were drowning.

When I sought help this time, I owed over \$3000 in loans, and did not feel I could hold out one more month. Then, like so many others, I walked into the first one I normally go to, and they warned me if I paid off that loan they wouldn't be able to renew my loan, because of a so called "hold" the attorney general's office was putting on the industry. I found out immediately that it was due to a mandate that the Attorney General's office had sent out earlier this year. If this particular center would not have given me a heads up, then I would be in financial meltdown right now, I know.

This event was my open door, so I went through, and have no intention of going back, and those doors are being closed behind me, so it's making it that much easier. I feel a ton of bricks has been lifted from my shoulders, I am on a budget, and I have an advocate, attorney, and friends that are willing to go through this with me. I cannot tell you what Arkansans Against Abusive Payday Lending has done for me, they threw me a life-preserver, when I felt I was drowning, and saw no way out.

My story is long, and has gone on for years. It is not over, because I am going through the process of waiting to see how all the recommendations from the agencies involved play out, but I don't feel alone and defeated any longer. There is a way out, and there are people who can help. The sooner you break free, the better.

Keacha from North Little Rock, Arkansas Story -

My name is Keacha and I live in North Little Rock, Arkansas. I would like to share my story of being a victim of payday lending and the aftermath. It started with a cut in my husband's pay and an increase in bills. I got a payday loan for about \$200, but with fees included I found it difficult to pay back the full amount on my next payday. So the payday lender explained to me that if I just paid the fee, it'll roll over to my next payday. This went on for a while until I needed

more money to make up for the fees I had been paying to the payday lender.

Then I maxed out with a \$500 loan and began paying \$89 in interest. This was hard for me to maintain because it was almost like paying another bill that I could not afford. So, I went to another payday loan company and this is when the cycle began. Before I knew it I was maxed out at every payday loan company in my area that would allow me to get a loan. I found myself on every paycheck on Friday driving around town to each of these payday loan companies just being able to pay the interest and not being able to pay the loan off.

I was neglecting a lot of my other bills struggling to pay the interest on these payday loans. At one point, I was paying almost \$1000 a month towards interest just on payday loans - it was horrible. None of the payday loan companies had any type of payment plans. I felt trapped with no way out. They had complete control over my paycheck because if I didn't pay them, they would cash the check I left with them for the full amount of the loan. It was definitely a bad feeling. I was embarrassed that I had gotten myself in this bind.

Then I came across Arkansans Against Abusive Payday Lending (AAAPL) website and I started reading stories on www.debtconsolidationcare.com of people that were in the same situation as me. I didn't feel so alone anymore. I decided to take control of my paycheck again. It wasn't an easy journey but I made it. I closed my account that I had for 10 years. I told the payday loan companies what I could pay. I got threatening phone calls saying they would take me to court or report me to Sherwood courts for bad checks. I got post cards saying they were going to send me to a collection agency.

It was awful but finally I felt like I was in control. The Arkansas Attorney General's office was at that time working hard to shut many of these payday lenders down, so a lot of my loans were forgiven. I had been in this cycle for 3 years. I had paid those loans off 3 times over in the interest I paid them alone. So when the payday loan companies shut down, I felt free and I was so happy. I was happy that nobody else had to endure the abuse that I and many others had to go through. I said I would never go to another payday lender again.

Ever since the payday lenders in Arkansas have been shut down, I have found it easier to budget my money. If I get into a bind and an emergency comes up, I have asked my parents or close relatives for the money. I found it easier to pay them back. I would suggest that if you did not have any family to turn to, ask a friend, your church, or have a garage sale, anything other than going to a payday lender. Payday loans are a trap to keep taking your money and putting you further and further in debt. They do not have your best interest at heart.

I am able to rest better at night and I have a peace of mind knowing that the payday lenders in Arkansas are no more and I hope that more states join in the fight to stop these predators.

Larry from Arkansas Story -

My name is Larry, I live in Arkansas and I am disabled and on Social Security. I had a heart bypass on 7 arteries. I was so in debt medically I needed money for medicines. I had no family to go to so I went to the internet to get a quick cash loan for \$500.

They approved it in an hour even though my credit was awful and I was on Social Security. They transferred the money into my bank account and I paid for a while but I could not afford to after a while because the interest was over 300% of the loan. I stopped the direct deposit to my bank and had to change to another bank.

Now 3 years later someone has bought the loan from the lender and is calling me threatening to prosecute me for fraud if I don't pay them over \$3000. This is not helping my heart condition.
(*Editor's note – We referred Larry to the Arkansas Attorney General's office for free assistance*)

Leiah from Little Rock, Arkansas Story -

Hello, my name is Leiah and I live in Little Rock, AR. I needed money and I needed it fast, I was desperate. It was the holidays and I had more bills than money, it was at this time, I recalled emails that were often sent to me, usually entitled, "Do You Need Money." I did a search online and found so many companies that would give money overnight it was alarming – so I took out my first small \$250.00 Internet payday loan.

After that I had people calling me (they do still to this day) practically begging me to take the loan and where I did not qualify, they would "work around" that issue so that I could get the money, even if it meant them telling lies. Before I realized, I had went from obtaining one small \$250.00 dollar loan to have five and six loans at one time, two of my \$300.00 loans cost me \$90.00 every two weeks. I was now in financial crisis.

I was embarrassed, and I felt as if I was drowning. It was so depressing to receive my paycheck and it only place my account back in the negative; thus leading to me get another loan just to make it to the next pay period. I was lost; until I ran across the website for Arkansans Against Abusive Payday Lending (AAAPL), which saved me.

I received immediate help; I was put into contact with state officials who were on my side, who were actively trying to help Arkansans. I realized that I was a victim and there was help, I no longer had to be helpless; and furthermore, I realized that I was not alone.

After filing my complaints with the Attorney General's office and closing my bank accounts, I received immediate relief. I feel empowered, because I now know my rights. I cannot thank AAAPL enough for saving me from payday lending! If you have a loan with a payday lender, no matter how big or small, you are not alone, the days of you paying 5x your debt are now over, we are protected. Do not take being a VICTIM any longer, reclaim your life and your finances and contact AAAPL (Arkansans Against Abusive Payday Lending) - I did and it was the BEST email I ever sent!

Mary from Lamar, Arkansas Story -

My name is Mary and I live in Lamar, Arkansas. My family fell into a financial bind and I decided to get a payday loan in the amount of \$300. I ended up paying a total of \$500. My payments were taken out of my checking account automatically by the payday lenders. The payments only covered the finance charge and not the loan. I finally decided to pay them in full. I had no problems from that lender. My bill was paid in full. However that left my family in another bind with not enough money to live on so we had to get another loan from another payday lender.

I did not notice until my first payment that the finance charge almost doubled this time around. I tried calling the company but could never get a hold of anyone. I left numerous messages and never was called back. I had to close out my checking account to avoid more payments being taken out.

I wouldn't recommend payday lending to **anyone** because it is indeed a trap. The interest rates are outrageous and you will end up paying triple the amount you borrowed.