

# Arkansas Democrat Gazette

ARKANSAS' NEWSPAPER

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Printed at Little Rock • Monday, Dec. 6, 2004

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## Just keep on walking

You've probably seen the signs advertising payday loans and cash advances. You may have even thought that this is a service you could use. But do you know what goes on behind the doors of these companies?

You walk in needing a couple hundred dollars just to get you through until your next payday. You find out a \$500 loan will cost \$75 in interest charges. It sounds steep, but you need the money, so after showing the business your driver's license, a pay stub and a bank account statement, you sign papers, including an arbitration agreement that prevents you from taking legal action against the company. Then you walk out with cash in hand.

A week goes by and, after looking over your bills, you realize you will need every bit of your next paycheck to pay for everything. What now?

You visit your payday lender, who tells you that you can roll that loan over until next payday. Great. Here's the catch. It will cost you \$75 every two weeks until you can afford to pay back the original \$500 loan.

After the seventh loan or rollover, you will have paid more in interest (\$525) than you borrowed (\$500).

As the weeks pass, you realize you have no way to pay back the loan. You sink deeper and deeper into an endless cycle of debt. Many needy citizens have fallen into the same quicksand trap, paying usurious interest rates of 500 to 600 percent.

Payday loans don't pay. So next time you walk by one of those companies, do yourself a favor—keep walking.

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