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FEATURE

Payday loans: Just say no to high interest rates

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Does your money run out before the month does? Does it seem like pay day will never get here? Are you looking for options?

Advertisements for payday loans make it seem like they have the answer. However, that can be just the beginning of more problems.

Payday loans are small cash advances, usually of \$500 or less for an average of 14 days. To qualify you need a job and a checking account, and there is no credit check. Usually, a borrower writes a personal check payable to the lender

for the amount they wish to borrow, plus a fee. The company gives the borrower the amount of the check minus the fee.

Fees charged for payday loans are usually a percentage of the face value of the check, or a fee charged per amount borrowed. The average annual percentage rate on a payday loan is 400 percent, according to the North Carolina-based Center for Responsible Lending.

Consumer advocates say the payday lending industry preys on lower-income and minority families, as well as on military personnel. According to a recent report by the Center for Responsible Lending, more than 90 per-

cent of payday loans are made to people who take out five or more payday loans per year. The report estimates that these people, whom the consumer group labels as being caught in a "debt trap," shell out \$3.4 billion in fees each year.

There are many alternatives to payday loans:

- Savings — set up a budget that will allow money to be sent from a paycheck directly to a savings account.
- Use a credit card and pay off the balance each month.
- Be honest with your creditors if more time is needed to pay a bill.
- Apply for overdraft pro-

tection on your checking account.

- Ask to borrow money from a close friend or relative.
- Consult with a consumer credit counseling service to help set up a budget.
- Military loans.

If you find yourself tempted to borrow from a payday lender, see your first sergeant, they have different and better avenues to offer, said Master Sgt. James Poole, 314th Mission Support Squadron first sergeant.

"Keep your first sergeant in the loop — if we don't know, we can't help," he said.

If you are already in this situation, come to the Legal

office and see a legal assistance attorney said Lt. Col. John Dowling, 314th Airlift Wing, staff judge advocate.

"If you are having financial difficulties or you are thinking about taking out a loan from a nonstandard source, seek help through the various agencies on the base. Go to the Family Support Center, talk to your first sergeant or visit the legal office. If you need a loan, watch out for businesses that offer you a quick cash loan regardless of your credit history provided you agree to pay a fee."

"Remember the old adage, 'if it looks too good to be true, it probably is.'"