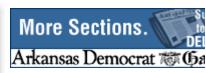
Only T-Mobile lets you check your own coverage at street-level detail.

**T** · · Mobile · Check it 💽





"Arkansas' Voice on the Internet"

Monday, September 04, 2006 7:47:40 pm

79° in Little Roo

## SEARCH

(Go) News (Go) Archives

(Go) Classifieds

(Go) Stocks

(Go) The Web

#### **SECTIONS**

Home

Arkansas

Nat/World

Sports

**Business** 

Editorial

Features

Classifieds

Archives

Focus

Photo Reprints

Photo/Multimedia

Weather

TV Listings

Contact Us

Other Sections

Member Services

# Military wants to cap payday lenders' rates

BY THOMAS WATKINS THE ASSOCIATED PRESS

SAN DIEGO - With a family to feed and no money for groceries, Navy Yeoman 2nd Class Damon LaForce recently did something the military is trying to crack down on: He went to one of the many payday-lending businesses near his base for an instant loan.

Essentially, he borrowed against his next paycheck: After showing his military ID and a proof of address, LaForce wrote the lender a postdated check for \$300. Five minutes later the sailor walked out with \$255 cash in his pocket.

"It was easy," LaForce said.

The \$45 charge for his twoweek loan would amount to an annual interest rate of a staggering 459 percent.

Worried that too many members of the military are falling victim to ruinous interest rates and getting into deep financial trouble, the Pentagon is backing an effort in Congress to slap a nationwide cap of 36 percent on payday loans to troops. An increasing number of states are taking steps, too.

In a report released August, the Defense Department estimated 225,000 servicemen - or 17 percent of the military - use payday loans. The Center for Responsible Lending, a nonprofit group seeking stricter industry controls, says that one in five servicemen took out such a loan in 2004, and that someone who borrows \$325 pays an average of \$800 in charges.

In the six weeks after he borrowed from a payday lender, LaForce was short again, so he renewed it once, then took out another loan to pay off the first. Total cost: \$150 for a \$255 advance.

"You are not doing a service to an individual who is already short on cash, so he's living not just paycheck to paycheck but from almost paycheck to almost paycheck," said Capt. Mark D. Patton, the commanding officer for Naval Base Point Loma in San Diego, where LaForce is stationed.

Patton said the Navy worries that payday loans are contributing to the surge in the number of sailors who cannot be sent into duty overseas 

## **Product Design Engin**

WELDER TECHNICIAN Manufacturer of Process .. [39689297]

#### **SALES ACCOUNT EXECUT**

SALES ACCOUNT **EXECUTIVE The** Trucker-one of ...

#### DRIVER

Driver - BE IN **DEMAND!** Dedicated & Regional ... [39655957]

## **BUYER**

**BUYER Process Valve** Division for ... [39714422]

#### **FIREFIGHTER**

THE CITY OF JACKSONVILLE will hold an ... [39654025]

# HOST/ **HOSTESSES/ CASHI**

**HOST/ HOSTESSES** Cantrell location CASHIERS ... [39715203]

#### **FUEL & LUBE DRIVER**

FUEL & LUBE DRIVER Lasiter Equipment seeks Lube ... [39556379]

#### **Electrical Engineer** FLECTRICAL **ENGINEER- Central**

Arkansas automated ... [39671488]

#### **SHIFT/ ASSISTANT MANA**

SHIFT/ ASSISTANT MANAGERS now being hired at The ...

Advertiser











Kaylan's Gift

pecause of financial problems.

Navy rules say sailors whose debts equal more than 30 percent of their income cannot be sent overseas because their financial problems could distract them from their duties or, worse, make them vulnerable to bribery. FOREST WORKERS:
FOREST WORKERS:
Able bodied persons
needed to saw ...
[39716555]

View All Top Jobs

Industry officials say payday loans offer a service when no one else will. They say a lower cap could force some military lenders to close, and their absence would drive sailors and soldiers to unregulated lenders, including Internet sites registered outside the United States.

Several states prohibit tripledigit rates on payday loans, according to the Consumer Federation of America. They include Connecticut, Georgia, Maine Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Vermont and West Virginia.

Despite Arkansas' 17 percent constitutional usury cap, the state has permitted payday lenders to charge triple-digit interest rates, including to airmen stationed at Little Rock Air Force Base in Jacksonville, the Defense Department report said. Information for this article was contributed by David Smith of the Arkansas Democrat-Gazette.

This story was published Friday, September 01, 2006





Copyright, permissions and privacy policy

Copyright © 2006, Arkansas Democrat-Gazette, Inc. All rights reserved.

This document may not be reprinted without the express written permission of Arkansas Democrat-Gazette, Inc.

Material from the Associated Press is Copyright © 2006, Associated Press and may not be published, broadcast, rewritten, or redistributed. Associated Press text, photo, graphic, audio and/or video material shall not be published, broadcast, rewritten for broadcast or publication or redistributed directly or indirectly in any medium. Neither these AP materials nor any portion thereof may be stored in a computer except for personal and noncommercial use. The AP will not be held liable for any delays, inaccuracies, errors or omissions therefrom or in the transmission or delivery of all or any part thereof or for any damages arising from any of the foregoing. All rights reserved.