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SATURDAY, SEPTEMBER 30, 2006

TOP STORY>>Payday loans halted

IN SHORT: Diminished returns and bad publicity lead Advance America, one of the leading check cashers, to end military loans in the area beginning Oct. 15.

By JOHN HOFHEIMER
leader staff writer

Amidst a flurry of bad publicity and with Congress about to limit to 36 percent the amount of interest payday lenders can charge members of the military and their families, Advance America this week said it would stop making such loans beginning Oct. 15.

Advance America, the country's largest payday lender, has a branch near Little Rock Air Force Base in Jacksonville—one of four such lenders in that area.

Advance America cast its action in the most patriotic of terms, but it seems likely they are avoiding bad publicity and don't want to bother with making piddling 36 percent loans (even though that's more than twice the Arkansas usury limit), according to one critic.

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Currently in Arkansas, Advance America charges 336 percent interest on a typical two-week, \$350 payday advance to civilians and military personnel as well. That's about 10 times the amount of interest they could collect with a 36 percent cap.

In some other states, they can charge far more.

"I'm certainly happy that they don't want to take advantage of our military, said Hank Klein, the retired Jacksonville Arkansas Federal Credit Union president and founder of Arkansans Against Abusive Payday Lending.

"If they can only charge 36 percent, they don't want to make loans. Instead of the base placing payday lenders off limits, Advance America has placed itself off limits to the military."



Cong. Vic Snyder of Little Rock has been active bringing the issue before the House Armed Services Committee and expressed optimism Tuesday that the 36 percent interest cap would be adopted by the joint Armed Services conference committee and well on its way to being law, part of the 2007 Defense Authorization Bill, according to Jennifer Holman, his spokesman.

"During this time of war, we recognize that our fighting men and women carry an enormous burden for all of us and we thank them for their service," said Advance America CEO Ken Compton.

"We believe that responsible use of short-term, unsecured

loans can be a sound financial alternative for all Americans, including members of the military.”

Studies have shown that payday lenders and check cashers tend to congregate near military bases, and in fact, three of four Jacksonville payday lenders are within one-half mile of base property outside Little Rock Air Force Base’s Van-denberg entrance gate.

Clustered just east of state Hwy. 67/167 are Advance America, First American Cash Advance and American Check Cashers.

Compton said Advance America is taking the action to counter any false perception that his company was preying on soldiers, sailors, airmen and their families.

“We apologize for any hardship the elimination of this trusted, short-term financial option may cause the men and women who are dedicated to the service of our country,” Compton said.

“We also hope the elimination of this option does not push individuals into more expensive and/or unregulated forms of credit,” he added.

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