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Two payday lenders close in MH

JOANNE BRATTON • BULLETIN STAFF WRITER • JULY 19, 2008

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Two payday lending businesses in Baxter County have complied with an Arkansas [Attorney General's](#) Office order and surrendered its state licenses, according to a recent payday lending report.

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Two Mountain Home stores, Cash Mart and Mountain Home Quick Cash, surrendered their licenses in April after Arkansas Attorney General Dustin McDaniel ordered all 156 licensed and regulated payday lending stores in the state to stop unfair lending practices, according to a comprehensive report released Wednesday by the coalition Arkansans Against Abusive Payday Lending.

A telephone call Friday to Cash Mart was answered as "Phone Connection," and the telephone number for Mountain Home Quick Cash was disconnected.

Two companies in Mountain Home remain open, which are First American Cash Advance and

Payday Money Store No. 10, according to the report. The businesses are licensed but are not regulated and have not yet been sent letters from the AG's office, according to the report.

STATUSES OF PAYD

● **Baxter County**

Remains open: First A Money Store No. 10 in

Surrendered licenses: Cash in Mountain Hom

● **Boone County**

Remains open: Harrisc Store No. 9 in Harrisor

Surrendered license: T

● **Fulton, Izard and I**

No stores listed

● **Sharp County**

Surrendered license: C

● **Stone County**

Surrendered license: C

Source: *Arkansans Ag*

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"It's pretty good progress," AAAPL chairman Michael Rowett told *The Bulletin*.

The businesses that surrendered their licenses are not necessarily ordered to close and may be offering check cashing or other services, said Gabe Holmstrom, spokesman for the Arkansas Attorney General's Office. He indicated the AG office's main concern is businesses that offer high-interest loans.

Payday loans in Arkansas typically are small loans made for about two weeks and are repaid at a rate equivalent to 372 to 869 percent annually, according to the AAAPL.

For example, a customer receiving a \$350 payday loan writes a personal check for \$400, which includes a fee of \$50. If the customer pays off the loan before the date the personal check is to be cashed, the check will be returned. If not, the company will deposit the check and pay the loan.

The AAAPL stated although rollovers are prohibited in Arkansas, customers can re-borrow the money for another \$50 fee.

In March, the AG's Office sent letters ordering the businesses to stop making high-interest loans after two Arkansas [Supreme Court](#) decisions stated payday lenders charging more than the 17 percent annual interest rate were violating the state constitution.

Of the 156 businesses that were issued letters, 101 stopped making payday loans, according to the AAAPL report.

The remaining 55 developed new business models "in an attempt to avoid the minimal regulations" of the Arkansas Check-Cashers Act, according to AAAPL. The only one in North Central Arkansas listed in the report was Quick Cash of Arkansas in Harrison.

The number of payday lending stores in Arkansas have declined from 275 to 136 in about two years, according to the AAAPL.

For more information or to read the report, visit the AAAPL Web site at www.stop paydaypredators.org.

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