

# Pay Day Loans

Working with a bankruptcy attorney, I have lost count as to how many times individuals come into our office in debt way beyond their control due to pay day loans. We have seen people with as many as 13 concurrent payday loans. Due to the extremely high interest rate, it gets to a point where there is no way for them to afford to pay the payments when they are due. Payday loans are either automatically deducted from your checking account or you have to secure your payment with a post dated check. As you can see, this can quickly escalate out of control, because with all of these payments to pay day lenders, there is no money left over to pay the other bills that are also coming due. This often leads to another payday loan, more interest, higher payments, and the circle continues.

According to the Texas Faith for Fair Lending  
<http://www.texasfaithforfairlending.org/Facts.html>

- The majority of survey respondents who needed short-term credit used it, not for isolated, one time emergencies, but to pay for recurring basic expenses such as utilities, food and housing.
- Only 13% of those surveyed use payday loans for short-term credit needs.
- Nearly one in 10 payday borrowers use payday loans monthly.
- Over half (58%) of the payday borrowers roll over or extend their loans at least once before they can pay them off—and nearly one in four payday borrowers surveyed roll over loans multiple times. As a result, the cost to borrow money frequently exceeds the original loan principal.
- A majority of payday borrowers are in their 20s and 30s.
- 59% of borrowers are women, many of them single women and single mothers.
- Although payday borrowers include all major ethnic groups, a disproportionately high percentage is African American.

A 2008 study found that Texas payday borrowers are much more likely to file for Chapter 13 bankruptcy, because the loans often create a deeper financial crisis for borrowers already in desperate straits.

In Texas, the average payday borrower pays \$840 for a \$300 loan

Now keep in mind these statistics are from 2008 and the use of payday loans continue to increase.

If you or someone you know is caught in this trap bankruptcy could be a viable option to you. Please do not hesitate to give our office a call for a **FREE INITIAL CONSULTATION**. Utilizing the Let us help you gain **PEACE OF MIND** and help you achieve a **FINANCIAL FRESH START**.