



## Pay day loans - be careful who you borrow from

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LONGVIEW, TX (KLTV) - Their bold signs line East Texas streets. Payday loan stores of all kinds are ready to offer you money.

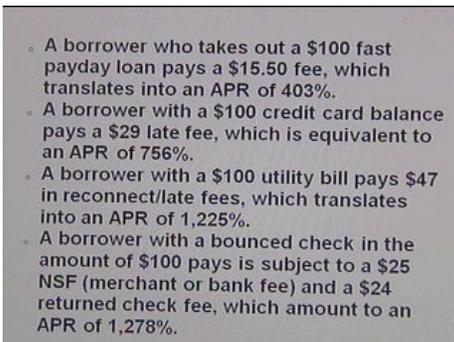
"It's a situation where someone comes in and borrows usually a small amount of money usually less than 1,000 dollars," said Rodney Scott, a consumer bankruptcy attorney. "The agreement is to pay it back typically two weeks later."



But, at what cost?

"It's the worst interest rates I've ever seen on anything," said Scott. "I don't think I've ever seen one less than 250% APR. I've seen them as high as 700%."

That's right, the APR for these small short term loans can be in the triple digits.



"It's not the easy way because you may borrow \$200 and end up paying back \$2,000 once they put the interest on top," said Kasha Williams. "Something about [it] is just not right."

Williams is a consumer advocate who says pay day loan lenders only target specific groups.

"It's almost as if that industry is targeting minority customers and I feel like it's because there's a lack of education from that perspective," said Williams. "People don't read."

But bankruptcy attorney Rodney Scott says minorities aren't the only targets.

"As outrageous as it may sound...pay day lenders set up around military bases to prey on the military wives and the folks in the service," said Williams.

Consumer Service Alliance of Texas represents several pay day loan lender stores in the state.

"There really aren't a lot of other opportunities for people to get these types of loans," said Rob Norcorss. "They're not made by banks. They're not made by credit unions. A lot times people have no options."

Scott says in some instances borrowers who don't pay loans back are threatened.

"It can be devastating to people who are already struggling financially to get a letter in the mail telling them that their possibly going to be prosecuted criminally if they don't pay this check," said Scott. "It's not a criminal act to give a check to a payday lender. There's no fraud involved which is the very essence of hot check prosecution."

Consumer Service Alliance of Texas says their small term loan lender members never threaten criminal prosecution if somebody doesn't pay their loan back. Short term loan companies are regulated by the attorney general's office and they're subject to the Texas Deceptive Trade Practices Act and the Texas Finance Code.



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