

Our opinion: Close loopholes on payday lending law

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Twice, the state of Ohio has taken action to curb the abuses of the payday lending industry, which had been charging consumers exorbitant interest rates to trap them in an endless cycle of debt.

In 2008, the Ohio General Assembly passed a bill capping interest on payday loans at 28 percent. (Previously, it had been 391 percent.) The industry fought back, sponsoring a statewide ballot issue to overturn the legislation. When it came to a vote in November 2008, Ohioans supported the action of the Legislature by a nearly 2-to-1 margin.

But the bill came with loopholes, which payday lenders have exploited to continue charging consumers 600 percent to 700 percent interest on loans. Lawmakers have finally taken steps to close those loopholes.

State Rep. Matt Lundy, D-Elyria, and Rep. Gerald L. Stebelton, R-Lancaster, introduced House Bill 486 on April 12 to address that issue. The bill would prohibit lenders licensed under all small loan and mortgage lending statutes from charging:

- a fee to cash the lender's loan check;
- an origination fee or a credit check fee more than once in a 90-day period on loans of \$1,000 or less;
- a fee to act as a credit service organization on behalf of the borrower.

Last year, Lundy introduced a bill to close the loopholes, but it went nowhere, thanks to lobbying by the lending industry. Lundy's new bill is a streamlined version, focused on the core problems that leave consumers paying high interest rates. It has bipartisan support, and – more importantly – it has been assigned to the House Consumer Affairs & Economic Protection Committee, on which Lundy serves.

In 2008 the voters resoundingly expressed the view that they did not want payday lenders charging excessive interest rates on loans, yet lenders found a way to circumvent the will of the people. That needs to stop.

We urge legislators to resist pressure from lobbyists and do what's best for Ohio consumers, and that would be to enact H.B. 486. We trust that our area representatives will keep consumers in mind if and when they get a chance to vote on this important piece of legislation.