



Editorial: Close payday lending loopholes

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Eighteen months ago, Ohioans overwhelmingly used common-sense logic in approving a constitutional amendment to curb the slimy, gouge-the-consumer lending practices of some payday lending businesses in the state.

Unfortunately for the thousands of desperate Ohioans who turn to such businesses as a last resort to try to make ends meet, the regulations we adopted were not completely slime-proof.

The intent of the state issue on the November 2008 ballot was to cap interest on payday loans at 28 percent. Sixty-four percent of Ohioans approved the initiative. But the will of that majority of Ohioans has been subverted by greedy — yet creative — practices that have enabled the lenders to keep annual rates as high as 400 percent.

Closing loopholes

Elyria Democrat Matt Lundy has introduced a bill in the Ohio House to end this consumer sham by closing the loopholes that have permitted lenders to carry on their perverse practices.

House Bill 486 would bar lenders from issuing loans by check and then charging a fee to cash the check. It would prohibit the charging of origination, credit-check and other fees during a 90-day period for checks less than \$1,000. Lenders would also be prevented from charging broker fees, supposedly for credit-repair counseling.

The Mahoning Valley delegation to the Ohio General Assembly should work to ensure passage of this essential consumer protection before summer recess. Only then will the will of Ohio voters be realized.