



Coalition on Homelessness
and Housing in Ohio
COHHIO

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New Report Confirms Payday Lending Debt Trap Model Still in Use

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COLUMBUS – In a new report, the Housing Research and Advocacy Center confirms the anecdotal accounts of exploitation by the payday lending industry that the Coalition on Homelessness and Housing in Ohio (COHHIO) has been tracking since the November election, said Bill Faith, executive director of COHHIO. The report, “The New Face of Payday Lending in Ohio,” was released today.

“It’s the same high-interest debt trap model,” said Faith. “Same pig, different lipstick.” Faith was a prominent voice in last year’s battle to cap payday lending interest rates. Following the passage in June of the Short Term Lending Law, which lowered interest rates from 391 APR to 28 percent, the industry mounted a \$20 million referendum campaign to overturn the law. By a margin of nearly two to one, voters affirmed the 28 percent rate cap law.

“The new report confirms that payday lenders continue to exploit needy borrowers with short term, high interest loans that trap them in deepening debt,” said Faith. Using alternative lending statutes, including Ohio’s Small Loan Act and the Mortgage Loan Act, lenders are able to pack in multiple fees that result in annualized interest rates ranging from 423 percent to 680 percent, the report indicates.

“Gouging the needy in these tough economic times is unconscionable,” said Faith, “and it has not gone unnoticed in the General Assembly.” Among the most egregious new strategies: issuing the loan in the form of a check, then charging the customer to cash the check.

Faith said that Rep. Matt Lundy (D-Elyria) has a bipartisan bill nearly ready to go that clamps down on the loopholes the payday lenders are exploiting. “While we are shocked at the extent to which the industry will go to continue charging excessive rates and fees,” said Faith, “we will prevail. The lawmakers and the people of this state have spoken clearly.”

The report is available at www.thehousingcenter.org