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## Payday Lending Debate

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Are payday lending companies charging fees or illegal interest rates? That's the question the consumer advocate group, Arkansans Against Abusive Payday Lending asked the Supreme Court this morning as it appeals the decision of a Pulaski County Circuit Court Judge who said the fees are constitutional.

According to the consumer advocate group Arkansans Against Abusive Payday Lending the problem starts with payday loans or small loans between 100 and 500 dollars. They add the way current law is written, those who borrow right here in the State of Arkansas can expect to pay up to 800 percent in annual interest.

Today at the Supreme Court it was a battle at the highest level to stop high interest rates opponents say payday lending companies are charging.

Matt Price with Arkansans Against Abusive Payday Lending says, "Payday lending is basically short term, small dollar loans that are charged 3 digit interest rates."

Arguments between the lawyer who represents Arkansans Against Abusive Payday Lending, says the check cashing act passed in 1999 is unconstitutional. That act limits interest on consumer loans to 17 percent. But those against the act say the law was written to provide a loophole enabling lending companies to charge fees that some say can be seen as outrageous interest rates.

Tom Thrash says, "The act does not address that at all."

Tom Thrash lawyer for the state board of collections says it was a different battle all together. One that centers around a chain of dispute. He says instead of pleading their case to the Supreme Court, the group should have gone directly to the State Board of Collections. It regulates the lending industry.

Thrash says, "If a statute is being administered by a state agency and you contest the constitutionality of that statute you have to go to the state agency first."

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But those against the current law say the bottom line, it's costing borrowers too much.

Price says, "These loans are very predatory among low to moderate income populations. They strip up to 68 million dollars out of the state a year and are killing our communities and small towns."

According to the center for responsible lending they say the average borrower pays 800 dollars just to borrow 325 dollars.

[www.stoppaydaypredators.org](http://www.stoppaydaypredators.org)

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