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## TOP STORY >>Low-cost program provides loans for airmen

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Since the beginning of the year, payday lenders have been prohibited from making high-interest loans to active members of the military, but beginning Monday, Little Rock Air Force Base airmen and spouses with power of attorney who are in need of quick, small, interest-free loans can go directly to the Air Force Aid Society, according to Phil Thierry, LRAFB Airman and Family Readiness flight chief.

“The Falcon loan program officially kicks off March 3,” Thierry said. Airmen can get a loan of as much as \$500 without first getting approval from their first sergeant or commander, according to the Air Force. The loans can be used for emergency needs such as rent, utilities, food, car repairs, emergency travel or other approved needs,

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according to the Air Force.

“We believe the Falcon Loan will help airmen in a critical financial bind with legitimate reason, without burdening them with interest rates which can potentially jeopardize their financial stability,” a base spokesman said. “We are excited to see how this program will work to help our hard-working airmen here at Team Little Rock.”

Airmen can apply for the loan at the Airman and Family Readiness Flight (A&FRF), Bldg. 668, from 7:30 a.m. - 4:30 p.m. Monday through Friday,” Thierry said.

“When applying, airmen need to inform us of the reason they need to use the loan,” the spokesman said. “They understand the loan must be paid back in monthly payments of \$50, until it is paid off.”

Similar to Army and Navy loan programs already in place, this is yet another blow to the payday loan/check cashing industry, which has suffered recent setbacks in Arkansas courts, according to Hank Klein, speaking for Arkansans Against Abusive Payday Lending.

Twice since the beginning of the year, the Arkansas Supreme Court has ruled that interest rates charged by payday lenders constitute deceptive trade practices and that the bonding companies that insure them are liable to pay fines and judgments when the payday companies don't.

Klein says that as a result of these rulings, bonding companies are likely to stop insuring those lenders and by Arkansas law, they must be bonded.



Payday lenders typically charge more than 300 percent interest on their loans, while Arkansas has 17 percent interest cap. Anything over that is considered usurious. Klein said payday lenders are three times more likely to locate near a military base.

Because of changes in the Federal Insurance Deposit Corporation regulations, Arkansas payday lenders can no longer “import” and operate under bank rules from other states.

Klein said he hoped the payday lenders and check cashers “see the handwriting on the wall and pull out of the state,” but he noted that they had proven formidable in reformulating their products to circumvent laws, decisions and regulations in the past.

Klein said that was because “they are making so much money by putting consumers in a debt trap, but it appears the attorney general is getting pretty serious about this.”

Attorney General Dustin McDaniel, whose office in the past has represented the state Collection Agency Board—and thus the high-interest lenders—will instead now work to make these companies comply with the state’s 17 percent interest cap. The collection agency board is the regulatory agency over payday lenders.

McDaniel said last week that this office would begin taking action against Arkansas payday lenders. He said he would first notify them in writing to notify them of the court’s decision. If necessary, he could file lawsuits, he said.

“Officials streamlined the Falcon loan application process to ensure interested airmen can get immediate access to the money once they apply at the readiness center,” according to Jim Delaney, Air Force Aid Society’s chief operating officer.

All they need to do is to download an application from the Air Force Aid Society website, fill it out, get an ID and current leave and earnings statement and take them to the base Airman and Family Readiness Center.

Airmen can have as long as 10 months to repay the loan. Those eligible include active duty airmen and reservists and Air National Guardsmen activated on Title 10 orders at the time of application, Delaney said.

Getting a Falcon loan does not disqualify airmen from participating in the AFAS standard emergency loan/grant program, he said.

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