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By David R. Lutman, Special to The Courier-Journal

Asahria Woodard, 6, leaned her head against her applauding mother, Almania Woodard, during the meeting on payday lending last night at Memorial Auditorium. About 1,500 people attended.

Hundreds back crackdown on payday loan companies

By Emily Udell
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About 1,500 members of churches and neighborhood organizations gathered in Old Louisville last night to pledge their support for a crackdown on payday lenders.

Politicians and bank leaders joined members of the group Citizens of Louisville Organized and United Together — or CLOUT — at Memorial Auditorium for a meeting to launch a campaign they hope will catalyze legislation capping the annualized interest rate that payday lenders can charge at 36 percent.

"Tens of thousands of families in Louisville are trapped in an ongoing cycle of debt," said the Rev. Elvyn Hamilton of Genesis Methodist Church.

The group says the industry collects \$131 million in fees from Kentuckians a year.

Several state legislators said at last night's meeting that they did not support a bill that passed the Senate this year that would re-

quire a state database to track payday loans to ensure that people borrowing from the high-fee lenders have no more than two loans from them totaling no more than \$500.

"I voted against that bill because it was a timid bill that would not have helped the people," said state Sen. Perry Clark, D-Louisville.

Several legislators said that 36 percent might still be too high a figure, and many urged attendees to rally on the issue in Frankfort next year.

"We're going to need you to be there because this is going to be a knock-down, drag-out fight," said Sen. Gerald Neal, D-Louisville.

Payday lenders offer the short-term loans to people who often don't qualify for bank loans. It generally costs about \$15 for a \$100 loan, repayable in two weeks. That translates to 390 percent annual interest.

The Community Financial Services Association, an organization that represents the payday advance industry, did not respond to messages seeking comment

TALKING ABOUT LENDING

To see more photos from the meeting go to www.courier-journal.com.

late last night, but its president recently responded to statements made by CLOUT in the Readers' Forum section of The Courier-Journal.

D. Lynn DeVault said in a letter published March 8 that customers need a regular income and proof of a bank account in good standing to apply for the short-term loans.

"There is nothing 'predatory' about what we do. People come to us voluntarily and are offered service only if they meet these qualifications," he wrote.

During last night's meeting, CLOUT also received pledges of support from banks and credit unions that agreed to work with the organization to promote services to the estimated 29,000 households in Louisville that do not use a traditional bank.

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