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Campaign Launched to Warn Consumers

Don't Get Left Out in the Cold!!!!!!

Payday Loans are Dangerous to Your Financial Health

CHICAGO- As the push for holiday shopping gets underway, leaders of the Msgr. John Egan Coalition for Payday Loan Reform, joined by Lt. Governor Pat Quinn, launched a campaign to warn consumers of dangerous payday installment loans which are available in payday loan stores throughout Illinois.

The group began the campaign in front of an "Americash" payday loan store located in the legislative district of State Representative Ken Dunkin, D- Chicago. Representative Dunkin, a member of the House Financial Institutions Committee, voted present on SB1468 which would have closed the loophole in the 2005 Payday Loan Reform Act. The loophole allows lenders to circumvent several consumer protections provided for by Illinois law. The bill failed to pass the committee by one vote. A present vote has the same effect as voting against SB1468.

"This payday loan store is blatantly circumventing state law that protects consumers from falling into triple digit long term debt traps. They want to sell you "look alike" loans which are really traditional payday loans with several built-in renewals, or rollovers," said William McNary, co-director of Citizen Action/Illinois.

The Payday Loan Reform Act, signed into law in 2005, was designed to curb some of the most abusive lending practices of the payday loan industry by creating consumer safeguards. These measures include a fee cap to reduce the cost of using payday loans, an industry wide cap on borrowing to prevent over borrowing, a recovery period to break the cycle of debt created by back-to-back loans, a repayment plan to help borrowers in over their head made good on their debts, special protections for military personnel, and a statewide consumer reporting service for enforcement.

"The Illinois payday loan industry is up to the same old tricks. Consumers should NOT take out payday loans for quick holiday cash," said Tom Feltner, Woodstock Institute. "We see too many people become overwhelmed by hefty credit card bills with payment due in January. Consumers who take out a payday loan for holiday spending will feel even more overwhelmed."

MORE

PAYDAY – Add one.

“Payday loans can be dangerous to your financial health. Consumers should be especially alert if they take out any payday loan that is more than 120 days in length. If you do, you will not be protected by the Illinois law that regulates payday loans and protects consumers,” said Dory Rand, Supervising Attorney, Community Investment Unit, Sargent Shriver National Center on Poverty Law.

The Monsignor Egan Campaign for Payday Loan Reform offered the following suggestions:

- Seek out reputable consumer credit counseling services to assist with budgeting and help to work out debt repayment plans that will improve your financial welfare.
- Look for lower cost sources of credit, such as your credit union, traditional small loans or cash advances on a credit card. Arrange overdraft protection at your bank.
- Deal directly with creditors to negotiate a payment plan.
- Obtain a cash advance from your employer.
- Start saving so that you can weather unexpected expenses and drops in income. It is much cheaper to borrow from your savings than to pay high fees for two-week or three-month loans.

“We gather today across from Holy Name Cathedral where this campaign was started in 1999 by Monsignor John Egan, after hearing the story of one of his parishioners who was victimized by a payday loan,” said Sister Gwen Farry, BVM., 8th Day Center for Justice. “Msgr. Egan was appalled by the usury practices of the payday lenders. We will not give up this struggle for justice until all consumers are protected in Illinois. When customers walk into a payday loan store, they should be protected from usury no matter what the product is that they take out.”

PHOTO OPPORTUNITY

Payday Grinch that Stole the Holidays

The Monsignor John Egan Campaign for Payday Loan Reform was convened by the late Monsignor John Egan in 1999 after hearing the story of one of his parishioners who was victimized by a payday loan. Monsignor Egan convened a group of religious leaders, consumer advocates, public interest organizations, and social service organizations forming the Campaign for Payday Loan Reform.