



## With Payday Loans, Poor Get the Loans, Firms Get the Payday

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That was the headline of a recent lengthy article in the [Dallas Morning News](#). I urge anyone considering a payday loan to read the [entire article](#). It may change your mind. These are the opening paragraphs:

On July 2, a 74-year-old Dallas widow named Yvonne Sands received her monthly Social Security check of \$1,360. Shortly after 7:30 a.m., she withdrew money from the bank and drove off to renew four payday loans with annual percentage rates of about 250 percent to more than 300 percent.

In the past year, Yvonne Sands of Dallas has paid more than twice as much in fees as the \$1,850 she borrowed in four payday loans. A separate loan had a 660 percent interest rate. 'I'm just trying to dig myself out of this hole I'm in,' she said.

Sands can't afford to pay back the loans all at once, and they come due every month. So each month, she takes out new loans to pay for the old ones, shelling out nearly \$400 in fees in the process.

Over the last year, Sands has paid more than \$4,200 in fees on those four loans – far more than the \$1,850 she received in principal. And that's not counting fees on two other loans she paid off earlier this year, one of which carried an annual rate of about 660 percent.

"I'm just trying to dig myself out of this hole I'm in," Sands said.

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For better or worse, millions of Americans like Sands borrow billions of dollars a year from payday lenders. Catering to low- and middle-income customers, payday lenders provide quick cash to just about anyone with a checking account and a steady income.

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