cost to borrow from a payday lender.

The dollar cost for payday loans escalates if a consumer renews, or rolls over, the loan. Before long, the escalating charges dwarf the original balance. "Consumers are paying very high finance charges for very small loans," says Fox. "If you have to borrow to make it until payday, it is unlikely you can afford to repay the payday loan in full and have enough left over to make it to the *next* payday."

Smarter solutions

Every consumer needs at least a few hundred dollars in a savings account for emergency expenses. If you have to borrow, licensed small-loan com[illegible]es, secured credit cards, or over[illegible]ft protection [illegible]sive, [illegible] rates [illegible] [illegible]it [illegible]ome of the other avenues availab[illegible]

Sample

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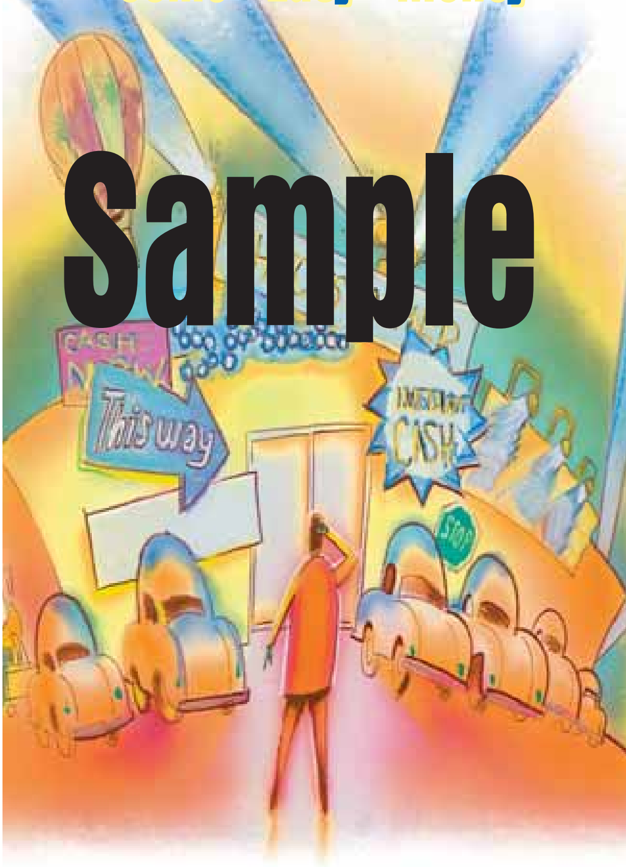
Payday Loans:

The Hard Truth About Some "Easy" Money



Sample

Short on cash? Need just a little more to get you through to payday? Step right up and take out a payday loan. Payday loan cash advances will provide you with the $300 or $400 you need to get by until your next paycheck arrives. The price? At most payday lenders interest rates from 300% to 1,000% APR (annual percentage rate) on up.

Your first stop should be your credit union.

Alternatively known as cash-advance loans, postdated check loans, or delayed deposit check loans, payday loans are a star product at check-cashing outlets, pawn shops, or at Web sites. Touted as a convenient financial Band-Aid, they exact very [illegible]sive fees from consumers, man[illegible] of whom [illegible] C.

Sample

A huge profit source

According to the Federal Deposit Insurance Corp., at the beginning of the 1990s, payday lending was primarily the domain of smaller independent check-cashing outlets and pawnshops that offered services related to check cashing. These firms specialized in making high-priced loans to borrowers with limited access to credit.

In recent years, the number of payday lenders has surged as more companies have been attracted by the higher fees earned on payday loans.

So what are payday loans? Typically, a customer writes a postdated personal check to a payday lender for the amount he or she wishes to borrow—plus the fee. The customer and payday lender both understand there are insufficient funds, at that time, to clear the check. The payday lender holds the check until the customer's next payday, at which time the consumer can:

- Redeem the check with cash or a money order;
- Allow the check to be deposited; or
- Renew—or roll over—the loan, by paying an additional fee.

"Internet payday lending is the latest tactic to [illegible] financial services."

Sample

Internet loans are even more expensive than traditional payday loans and involve giving a lender electronic access to your accounts.

The price is not right

Companies frequently assess fees per $100 borrowed. For example, if the fee is $20 per $100, a customer needing $100 would write a postdated check for $120, dated 14 days down the road.

When stated as an APR, the fees are astounding. The APR on a $100 loan borrowed for 14 days ranges from 390% to 780% or more. Compare that with 22% APR for credit card cash advances, or even the 36% some small loan companies charge.

Although these lenders must disclose the APR as part of the Truth in Lending Act, many customers are shocked to learn what they've actually paid.

Check *www.paydayloaninfo.org* to see what it'll