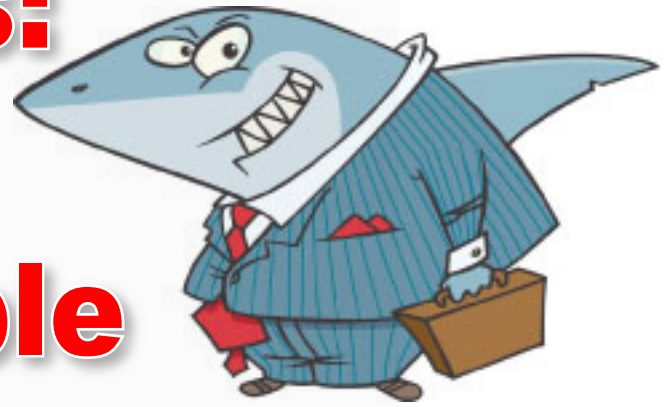


Payday Loans: A Trap for Working People



Average Payday Lender

Payday lenders are **illegally** trying to take your money by charging outrageous interest rates and fees.

What are Payday Loans?

Payday loans are short-term loans with huge interest rates (often exceeding 500 percent annually) and high application fees.

They typically last for two to four weeks, and if the borrower is unable to pay in full, lenders renew the loan with another application fee. Payday lenders usually insist the borrower agree to automatic payments from a bank account.

The only qualification to take out a payday loan is a regular check, typically a paycheck. Payday lenders also target senior citizens who receive a social security check!

Why are They Bad?

Payday loans are bad because they cost so much. Although a payday loan may seem like a good deal to someone needing funds for an emergency or everyday expenses, it is not! Because of the high interest rate and fees, borrowers are almost never able to pay off a loan the first time it becomes due.

It is very difficult to pay down the debt on a payday loan. Instead, most borrowers find that they are trapped in a payday loan cycle they cannot escape...

Are Payday Loans Legal in New York?

No! New York has a 25% interest rate cap, which in effect makes payday loans illegal. That is why we do not see payday lenders operating from storefronts as in some states.

However, payday lenders market their loans through the internet and by phone. Many thousands of New Yorkers have fallen into the payday loan trap through these means.

But payday loans are nonetheless illegal. Let's keep it that way!

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If I Already Have a Payday Loan, What Should I Do?

Because these loans are illegal, you should strongly consider just stopping your payments.

Go to your bank and tell them to immediately stop the payday loan deduction from your account. You have the right under law to require your bank to do this.

Payday loan borrowers in New York received good news in February 2013, when Governor Cuomo and the Department of Financial Services notified debt collectors that they are prohibited from collecting payday loan debts from any New York State resident.

What is My Union Doing to Stop Payday Loans?

District Council 37 is actively involved in keeping the door shut to payday loans. Your union is part of a statewide coalition to stop payday lenders from making these predatory loans to New Yorkers.

Legislation is currently pending in Albany that would allow check cashing establishments to make small-dollar loans. **These are nothing more than payday loans.** They would be very costly and harmful to working people and senior citizens. **DC 37 opposes this legislation!**

If check cashers were permitted to make loans, this would only be a foothold for the payday lending industry. Before long, the big national banks would also demand the right to make such loans!

What You Can Do About Payday Loans:

- Don't take out a payday loan!
- If you have a payday loan now and are MELS-eligible, call MELS at (212) 815-1111 for legal advice.
- To stop automatic deductions on a payday loan, contact your bank.
- File a complaint against a payday lender, a debt collector, or a bank that refuses to stop automatic withdrawals, with the NY State Department of Financial Services at
- www.dfs.ny.gov or by calling (212) 480-6400.
- Call your Assembly Member or Senator and demand that he or she (1) oppose legislation to allow check cashers to make loans and (2) fight any other attempts to legalize payday lending in New York.