

AG Again Rejects Petitions Seeking Total Payday Reform Repeal; Approves Summary for Partial Repeal but Calls Summary "Confusing"

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Columbus, Ohio - Ohio Attorney General Nancy Rogers today took the highly unusual step of rejecting for the second time petition language payday lenders are using to try to repeal a new law that ends their ability to charge customers 391 percent annual interest.

In doing so, the Attorney General used her authority to reject language that is not "fair and truthful."

Rogers did, however, accept the summary lenders are using in a second referendum that would repeal a portion of the new reform law. She called the summary "inherently confusing to prospective petitions signers" but said she must approve it because it is truthful.

Both referendums have the goal of hurting consumers by allowing lenders to avoid the 28 percent interest rate cap that is the cornerstone of the reforms, said Bill Faith, Executive Director of the Ohio Coalition on Homelessness and Housing in Ohio.

Faith expressed disappointment that the AG allowed the partial repeal to move forward, despite relying on a petition summary that he termed "comically unclear." He called on lenders to make the changes to the summary that the attorney general suggested.

"If you read the summary, you have no clue that payday lenders want to restore their ability to gouge customers by charging them 391 percent annual interest," Faith said. "To make informed decisions, voters need accurate information."

The first referendum seeks to completely overturn House Bill 545. Passed with strong bi-partisan support, the lending reform package caps the annual interest on payday loans at 28 percent, down from the 391 percent maximum allowed today; restricts borrowing to four times per calendar year; and includes provisions to curb the industry's abusive collection practices.

The second option would repeal only the portion that bans lenders from charging 391 percent annual interest. If approved by voters, Rogers warned that it could result in two conflicting laws, one that caps annual interest rates at 28 percent and another that allows 391 percent APR.

Faith predicted that lenders would opt for the 391 percent cap and consumers would continue to be harmed.

Faith also criticized lenders for recent assertions that the two referendums are intended to give customers additional loan options.

"Don't be fooled by the lenders' insistence that they want to maximize customers' choices," Faith said. "All they want to maximize is their profits and voter confusion."

House Bill 545 will take effect on Sept. 1 unless lenders collect the 241,365 signatures needed to temporarily block the new law and ask voters in November whether to overturn all or part of it.

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