



For Immediate Release  
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**ASSOCIATION WORKING WITH CITY AND COUNTY LEADERS TOWARD LIMITING THE NUMBER OF  
PAYDAY AND TITLE LOAN CENTERS IN THE CITY OF SPRINGFIELD**

Springfield, IL--On a national level, the recent increases in home foreclosures and new restrictions on financing have caused hardships for many Americans. However, these events have also brought to light many of the problems created by predatory lending practices and a growing backlash against unscrupulous businesses that take advantage of a marginalized population with few other options.

While Springfield's economy has the advantage of being more stable than many other parts of the country, we too have seen an increase in recent years of payday lenders, which now number 24 locally. Virtually unheard of until the early 1990s, this industry has flourished; there are now about 25,000 payday lenders nationwide, more than twice the number of McDonalds. Springfield is certainly not immune to this trend, and the MacArthur Boulevard/Wabash area alone has 8 payday lenders and/or car title lenders.

With interest rates averaging 300%, it's easy to see why payday lending is an extremely profitable industry. The Illinois Payday Loan Reform Act of 2005 attempted to place restrictions on what had previously been an essentially unregulated industry, but still allows payday lenders to charge interest rates of up to 429%. While the Reform Act limits the number of loans that can be active at a given time, lenders often circumvent this restriction by simply making a loan to another member of the same household. Also, the Reform Act only applies to loans of 120 days or less, and many lenders began offering products with terms of 121 days to avoid these limits.

Consumers who are unable to repay the exorbitant interest rates associated with these loans can find themselves stuck in a vicious cycle, which can result in their wages being garnished or their vehicles being repossessed. In addition to the harmful effects on individuals, payday lenders create a downward trend in the neighborhoods where they locate, driving away other businesses who don't want to be associated with such activity.

The MacArthur Boulevard Business Association is committed to revitalizing the MacArthur area by attracting new businesses and finding ways to redevelop existing properties that have declined. The presence of fewer payday lenders in our neighborhood would greatly enhance our overall image and make the area more attractive to other types of businesses. We urge the city council to support the passage of this ordinance, as it helps protect both the citizens of Springfield and the quality of our business district and neighborhoods.