



Christmas future: We wish better protection for those who must use payday lenders.

For next year, we wish better protection for those who must use payday lenders.

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Opinion

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By mid-morning on this day of days, most homes with small children in residence are reliably covered in a sea of torn wrapping paper. New games and toys are already being given the first test runs and test drives.

Some of those toys and games and other goodies came from grandparents, aunts, uncles or family friends who may have had to stretch their budgets to make a child's Christmas wish come true.

Some of these folks — maybe a lot of them — likely have been drawn to one of the Houston area's

hundreds of payday loan stores to come up with the extra cash so that they could bring a merrier Christmas for their loved ones.

For those who have taken this route, the Christmas presents they've given are likely to cost a lot more than their sticker prices. The folks who took out the loan for a couple of hundred extra dollars to buy them could be paying off that loan for weeks or months to come.

On Thursday's Outlook page, state Rep. [Armando Walle](#), D-Houston, told the story of a 70-year-old woman named Ms. Kay who took out an auto-title loan with an annual percentage rate of more than 300 percent ("Let's close the loophole that enables abusive lending"). She is typical of the low-income Texans who often get trapped in such high-interest debt and end up paying several times the dollar amount of their original loan.

Texas state law caps interest rates at 10 percent for most loans, but a loophole permits businesses like payday and auto-title lenders to charge much higher rates and fees.

Some of these businesses prey on low-income Texans - the public interest group [Texas Appleseed](#) says the median income for borrowers is about \$19,000. Many are single mothers or single women.

This topic may not be the gauzy fare usually served up for Editorial page readers on Christmas morning, but with the Texas Legislature convening in January, this seems to us the perfect time to encourage state lawmakers to clean up these businesses by closing the loopholes that permit them to charge unlimited interest and exorbitant fees.

A diverse group including the [United Way](#) of Greater Houston, the [Texas Baptist Christian Life Commission](#) and AARP is backing reforms that would require them to comply with the same standards and consumer protections as other financial lenders. We grant that there's a place for the services offered by these businesses, but only under rules that protect consumers and limit fees and interest rates.

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tees and interest rates.

We'd like to believe that by next Christmas, gift-givers of limited means who need these small loans to brighten the holiday will be better protected than they are this Christmas. But that will only be so if our representatives in Austin act.

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