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THURSDAY, JUNE 7, 2001

Both sides of payday lending debate relying on research

BY T. KEVIN WALKER
THE CHRONICLE

Rejuvenated by a recent complimentary study of their business by a prominent university, those in the payday advance industry are stepping up and speaking out as the state's General Assembly prepares to debate whether it will continue to regulate the industry.

Billy Webster, chief executive officer of Advance America, the largest payday advance company in the country, is hopeful that the study done by the Credit Research Center, a wing of Georgetown University's McDonough School of Business, will help dispel what he calls the most popular myth about his industry - that it preys on the poor and uneducated.

"If this Georgetown study does nothing else, I hope it reinforces that (our customers) are not poor, uninformed people who do not know what they are getting into," he said.

Conducted among a sampling of payday advance customers across the country, the study, released early last month, concludes that most who use the service have at least a high school education and incomes between \$25,000 and \$50,000.

"Our study shows that payday advance satisfies an unmet demand for very small, short-term credit in today's market," said Gregory Elliehausen, co-author of the study.

Payday advance businesses provide short-term loans up to \$255, loans that must be paid back with a high interest fee in about two weeks.

The study also says that most people only use the service infrequently. Critics of the industry have complained that customers are forced to continue using the system because they are unable to pay off the short-term loans.

The payday lending industry is thriving in most states. It is regulated in about 30 of them. The General Assembly first regulated the industry in this state about four years ago, but a "sunset" provision in the bill will allow the General Assembly to take another look at the industry it green lighted.

Webster and others in the

industry insist that they have gotten a bad rap because of overzealous social activists and horror stories from former payday lending customers who have claimed that they were trapped by the industry's high interest rates.

"There have been nearly 5 million transactions, and only about 40 complaints," Webster said.

The industry is hopeful that one of two bills currently before the General Assembly will be passed, leading to continued regulation by the state, with stricter guidelines for payday lenders. Webster said if the General Assembly decides not to regulate the industry, it would be a no-win situation for all involved.

Many in the industry, he said, will continue operating as normal, but without rules set forth by the General Assembly.

"If this bill sunsets, there will be no change," he said. "This business will still exist; it just won't be regulated. We think that's bad," he said.

On the other side of the ring, opponents of the industry say that the bills currently up for consideration do not do enough to protect consumers. The Raleigh-based N.C. Justice and Community Development Center complains that the bills do nothing to lower what it calls "exorbitant" interest rates on the short-term loans. The group also is unhappy that the bills would not outlaw flipping, a term used to describe back-to-back loans.

Jeffery Paddyfot, regional director for Advance America locations in North Carolina, said the company tries to prevent repeated use of its services by offering credit counseling information to customers who repeatedly use the service. Paddyfot said it's the company's policy to offer such services when a customer uses the service continually.

But Rob Schofield, an attorney for the N.C. Justice and Community Development Center, said that if that is indeed Advance America's policy, they are one of a very few that offer that service.

See Payday on A4



Cornelia Woodruff waits to sign a petition to keep a halfway house out of her community. Her husband, Robert, signed the petition first.

Photos by Kevin Walker

Not in our neighborhood

Residents do not like the possibility of a halfway house in their community

BY T. KEVIN WALKER
THE CHRONICLE

Residents of the North Cherry Street/ Indiana Avenue community emphatically stated last week at a neighborhood meeting that everyone - including federal prisoners - deserves a second chance. But they just as emphatically objected to a proposal that would create a federal halfway house in their back yard, taking the position that those who would live at the facility should start their lives anew elsewhere.

Nearly 100 concerned residents from the community packed into Brown & Douglas Recreation Center to sound off about the proposal. Their alderman, Nelson Malloy, led the meeting, laying out a plan of attack that includes a letter-writing campaign and a petition.

"Everybody deserves a second chance, but the issue at hand is about the appropriateness of where they want to locate this facility," Malloy said.



This building is being proposed for a halfway house that will house about 30 offenders.

The letters and other measures are aimed at persuading Bannum Inc. to reconsider its plans to convert the building at 4508 Cherry Street into a community corrections facility for federal offenders released to the Winston-Salem area.

Bannum, which operates

many such facilities throughout the region, is trying to win a five-year contract from the federal Bureau of Prisons (BOP) to operate the Cherry Street location. Bannum is trying to beat out The Salvation Army on Trade Street, which has served

See Neighborhood on A9

Group attacks domestic violence

BY PAUL COLLINS
THE CHRONICLE

The Domestic Violence Coordinating Council (DVCC) strives to create a more coordinated effort between community agencies, law enforcement, health-care providers, judicial and legal representatives, faith community leaders, educators and other community members dealing with domestic violence issues. The mission is to strengthen the collaboration between community systems in an effort to improve the lives of those affected by domestic violence.

The DVCC meets bi-monthly to provide an opportunity for its members to come together and evaluate how specific systems are addressing the issue of domestic violence both in prevention and response, and how to increase the level of safety in the community.

The DVCC is composed of several task groups that focus on specific issues such as criminal justice and health-care training, community awareness, funding and the effects of domestic violence on children and youths. Through these task groups, the DVCC seeks to identify ways to expand upon the work it is already doing in the area of domestic violence.

Sharee Fowler, facilitator of the Domestic Violence Coordinating Council, said the DVCC plans to start in the near future a subcommittee dealing with services for the Hispanic population and how domestic violence is handled in terms of cultural issues and law enforcement response. "We do see a very large number of cases come through 3-C, which is the family court, where Hispanic families are involved," Fowler said. "The cultural issues (include): people not necessarily understanding laws, victims who are Hispanics not understanding that they do have access to different services regardless of whether they are legal or not, things like that."

See DVCC on A10

First-time home buyers get ally with new center

FROM STAFF REPORTS

Representatives from the Winston-Salem financial, nonprofit and real estate sectors have joined government officials to create a new center to help first-time home buyers.

The Home Ownership Center will be designed to educate potential buyers about the benefits of home ownership and provide counseling that will enable them to purchase homes.

The creation of the center was announced last Monday at a ceremony in the Neil Place subdivision, on the corner of Cherry and 14th streets, to accompany festivities surrounding National Home Ownership Week.

"Our goal is to increase home ownership," said Mayor Jack Cavanagh. "Typically, the more people who own their homes, the stronger and more cohesive the

neighborhood. This contributes to a stronger overall economy."

The Local Initiatives Support Corp. (LISC), the nation's leading community support organization, was a major contributor in organizing the collaboration, with more than 15 partners, including the Forsyth County Department of Housing and the U.S. Department of Housing and Urban Development. This is mainly because no other single Winston-Salem organization had the ability to provide extensive home counseling and education services.

Potential and current home buyers will be able to receive home buyer education and training; individual counseling to resolve issues that might be an obstacle to home ownership; and information about public and private loans and grants.

"Several of the groups that

See Home buyers on A9

Kimberly Park getting thumbs up for new attraction

BY MELDE RUTLEDGE
THE CHRONICLE

Aqua-craved swimmers of Kimberly Pool received something new this summer when the Winston-Salem Recreation and Parks Department added a water playground to the pool for the hot days to come.

Located at 620 Burton Street, the addition took about two months to construct, but before work began, workers had to remove the baby pool that once rested in that area.

According to Dick Butler, the aquatic supervisor of the department, \$160,000 was allotted for the project. The department raised \$80,000, and the other half was matched by a parks and recreation trust fund.

The playground is geared toward children up to 10 years of age, although anyone can enjoy it.

See Pool on A9

Splash!!!!



A young girl relaxes in the new water park at Kimberly Park Pool.

Photo by Melde Rutledge