



60% of Arizona Voters Said “NO!” to Prop. 200 in 2008

Legislators Must Say NO to HB 2161

HB 2161 Would Allow 400% Loans to Continue Past the July 1, 2010 Sunset. Voters said NO!

Provision	Prop. 200	HB 2161	Same or Different Impact on The Debt Trap?
July 1, 2010 Payday Loan Sunset	Repeals Sunset	Repeals Sunset	Same
Fees for Typical 2-Week Loan	Allows fees of \$15 per \$100 borrowed (391% APR)	Allows fees of \$15 per \$100 borrowed (391%APR)	Same
Net Worth Requirements	Increase to \$1 million	Increase to \$2 million	Same
Cooling Off Period	24-hours between loans	No cooling off period	Same
Loan Limit	\$500	\$500	Same
Number of Loans	One loan at a time	\$500 or less at a time (no limit on number of loans)	Same
State Regulated Database	Tracks individuals' repayment plans	Tracks individuals' transactions	Same
Disclosures	English or Spanish	Plain English or Spanish	Same
Right to Rescind	None	2 days	Same
Rollovers	Prohibited	Prohibited	Same
NSF Fees	Allows lenders to collect NSF fees twice per each check	Allows lenders to collect NSF fees twice per each check	Same
Repayment Plan	Voluntary; Allowed only once per year	Voluntary; Allowed only once per year	Same
Role of Dep't of Financial Institutions	- Certify database provider - Regulate, monitor, and enforce database	-Certify database provider - Regulate, monitor, and enforce database - Waive database requirements, if needed -Develop consumer education materials - Report annually on lenders and loans	Same

Paid for by Arizonans for Responsible Lending

Major Funding by AARP Arizona
Center for Responsible Lending, N.C., SEIU, Washington, and SIMG, Tucson
Additional Support from Arizona State Credit Union, UFCW Local 99 Phoenix
The Arizona Credit Union League, and Mi Familia Vota

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Sun Must Set on 400%

It's what the voters want.

- On November 4, 2008, more than 60% of Arizona voters voted NO on the payday industry-funded Proposition 200. Prop. 200 would have repealed the July 2010 sunset for 400% interest rates on payday loans.
- Prop. 200 lost in every county because a strong 1.2 million voters understood that 400% interest rates are wrong, even though the payday industry outspent opponents 64 to 1.

It puts money into families' pockets.

- Under current law, a typical AZ borrower pays \$841 to borrow a \$325 payday loan. Once the sun sets, consumers will no longer have to throw good money after a deceptive, faulty product.
- On July 1, 2010, it will be illegal to charge 400% APR on consumer loans which trap families in a cycle of debt and increase their likelihood of bankruptcy, defaulting on other bills, and bank account closures.
- In states that ended 400% rate loans, former payday borrowers report being glad they no longer have an option of an expensive product that was easy to get into, but hard to get out of. And, they relied on a number of strategies, e.g. family, friends, small installment loans, borrowing from employer, paying bills late, charity, credit cards and savings.

It extends protection enjoyed by military.

- Congress instituted a 36% rate cap on payday, car-title and refund anticipation loans for active member of the military and the family members, after determining that 400% loans "undermine military readiness [and] harm the morale of troops and their families."
- Citizens in 15 states and the District of Columbia enforce a 36% rate cap for everyone in support of a healthy and affordable financial market.

It levels the playing field for legitimate business.

- Payday loans charge 400% because of a special deal carving them out of Arizona's existing Consumer Loan Act which sets a usury limit of 36% for all other small consumer loans.
- Throughout the state, consumer finance companies already offer small dollar loans under the Consumer Loan Act's 36% cap. Arizona credit unions offer personal and signature loans at or around 18% depending on the size of the loan. Federal credit unions must comply with an 18% cap.
- After the sunset on 400% APR payday loans in North Carolina, other forms of responsible small dollar lending increased. For example, loans of \$600 or less by finance companies increased by 37% over the 4 years following enforcement of the state 36% rate cap.

For more information, visit www.nomoreloansharks.com