

Predatory Lending Schemes Are Bad for Arizona's Economy

Say No to House Bill 2608, Small Installment Loan

- When Arizona voters went to the polls in November, they clearly said No, by a by a **60%-40% margin**, to triple digit interest rates, special deals under the state's usury caps, and fake "reforms" in the industry-sponsored Proposition 200.
- HB 2608 ignores the voters' mandate by legalizing another form of high cost consumer lending that will inevitably lead to long term debt:
 - Carves out a special deal for another high cost lenders.
 - Authorizes triple-digit interest rates, PLUS acquisition and handling fees on small loans of \$200 to \$3,000.
 - Places borrowers at greater risk with a higher loan limit of \$3,000
 - Encourages flipping borrowers into larger and larger loans. Experience in other states show that lenders repeatedly flip loans long before end of loan term.
- If these issues sound familiar – they are. HB 2608 is the exact same carve out that was defeated last session as HB 2672.
- AZ already has consumer lenders serving this market. Over 90 licensed consumer lenders already offer small installment loans in AZ at the current 36% rate cap or less (not including a variety of small loan products currently available at some banks and credit unions).¹
- A two-digit interest rate cap is already saving people in 15 states and the District of Columbia nearly \$2 billion. These caps costs taxpayers nothing and protect the earnings of American households, thereby allowing these families to save, spend, and recover from their financial shortfalls in the long term.
- The Pentagon and Congress already stood up to payday lenders and won a federal 36 percent cap on loans to military personnel and their families. Arizona deserves the same financial protections that our military families have.
- Don't replace one predatory lending product with another. States that have held the line with the 36% cap, have allowed responsible lenders to enter and create a sustainable, robust financial market rather than cater to high cost lenders with a special carve out.

For more information:

www.NoMoreLoanSharks.com/take-action-now
www.EconomicIntegrity.org

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¹ http://www.azdfi.gov/Lists/CL_List.HTML