

# Consumers Union, the National Consumer Law Center, Consumer Federation of America

## Small Dollar Loan Products Introduction to the Scorecard

(Updated 8/20/08)

This year, Consumers Union, the National Consumer Law Center, and Consumer Federation of America<sup>1</sup> assessed how states protect consumers against abusive interest rates for small dollar loan products. States have historically taken the lead to ensure that consumers are not subject to abusive lending practices through their police powers. This *Scorecard* evaluates how states have exercised this responsibility by examining the statutory maximum annual percentage rate (APR) of interest for four typical small dollar loan products and whether these products' interest rates are limited by the state's criminal usury cap.<sup>2</sup> For purposes of the *Scorecard*, these small loan products include payday loans, auto-title loans, and two short-term installment loans.<sup>3</sup> The *Scorecard* awards a Pass or Fail grade to each loan product based on whether the statutory maximum APR is lower (pass) or higher (fail) than 36%, a cap that is common in state law and a cap that Congress recently endorsed for certain loan products extended to active-duty service members.<sup>4</sup>

*Results:* Eight states (and the District of Columbia) protect consumers against abusive lending practices for all four small dollar loan products included in the *Scorecard* (Arkansas, Connecticut, Maryland, New Jersey, New York, Pennsylvania, Vermont, and West Virginia). Fourteen states fail to protect consumers against abusive lending for all four products included in the *Scorecard* (Delaware, Idaho, Illinois, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, South Carolina, South Dakota, Tennessee, Utah, and Wisconsin). The remaining states protect consumers to various degrees.

Some state laws merit highlighting, including:

---

<sup>1</sup> Elizabeth Renuart and Emily Caplan at the National Consumer Law Center performed the research, calculations, and analysis. Michael Wroblewski at Consumer's Union primarily authored the descriptive text with the assistance of Gail Hillebrand. Jean Ann Fox at Consumer Federation of America reviewed and edited the results.

<sup>2</sup> Some states enacted both civil and criminal usury laws. Civil usury laws were adopted in the original colonies and by each new state to the United States. Criminal usury laws were designed to complement civil laws and create criminal liability when a lender's rate or fees exceeded a rate that is often in excess of the general usury law of the state. Some criminal usury laws also punish extortionate behavior and threats of physical injury--behaviors that are now associated with "loan-sharking." Thus, criminal usury laws punish conduct that is more reprehensible, violent, or intentional.

<sup>3</sup> The *Scorecard* examines the state role in protecting consumers against abusive lending practices. Federal banking regulators have consistently asserted that federally chartered financial institutions are not subject to many of the most important state consumer protections. The *Scorecard* does not address the adequacy of federal laws that apply to these institutions.

<sup>4</sup> The *Scorecard* uses the Truth In Lending Act's (TILA) definition of "finance charge" to calculate the APRs for the loan products included in the *Scorecard*. In the John Warner National Defense Authorization Act of 2006 ("Defense Authorization"), Congress set a cap of 36% for certain loans made to active-duty military personnel but included more fees in the APR calculation than called for under TILA. This means that the APRs calculated under the Defense Authorization could be higher than the TILA APR for the same product. Because TILA covers more products in the lending market, the *Scorecard* applies the TILA methodology rather than the military formula.

*Georgia:* In 2003, Georgia's legislature cracked down on payday lenders doing business illegally in its borders by enacting laws that addressed the "rent-a-bank" problem, prevented ruses and sham loan transactions, and increased the penalties. Due to fees that Georgia permits its small loan lenders to impose and the fact that it allows expensive auto-title lending, Georgia received three F's, although it received passing grades for the payday and \$1,000 installment-loan products.

*District of Columbia:* The District of Columbia re-imposed its traditional usury cap to payday transactions, effective Jan. 9, 2008, and received passing grades for all categories. D.C. has no criminal usury cap in addition to civil limits.

*Iowa:* Iowa clamped down on the use of open-end, credit-card-type auto-title lending in 2007. It received a passing grade for this product, given this positive change.

*Massachusetts:* Massachusetts received an F for the \$500 small loan product because it allows lenders to collect a \$20 administrative fee in addition to 23% annual interest.<sup>5</sup> Given the short-term nature and small sum of this loan, the fee drove the APR to just exceed the 36% benchmark. But for this F, Massachusetts would have received a passing grade in all categories.

*New Hampshire:* New Hampshire enacted a 36% annual interest rate cap for payday and car title loans which will take effect in January 1, 2009, a noteworthy amendment. Until then, there is *no* rate cap in NH for payday and car title loans.

*Nevada:* This state imposed a usury cap of 40% applicable to our \$500 and \$1,000 small loan examples, effective October 1, 2007. This is an important change since the law contained no rate caps prior to this date. The cap is expressed as an annual percentage rate, rather than as an interest rate. The law does not cap any fees that the lender can include in the loan but the APR must take into account all fees, except non-sufficient fund fees, late fees or overlimit or default fees, and credit insurance premiums even if required by the lender as security for the loan. Permitting credit insurance premiums to be excluded from the 40% cap calculation permits larger APRs on small sum, short term loans.<sup>6</sup>

*North Carolina:* This state passed a strict payday-lending law that expired in 2001. As a result, its traditional usury cap of 36% again applied to these types of small loans. It took the state until 2006 to close down all payday-loan operations through enforcement actions. Other east coast states that prohibit high-cost small loans include Maryland, Pennsylvania, and West Virginia.

---

<sup>5</sup> Other states that received an F in either or both of the small loan categories for similar reasons and/or because they permit the use of "add-on" or "discount interest" include: Alabama, California, Colorado, Georgia, Michigan, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, and Washington.

<sup>6</sup> For example, a 12-month \$1,000 loan with a 40% interest rate that includes a required credit insurance premium of \$75 that is financed yields an APR of 55%.

*Ohio:* This state enacted a 28% annual interest rate cap for payday loans, effective September 1, 2008. This is a significant change for Ohio which has permitted up to 391% APR.

*Oregon:* Oregon re-imposed its traditional 36% cap on small loans including title and payday lending. But the effective APR is higher due to the one-time fee lenders may charge for these loans.

*Grading scale:* The four small loan products and the criminal usury cap are graded on a pass (P) or fail (F) basis (with some special circumstances noted below) based on the APR for the loan product.<sup>7</sup>

- If the loan product's APR  $\leq$  36%, the grade is a P;
- If the state "Prohibited" a payday or auto-title product, the grade is a P;<sup>8</sup>
- If the loan product's APR  $>$  36%, the grade is an F;
- If there is "No cap" on the loan product's APR, the grade is an F.

For the criminal usury grade, the following rules also applied:

- If there is a "Soft cap" on the APR, the grade is a P. A soft cap on the APR is one in which there may be exceptions to the capped APR, but the APRs for the four loan products in the *Scorecard* do not exceed 36%.
- If the APR includes a plus sign ("+"), the grade is an F because the rate could be higher than the stated APR. This situation could occur when the state has a criminal usury cap, but permits exceptions to the cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%; and
- If the APR is "None," the grade is a NA (not applicable) because the *Scorecard* does not penalize for the lack of a law in this category.

*Background:* Abusive lending practices not only harm individual consumers, but they place a needless drag on the overall U.S. economy. Abusive lending practices include those in which the lender charges excessive fees and interest rates, lends without regard to the borrowers' ability to repay, refinances borrowers' loans repeatedly over a short period of time without any economic gain for the borrower, and commits outright fraud or deception.<sup>9</sup>

Consumers experiencing abusive lending practices pay more for their loans and often get trapped in cycles of debt from which they cannot emerge. As a result, these consumers have fewer resources to devote toward building family

---

<sup>7</sup> APRs are rounded down or up to avoid decimals. They were rounded down to the nearest number without decimals if they were XX.50% or less and were rounded up to nearest full number without decimals if they were XX.51% or more.

<sup>8</sup> Where a payday or auto-title loan is "Prohibited," this means that either: a) state law bans payday or title lending because it prohibits the taking of the check or the car's title as security; or b) payday or title lenders would not make loans with APRs under the applicable usury cap due to their current business models. For example, the applicable state law may contain a low rate cap and/or the small loan law requires installment payments.

<sup>9</sup> See, e.g., Department of Defense, Final Rule, Limitations on Terms of Consumer Credit Extended to Service Members and Dependents, 72 Fed. Reg. 50,580, 50,581-83 (Aug. 31, 2007) ("Department of Defense Rules") (describing characteristics of payday, auto-title, and military installment loans that are abusive).

wealth.<sup>10</sup> This is especially true of consumers who are of modest means and just trying to make ends meet. Indeed, numerous studies have documented the consumer harms related to these abusive lending practices.<sup>11</sup>

The overall domestic economy also is harmed because these practices distort consumer spending. They lessen consumer resources devoted to building productive assets (such as education and home ownership) and divert them to less productive uses. The subprime mortgage lending crisis that began in 2007 exemplifies how abusive lending practices can harm the overall economy. Had stronger consumer protections governing mortgage lending been in place prior to the start of the abusive lending practices, the resulting harm to consumers and the overall economy would likely not have been as great. Indeed, these real and potential harms are so great to the individual and to the overall economy that they outweigh the countervailing notion that individuals should be free to contract at any rate.

To determine how states have exercised their historical responsibility, the *Scorecard* examines the maximum statutory APR<sup>12</sup> for four typical consumer small loan products and whether the state's criminal usury cap limits interest charged for those products. The criminal usury caps were included in this evaluation because some of them reflect the outer limit of acceptable interest that a state is willing to criminalize and, in the case of New York and New Jersey, provide the cap for small consumer loans.

The *Scorecard* evaluates maximum APRs because payday and auto-title lenders tend to charge an APR near the applicable statutory limit.<sup>13</sup> Moreover, APR caps are the most effective way to protect consumers against abusive lending practices compared with other reforms in these markets. A recent report of the payday-lending market by the Center for Responsible Lending (CRL) explains how market reforms short of rate caps have failed to protect consumers adequately. It explains how several state legislatures had tightened up their payday loan laws with changes such as: renewal bans/cooling-off periods; limits on number of loans outstanding at any one time; payment plans; loan amount

<sup>10</sup> For a discussion of consumers in poverty paying more for basic goods and services and, thus, finding it difficult to build real wealth, see Matthew Fellowes, "From Poverty, Opportunity: Putting the Market to Work for Lower Income Families," The Brookings Institute, (July 2006), available at [http://www.brookings.edu/reports/2006/07/poverty\\_fellowes.aspx](http://www.brookings.edu/reports/2006/07/poverty_fellowes.aspx).

<sup>11</sup> See, e.g., Department of Defense Rules; Amanda Quester & Jean Ann Fox, Center for Responsible Lending and Consumer Federation of America, *Car Title Lending: Driving Borrowers to Financial Ruin*, April 14, 2005, available at <http://www.responsiblelending.org/issues/cartitle/reports/page.jsp?itemID=28012839> (describing abuses of auto-title loans); Uriah King, Leslie Parrish, Ozlim Tanek, *Financial Quicksand: Payday lenders sink borrowers in debt with \$4.2 billion in predatory fees every year*, Nov. 30, 2006, available at [http://www.responsiblelending.org/pdfs/r012-Financial\\_Quicksand-1106.pdf](http://www.responsiblelending.org/pdfs/r012-Financial_Quicksand-1106.pdf).

<sup>12</sup> The Truth In Lending Act APR is a simple way to determine the cost of the loan. It is expressed as a percentage and includes some of the fees and charges associated with the loan, as well as the interest to be earned over the term. For purposes of the *Scorecard*, the APR is calculated pursuant to the requirements of the Truth in Lending Act. See 15 U.S.C. §§ 1605, 1606. The APR has been the credit cost yardstick in this country for 40 years and aims to provide an apples-to-apples comparison of the cost when consumers shop. See Elizabeth Renuart & Diane Thompson, *The Truth, The Whole Truth, and Nothing But the Truth: Fulfilling the Promise of Truth in Lending*, 25 Yale J. on Reg. 181, 186-191 (2008); Matthew A. Edwards, *Empirical and Behavioral Critiques of Mandatory Disclosure: Socio-Economics and the Quest for Truth in Lending*, 14 Cornell J. of Law and Pub. Pol'y 199, 211-215 (2005).

<sup>13</sup> Mark Flannery, Katherine Samolyk, "FDIC Center for Financial Research Working Paper, Payday Lending: Do the Costs Justify the Price?" June 2005.

caps based on the borrower's income; and databases. Despite those amendments, the report found:

The debt trap of payday lending persists even in states that have attempted to reform the practice. In these states, 90 percent of payday-lending business is generated by trapped borrowers with five or more loans per year.

More evidence that the debt trap persists:

- More than 60 percent of loans go to borrowers with 12 or more transactions per year;
- 24 percent of loans go to borrowers with 21 or more transactions per year;
- One of every seven Colorado borrowers have been in payday debt every day of the past six months; and
- Almost 90 percent of repeat payday loans are made shortly after a previous loan was paid off.<sup>14</sup>

The CRL concluded that: "Those states which enforce a comprehensive interest rate cap at or around 36 percent for small loans have solved their debt trap problem; realizing a savings of \$1.5 billion for their citizens while preserving a more responsible small loan market. In sum, the only proven way for state policymakers to protect their citizens from predatory small loans is to enforce a comprehensive small loan law with an interest rate cap at or around 36 percent."<sup>15</sup>

The *Scorecard* then compares the maximum allowable APR to a 36% APR cap. The 36% cap on small loan lending became the law in most states by the mid-twentieth century. Small loan laws were adopted during this time in response to the widespread problem of loan-sharking. They were largely the product of the research and promotional efforts of the Russell Sage Foundation which, between 1916 and 1942, published seven drafts of a Uniform Small Loan Law.<sup>16</sup> In 2006, Congress enacted a similar 36% cap for extensions of credit to active-duty service members and their dependents. Specifically, Congress declared it unlawful for lenders to extend credit for loans at an APR greater than 36% to active-duty service members and their dependents.<sup>17</sup> The initial

<sup>14</sup> Uriah King & Leslie Parrish, *Springing the Debt Trap: Rate caps are only proven payday lending reform* (Dec. 13, 2007) (Center for Responsible Lending), 9-18 available at <http://www.responsiblelending.org/pdfs/springing-the-debt-trap.pdf>.

<sup>15</sup> *Id.* at 4. In those states that try to improve their consumer protections, the payday loan industry often migrates to the loopholes to avoid coverage. For example, in 2005, Illinois enacted payday legislation in an attempt to increase protections to consumers. 815 Ill. Comp. Stat. § 122/1-1 *et seq.*, effective Dec. 6, 2005. Before this Act, Illinois had repealed its usury cap for consumer installment loans. As soon as the new law took effect, some payday lenders began offering "installment" loans for over 120 days that cost more than the new payday loan law permits. For example, one product is a 140-day "look alike" loan requiring nine biweekly interest payments, with a final balloon payment of the entire principal amount. For the borrower, this "installment" loan is essentially a 14-day payday loan with 10 built-in rollovers. Monsignor John Egan Campaign for Payday Loan Reform, *Hunting Down the Payday Loan Customer: The Debt Collection Practices of Two Payday Loan Companies* (October 2006) at 4, available at [http://www.woodstockinst.org/publications/research\\_reports](http://www.woodstockinst.org/publications/research_reports).

<sup>16</sup> Elizabeth Renuart & Kathleen Keest, *The Cost of Credit: Regulation, Preemption, and Industry Abuses* § 2.3.3.2 (3d ed. 2005).

<sup>17</sup> This cap became effective on Oct. 1, 2007.

regulations issued by the Department of Defense apply protections to closed-end payday and car-title loans and to tax refund anticipation loans. In promulgating the regulations to implement this Congressional directive, the Department of Defense described the problem that abusive lending practices can have for consumers. It stated that:

[a] major concern of the Department has been the debt trap some forms of credit can present for Service members and their families. The combination of little-to-no regard for the borrower's ability to repay the loan, unrealistic payment schedule, high fees, and interest and the opportunity to roll over the loan instead of repaying it, can create a cycle of debt for financially overburdened Service members and their families.<sup>18</sup>

The same concerns are present for many nonmilitary families in today's economy. The *Scorecard* seeks to highlight the states that use their regulatory authority to protect consumers against abusive lending practices.

### **Description of the Small Loan Products Included in the *Scorecard***

#### *1. Two-week, \$250 loan ("payday" loan).*

A payday loan is a short-term cash loan based on the borrower's personal check held for future deposit or electronic access to the borrower's bank account. A consumer writes a personal check for the amount borrowed plus the finance charge and receives cash. In some cases, the borrower signs over electronic access to his or her bank account to receive and repay the loan.

The lender holds the check until the next payday when the total of the cash received and the finance charge must be paid in one lump sum. To pay a loan, the borrower can redeem the check for cash, allow the check to be deposited at the bank, or just pay the finance charge to roll the loan over for another pay period. To get a payday loan, a consumer needs to have an open bank account in relatively good standing, a steady source of income, and identification. The lenders do not conduct a full credit check, establish a debt-to-income ratio, or determine whether a borrower can afford to repay the loan when it comes due.

Two weeks is a typical duration for payday loans. The average payday loan is between \$250 and \$325 for 14-day loans, depending on the maximum loan amount permitted in any given state.<sup>19</sup> Some states have a tiered pricing system, and for ease of calculation, we chose an amount (\$250) that would not trigger more than one tier. For example, Colorado permits a fee of 20% on the first \$300 and then 7.5% on the balance. The *Scorecard* also tracks whether states permit a lender to hold a consumer check or authorize a debit to the

---

<sup>18</sup> Department of Defense Rules, 72 Fed. Reg. at 50582.

<sup>19</sup> Mark Flannery, Katherine Samolyk, "FDIC Center for Financial Research Working Paper, Payday Lending: Do the Costs Justify the Price?" June 2005.

borrower's bank account, either of which gives the lender access to the consumer's bank account with no further action by the consumer.

2. *One-Month, \$300 auto-title loan*

To obtain an auto-title loan, a borrower signs over the title to a paid-for car and, in some states, provides the lender with a spare set of keys. The loan is usually due within a month in one balloon payment. If the borrower fails to repay the loan, the lender can repossess and sell the car. In some states, title lenders are allowed to keep the surplus from the sale of the car, allowing title lenders to reap a windfall from the borrower's default. The lenders typically perform no assessment of ability to repay other than taking the car title or keys as security.

Most auto-title loans have a one-month term and are approximately \$300 in principal amount. The *Scorecard* based its APR calculations on a \$300 loan. Auto-title lenders typically do not make large loans; loan size is dependent on the value of the car and they lend no more than 30 to 50% of value to ensure negligible losses if the car is repossessed and sold in the event of default. In some states, such as South Carolina and California, lenders make larger loans secured by car titles to escape state rate caps for small loans.

3. *Six-Month, \$500 unsecured installment loan*

Short-term installment loans are offered by different types of lenders, but are most commonly made by finance companies. These lenders normally assess the ability of the borrower to repay the loan. Repayment is usually made in installments of equal amounts. Interest rates and APRs can be lower for consumers with better credit ratings. If the borrower defaults, the lender can obtain a court judgment for repayment of the loan. The *Scorecard* uses a loan slightly larger than either a payday or auto-title loan to compare the cost of an installment, as opposed to a single-payment, loan.

4. *One-Year, \$1,000 unsecured installment loan*

The *Scorecard* uses an unsecured installment loan with a longer duration to provide another point of comparison to the payday and auto-title loan products.

5. *Criminal usury cap*

The *Scorecard* assesses whether a state maintains a criminal usury cap. Criminal usury caps can provide an outer limit to civil usury caps. Five states passed criminal usury laws that apply regardless of other state law and set maximum rates. Twenty-nine states have not enacted a criminal usury law. Nine more states set a cap in their criminal law that does not apply if other state law allows a higher rate. Six states make it a crime to violate the usury caps in other state law but set no rate limit in the criminal law. Finally, two states make usury a crime if the lender also threatens violence or uses violence, called "extortionate" credit.

## Small Dollar Loan Products Scorecard

Consumers Union, the National Consumer Law Center, Consumer Federation of America  
(Updated 7/1/08)

State	Loan type	APR*	Grade
Alabama	\$250, 2-week payday loan	456%	F
	\$300, 1-month auto-title loan	304	F
	\$500, 6-month loan	59	F
	\$1,000, 1-year loan	35	P
	Criminal usury cap	None.	NA
Alaska	\$250, 2-week payday loan	443	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	None.	NA
Arizona	\$250, 2-week payday loan	460	F
	\$300, 1-month auto-title loan	207	F
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	No cap	F
Arkansas	\$250, 2-week payday loan	17	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	17	P
	\$1,000, 1-year loan	17	P
	Criminal usury cap	None.	NA
California	\$250, 2-week payday loan	460	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	45	F
	\$1,000, 1-year loan	30	P
	Criminal usury cap	None.	NA
Colorado	\$250, 2-week payday loan	521	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	91	F
	\$1,000, 1-year loan	58	F
	Criminal usury cap	45	F
Connecticut	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	29	P
	\$1,000, 1-year loan	26	P
	Criminal usury cap	12	P

\* If the APR includes a plus sign (“+”), the grade is an F because the APR could be higher than the stated APR. This situation occurs if the state permits exceptions to the criminal usury cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%. Several states permit lenders to pick one or two or more rate and/or fee alternatives when making smaller loans. Note that the Scorecard APRs are based upon the maximum permissible rates/fees regime.



State	Loan type	APR*	Grade
Delaware	\$250, 2-week payday loan	No cap	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	No cap	F
District Of Columbia	\$250, 2-week payday loan	24	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	24	P
	\$1,000, 1-year loan	24	P
	Criminal usury cap	None.	NA
Florida	\$250, 2-week payday loan	342	F
	\$300, 1-month auto-title loan	30	P
	\$500, 6-month loan	30	P
	\$1,000, 1-year loan	30	P
	Criminal usury cap	25+	F
Georgia	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	304	F
	\$500, 6-month loan	44	F
	\$1,000, 1-year loan	31	P
	Criminal usury cap	60	F
Hawaii	\$250, 2-week payday loan	460	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	24	P
	\$1,000, 1-year loan	25	P
	Criminal usury cap	No cap	F
Idaho	\$250, 2-week payday loan	No cap	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	None.	NA
Illinois	\$250, 2-week payday loan	404	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	20+	F
Indiana	\$250, 2-week payday loan	391	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	45	F

\* If the APR includes a plus sign (“+”), the grade is an F because the APR could be higher than the stated APR. This situation occurs if the state permits exceptions to the criminal usury cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%. Several states permit lenders to pick one or two or more rate and/or fee alternatives when making smaller loans. Note that the *Scorecard* APRs are based upon the maximum permissible rates/fees regime.

State	Loan type	APR*	Grade
Iowa	\$250, 2-week payday loan	358	F
	\$300, 1-month auto-title loan	35	P
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	None.	NA
Kansas	\$250, 2-week payday loan	391	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	35	P
	Criminal usury cap	None.	NA
Kentucky	\$250, 2-week payday loan	460	F
	\$300, 1-month auto-title loan	36	P
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	None.	NA
Louisiana	\$250, 2-week payday loan	521	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	None.	NA
Maine	\$250, 2-week payday loan	261	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	30	P
	\$1,000, 1-year loan	30	P
	Criminal usury cap	None.	NA
Maryland	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	33	P
	\$1,000, 1-year loan	29	P
	Criminal usury cap	None.	NA
Massachusetts	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	37	F
	\$1,000, 1-year loan	27	P
	Criminal usury cap	20+	F
Michigan	\$250, 2-week payday loan	375	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	43	F
	\$1,000, 1-year loan	35	P
	Criminal usury cap	25	P

\* If the APR includes a plus sign (“+”), the grade is an F because the APR could be higher than the stated APR. This situation occurs if the state permits exceptions to the criminal usury cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%. Several states permit lenders to pick one or two or more rate and/or fee alternatives when making smaller loans. Note that the *Scorecard* APRs are based upon the maximum permissible rates/fees regime.

State	Loan type	APR*	Grade
Minnesota	\$250, 2-week payday loan	235	F
	\$300, 1-month auto-title loan	118	F
	\$500, 6-month loan	33	P
	\$1,000, 1-year loan	33	P
	Criminal usury cap	None.	NA
Mississippi	\$250, 2-week payday loan	572	F
	\$300, 1-month auto-title loan	304	F
	\$500, 6-month loan	51	F
	\$1,000, 1-year loan	44	F
	Criminal usury cap	None.	NA
Missouri	\$250, 2-week payday loan	1,955	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	24+	F
Montana	\$250, 2-week payday loan	652	F
	\$300, 1-month auto-title loan	304	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	None.	NA
Nebraska	\$250, 2-week payday loan	460	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	24	P
	\$1,000, 1-year loan	24	P
	Criminal usury cap	None.	NA
Nevada	\$250, 2-week payday loan	No cap	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	40	F
	\$1,000, 1-year loan	40	F
	Criminal usury cap	None.	NA
New Hampshire	\$250, 2-week payday loan	No cap	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	None.	NA
New Jersey	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	30	P
	\$1,000, 1-year loan	30	P
	Criminal usury cap	30	P

\* If the APR includes a plus sign (“+”), the grade is an F because the APR could be higher than the stated APR. This situation occurs if the state permits exceptions to the criminal usury cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%. Several states permit lenders to pick one or two or more rate and/or fee alternatives when making smaller loans. Note that the Scorecard APRs are based upon the maximum permissible rates/fees regime.

State	Loan type	APR*	Grade
New Mexico	\$250, 2-week payday loan	409	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	No cap	F
New York	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	25	P
	\$1,000, 1-year loan	25	P
	Criminal usury cap	25	P
North Carolina	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	54	F
	\$1,000, 1-year loan	37	F
	Criminal usury cap	None.	NA
North Dakota	\$250, 2-week payday loan	520	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	28	P
	\$1,000, 1-year loan	25	P
	Criminal usury cap	10.8+	F
Ohio	\$250, 2-week payday loan	28	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	70	F
	\$1,000, 1-year loan	54	F
	Criminal usury cap	25+	F
Oklahoma	\$250, 2-week payday loan	396	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	46	F
	\$1,000, 1-year loan	22	P
	Criminal usury cap	45	F
Oregon	\$250, 2-week payday loan	154	F
	\$300, 1-month auto-title loan	154	F
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	None.	NA
Pennsylvania	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	26	P
	\$1,000, 1-year loan	22	P
	Criminal usury cap	36	P

\* If the APR includes a plus sign (“+”), the grade is an F because the APR could be higher than the stated APR. This situation occurs if the state permits exceptions to the criminal usury cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%. Several states permit lenders to pick one or two or more rate and/or fee alternatives when making smaller loans. Note that the Scorecard APRs are based upon the maximum permissible rates/fees regime.

State	Loan type	APR*	Grade
Rhode Island	\$250, 2-week payday loan	390	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	30	P
	\$1,000, 1-year loan	24	P
	Criminal usury cap	21+	F
South Carolina	\$250, 2-week payday loan	460	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	110	F
	\$1,000, 1-year loan	45	F
	Criminal usury cap	None.	NA
South Dakota	\$250, 2-week payday loan	No cap	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	No cap	F
Tennessee	\$250, 2-week payday loan	313	F
	\$300, 1-month auto-title loan	268	F
	\$500, 6-month loan	87	F
	\$1,000, 1-year loan	54	F
	Criminal usury cap	None.	NA
Texas	\$250, 2-week payday loan	156	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	30	P
	\$1,000, 1-year loan	30	P
	Criminal usury cap	None.	NA
Utah	\$250, 2-week payday loan	No cap	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	No cap	F
Vermont	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	24	P
	\$1,000, 1-year loan	24	P
	Criminal usury cap	Soft cap	P
Virginia	\$250, 2-week payday loan	390	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	None.	NA

\* If the APR includes a plus sign (“+”), the grade is an F because the APR could be higher than the stated APR. This situation occurs if the state permits exceptions to the criminal usury cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%. Several states permit lenders to pick one or two or more rate and/or fee alternatives when making smaller loans. Note that the *Scorecard* APRs are based upon the maximum permissible rates/fees regime.

State	Loan type	APR*	Grade
Washington	\$250, 2-week payday loan	390	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	39	F
	\$1,000, 1-year loan	33	P
	Criminal usury cap	None.	NA
West Virginia	\$250, 2-week payday loan	Prohibited	P
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	31	P
	\$1,000, 1-year loan	31	P
	Criminal usury cap	Soft cap	P
Wisconsin	\$250, 2-week payday loan	No cap	F
	\$300, 1-month auto-title loan	No cap	F
	\$500, 6-month loan	No cap	F
	\$1,000, 1-year loan	No cap	F
	Criminal usury cap	No cap	F
Wyoming	\$250, 2-week payday loan	313	F
	\$300, 1-month auto-title loan	Prohibited	P
	\$500, 6-month loan	36	P
	\$1,000, 1-year loan	36	P
	Criminal usury cap	None.	NA

Website link to this document: [http://www.consumerfed.org/pdfs/statutory\\_backup\\_08.pdf](http://www.consumerfed.org/pdfs/statutory_backup_08.pdf).

\* If the APR includes a plus sign (“+”), the grade is an F because the APR could be higher than the stated APR. This situation occurs if the state permits exceptions to the criminal usury cap and one of the four loan products in the *Scorecard* has an APR that exceeds 36%. Several states permit lenders to pick one or two or more rate and/or fee alternatives when making smaller loans. Note that the Scorecard APRs are based upon the maximum permissible rates/fees regime.