



Protect the 2010 Payday Lending Reforms

HB11-1290 Will Raise Interest Rates on Struggling People in Need of Emergency Cash

- HB11-1290 is NOT JUST a technical clean up, but an attack on the very policies adopted last year that improved the payday loan product.
- The new law has only been in effect since November 2010. We need to allow the new product to take effect in the market before we begin to make significant changes to it.

HB11-1290 would significantly increase costs to borrowers who pay off their loans early and incentivize payday lenders to turn loans over early.

Table 1 - Costs of a \$300 loan paid off at various intervals (1 – 6 Months)

Length of loan	Cost Under Current law	Cost Under Proposed change	Cost Difference	APR Difference	APR current law	APR proposed change
30 days	\$21.75	\$71.25	\$50	235%	86%	289%
60 days	\$65.00	\$105.00	\$40	62%	132%	213%
90 days	\$108.75	\$138.75	\$30	28%	147%	188%
120 days	\$152.50	\$172.50	\$20	13%	155%	175%
150 days	\$196.25	\$206.25	\$10	5%	159%	167%
180 days	\$240	\$240	\$0	0%	162%	162%

The proposed change significantly increases the costs and APR for the borrowers who pay off their loans early and rewards payday lenders for churning the accounts.

Table 2 - Costs of three \$300 loans paid off in 30 days each

Loans paid off every 30 days	Cost Under Current law*	Cost Under Proposed change	Cost Difference	APR Difference	APR current law	APR proposed change
1 st loan	\$21.75	\$71.25	\$50	235%	86%	289%
2 nd loan	\$21.75	\$71.25	\$50	235%	86%	289%
3 rd loan	\$21.75	\$71.25	\$50	235%	86%	289%

\$150 TOTAL!

*There is no monthly maintenance fee charged if a loan is paid off in 30 days or less.

Current Payday Loan

- Annual percentage rate includes all charges; finance charge, maintenance fee, and interest. If the loan is paid prior to the maturity of the loan term, the lender refunds a prorated portion of the annual percentage rate.
- No waiting period is required between the time a prior loan is repaid and a new loan is made.
A 30-day waiting period is required between the dates on which the loans are made only if the same lender makes a subsequent loan to a consumer while a prior loan is outstanding or unpaid.

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Coloradans for Payday Lending Reform

- Colorado Progressive Coalition
- The Bell Policy Center
- Colorado Coalition for the Homeless
- LARASA
- Women's Foundation of Colorado
- Mi Casa Resource
- SEIU Local 105
- Colorado Women's Lobby
- FRESC
- Latina Initiative
- Lutheran Advocacy Ministry
- Mile High United Way
- MOP - Metro Organizations for People
- 9to5 National Organization of Working Women
- Women's Resource Center
- United Way of Larimer County
- Colorado Catholic Conference
- Colorado Women's Bar Association
- City of Boulder
- CO AFL CIO
- Women's Family Action Network
- Pikes Peak Community Action Agency
- Colorado Social Legislation Committee
- Project Wise
- Mi Familia Vota
- Greater Metro Denver Ministerial Alliance
- ProgressNow
- CIRC
- Rocky Mountain Microfinance Institute
- Denver Asset Building Coalition
- CoPIRG
- Colorado Center for Law and Policy
- The Gathering Place
- New Era Colorado
- AARP
- Habitat for Humanity of Colorado
- Sisters of Color United for Education
- Interfaith Alliance
- Bayaud Industries
- Methodist Peace & Justice Network
- ArapaHOPE
- Rocky Mountain Peace & Justice Center
- Colorado Common Cause
- Servicios de La Raza
- Democracia USA
- Voices for Justice
- NAACP Aurora
- All Families Deserve a Chance Coalition
- Newsed C.D.C.
- Center for Responsible Lending
- American Federation of Teachers
- Padres Unidos
- El Voto
- Jobs With Justice
- Colorado Latino Forum
- Energy Outreach Colorado
- Consumers United Association
- Denver Urban Ministries
- Progressive Parents
- National Association of Social Workers
- Colorado Council of Churches
- Move On Denver-Metro Council
- Housing Colorado

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