

RENT-A-BANK PAYDAY LENDING

How Banks Help
Payday Lenders Evade
State Consumer
Protections

The 2001 Payday Lender Survey And Report
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Consumer Federation of America (CFA)
and the
U. S. Public Interest Research Group
(PIRG)
November 2001

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Consumer Federation of America (CFA) And the U. S. Public Interest Research Group (U.S. PIRG) November 2001

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Florida PIRG
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Iowa PIRG
Kentucky Taskforce on Hunger
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Consumer Federation of America is a non-profit association of over 280 groups, with a combined membership of over 50 million people. CFA was founded in 1968 to advance consumers' interests through advocacy and education.

U.S. PIRG serves as the national lobbying office for state Public Interest Research Groups. PIRGs are non-profit, non-partisan consumer, environmental and good government research and advocacy organizations with members around the country.

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RENT-A-BANK PAYDAY LENDING HOW BANKS HELP PAYDAY LENDERS EVADE STATE CONSUMER PROTECTIONS

THE 2001 CFA AND PIRG PAYDAY LENDER SURVEY AND REPORT

INTRODUCTION

Since the early 1990s, a series of reports by the Consumer Federation of America (CFA) and the state PIRGs have documented the effects of financial deregulation on American consumers. One consequence of deregulation of interest rates, high credit card interest rates and high bank fees has been the rapid growth of the alternative financial services (or fringe banking) industry, which includes check cashing outlets, payday loan companies, rent-to-own stores, high cost second mortgage companies, sub-prime auto lenders, traditional pawn shops and the growing business of auto title pawn companies. This report examines payday lending in detail. It updates an April 2000 CFA/PIRG report, *Show Me The Money*.¹

The report provides a detailed and up-to-date summary of the legal and legislative status of the payday lending industry around the country. It places particular emphasis on analyzing the most important and controversial trend in payday lending: the growing use of banks to evade state usury laws, small loan rate caps, and, even, state payday loan laws. Thwarted by state legislatures and regulators, payday lenders are forming partnerships with a handful of federally insured depository institutions in an effort to evade state laws by taking advantage of banks' rights to do so. Positively, the report finds that federal bank regulators and state attorney generals are opposing this disturbing "rent-a-bank" trend.

The report also includes detailed store-by-store and state-by-state results of a 2001 survey of 235 payday lenders in 20 states and the District of Columbia. It compares these findings to those of a 1999-2000 survey reported in *Show Me The Money*.

Finally, the report makes detailed recommendations to state and federal policymakers, provides advice to consumers, and urges banks and credit unions to do a better job in serving the segment of the population targeted by the payday lenders—low to moderate income, working class and single-parent (especially female) consumer households.

¹ U.S. PIRG and Consumer Federation of America, "Show Me The Money! A Survey of Payday Lenders and Review of Payday Lender Lobbying in State Legislatures," February 2000. www.consumerfed.org and www.pirg.org. See, also, "The Growth of Legal Loansharking" and "Safe Harbor for Usury."

SUMMARY AND FINDINGS

General Findings:

- Payday lending continues its rapid growth and expansion into more states.

Market analysts report that 12,000 to 14,000 payday loan stores make 100 or more loans per month, with another 8-10,000 smaller volume operators. Industry statistics indicate that 65 million transactions to 8 to 10 million households produced \$2.4 billion in fee revenue. Loans are marketed in more states due to a slow increase in states authorizing check-based loans, marketing through ads with fax and toll-free numbers, and industry efforts to export loans from out-of-state banks.

- State lawmakers and regulators are showing increasing resistance to legalizing triple digit interest loans based on checks held for future deposit.

The rate of adoption of industry legislation has slowed, with more states rejecting payday lending than authorizing it in 2001. North Carolina allowed its payday loan law to sunset, while Maryland enacted a defensive measure to stop local companies from brokering loans for out of state banks.

- The payday loan industry is attempting to avoid state consumer protection laws by partnering with banks, while states step up efforts to enforce state laws.

The most controversial issue in payday lending is the growing use of banks to evade state usury laws, small loan rate caps, and, even, state payday loan laws. Thwarted by state legislatures and regulators, payday lenders are forming partnerships with a handful of federally insured depository institutions to make loans that do not comply with state laws. This dubious ploy is under challenge from the Colorado Attorney General, backed up by the Comptroller of the Currency. Ohio and Maryland are also taking enforcement action against local companies that partner with out-of-state banks.

Summary Results Of The 2001 Survey Of Payday Lenders

- CFA and PIRG staff and volunteers surveyed 235 payday lenders doing business in 20 states and the District of Columbia. The survey included stores in six states that effectively prohibit payday lending through usury regulation (Category 1 states), in two states with no law (Category 2 states) and 12 states where payday lending is authorized and regulated (Category 3 states)².
- Payday lenders surveyed charge consumers an average Annual Percentage Rate (APR) of 470% and an average fee of \$18.28 to borrow \$100 for two weeks. APRs ranged from 182%-910% and fees ranged between \$10-\$35 per \$100 borrowed.

² Appendix A lists all states and territories by category. Appendix B provides detailed legislative history and specifics of regulations for all Category 3 states where payday lending is authorized.

- Fifteen percent (15%) of payday lenders in states that cap fees quoted rates higher than allowed by law in that state and an additional 38% of payday lenders quoted rates exactly at the allowable APR.
- The most common APR found was 390% APR, imposed by 30% of all stores. The next most common APR found was 520%, imposed by 18% of all stores. An additional 21% of stores charged APRs clustered narrowly between 442-459%.
- One-third (33%) of all stores imposed APRs greater than 500%. The following chart shows the range of APRs found for the 233 of 235 stores where enough information was provided to calculate an APR.

Range of APRs Found in 2001		
TOTAL > 300%	226	97%
TOTAL > 400%	144	62%
TOTAL > 500%	76	33%
TOTAL > 600%	22	9%

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- Surveyors found payday loans being made in states where usury and small loan rate caps prohibit triple-digit interest. Most lenders in these states make loans through out-of-state banks or use ruses such as “cash leasing” or sales-leaseback tactics.
 - **83% OF STORES WOULD ALLOW A CONSUMER TO RENEW OR “ROLL-OVER” AN UNPAID PAYDAY LOAN FOR AN ADDITIONAL PERIOD. OF THESE, OVER HALF, 52%, WOULD ALLOW 3 OR MORE ROLLOVERS.**
-
- 47% of surveyed stores reported imposing bounced check or insufficient funds (NSF) fees averaging \$21.47. Bounced check fees reported ranged from \$2.25-\$35.

NATIONAL SUMMARY OF RESULTS						
State Type	# States	# Stores	Average Max Loan	Average Fee/\$100	Average APR	Average NSF Fee
1-Usury law	6	34	\$469	\$23.30	606%	\$26.17
2-No law	2	15	\$481	\$19.37	504%	\$21.25
3-Authorize s payday	13	186	\$388	\$17.29	443%	\$19.96
All Stores	21	235	\$404	\$18.28	470%	\$21.47
[NOTE: “All Stores” averages are average of all 235 surveyed stores, not the average of the three rows of data above.]						

INTRODUCTION: THE PAYDAY LOAN PRODUCT, THE INDUSTRY, AND ITS CUSTOMERS

The Product: Cash Advances Based on Personal Checks

Payday loans are small cash advances based on a personal check held for future deposit (or electronic access to a consumer's bank account). These loans of \$100 to around \$500 are due in full on the borrower's next payday or within 14 days. The fees charged result in annual interest rates of 400% and higher. The design of these loans leads to frequent roll-overs and perpetual debt. The holding of personal checks by lenders make these loans inherently coercive, with over-extended borrowers faced with the choice of allowing the check to bounce, paying to extend the loan, or being threatened with "bad" check charges or prosecution.

The Payday Loan Industry

Payday loans are provided by stand-alone companies, by check cashing outlets and pawn shops, through faxed applications to loan servicers, online, and via toll-free telephone numbers. The largest stand-alone companies are Advance America, based in Spartanburg, SC with 1,375 stores in 30 states; Check N' Go, based in Mason, OH with 650 stores in 26 states; Check Into Cash, based in Cleveland, TN with 575 outlets in 24 states, and United Credit Services, based in Cleveland, TN with 300 outlets in 12 states.

The largest check cashing chains in the payday loan business are ACE Cash Express, based in Irving, TX with 1,000 outlets in 30 states; Dollar Financial, based in Berwyn, PA with 700 outlets in 24 states; and QC Financial, based in Kansas City with 200 outlets in 11 states.³

Rapid Growth in Payday Lending

Payday lending has experienced explosive growth over the last few years. No federal agency collects comprehensive data on this credit market and few states that authorize payday lending collect and publish industry-wide data. Stephens Inc., a Little Rock investment firm that tracks the payday loan industry, forecast last year that payday lending would total an estimated 41 million transactions in 2000, generating \$1.4 billion in fees, with 7,000 stand alone outlets and 5,000 other locations such as check cashing stores or small loan operations that also make payday loans.⁴ A Senior Vice President from Stephens reported in October that 12,000 to 14,000 stores make 100 or more loans per month, with another 8-10,000 smaller volume operators. Industry statistics indicate that 65 million transactions to 8 to 10 million households produced \$2.4 billion in fee revenue.⁵ The Fannie Mae Foundation reported in August 55 to 69 million payday loan transactions a year, with a volume of \$10 to 13.8 billion, producing \$1.6 to 2.2 billion in fees.⁶

³ Robinson, Jerry L., Stephens Inc., "The Deferred Deposit Industry Payday Advance Product Overview," FiSCA convention, October 2001.

⁴ Stephens Inc., "Payday Advance – The Final Innings: Standardizing the Approach," September 22, 2000, p. 5. "Non-Bank Financial Services," Industry Notes, March 23, 2000, p. 3.

⁵ Robinson, Jerry L., "The Deferred Deposit Industry: Payday Advance Product Overview," FiSCA, October 2001.

⁶ Carr, James H. and Jenny Schuetz, "Financial Services in Distressed Communities: Issues and Answers," Fannie Mae Foundation, August 2001, p. 10.

Washington State reports that the number of regulated institutions with small loan endorsements grew from 167 branch offices in 1998 to 287 in 2000, with 1,832,782 payday loans made in 2000, compared to 1,723,316 in 1999 and 978,299 in 1998. Over \$580 million was borrowed in 2000, with average loans of \$317. Check cashers collected \$80,412,262 in fees in 2000, compared to \$37,809,148 in 1998. \$14 million in loans were charged off last year.⁷

Wisconsin regulators report that payday loans exceeded \$241 million in 2000, up from \$200 million the year before. Loan volume in Wisconsin grew from 839,285 in 1999 to 955,666 in 2000.⁸ Minnesota's forty-two small lender licensees reported 25,134 loans for \$6,187,041 made during 2000, compared to 4,109 for just over \$1 million the prior year. Of 24,064 loans closed during 2000, only 224 were charged off.⁹

The North Carolina Office of Commissioner of Banks prepared industry wide data for the legislative Sunset Review of the payday loan law in 2001. Based on 1999 check casher licensee reports, 2,910,366 loans for \$650 million were made in 1999 with net charge-offs of \$9,878,891. Seventy-three percent of payday loans were for 14 days or less, with annual interest rates of 460% up to 6441%.¹⁰

Colorado reported that its 186 licensed lenders made 536,375 loans worth \$106 million in 2000. The prior year, 596,814 loans worth \$86,392,248 were made. The average APR charged in 2000 was 337.71% and average loan term was 18.49 days. The 1999 average APR was 496.82% and loan term was 16.7 days. The 2000 report reflects the change in rates and renewal limits set by the Deferred Deposit Loan Act that took effect on July 1, 2000. 2000 loan volume does not include ACE Cash Express which had surrendered its Colorado license at the time the report was due.¹¹

Payday Loan Customers

Payday loan customers must have an open bank account in relatively good standing to qualify for cash advances based on check holding. Typical underwriting requirements for these loans include a job or steady source of income, identification, copies of recent bank statements, bills in the customer's name with address, and other requirements. While payday lenders usually do not request a credit report on prospective borrowers, many do check specialized credit reports that track customers who bounce checks.

The demographic studies of customers conducted by regulatory agencies paint a bleaker picture than studies that depend on information from the industry or self-reported payday loan use through telephone or mailed surveys. The Wisconsin Department of Financial Institutions studied a sample of payday lenders in 2001 and found that average customers were female, average age was 39, and average individual incomes were \$18,675 net or \$24,673 gross income. Sixty percent of the Wisconsin sample were renters compared to 22 percent who own homes.¹²

⁷ Washington State Department of Financial Institutions, 2000 Annual Report, p. 31.

⁸ Electronic message, Mike Mach, Wisconsin DFI, July 9, 2001.

⁹ Murphy, Kevin M., Deputy Commissioner Minnesota Department of Commerce letter, April 2001.

¹⁰ Office of the Commissioner of Banks, "Report to the General Assembly on Payday Lending," Feb. 22, 2001.

¹¹ Colorado Department of Law, "2000 Deferred Deposit Lenders Supervised Lenders' Annual Report."

¹² State of Wisconsin Department of Financial Institutions, "Review of Payday Lending in Wisconsin 2001," p. 5, 6.

The Wisconsin findings track those of the Woodstock Institute report that analyzed data collected by the Illinois Department of Financial Institutions in 1999 and found that the median income of borrowers was \$23,690, or 40 percent of median family income for the Chicago metropolitan area for 1998. Illinois regulators found that loans were made in areas with high minority populations. Nineteen percent of Illinois borrowers earned less than \$15,000 and only 12 percent earned \$40,000 or more. Sixty-two percent were female and sixty-eight percent were renters.¹³

A study commissioned by the payday loan trade association and conducted by Georgetown University professors describes the typical customer as young, with two-thirds less than 45 years of age, with average annual household income of \$25,000 to \$40,000, employed at the same job for almost four years and over half with some college education.¹⁴

Payday lenders target vulnerable consumers, such as welfare to work women and members of the military. The business plan for a check cashing/payday loan company describes customers as disproportionately minority with a household income of less than \$25,000, a high school or GED education or less, ages ranging from 18 to 59 years and female heads of household with dependents. The company document notes that welfare to work plans create a fertile market for payday lenders.¹⁵ A Consumers Union analysis of payday lender locations listed by the California Department of Justice found the highest concentration around military bases. The zip code in California with the greatest number of payday lenders is 92054 which is directly south of Camp Pendleton Marine Base which has approximately 37,000 active duty personnel.¹⁶

Payday Loans Become Debt Traps

Payday loan customers run a high risk of becoming trapped in perpetual debt because of the design of these transactions. Few low and moderate income consumers can afford to repay the average \$230 to \$260 check in one lump sum and still have enough to cover other expenses without having to roll-over the loan or borrow again before the next payday. A customer who fails to redeem the check for cash or have enough on deposit to cover the deposited check or electronic withdrawal on the due date faces bounced check fees from both the payday lender and the bank. Some lenders in some states sue for triple damages under civil bad check provisions. And, some lenders have threatened or used the criminal bad check laws when customers are unable to repay. Faced with the high cost of default, many borrowers rollover their debts.

Payday lenders have a strong financial interest in encouraging borrowers to roll over their loans to boost profits. The Community Reinvestment Association of North Carolina analyzed regulator data and issued a report this year on “How Payday Lenders Make Their Money.” Although North Carolina’s check cashing law did not authorize loan roll-overs, CRA*NC found that repeat business was the key to profits for payday lenders who made 90 percent of their

¹³ Woodstock Institute, Reinvestment Alert, “Unregulated Payday Lending Pulls Vulnerable Consumers Into Spiraling Debt,” March 2000, p. 5, 6.

¹⁴ Elliehausen, Gregory and Edward C. Lawrence, “Payday Advance Credit in America: An Analysis of Customer Demand,” Monograph #35, Credit Research Center, McDonough School of Business, Georgetown University, April 2001. (Telephone survey of customers provided by payday lenders. Four out of five people contacted for the survey refused to participate, with a third denying they even used payday loans.)

¹⁵ The Business Plan for The Cash Exchange, provided by potential investor.

¹⁶ Electronic communication, Shelley Curran, Consumers Union, October 26, 2001.

revenue from borrowers making multiple transactions a year. In 1999 420,000 North Carolina borrowers generated 2.9 million transactions.

CRA*NC concluded that \$12.5 million was needed to generate 2.9 million transactions in North Carolina in 1999. If the average loan is 10 days, the APR is 644%. Based on that interest rate, the payday lending industry could generate the \$96.5 million in fees using only \$15 million in capital assets.¹⁷ Over half of payday loan borrowers in North Carolina paid back more in fees than the amount they borrowed.

Some states have attempted to interrupt the debt cycle by prohibiting or limiting the number of roll-overs or establishing waiting periods between paying off one loan and taking out another. Regulators' studies find that consumers have similar same-lender profiles, regardless of state limits on rollovers.¹⁸

COMPARISON OF 3 STATES SHOWS ROLLOVER LIMITS DO NOT WORK		
Indiana	Average customer renews 10 times per year	No rollover limit
Illinois	Average customer has 13 loans per year	Three rollover limit
Iowa	Average customer has 12.5 loans a year	24 hour wait for "new" loan

Rollover limits are easily evaded by payday lenders who permit borrowers to repay a loan with cash then immediately write a new check to start the debt cycle anew. The Community Financial Services Association, trade group for payday lenders, touts its voluntary "Best Practices" code of conduct that limits rollovers to three unless state law is silent or prohibits rollovers. However, industry guidelines and some state laws permit a new loan based on a fresh check as soon as the original check is redeemed for cash. The impact on family budgets of rollovers and back-to-back loans is the same.

The North Carolina study of payday lending experience in 1999 found that 90 percent of customers had five or more transactions a year at the same lender. In North Carolina 38.3 percent had more than 10 same-lender loans and 14 percent had more than 19 same lender loans.¹⁹

The Wisconsin Department of Financial Institutions sampled payday loans made by licensed lenders in 2001 and found that over half of loans are rolled over. Wisconsin regulators excluded customers who eventually defaulted on loans from their study, significantly

¹⁷ Skillern, Peter, "How Payday Lenders Make Their Money," Community Reinvestment Association of North Carolina, April 18, 2001. www.cra-nc.org

¹⁸ Indiana Department of Financial Institutions data collected in 1999 found the average customer renews loans over ten times in a year and that 77 percent of customers renew loans. (Indiana Department of Financial Institutions, "Summary of Payday Lender Examinations Conducted from 7/99 through 10/99," 1999) The Illinois Department of Financial Institutions concluded that payday loan customers become "captive," and average six-month relationship before loans are repaid. (Illinois Department of Financial Institutions. "Short Term Lending," 1999, Final Report 26) Iowa regulators found that the average customer has 12.5 loans at the same lender in a year, with 48 percent having at least 12 loans and 11.5 percent with more than twenty-five same-lender loans in 12 months. (Iowa Division of Banking, "Survey of Banking Payday Loan Survey," December 2000)

¹⁹ Report to the General Assembly on Payday Lending, Office of the Commissioner of Banks, North Carolina, February 22, 2001.

underestimating the average number of rollovers by payday loan customers in Wisconsin.²⁰ Even then, they found that 38 percent rolled over a loan more than three times in a row.²¹

None of the regulators' studies include information on the rate at which consumers borrow from more than one lender to provide a comprehensive picture of debt burden resulting from payday lending.

CONSUMER PROTECTIONS IN PAYDAY LOAN MARKET

The legal status of payday lending is being fought out state by state while the industry attempts to evade state usury, small loan, and even payday loan laws through affiliating with federally insured depository institutions in hopes of successfully claiming banks' exportation and preemption privileges. (See Bank Section)

But Is It Legal?

State legislatures are increasingly reluctant to legalize triple-digit interest rates for payday lenders. After early legislative victories to carve out exceptions for payday loans from state usury or small loan laws, the industry has encountered growing opposition as the consequences of the loans become better known and more controversial.

²⁰ Letter from Stephen Meili, Center for Public Representation, Madison, WI to Wisconsin Department of Financial Institutions, August 22, 2001.

²¹ Wisconsin Department of Financial Institutions, "Review of Payday Lending in Wisconsin 2001," June 11, 2001.

In 1999, Hawaii and Arkansas granted payday loan companies an exception to state usury laws. This year the Arkansas Supreme Court ruled that if the transactions are loans, they violate Arkansas's constitution. The state is still accepting license applications while private litigation on the constitutionality of the Arkansas law proceeds. The Hawaii law was renewed when up for sunset review this year.

In 2000, Arizona and Colorado passed payday loan authorization. Arizona granted payday lenders an exception to usury laws, while Colorado replaced its payday loan regulations with a statute that lowered fees and limited loan terms. The Texas Finance Commission adopted regulations that authorized the holding of checks under the state's small loan law. Ohio amended its bad check laws to prohibit payday lenders from claiming to be the victims of fraudulent bad checks in order to sue for triple damages as victims of crime.

State legislatures did not enact pro-industry payday loan bills last year in Alabama, California, Florida, Georgia, Indiana, Kentucky, Maryland, Michigan, Oklahoma, and Virginia. On the other hand, the California, Wisconsin, Illinois, and Kentucky legislatures failed to enact legislation to tighten consumer protections in the payday loan market.

In 2001, industry bills failed to pass in Maryland, Oklahoma, Alabama, Georgia, New York, Texas, California, and Virginia. North Dakota and Florida enacted laws granting payday lending an exception from small loan acts. The North Carolina legislature allowed its payday loan provisions to lapse, after a broad-based coalition of consumer, senior, and civil rights groups campaigned for reform or roll-back on the law that sunset in 2001. Maryland enacted an anti-broker amendment to its Credit Services Act to prohibit local companies from brokering loans for others that fail to comply with Maryland's 33% APR small loan cap.

In 2001 legislation to tighten California's weak payday loan law was carried over for further study. Montana lowered the maximum cost of loans from 25% of the total check (resulting in a \$33.50 finance charge for a \$100 loan) to 25% of the loan amount (\$25 to borrow \$100.) On the other hand, Missouri rewrote its payday loan provision, removing any fee cap for loans. A Wisconsin bill has been introduced to impose fee limits on payday loans which are currently subject to no rate limits and competing bills to legalize payday lending are pending in Michigan. Regulations adopted in Oregon and Illinois, both states with no usury limit for licensed lenders, took effect in 2001. The regulations do not restrain the cost of loans but set limits on other loan terms and practices. The industry challenged both sets of rules in court but failed to prevent implementation.

See Appendix A for status of state laws. States are categorized as (1) states where small loan or usury laws prohibit payday loan triple digit rates, (2) states with no usury or interest rate limits, permitting licensed lenders to charge unlimited rates, or (3) states that authorize loans based on checks held for future deposit and authorize fees that result in extremely expensive small loans. State payday loan laws typically set a maximum loan term and size, cap finance charges as a fee per \$100 loaned or per the face value of the check, and impose a range of limits on roll-overs, multiple loans, and collection tactics.

See Appendix B for the major terms of state laws and regulations that apply to check-based loans. This chart includes the states with specific payday loan laws, those with no usury cap, and those that accommodate check-based loans within the terms of small loan laws and

regulations. Authorized fee caps for 14-day \$100 loans range from 309% in Texas to 780% in Wyoming, with several states setting no fee limit.

Federal Legislation Filed but Not Heard

Two bills have been filed in this session of Congress to protect consumers in the payday loan market. HR 1055, sponsored by Representative John LaFalce, ranking member of the Financial Services Committee, prohibits federally insured depository institutions from making payday loans directly or indirectly and outlaws loans based on checks drawn on federally insured depository institutions. HR 1319, sponsored by Representative Bobby Rush, sets minimum standards for state payday loan laws and sets a maximum \$5 fee and 36% APR interest for bank payday loans that must comply with the state law where the consumer is located. Neither bill has been scheduled for hearing.

CFA/PIRG PAYDAY LOAN SURVEY

During the spring and summer of 2001, CFA and PIRG member organizations, staff and volunteers surveyed 235 payday lenders in twenty states and the District of Columbia. Surveys were conducted by phone and, in most cases, by personal visits to payday loan outlets. For those companies advertising through the Yellow Pages and other local advertising without physical locations in the community, surveyors collected information provided through toll-free phone numbers or fax numbers. Surveyors did not take out payday loans or collect completed contracts. Surveyors looked for signs posting fees and Annual Percentage Rates and asked clerks to quote the interest rate for loans. Payday loans are subject to the Truth in Lending Act, which requires that finance charges (fees) and Annual Percentage Rates (APR) interest be disclosed before consumers are obligated to loans. (Surveys conducted only by telephone are coded NV.)

Payday Loans Are Being Made In States Despite Usury Ceilings

Surveyors looked for payday lenders in 6 of the 21 states and territories where payday lending is effectively banned by a usury ceiling on small loans (Category 1 states). Surveyors contacted dozens of check cashing outlets and found that payday loans are not generally being made by check cashers. In all six of these surveyed states (GA, MA, MD, NY, PA, and VA) payday loans are being made by a handful of companies that either partner with banks or use a variety of thinly-veiled ruses to obscure loan transactions, such as sales-leaseback or cash leasing claims.

Despite state usury ceilings, average payday loan interest rates for the few lenders found were highest in these states, averaging 780% APR in Massachusetts and New York and 735% APR in Georgia. The highest APRs found nationally in all states were in Georgia, where two stores imposed APRs of 910% on two-week payday loans. In these states, a Delaware state bank was the most frequent provider of loans advertised by servicing agents in Yellow Pages and local print ads.

In the 2000 survey, no payday loans were found in the Category 1 states New York or Massachusetts.

Payday Loans Are Extremely Expensive Despite Growth

Nationally, surveyors found payday lenders had an average APR of 470% and an average fee of \$18.28 to borrow \$100 for two weeks. The national average was 474% in the 2000 PIRG/CFA report. Our calculation of APRs for a 14-day, \$100 loan in the survey ranged from a minimum of 182% to a maximum of 910%. The most common APR in 2001 was 390%, the same as in 2000. This fee was charged by 30% of payday lenders, followed by 520% charged by 18% of lenders. Last year's second most frequent rate was 650%, charged by 13% of lenders. An additional 21% of stores charged APRs clustered narrowly between 442-459%.

One-third (33%) of all stores charged greater than 500% APR, compared to 35% last year. The following chart shows the range of APRs found for the 233 of 235 stores where enough information was provided to calculate an APR.

Range of APRS Found in 2001		
TOTAL > 300%	226	97%
TOTAL > 400%	144	62%
TOTAL > 500%	76	33%
TOTAL > 600%	22	9%

Fees quoted by the same lender varied from state to state, depending on state limits and whether the lender made loans in partnership with a bank. For example, Advance America charges 390% APR in California, Ohio, South Carolina and Florida, 442% in North Carolina and Virginia (with a bank partner), and 520% in Illinois. (The state cap in Virginia is 36% APR while there is no usury limit in Illinois.)

In states with no usury cap, interest rates for a \$100 14-day loan ranged from 468% to 780 % in Illinois, from 390% to 650% in New Mexico, 384% to 520% in Oregon, and 390% to 520% in Wisconsin.

Payday Lenders Exceed Maximum Allowable Interest Rates

Neither competition nor the law appear to be working in states that authorize payday lending. Surveyors surveyed 186 stores in 13 of the 26 states that permit payday lending (including North Carolina, which permitted payday lending until 31 August 2001.)

In states where payday lending is authorized, 15% of payday lenders surveyed quoted rates higher than allowed by law in that state. Over-charging was found in 6 of the 13 states surveyed where fee limits are set. In AZ, DC, FL, IA, SC, and TX, at least one lender quoted interest rates above allowable maximums.

Further, for all 13 surveyed states where payday loan fees are capped, an additional 38% of payday lenders quoted rates exactly at the allowable APR. When combined with the 15% quoting rates apparently above the allowable APR, more than half (53%) of all payday lenders are either at or above the limit. If competition were really working in these states, we would expect many more firms to offer and advertise lower rates.

Payday Lenders Use Rent-A-Bank Partners And Ruses To Evade Caps

Surveyors found payday lenders who quote rates higher than state laws allow using a variety of tactics. Georgia payday lenders charge from 520% to 910% although the small loan rate is capped at 58% APR. Georgia payday lenders claim their deals are sale-leaseback arrangements, where borrowers “sell” a household item, then lease it back. The borrower leaves a personal, post-dated check for the amount of the “sale” proceeds plus the “lease” fee to repay the loan on the next payday. Another device found in Georgia is cash leasing where the lender claims that cash is leased not borrowed.

Brokering loans for banks is another tactic used to evade state protections. In Georgia, ACE Cash Express with its partner national bank makes loans that cost 442% APR, while a Delaware state bank markets loans at 780% APR. In Virginia, a state with a 36% APR small loan limit, Advance America and ACE Cash Express charge 442% APR, while Money Mart charges 455%, and loan servicers for County Bank of Rehoboth Beach, DE charge 780% APR for two-week loans. While a survey of over twenty check cashing outlets in New York found no payday loans, a loan servicer for County Bank of Rehoboth Beach, DE and a Delaware payday loan company are advertising triple-digit payday loans in New York City.

Rent-a-bank arrangements are also used to get around limits in states that permit payday lending. In California, lenders that partner with banks make larger loans than the California law permits, with ACE Cash Express (Goleta National Bank) and Dollar Financial Group (Eagle National Bank) outlets loaning up to \$500. (The check used in a California loan cannot exceed \$300 including the finance charge, making the typical maximum loan \$255.) The Colorado law prohibits “flipping” payday loans, yet ACE Cash Express (Goleta National Bank) permits three rollovers and Loan Mart (Eagle National Bank) permits four. Payday lenders quoting rates higher than Texas regulations permit include lenders who partner with County Bank (780% and 520%), Eagle National Bank (520%), and First National Bank in Brookings, SD (390%).

Stores Did Not Disclose The Cost Of Payday Loans

Many payday lenders claim that they are not in the business of making loans and therefore none of the fees paid for their services are interest. Very few lenders, if any, advertise their Annual Percentage Rates or finance charges. So, it is difficult for surveyors, or potential customers, to obtain information on the comparable cost of a payday loan.

Of the 235 stores surveyed, only 32% of payday lenders disclosed even a nominally accurate APR on charts or brochures in their stores. Of stores that failed to post an APR in its materials, only 21% of clerks verbally disclosed an APR upon the customer’s request. Nationally, only 22% of stores disclosed both fees and APRs on charts or brochures in their stores. Stores were most likely to post costs when required to by state laws or regulations.

Payday Loans Are Still Debt Traps For Borrowers

A surveyor in Kentucky reported on an acquaintance who took out her first loan when faced with a family emergency and was still paying to roll the loan over every payday three years later. At first this 36-year old woman viewed her payday loan as a safe and easy way to obtain “free money.” For the next three years, she paid the interest but was unable to repay the balance in a cycle that she could not end. Over the life of the \$300 loan, she paid a total of \$4130. (\$17.65 per \$100 x 3 x 78 renewals) She still owes the principal.

Rollovers, flipping, and touch-and-go loans are as controversial as the high cost of payday loans. The 2000 PIRG/CFA study found that 83% of stores would allow a consumer to renew or “rollover” an unpaid loan for an additional period. Of these, over half, 52%, would allow 3 or more rollovers.

In the survey, lenders who allow consumers to redeem checks for cash, then immediately write a new check to borrow money (“touch and go” loans) are listed as “New Check” in the rollover column. This device is used to get around state limits on rollovers.

Payday Lenders Charge Bounced Check Fees

Payday lenders charge bounced check fees if the check used to secure the cash advance is deposited and not paid due to insufficient funds. The industry claims that consumers choose to borrow instead of overdrawing checking accounts. If true, borrowers are merely putting off bounced check fees until the next payday. Forth-seven percent of payday lenders surveyed quoted a specific bounced check fee averaging \$21.47 for checks returned for insufficient funds. The bounced check fee ranges from \$2.25 to \$35, compared to last year’s survey results of \$7.54 to \$40. Borrowers whose checks are deposited to repay loans will be charged bank NSF fees in addition to those charged by the payday lender if sufficient funds are not available to repay loans in full on the next payday.

Surveyors asked what would happen if borrowers failed to repay loans. Several lenders in Ohio claimed that borrowers who default would be sued for triple damages, court costs and attorneys fees although the Ohio legislature amended the law last session to prohibit payday lenders from using the bad check law.

THE “NATIONAL BANK MODEL” FOR PAYDAY LENDING

The most controversial issue in payday lending is the growing use of banks to evade state usury laws, small loan rate caps, and, even, state payday loan laws. Thwarted by state legislatures and regulators, payday lenders are forming partnerships with a handful of federally insured depository institutions to make loans that do not comply with state laws.

The typical payday loan-bank arrangement involves loans made over the counter at the non-bank company’s location, such as check cashers, pawn shops, and convenience stores. The bank nominally involved in the loan sells back most of the loan obligation immediately. The payday lender advances the money, takes the risk, and collects the debt. Because a bank is

involved, the lender claims that state consumer protection laws are preempted and that the bank can export deregulated interest rates from the state where the bank is located. Critics charge that banks merely rent their charters to assist non-bank companies evade state usury and consumer protection laws.

This industry-wide strategy is called the National Bank Model. The Community Financial Services Association informed its members that federal law grants payday advance companies the ability to act as a marketer-servicer for a federally-insured bank which “exports” favorable lending laws from the state in which the bank is domiciled to consumers residing in other states.²² Stephens, Inc., a Little Rock investment bank, reported that use of the National Bank Model provides a standardized product, permits companies to enter states that have not enacted safe-harbor legislation, protects storefront owners from changes in local or state legislation, and allows bank regulators to regulate payday advances through the OCC, FDIC, the Federal Reserve, and OTS oversight of financial institutions.²³

The industry uses the “bank model” as a two-edged sword in state legislative debates, urging state legislators to legalize payday loans to “keep out” the out-of-state banks and provide “competition” for banks. Then, when industry-friendly laws are enacted, some payday lenders partner with out-of-state banks to by-pass the limits in the new payday loan law. For example, ACE Cash Express was a leader in enacting the Colorado payday loan law, then dropped its state license, claiming that its loans were made by a national bank.

Rent-a-bank arrangements are being used to make payday loans in states whose usury or small loan laws outlaw triple digit interest rates and in states with payday loan laws that place minimal restrictions on loan size, terms, and fees. (See survey results.) Three states illustrate the payday loan industry assault on state usury and small loan regulation.

Indiana:

The Indiana Supreme Court ruled in August that Indiana’s 36% small loan interest rate cap and its criminal loan sharking law apply to payday loans even when the minimum \$33 finance charge is imposed, rendering the \$510 million a year payday loan industry in Indiana illegal under state law. The Indiana Department of Financial Institutions had asked for an opinion on the legality of payday loans from then-Attorney General Jeffrey Modisett. His opinion that payday loans violate civil and criminal law touched off litigation by the industry and consumers. Now that the Supreme Court has upheld the Attorney General’s opinion, regulators are moving to inform licensed lenders and to investigate current practices as private litigation proceeds.

Payday lending is big business in Indiana. As of January 2001, 117 licensed lenders in Indiana operated almost five hundred locations. Reported 2000 loan volume in Indiana does not include loans made by ACE Cash Express following its partnership with Goleta National Bank.

In the wake of the Indiana Supreme Court ruling, some licensed lenders stopped making payday loans or lowered the fees to comply with state laws. Some devised variations on payday lending, claiming that loans were now open-end credit. Others registered as loan brokers and

²² “Community Financial Services Association of America’s Analysis of the Payday Advance Industry,” p. 57.

²³ Jerry L. Robinson, “Payday Advance – The Final Innings: Standardizing the Approach,” Stephens, Inc., September 22, 2000, p. 7-8. www.stephens.com

debt collectors and partnered with national banks. Instead of charging 36% APR for small loans, these rent-a-bank lenders charge over 400% APR. In commenting on industry moves to run loans through federally chartered banks or banks chartered in states that do not have interest-rate caps, Indiana's securities commissioner noted "This seems to be a somewhat cynical way to get around state law."²⁴

North Carolina:

North Carolina allowed its payday loan law to sunset August 31, 2001. Instead of complying with North Carolina's small loan law, payday lenders representing over an estimated five hundred branches have affiliated with national banks to continue making loans. The North Carolina Banking Commission reports that seven banks are partnering with payday lenders, including Peoples National Bank of Paris, Texas; First National Bank, Brookings, SD; First Bank of Delaware; Brickyard Bank, Illinois; County Bank of Rehoboth Beach, DE; Eagle National Bank in PA; and Goleta National Bank in California.

Virginia:

Virginia vigorously enforced its 36% APR small loan law to prevent payday lending. The industry-backed authorizing legislation failed to pass at several sessions of the Virginia General Assembly. But, that hasn't stopped three national payday loan chains from operating with impunity in Virginia. ACE Cash Express, partnering with Goleta National Bank, charges \$17 per \$100 for two-week loans. Money Mart, a Dollar Financial Group check casher, partners with Eagle National Bank to make loans at the rate of \$17.50 per \$100. Advance America partners with BankWest, a state bank in South Dakota, to make loans for \$17 per \$100.

Banks Can Export Interest Rates and Preempt Certain State Laws, But Can Non-banks Piggy-Back on the National Bank Act?

Payday lenders claim that Federal laws and court decisions that give banks exportation and preemption rights apply to third party companies.²⁵ Lenders point to the direct marketing of

²⁴ O'Malley, Chris, "Supreme Court Deals Payday Lenders Blow," *Indianapolis Star*, August 17, 2001.

²⁵ The National Bank Act grants federal banks "most favored lender" status, permitting banks to charge the higher of the interest rate permitted for banks in the state where the bank is located or 1% above the Federal Reserve Bank discount rate on 90-day commercial paper. Banks can transport this "most favored lender" status across state lines under certain circumstances.

The Depository Institutions Deregulation and Monetary Control Act of 1980 appears to extend the "most favored lender" treatment of federally chartered banks to any federally insured commercial bank, savings and loan, or credit union. States can "opt out" of DIDA, but can also deregulate state usury caps.

The Interstate Banking and Branching Efficiency Act of 1994 allows banks to open branches in other states. While permitting the preemption authorized by the NBA and DIDA, Congress emphasized that state consumer protection and fair lending laws apply to the extent not preempted by federal law, leaving states free to protect consumers in the credit market.

bank credit cards from Delaware and South Dakota, states with no credit card rate caps. They also seek to benefit from court rulings on bank connections in the refund anticipation loan market.

In *Cades v. H&R Block, Inc.*, 43 F.3d 869 (4th Cir. 1994), the court held that Beneficial did not create “branch” offices in Georgia; therefore the law of the state that is the bank’s home state, Delaware, applied. The Cades decision, however, predates Congressional debate of the Riegle-Neal act in which Congress attempted to restrain OCC over-reaching by establishing a public notice and comment period for any request for advisory opinions preempting state laws. In debating Riegle-Neal in 1994, Congress stated that states have a “legitimate interest in protecting the rights of their consumers.”²⁶

Federal Bank Regulators Question Rent-a-Bank Payday Lending

FORMER FDIC CHAIRMAN DONNA TANOUÉ IN A SPEECH AT THE SEVENTH ANNUAL GREENLINING ECONOMIC DEVELOPMENT SUMMIT, JUNE 13, 2000 STATED:

“NEVERTHELESS, I DO NOT BELIEVE THE CONGRESS CONTEMPLATED THAT BANKS WOULD BE ABLE TO USE THIS PRINCIPLE (EXPORTATION OF INTEREST RATES) TO TAKE ADVANTAGE OF CONSUMERS. THE PRACTICE OF RENTING A CHARTER MERELY TO COLLECT A FEE TO ALLOW A HIGH-COST PAYDAY LENDER TO CIRCUMVENT STATE LAW IS INAPPROPRIATE.”

The National Credit Union Administration issued a directive in April 2001 reminding federal credit unions of their 18% interest rate cap and urging credit unions to serve the legitimate short term credit needs of their members.²⁷

The Comptroller of the Currency, regulator of national banks, is a strong supporter of the privileges of national bank charters. But, payday lender efforts to wrap their loans in the cloak of national bank powers has drawn resistance from the OCC. In a story about payday loans through banks, Comptroller John D. Hawke told the *Wall Street Journal*: “It gives us an enormous amount of concern because we believe it is an improper use of the national bank charter.”²⁸ The OCC and OTS report that non-bank vendors seeking to avoid individual state laws are approaching federally-chartered banks and thrifts urging them to enter into agreements to fund payday and title loans.²⁹ A case in point is an ad run by Check ‘N Go of Ohio in the *American Banker*, promising banks a return on investment of at least 20% to partner with the payday loan chain.³⁰

²⁶ National Consumer Law Center, *The Cost of Credit: Regulation and Legal Challenges* § 3.2.2.2, (2d ed. 2000 & Supp.) and H.R. Conf. Rep. 651, *supra* note 12, at 53.

²⁷ NCUA Letter to Federal Credit Unions, Letter No. 01-FCU-03, April 2001.

²⁸ Beckett, Paul, “Risky Business: Exploiting a Loophole, Banks Skirt State Laws on High Interest Rates --- ‘Payday Loans’ Are A Big Hit With Many Consumers,” *Wall Street Journal*, May 25, 2001, Page A1.

²⁹ Press Release, OCC and OTS, November 27, 2000.

³⁰ Advertisement in *American Banker*, March 21, 2001, p. 7. “What Would Your Bank Consider To Be a Good ROE? NOW DOUBLE THAT. Your company could realize an annual 20+% return on equity through a strategic alliance with Check ‘n Go.”

The OCC and the Office of Thrift Supervision issued advisory letters in November 2000 warning banks of the risks to federally insured depository institutions involved in payday lending.

“Many vendors of such products engage in practices that may be viewed as abusive to consumers,” said Mr. Hawke and OTS Director Seidman. “Title loans and payday loans are examples of types of products being developed by non-bank vendors who have targeted national banks and federal thrifts as delivery vehicles...We urge national banks and federal thrifts to think carefully about the risks involved in such relationships, which can pose not only safety and soundness threats, but also compliance and reputation risks.”

The OCC AL 2000-10 and the Office of Thrift Supervision letter bluntly told banks and thrifts not to count on their support if the bank/thrift facilitating payday loans is sued.

“...some national banks have entered into arrangements with third parties in which the national bank funds payday loans originated through the third party. In these arrangements, national banks often rely on the third party to provide services that the bank would normally provide itself. These arrangements may also involve the sale to the third party of the loans or the servicing right to the loans. Such third-party arrangements significantly increase risks to the bank and the OCC’s supervisory concerns...**Payday lenders entering into such arrangements with national banks should not assume that the benefits of a bank charter, particularly with respect to the application of state and local law, would be available to them.**”³¹

The OCC restated its guidance to banks on third-party relationships, such as those involved in payday lending, in a bulletin issued to banks. While stopping short of prohibiting bank involvement with payday lenders, the Bulletin noted: “National banks should be extremely cautious before entering into any third-party relationship in which the third party offers products or services through the bank with fees, interest rates, or other terms that cannot be offered by the third party directly. Such arrangements may constitute an abuse of the national bank charter.”³²

The OCC filed an amicus brief in a Colorado Attorney General’s case that dealt another blow to industry claims.

“The standard for finding complete preemption is not met in this case. While the Defendant’s Notice of Removal repeatedly refers to Goleta National Bank using Ace Cash Express, Inc. (“ACE”) as its agent to solicit loans....., ACE is the only defendant in this action, and ACE is not a national bank. Nor do the Plaintiff’s claims against ACE arise under the National Bank Act, or other federal law. Although Defendant apparently attempts to appropriate attributes of the legal status of a national bank for its own operations as a defense to certain of Plaintiff’s claims, such a hypothetical conflict between federal and state law does not give this court federal question jurisdiction under the doctrine of complete preemption.”³³

³¹ OCC Advisory Letter AL 2000-10 “Payday Lending,” November 27, 2000, p. 1.

³² OCC Bulletin 2001-47, “Third Party Relationships,” November 1, 2001

³³ Amicus Curiae brief filed by Julie Williams, Chief Counsel, Comptroller of the Currency, State of Colorado v. ACE Cash Express, Inc., Civil Action No. 01-1576, United States District Court for the District of Colorado, Sept. 26, 2001.

A federal judge in Florida reached the same conclusion in a class action lawsuit brought against ACE Cash Express filed in state court but removed to federal court by ACE. In deciding that the case belonged back in state court, the judge concluded that the defendant (ACE) was not a national bank and that the National Bank Act cannot preempt Plaintiff's state law claims against ACE at this stage of the lawsuit.³⁴ Jennafer Long's complaint against ACE alleges that the payday lender engaged in a scheme to impose criminally usurious charges against Florida consumers and to use unfair and deceptive acts in its conduct of business.³⁵

Banks That Rent Their Charters to Payday Lenders

A relatively small number of banks participate in payday lending. However, their partners are usually very large corporations making a substantial number of loans throughout the country. The chart on the following page listing banks and payday loan partners is based on the CFA/PIRG survey, company websites, reports from state regulators and copies of contracts.

According to the OTS, no federally chartered thrifts are currently making payday loans in partnership with non-bank entities.³⁶

The largest network of payday loans offered over the Internet and through fax and toll-free numbers come from County Bank of Rehoboth Beach, Delaware and its agents such as Fast Funding East and Cash Reserve. Some of the websites are included in the chart. This combination of companies makes loans through dozens of web sites and several trade names advertising in Yellow Pages directories. Typically loans cost \$30 per \$100 or 780% APR for a two week loan. Funds are electronically deposited into the customer's account and withdrawn on the due date of the loan unless the borrower applies for a loan extension ahead of time.

³⁴ Order, Long v. ACE Cash Express, Inc., U.S. District Court, Middle District of Florida, Jacksonville Division, June 15, 2001.

³⁵ Other class action lawsuits filed against ACE Cash Express include Purdie v. ACE Cash Express, Inc. filed in the US District Court, Northern District of Texas, Dallas Division; Brown v. ACE Cash Express, Circuit Court for the State of Maryland, City of Baltimore; Hudson v. ACE Cash Express, Inc.; Goleta National Bank, et al., US District Court for the Southern District of Indiana, Indianapolis Division.

³⁶ Crusader Bank in Philadelphia made payday loans for National Cash Advance in Pennsylvania from 1999 until early 2001 when the bank changed hands and withdrew from this line of business.

Banks That Rent Their Charters to Payday Lenders	
National Banks, supervised by the Comptroller of the Currency	
Eagle National Bank	Dollar Financial Group Urgent Money Service (NC) Express Money Service (NC) Fast Loan (NM)
Goleta National Bank	Ace Cash Express
People's National Bank-Paris, TX	National Cash Advance (PA, NC) Advance America (PA, NC)
First National Bank in Brookings, SD	First American Cash Advance Cash America pawn shops ³⁷ First Southern Cash Advance (NC) Nationwide Budget Finance (NC) Express Check Advance (NC) Doc Holliday's (TX)
State chartered banks, FDIC insured	
BankWest, Inc., Pierre, SD	Advance America (VA)
Brickyard Bank, Lincolnwood, IL	Check 'n Go (NC)
County Bank of Rehoboth Beach, DE <i>also see below (Internet)</i>	Check 'n Go (IN) EZPAWN (TX) Cash In Advance, Inc. (NC) Cash Today (PA) Servicing agents and web sites (<i>See below: Internet</i>)
First Bank of Delaware	National Cash Advance (IN) Advance America (IN) Check Into Cash (NC)
First Community Bank of Washington	Advance America (AL, AR) National Cash Advance (AL, AR)
National thrifts (S&Ls) Regulated By Office of Thrift Supervision (OTS)³⁸	

³⁷ See Cash America International, Inc. Second Quarter 2001. Of the 392 Cash America locations making payday loans, 310 are third party financial institution arrangements

³⁸ Crusader Bank in Philadelphia made payday loans for National Cash Advance in Pennsylvania from 1999 until early 2001 when the bank changed hands and withdrew from this line of business. According to the OTS, no federally chartered thrifts are currently making payday loans in partnership with non-bank entities.

BANK PAYDAY LENDING OVER THE INTERNET	
County Bank of Rehoboth Beach, DE The largest network of payday loans offered over the Internet and through fax and toll-free numbers come from County Bank of Rehoboth Beach, Delaware and its agents such as Fast Funding East and Cash Reserve. This combination of companies makes loans through dozens of web sites and several trade names advertising in Yellow Pages directories.	Multiple web sites, including Bad Credit Banks.com, eFastCashLoans.com, Fast AutoCash.com, FastCash2go.com, FastLoans2Go.com, FastCashHassleFree.com, FastCashNoQuestions.com, Fast LoanCash.com, FreewayCash.com, LoanFastCash.com, MoneyByPhone.com, MyFastCashLoans.com, MrSpeedyCash.com, Quickoans2Go.com, SspeedwayCash.com, Webfastcash.com, 500fastcash.com, 500CashNow.com, 500Cash.com, 500CashHotline.com, 500EmergencyCash.com, 500quickcash.com, 911EmergencyCash.com, 911CashFast.com, 911CashMoney.com.

STATE RESPONSES TO PAYDAY LOAN EXPORTATION

State consumer protections are undermined when payday lenders partner with banks in an effort to take advantage of the preemption and exportation privileges conferred on banks through laws and regulations. These case studies illustrate state response to the payday lenders' "National Bank Model."

Massachusetts Enforced Small Loan Act With Broker

Massachusetts Banking regulators shut down Mail Boxes Etc. in Boston, a retail outlet making payday loans through County Bank of Rehoboth Beach, DE. The company was cited for violating the usury and licensing requirements of the Massachusetts Small Loan Act which caps interest rates for loans of \$6,000 or less at 23% and limits other fees at \$20 for both lenders and brokers. The payday loans provided by County Bank had annual percentage rates of over 476% and as high as 2,190%. Loans were cleared through the Cheyenne Servicing Company in Colorado with County Bank transferring up to \$300 into borrowers' bank accounts. When payment was due, the loan and finance charges were electronically debited from the borrower's account.

The Massachusetts Consumer Affairs Director labeled these transactions "old-fashioned loan sharking despite its antiseptic new name." Banking Commissioner Thomas J. Curry announced that the department does not tolerate violations of Massachusetts consumer protection and licensing laws.³⁹ The Attorney General settled the case with the owners of the Mail Boxes Etc. outlet, resulting in refunds of the finance charge paid by consumers. Because the state small loan law applied to the non-bank entity, state regulators were able to take action without going after the bank involved in the loans.

Maryland Enacted an Anti-Broker Clause in the Credit Services Act

³⁹ Press release, Commonwealth of Massachusetts Consumer Affairs and Business Regulation, "High Rate Payday Loan Operation Shut Down by Consumer Affairs Agency," April 20, 2000.

At the 2001 session, the Maryland legislature amended the credit services act to prohibit companies from brokering unsecured closed-end loans that violate Maryland's 33% APR small loan cap.⁴⁰ State lawmakers have turned down payday loan industry authorizing legislation for the last few years and sought to prohibit local agents from circumventing state law against payday lending. The new law prohibits credit services businesses from acting as agents for out of state lenders to facilitate unsecured closed end loans at rates of interest in excess of the Maryland limit.

ACE Cash Express has 41 locations in Maryland but does not have a credit services license for these outlets. Loans are made through Goleta National Bank and cost Maryland consumers over 400 percent APR. When the new law took effect in June, ACE changed its loan design to claim the transactions were "secured," and not subject to the new anti-broker law. Customers are asked for the brand name of a possession such as a television or VCR. ACE's attempt to make its loans "secured" ignores the Maryland Consumer Loan Law which prohibits lenders from taking a security interest in personal property for loans under \$700.

The Maryland Commissioner of Financial Regulation issued an Order to Show Cause against ACE Cash Express for operating a credit services business without a license. A hearing is scheduled for December 5. A class action lawsuit was filed in Circuit Court in Baltimore, Brown v. ACE Cash Express, Inc., charging ACE with violating Maryland's usury and small loan rate caps and seeking to evade the anti-broker law.

Colorado Enacted a Payday Loan Law That Applies to Loan Arrangers

Colorado included language in its 2000 Deferred Deposit Loan Act that regulates both the lender who funds payday loans and the lender's agent who arranges the loan. The DDLA places a limit on fees, caps loans at \$500 and 40 days, and prohibits supervised lenders from renewing a payday loan more than once while charging the payday loan fee. Colorado Attorney General Salazar filed a complaint against ACE for unlicensed payday lending, for making or arranging more than one renewal of a payday loan at the allowed finance rate. Ace surrendered its state supervised lender license when it arranged to make loans in partnership with Goleta National Bank.

The key issue in the lawsuit brought by the Colorado Attorney General is whether a non-bank entity, such as ACE, through its arrangement with a nationally chartered bank, may use the shield of federal preemption available to national banks via the National Bank Act to avoid compliance with state consumer protection laws.⁴¹ ACE removed the case from state to federal court, arguing that Colorado's claims are completely preempted by Section 85 of the National Bank Act. A hearing is scheduled November 19 on the Attorney General's motion to remand the case to state court. The Attorney General is supported by an amicus brief filed by the Comptroller of the Currency.

⁴⁰ Chapter 630 of the Laws of Maryland 2001, "Unsecured Closed End Credit Regulation – Credit Services Businesses – Study Commission," codified in Commercial Law Article, § 14-1902(a)(8), Maryland Annotated Code, effective June 1, 2001.

⁴¹ Press release, Colorado Office of Attorney General, "Attorney General Salazar Announces Lawsuit Against Payday Lender in National Test Case of Primacy of State Consumer Protection Law, July 16, 2001. www.ago.state.co.us/PRESREL/presrl2001/prsl68.stm

Ohio Enforced its Licensing Requirement

Ohio also initiated enforcement action against ACE Cash Express for unlicensed loan activity. ACE surrendered its state payday loan license after associating with Goleta National Bank, claiming that its agreement with the bank made it exempt from Ohio regulation. In July, the Ohio Department of Commerce Division of Financial Institutions filed a notice of intent to issue a cease and desist order against ACE and charged ACE with violating the Ohio Small Loan Act as an unlicensed lender. Ohio regulators concluded that ACE is the lender, not Goleta National Bank because ACE purchases 95% (now 90%) participation in each loan made by the bank, bears 95% (now 90%) of the loss on a defaulted loan, receives the loan payments, pays the expenses related to collection and enforcement of defaulted loans, and keeps the loan records.⁴²

Goleta National Bank filed a complaint in U. S. District Court against F. Scott O'Donnell, superintendent of Financial Institutions, seeking a ruling that the Ohio Small Loan Act as far as it applies to ACE is preempted by the National Bank Act, requesting an injunction prohibiting the defendant from enforcing the Ohio Small Loan Act against Ace or the bank, and asking to be made a party to the state action. Goleta's complaint notes that loans of \$100 to \$500 in \$50 increments are made in Ohio for terms of 14 days at a fee of \$17 per \$100 loaned or 440% APR. The bank's complaint notes that Goleta National Bank is not subject to interest rate limitations under the California constitution.⁴³

Community Reinvestment Act Protests

Bank involvement in payday lending is an issue in Community Reinvestment Act ratings for bank service to local communities. The Office of Thrift Supervision (OTS) gave Crusader Bank a "needs to improve" CRA rating in 2000, largely due to risky loan products such as payday loans provided through National Cash Advance. In 1999 the OTS placed Crusader under regulatory supervision, saying that the bank was engaged in "acts and practices that resulted in violations of certain of the laws and/or regulations..and/or are consider to be unsafe or unsound." The agency was reported to be concerned about the bank's reliance on risky income sources, such as payday loans.⁴⁴

On the other hand, the Comptroller of the Currency granted Eagle National Bank 'satisfactory' CRA ratings, despite protests filed by national consumer organizations describing payday loan line of business.⁴⁵ Local protests about the CRA treatment of banks involved in payday lending are growing. Woodstock Institute wrote a letter to Brickyard Bank and the FDIC advocating that financial institutions that form alliances with predatory payday loans should receive a CRA rating no higher than a "Needs to Improve" after the Illinois bank began making payday loans through Check 'n Go in North Carolina.⁴⁶

⁴² Ohio Dept. of Commerce, Notice of Intent to Issue Cease & Desist Order, Notice of Opportunity for Hearing, July 16, 2001.

⁴³ *Goleta National Bank v. F. Scott O'Donnell*, U.S. District Court for the Southern District of Ohio, Eastern Division, October 1, 2001, Case No. C2 01-971.

⁴⁴ Gotlieb, Andy, "Bank Abandons Loans Questioned by OTS," *Philadelphia Business Journal*, Jan. 19, 2001.

⁴⁵ CRA letter from Consumers Union, Consumer Federation of America, US Public Interest Research Group, and others to John D. Hawke, Jr., Comptroller of the Currency, re: Eagle National Bank, July 27, 1999.

⁴⁶ Marva Williams, Woodstock Institute, letter to David Keller, President, Brickyard Bank, Oct. 22, 2001.

RECOMMENDATIONS AND ADVICE

Recommendations to Policy Makers: Protect Consumers in the Small Loan Market

Federal banking regulators and Congress must stop the misuse of federally insured depository institutions by payday lenders to evade state usury, small loan, and consumer protection laws. Federal banking regulators should issue regulations prohibiting loans based on checks or electronic debits.

States should preserve or enact small loan laws that protect vulnerable consumers from usurious interest, entrapment in unaffordable debt, and coercive collection practices.

States should enact legislation to keep control of local non-bank arrangers of small loans, such as the Maryland credit services act, the Massachusetts small loan act, or the Colorado loan arranger law.

Federal bank regulators should downgrade the Community Reinvestment Act rating for any bank that rents its charter to facilitate payday lending and should refuse to count payday loan volume toward the lending test for participating banks.

Banks, thrifts, and credit unions should provide fairly priced overdraft protection, savings opportunities, and small loan products to serve their own depositors.

Advice to consumers: Don't Fall Into the Payday Loan Debt Trap

Start saving so that you can weather unexpected expenses and drops in income. All consumers can build up savings over time. It is much cheaper to borrow from your nest-egg than to pay high fees for two-week loans.

Avoid borrowing money at triple digit interest rates by shopping for credit based on both the dollar finance charge and the Annual Percentage Rate. Don't be misled by lenders who quote the fee per \$100 borrowed as an interest rate.

Seek out consumer credit counseling services to assist with budgeting and help to work out debt repayment plans that will improve your financial welfare.

Look for lower cost sources of credit, such as your credit union, traditional small loans or cash advances on a credit card. Arrange overdraft protection at your bank.

Appendix A

Status of State/Territory Payday Loan Authorization

CATEGORY 1: States that prohibit payday loans due to small loan interest rate caps, usury laws, and/or specific prohibitions for check cashers⁴⁷

Alabama ⁴⁸	Alaska	(Arkansas ⁴⁹)	Connecticut
Georgia	Indiana ⁵⁰	Maine	Maryland
Massachusetts	Michigan ⁵¹	New Jersey	New York ⁵²
North Carolina ⁵³	Oklahoma ⁵⁴	Pennsylvania	Rhode Island
Vermont	Virginia	West Virginia	
Puerto Rico	Virgin Islands		

CATEGORY 2: States with no small loan/usury cap for licensed lenders⁵⁵

DELAWARE	IDAHO⁵⁶	NEW HAMPSHIRE⁵⁷	NEW
MEXICO			
SOUTH DAKOTA	WISCONSIN		

⁴⁷ Ala. Code § 5-18-1 *et seq.*, Alaska Stat. § 06.20.230, Conn. Gen. Stat. § 36a-563, Ga. Code Ann. § 7-3-14, Ind. Code § 24-4.5-3-501 *et seq.*, 32 M.S.R.A. § 6131 *et seq.*, Md. Code Ann. Com. Law II § 12-301 *et seq.*, Mass. Gen. Law Ann. Ch. 140 § 96 *et seq.*, Mich. Comp. Laws § 493.1 *et seq.*, N. J. Stat. Ann. § 2C: 21-19, N.Y. Penal Code § 190.40, N.C. Gen. Stat. § 53-173; N.D. Cent. Code § 13-03.1-15.1(1), Okla. Stat. Tit. 14A § 3-508B, 7 Pa. Cons. Stat. Ann. § 6201 *et seq.*, P.R. Laws Ann. § 10-942 *et seq.*, R. I. Gen. Laws § 19-14.2-1 *et seq.*, Vt. Stat. Ann. Tit. 8 § 2230, Va. Code Ann. § 6.1-432 *et seq.*, 6.1-249 and 6.1-272.1., V.I. Code Ann. Tit. 9 § 182 *et seq.*, W. VA. Code § 46A-4-107

⁴⁸ Loans currently permitted under terms of court injunction in case pending between Alabama Banking Dept. and the Alabama Check Cashers Association. Payday loan legislation failed at 1999, 2000, and 2001 session of Alabama legislature.

⁴⁹ Arkansas (Ark. Stat. Ann. § 23-52-101 *et seq.*, fee section is invalid attempt to evade the usury provisions of Arkansas Constitution, 3/22/01 Arkansas Supreme Court) (maximum interest rate set by state constitution in Ark. Const. art. 19 § 13).Luebbers v. Money Store, Inc., et al, ___Ark.___(2001.)

⁵⁰ Indiana Supreme Court upheld opinion of Attorney General that licensed lenders who charge the minimum \$33 finance charge must also comply with Indiana's 36% small loan rate cap. (Livingston v. Fast Cash USA, Inc., 2001 Ind. LEXUS 717 (August 16, 2001).

⁵¹ Michigan Financial Institutions Bureau declaratory ruling April 25, 1995 re: Oak Brook/Cash Now Partners d/b/a Cash Connection held that deferred presentment was a loan subject to Regulatory Loan Act of 1963 and violated the Usury Act (MCL § 438.31) and the Criminal Usury Act (MCL 438.41 *et seq.*)

⁵² New York Bank Superintendent issued an All Institutions letter June 13, 2000 confirming enforcement of New York's 25% APR criminal usury cap (§ 190.40 New York State Penal Code.)

⁵³ North Carolina law expired August 31, 2001 when legislature did not reauthorize payday loan law.

⁵⁴ Oklahoma permits loans of under \$108 as single-pay one-month loans. Bill to authorize full-scale payday lending failed in 2000 and 2001 session of the Oklahoma legislature.

⁵⁵ Del. Code Ann. Tit. 5 § 2744, Idaho Code § 28-42-201, N. H. Rev. Stat. Ann. § 399-A *et seq.*, N. M. Stat. Ann. § 58-15-1 *et seq.*, South Dakota small loan act repealed, Wis. Stat. § 138.09

⁵⁶ Idaho Enforcement Policy #99-1 "Fraudulent and Unconscionable Conduct in Payday Loan Transactions" spells out Department of Finance policy on payday loans made by licensed lenders. December 16, 1999

⁵⁷ Small loan rate cap repealed effective 1/1/00. One payday lender is licensed to date in New Hampshire.

CATEGORY 3: States with specific laws or regulations that permit payday loans⁵⁸

ARIZONA	CALIFORNIA	COLORADO	FLORIDA
HAWAII	ILLINOIS	IOWA	KANSAS
KENTUCKY	LOUISIANA	MINNESOTA	MISSISSIPPI
MISSOURI	MONTANA	NEBRASKA	NEVADA
NORTH DAKOTA	OHIO	OREGON	SOUTH
CAROLINA			
TENNESSEE	TEXAS	UTAH	
WASHINGTON	WYOMING		
DISTRICT OF COLUMBIA			

Source: Consumer Federation of America and National Consumer Law Center Summary of State Payday Loan Laws

⁵⁸ Arizona (Ariz. Rev. Stat. § 6-1251 *et seq.*, effective Sept. 1, 2000); California (Cal. Civ. Code § 1789.33); Colorado (5 Colo. Rev. Stat. § 5-3.1-101 *et seq.*); the District of Columbia (D.C. Code § 26-1101 *et seq.*); Florida (Part IV of Chapter 560, Deferred Presentment, §§560/401, *et seq.*, *Fla. Stat.*); Hawaii (1999 Hawaii Session Laws, Act 146 § 1 *et seq.*); Illinois (Subpart B: Short Term Lending, Con. Installment Loan Act Rules, 2001); Iowa (Iowa Code § 13-533D.1 *et seq.*); Kansas (Kan. Stat. Ann. § 16a-2-404); Kentucky (Ky. Rev. Stat. Ann. § 368.010 *et seq.*); Louisiana (La. Rev. Stat. Ann. § 9:3578.1 *et seq.*); Minnesota (Minn. Stat. § 47.60); Mississippi (Miss. Code Ann. § 75-67-501 *et seq.*); Missouri (Mo. Rev. Stat. § 408.500); Montana (Mont. Code Ann. § 31-1-701 *et seq.*); Nebraska (Neb. Stat. Ann. § 45-901 *et seq.*); Nevada (Nev. Rev. Stat. § 604.010 *et seq.*); North Carolina (N.C. Gen. Stat. § 53-275 *et seq.*); North Dakota Century Code Section 13-08, 2001; Ohio (Ohio Rev. Code Ann. § 1315.35 *et seq.*); Oregon (Dept. of Con. & Bus. Serv., Div. Finance, 441-730-0280, -0290, -0300, -0310); South Carolina (S.C. Code Ann. § 34-39 *et seq.*); Tennessee (Tenn. Code Ann. § 45-17-101 *et seq.*); Texas (7 Tex. Admin. Code § 1.605 *et seq.*); Utah (Utah Code Ann. § 7-23-101 *et seq.*); Washington (Wash. Rev. Code Ann. § 31.45.010 *et seq.*); Wyoming (Wyo. Stat. § 40-14-362 *et seq.*).

Appendix B

Terms of State Payday and Small Loan Laws for Check-Based Loans

State	Min./Max Term	Min/Max Loan	Maximum Fee %/\$	Cost/ \$100	Effective APR ⁵⁹ 14 day
Arizona	NA	\$50-\$500	15% of ck	\$17.65	459%
Ariz. Rev. Stat. § 6-1251 <i>et seq.</i> 2000					
Arkansas	6/31 days	- /\$400 ck	10% + \$10	\$22.22	579%
Ark. Stat. Ann. § 23-52-101 <i>et seq.</i> 1999. Arkansas Supreme Court ruled that fee section is invalid attempt to evade the usury provisions of Arkansas Constitution. (Luebbers v. Money Store, Inc., et al, __ Ark. __ 2001)					
CA	-/30 days	- /\$300 ck	15% of ck	\$17.65	459%
Cal. Civ. Code § 1789.30 <i>et seq.</i>					
CO ⁶⁰	-/40 days	-/\$500	20% 1 st	\$300 \$20	520%
5 Colo. Rev. Stat. § 5-3.1-101 <i>et seq.</i> 2000 7.5% > \$30					
DE	NA	NA	No Limit	No Limit	No Limit
Del. Code Ann. Tit. 5 §2744					
FL	7/31 days	-/\$500	10% + \$5 fee	\$15	390%
Part IV of Chapter 560, Deferred Presentment, §§560/401. <i>et seq.</i> Fla. Stat.					
HI	-/31 days	- /\$300 ck	15% of ck	\$17.65	459%
1999 Haw. Sess. Laws, Act 146 § 1 <i>et seq.</i> Amended 2001 to remove sunset provision.					
IA	-/31 days	- /\$500 ck	\$5+ 10%	\$100 \$16.67	435%
Iowa Code § 13-533D.1 <i>et seq.</i> \$10/\$100					
ID	NA	NA	No Limit	No Limit	No Limit
Idaho Code Section 28-41-101 <i>et seq.</i>					
IL	-/30 days	-/\$400 or 50% gross income term of loan	No Limit	No Limit	No Limit
Subpart B: Short Term Lending, Con. Installment Loan Act Rules, 2001					
KS	-/30 days	-/\$860	Scale of fees ⁶¹	\$15	390%
Kan. Stat. Ann. § 16a-2-404 2 loans/lender					

⁵⁹ Approximate APR without compounding

⁶⁰ Colorado Deferred Deposit Loan Act enacted in 2000 replaced regulations under the UCCC. Applies to agents.

⁶¹ Kansas fees: \$5.50 for loans \$0 to \$50, 10% of loans + \$5 for \$50 to \$100, 7% + \$5 for \$100 to \$250, 6% + \$5 for \$250 - \$300

KY	14/60 days	-\$500 ck	\$15/\$100 ck	\$17.65	459%
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Ky. Rev. Stat. Ann. § 368.010 <i>et seq.</i> , 1998	For 14 days
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LA	-/60 days	-\$350 loan	16.75% ck	\$20	520%
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La. Rev. Stat. Ann. § 9:3578.1 *et seq.*, 2000

State	Min./Max Term	Min/Max Loan	Maximum Fee %/\$	Cost/ \$100	Effective APR ⁶² 14 day
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MN	-/30 days	-\$350 loan	Scale of fees ⁶³	\$15	390%
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Minn. Stat. Ann. § 47.60

MS	-/30 days	-\$400 ck	18% ck	\$22	572%
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Miss. Code Ann. § 75-67-501 *et seq.* As amended 1999, 2001

MO	14 days/10 mon.	-\$500 loan	As agreed	No Limit	No
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limit
Mo. Rev. Stat. § 408.500 as amended 2001; 4 Mo. Code Reg. 140-11.010 *et seq.*

MT	-/31 days	\$50/\$300 loan	25%	\$25	650%
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Mont. Code Ann. § 31-1-701 *et seq.*, 1999 as amended 2001

NE	-/31 days	-\$500 ck	\$15 per \$100 Face amt. Ck pro rata	\$17.65	459%
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Neb. Stat Ann.. § 45-901 *et seq.*

NV	NA	% income ⁶⁴	No Limit	No Limit	No
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Limit
Nev. Rev. Stat. § 604.010 *et seq.* As amended 1999.

NH	NA	NA	No Limit	No Limit	No Limit
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N. H. Rev. Stat. Ann. §399-A *et seq.*

NM	NA	NA	No Limit	No Limit	No Limit
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N. M Stat. Ann. §58-15-1 *et seq.*

ND	-/45 days	/\$500	20%	\$20	520%
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North Dakota Century Code § 13-08, 2001.

OH	-/6 mon.	-\$500 loan	5% + \$5/\$50	\$15	390%
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⁶² Approximate APR without compounding

⁶³ Minnesota fees: \$5.50 for loans \$0 to \$50, 10% + \$5 for loans \$50 - \$100, 7% + \$5 loans \$100 - \$250, 6% + \$5 for loans \$250 - \$350

⁶⁴ Nevada: 1999 amendments prohibit loans that exceed one-third of the borrower's expected net monthly income

Ohio Rev. Code Ann. § 1315.35 *et seq.*

OK 1 mon./10mon. -/\$730 Scale of fees⁶⁵ \$20 240%
Okla. Stat. Tit. 14A §3-508B

OR - - No limit No limit NA
Dept. of Con. & Bus. Serv., Div. Finance, 441-730-0280, -0290, -0300, -0310, adopted 2001.

SC -/31 days -/\$300 loan 15% ck \$17.65 459%
S.C. Code Ann. § 34-39 *et seq.*

State	Min./Max Term	Min/Max Loan	Maximum Fee %/\$	Cost/ \$100	Effective APR ⁶⁶ 14 day
SD (South Dakota's small loan act was repealed.)	NA	NA	No Limit	No Limit	No Limit
TN Tenn. Code Ann. § 45-17-101 <i>et seq.</i> As amended 2001.	-/31 days	-\$500 cks	15% ck	\$17.65	459%
TX ⁶⁷ 7 Tex. Admin. Code § 1.605 <i>et seq.</i> , 2000	7 days/31 days	\$100-\$350	48% APR + \$10 Monthly fee	\$11.87	309%
Utah Utah Code Ann. § 7-23-101 <i>et seq.</i>	NA	-/12 weeks	No Limit	No Limit	No Limit
WA Wash. Rev. Code Ann. § 31.45.010 <i>et seq.</i>	-/31 days	-\$500	15% loan	\$15	390%
WI Wis. Stat. §138.09	NA	NA	No Limit	No Limit	No Limit
WY Wyo. Stat. § 40-14-362 <i>et seq.</i>	-/30 days	NA	\$30 or 20%	\$30	780%
DC	-/31 days	\$50/\$1,000	10% + fee ⁶⁸	\$16.10	419%

⁶⁵ Oklahoma: 10% of amount financed one time fee on loans of \$108 or more, plus scale of monthly fees for number of months contracted: \$2 per \$10 loaned up to \$108, \$10.80 for \$108-\$126, \$12.60 for \$127-252, \$14.40 for \$253-360, \$16.20 for \$361-540, \$18.00 for \$541-\$720.

⁶⁶ Approximate APR without compounding

⁶⁷ Texas Finance Commission adopted regulations effective July 9, 2000 to permit payday loans under the Texas Finance Code § 11.304

⁶⁸ DC: If included in contract, administrative fee of \$5 on checks up to \$250, \$10 on checks \$250.01 - \$500, \$15 for checks \$500.01 - \$750, \$20 on checks \$750.01 - \$1,000

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
AZ	Advanced Quick Cash	Flagstaff	3-permits payday	459%		\$500	14 days	\$15.00	390%	1	No	No	None	No	
AZ	Cash 1	Phoenix	3-permits payday	459%		\$300 1st time, no limit 2nd	Next payday	\$17.50	455%	Yes	Yes	Yes	None	Yes	\$25.00
AZ	Cash Advance USA	Flagstaff	3-permits payday	459%		\$500	14 days	\$15.00	390%	1	No	Yes	None	No	\$15.00
AZ	Check Mate	Phoenix	3-permits payday	459%		\$300	14 days	\$15.00	390%	3	No	No	None	No	\$25.00
AZ	Check Smart	Phoenix	3-permits payday	459%		\$500	14 days	\$15.00	390%	3	No	No	None	No	\$30.00
AZ	Check Smart	Phoenix	3-permits payday	459%		\$350	Next payday	\$15.00	390%	3	No	No	None	Yes	\$30.00
AZ	EZ Loans	Phoenix	3-permits payday	459%		\$200	14 days	\$17.00	442%	3	No	Yes	None	No	\$25.00
AZ	Loan Mart	Phoenix	3-permits payday	459%		\$500	14 days	\$15.00	390%	4	No	No	None	Yes	\$15.00
AZ	Money Mart	Phoenix	3-permits payday	459%		\$500	14 days	\$20.00	520%	1	No	Yes	None	No	
AZ	Payday Express	Phoenix	3-permits payday	459%		\$500	Next payday	\$17.65	459%	Yes	Yes	Yes	None	Yes	\$25.00
AZ	USA Cash Services	Phoenix	3-permits payday	459%		\$300	14 days	\$18.00	468%	Yes	No	Yes	None	Yes	\$25.00
AZ	USA Cash Services	Phoenix	3-permits payday	459%		\$300	14 days	\$18.00	468%	3	No	No	None	No	\$25.00
AZ AVG						\$396	14	\$16.51	429%						\$24.00

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
CA	3rd & Normandie Check Cashing	Los Angeles	3-permits payday	459%		\$255	Next payday	\$17.65	459%	Yes	No	No	None	No	
CA	ACE Cash Express	San Francisco	3-permits payday	459%		\$500	14 days	\$17.00	442%	3	No	Yes	None	No	Yes
CA	Advance America	Los Angeles	3-permits payday	459%		\$255	Next payday	\$15.00	390%	New check	No	No	\$10	Yes	
CA	Advance America	San Francisco	3-permits payday	459%		\$300	Next payday	\$15.00	390%	New check	No	No	\$10	No	\$15.00
CA	Cash It Here	Los Angeles	3-permits payday	459%		\$255	14 days	\$17.65	459%	New check	No	No	None	Yes	
CA	Cash 'Til Payday	San Francisco	3-permits payday	459%		\$500	Next payday	\$17.50	455%	4	No	No	None	No	\$15.00
CA	Cash 'Til Payday	San Francisco	3-permits payday	459%		\$500	Next payday	\$17.50	455%	Yes	No	No	None	No	\$15/2 cks
CA	Cash 'til Payday	San Francisco	3-permits payday	459%		\$500	Next payday	\$17.50	455%	4	No	No	None	No	\$15/2cks
CA	Mission Check Cashing	San Francisco	3-permits payday	459%		\$300	Next payday	\$15.00	390%	Yes	No	Yes	None	No	\$15.00
CA	Nix Check Cashing	Los Angeles	3-permits payday	459%		\$250	14 days	\$15.00	390%	Pay plan	No	No	None	No	\$25.00
CA	Nix Check Cashing	Los Angeles	3-permits payday	459%		\$255	Next payday	\$15.00	390%	New check	No	Yes	None	Yes	\$15.00
CA	Payday Advance	Culver City	3-permits payday	459%		\$255	Next payday	\$17.65	459%	Yes	No	Yes	None	No	
CA	Payday Express	Los Angeles	3-permits payday	459%		\$255	Next payday	\$15.00	390%	Yes	No	Yes	None	No	
CA	Payday Express	Los Angeles	3-permits payday	459%				\$15.00	390%	Yes	Yes	Yes	None	Yes	
CA	The Payday Store	Los Angeles	3-permits payday	459%		\$255	14 days	\$17.65	459%	Yes	No	No	None	No	
CA AVG						\$331	14	\$16.34	425%						\$17.00

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
CO: Colorado data previously released by Colorado PIRG in the report "Small Loans, Big Money," April 2001.															
CO	A Acme cash Checking	Westminster	3-permits payday	520%		\$150	14 days	\$20.00	520%	0	no	no			
CO	A&A check loan	Denver	3-permits payday	520%		\$500	20 days	\$20.00	365%	1	no	no			
CO	A1 Cash	Denver	3-permits payday	520%		\$300	14 days	\$20.00	520%	0	no	no			
CO	Ace America's Cash Express	Lakewood	3-permits payday	520%		\$500	14 days	\$17.00	442%	3	yes	no			
CO	Ace Cash Express	Denver	3-permits payday	520%		\$500	14 days	\$17.00	442%	3	yes	no			
CO	Advance America	Boulder	3-permits payday	520%		\$500	19 days	\$20.00	384%	1	no	no			
CO	Advance America	Lakewood	3-permits payday	520%		\$500	19 days	\$20.00	384%	1	no	no			
CO	Cash America	Lakewood	3-permits payday	520%		\$250	14 days	\$15.00	390%	1	no	no			
CO	Cash Fast	Boulder	3-permits payday	520%		\$500	14 days	\$20.00	520%	1	no	no			
CO	Check Unlimited	Denver	3-permits payday	520%		\$300	14 days	\$15.00	390%	1	no	no			
CO	Checks etc.	Denver	3-permits payday	520%		\$300	14 days	\$20.00	520%	0	no	no			
CO	Checks etc.	Denver	3-permits payday	520%		\$300	14 days	\$20.00	520%	0	no	no			
CO	Colorado Check Loans	Denver	3-permits payday	520%		\$500	14 days	\$20.00	520%	1	no	no			
CO	Colorado Check Loans	Denver	3-permits payday	520%		\$500	14 days	\$20.00	520%	1	no	no			
CO	Early payday	Denver	3-permits payday	520%		\$100	15 days	\$15.00	365%	0	no	no			
CO	Easy Money	Englewood	3-permits payday	520%		\$500	14 days	\$20.00	520%	1	no	no			
CO	EZ Service	Denver	3-permits payday	520%		\$300	14 days	\$20.00	520%	0	no	no			
CO	Fast Bucks	Denver	3-permits payday	520%		\$500	14 days	\$20.00	520%	1	yes	no			
CO	Four Star Check Service	Denver	3-permits payday	520%		\$300	14 days	\$20.00	520%	0	no	no			

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
CO	JMAC	Westminster	3-permits payday	520%		\$100	14 days	\$20.00	520%	1	no	no			
CO	Loan Mart (Eagle Bank)	Denver	3-permits payday	520%		\$500	14 days	\$15.00	390%	4?	yes	no			
CO	Mail Boxes Etc.	Louisville	3-permits payday	520%		\$500	14 days	\$15.00	390%	1	no	no			
CO	Money Express	Denver	3-permits payday	520%		\$300	14 days	\$20.00	520%	1	yes	no			
CO	Money Lender	Boulder	3-permits payday	520%		\$300	21 days	\$20.00	348%	0	yes	no			
CO	National Check Loans	Denver	3-permits payday	520%		\$500	14 days	\$19.95	519%	1	yes	yes			
CO	Pay Check Loan	Denver	3-permits payday	520%		\$500	30 days	\$20.00	240%	1	yes	no			
CO	Paycheck Loans	Denver	3-permits payday	520%		\$500	14 days	\$20.00	520%	0	yes	no			
CO	Payday Loan Store	Arvada	3-permits payday	520%		\$500	30 days	\$15.00	182%	1	no	no			
CO	Payday Now	Westminster	3-permits payday	520%		\$300	14 days	\$20.00	520%	0	no	no			
CO	The Check Cashing Store	Denver	3-permits payday	520%		\$100	14 days	\$20.00	520%	0	no	no			
CO AVG						\$380	16	\$18.80	452%						
DC	ACE Cash Express		3-permits payday	419%		\$500	14 days	\$17.00	442%	Yes	Yes	Yes	None	Yes	
DC	Cash Today		3-permits payday	419%		\$880	Next payday	\$16.67	433%	New check	No	Yes	None	Yes	
DC	Check 'n Go		3-permits payday	419%		\$500	Next payday	\$16.00	416%	No	Yes	Yes	None	No	
DC	Famous Pawbrokers		3-permits payday	419%		\$500	Next payday	\$17.00	442%	New check	NV	NV	None	No	
DC	Fast Funding First East		3-permits payday	419%		\$500	Next payday	\$30.00	780%	4	No store		None	No	
DC	First Cash Advance		3-permits payday	419%		\$500	Next payday	\$17.00	442%	New check	No	Yes	None	No	\$25.00
DC	Money Mart		3-permits payday	419%		\$300	14 days	\$17.50	455%	4	NV	NV	None	Yes	
DC AVG						\$526	14	\$18.74	487%						\$25.00

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
FL	500 Fast Cash	www.500fastcash.com	3-permits payday	390%		\$500									
FL	Advance a Check	Orlando	3-permits payday	390%		\$500	Next payday	\$18.50	481%	New check	NV	NV	None	No	\$30.00
FL	Advance America	Jacksonville	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	Yes	No	None	No	\$30.00
FL	Advance America	Miami	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	NV	NV	None	No	\$30.00
FL	Advance America	Orlando	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	NV	NV	None	Yes	\$30.00
FL	Advance America	Tallahassee	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	Yes	Yes	None	Yes	\$30.00
FL	Advance America	Tampa	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	NV	NV	None	Yes	\$30.00
FL	Cash Advance	Miami	3-permits payday	390%		\$500	Next payday	\$18.50	481%	New check	NV	NV	None	No	
FL	Cash Advance	Jacksonville	3-permits payday	390%				\$15.00	390%	5 day wait	No	No	None	No	\$28.00
FL	Cash America Pawn	Jacksonville	3-permits payday	390%		\$500	Next payday	\$15.00	390%	7-14 day wait	Yes	Yes	None	Yes	\$20.00
FL	Cash America Pawn	Tallahassee	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	No	No	None	No	
FL	Check Cashing USA	Miami	3-permits payday	390%		\$330	Next payday	\$10.00	260%	15 day grace period	NV	NV	None	No	\$29.00
FL	Fast Paycheck Advance	www.pcbm.com/fastpay.html	3-permits payday	390%		\$500	Next payday	\$15.00	390%		Not on application	Not on application	\$5	Not on application	\$29.00
FL	Money For You	Tallahassee	3-permits payday	390%		\$500	Next payday	\$16.00	416%	New check	No	Yes	None	No	\$30.00
FL	National Cash Advance	Tallahassee	3-permits payday	390%		Based on credit		\$16.00	416%	New check	Yes	Yes	\$6	Yes	\$30.00
FL	Pawn Emporium	Jacksonville	3-permits payday	390%		\$500	Next payday	\$13.00	338%	2	No	No	None	No	\$25.00
FL AVG						\$488		\$15.13	393%						\$28.54

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
GA: Survey found few "payday" style lenders. Three were through banks. Others claimed transactions were cash "leasing" or "sale-leaseback."															
GA	1st Choice Leasing	College Park	1-Usury law		58%	\$300	14 days	\$35.00	910%	Yes	No	No	None	No	\$25.00
GA	ACE Cash Express	Atlanta	1-Usury law		58%	\$500	14 days	\$17.00	442%	3	No	No	None	Yes	\$25.00
GA	Cash Leasing	Atlanta	1-Usury law		58%	\$500	15 days	\$30.00	780%	Yes	No	No	None	No	\$25.00
GA	County Bank	Atlanta	1-Usury law		58%	\$300	Next payday	\$30.00	780%	Yes	Application supplement example	Application supplement example	None	In supplement	
GA	Instant Cash	Atlanta	1-Usury law		58%	\$500	15 days	\$35.00	910%	\$2 per day late	No	No	None	No	\$28.00
GA	Legal Finance Co.	Atlanta	1-Usury law		58%	\$500		\$29.00	754%	Yes	No	No	None	No	\$10.00
GA	Payday Cash Advance	Chamblee	1-Usury law		58%	\$200	Next payday	\$20.00	520%	Yes	No	No	None	No	\$25.00
GA	Tele-Cash	Atlanta	1-Usury law		58%	\$300 1st time	14 days	\$30.00	780%	Yes	Application supplement example	Application supplement example	None	In supplement	\$30.00
GA AVG						\$388	14	\$28.25	735%						\$24.00
IA	American Payday Loans	Des Moines	3-permits payday	435%		\$400	14 days	\$16.67	435%	New Check	no	yes	no	Yes	Varies
IA	Check Into Cash	Des Moines	3-permits payday	435%		\$300	Next Payday	\$16.67	435%	New Check	no	yes	no	Yes	
IA	Check Into Cash of Iowa	Des Moines	3-permits payday	435%		\$300	Next Payday	\$16.67	435%	New Check	no	yes	no	No	
IA	Check n Go	Des Moines	3-permits payday	435%		Depends on pay	Next Payday	\$17.50	455%	New Check	no	yes	no	Yes	\$15.00
IA	Easy Money Check Cashing	Des Moines	3-permits payday	435%		\$500	14 days	\$15.00	390%	No	no	yes	no	Yes	\$15.00
IA	Fast Bucks	Des Moines	3-permits payday	435%		\$445	14 days	\$16.67	435%	Yes	no	yes	no	Yes	\$15.00
IA	Mister Money USA	Des Moines	3-permits payday	435%		\$445	14 days	\$16.67	435%	New Check	no	no	no	No	\$15.00
IA	National Cash Advance	Des Moines	3-permits payday	435%		\$445	Next Payday	\$16.00	416%	New Check	no	yes	no	No	\$15.00
IA AVG						\$405	14	\$16.48	430%						\$15.00

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
IL	10-Minute Payday Loans	Chicago	3-permits payday		No Cap	\$1,000	Next payday	\$22.00	572%	3	No	No	None	No	
IL	Advance America	Champaign	3-permits payday		No Cap	\$1,000		\$20.00	520%	3	No	No	None	No	\$25.00
IL	Advance America	Danville	3-permits payday		No Cap	Based on income	Next payday	\$20.00	520%	3, pay down \$50	No	No	None	No	
IL	Advance America	Rantoul	3-permits payday		No Cap	\$1,000	Next payday	\$20.00	520%	3	No	No	None	No	
IL	Americash Loans	Chicago	3-permits payday		No Cap	\$1,000	Next payday	\$22.00	572%	2	No	No	None	No	
IL	Americash Loans	Chicago	3-permits payday		No Cap	\$1,000	Next payday	\$22.00	572%	Yes	No	No	None	No	
IL	Check Into Cash	Champaign	3-permits payday		No Cap	Based on income	Next payday	\$22.00	572%	New check	Yes	Yes	None	No	
IL	Check-N-Go	Danville	3-permits payday		No Cap	Half Take Home Pay	14 days	\$20.00	520%	3	No	No	None	No	
IL	Check-N-Go	Rantoul	3-permits payday		No Cap	Half Take Home Pay	14 days	\$22.00	572%	3	No	No	\$1	No	
IL	Check-N-Go	Urbana	3-permits payday		No Cap	\$100 first time	14 days	\$22.00	572%	3	Yes	Yes	None	Yes	
IL	Check-N-Go	Urbana	3-permits payday		No Cap	\$200	14 days	\$22.00	572%	3	Yes	Yes	None	No	
IL	Fast Funds	Danville	3-permits payday		No Cap	Based on income		\$18.00	468%	3	NV	NV	None		
IL	First Payday	Champaign	3-permits payday		No Cap	\$500	Next payday	\$20.00	520%	3	No	No	None	No	\$25.00
IL	McKenzie Cash Advance	Danville	3-permits payday		No Cap	Based on income	Next payday	\$22.00	572%	3			None		
IL	McKenzie Cash Advance	Urbana	3-permits payday		No Cap	\$1,000	Next payday	\$22.00	572%	3	Yes	Yes	None	No	\$25.00
IL	Payday Check Advance Inc.	Northbrook	3-permits payday		No Cap	\$1,000	Next payday	\$24.50	637%	No	No	No	None	No	No
IL	Payday Loan Store	Chicago	3-permits payday		No Cap	\$1,000	Next payday	\$30.00	780%	Yes	No	No	None	No	No
IL	Payday Loan Store	Chicago	3-permits payday		No Cap	\$1,000	Next payday	\$22.00	572%	Yes	No	No	None	No	No
IL	Royce Financial	Urbana	3-permits payday		No Cap	50% net income	14 days	\$20.00	520%	3	Yes	Yes	None	No	

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
IL	The Loan Co.	Champaign	3-permits payday		No Cap	Based on income	Next payday	\$20.00	520%	Yes	Yes	Yes	None	No	\$25.00
IL	US Cash Advance	Urbana	3-permits payday		No Cap	\$200	Next payday	\$20.00	520%	3					
IL AVG						\$769	14	\$21.55	560%						\$25.00
KY	Advance Check & Title	Harlan	3-permits payday	459%		\$400	14 days	\$15.00	390%	New check	No	Yes	None	No	\$3.00
KY	Check 4 Check	Columbia	3-permits payday	459%		50% net income	Next payday	\$17.65	459%	New check	No	No	None	No	Bank fees
KY	Check Advance	Covington	3-permits payday	459%		\$100 and up	14 days	\$17.65	459%	No	No	Yes	None		
KY	Check Advance Cash	Paintsville	3-permits payday	459%		\$400	14 days	\$17.65	459%	New check	No	Yes	None	No	Bank fees
KY	Check Exchange	Lexington	3-permits payday	459%		\$500	14 days	\$17.65	459%	New check	No	Yes	None	No	Bank fees
KY	Check Into Cash	Louisville	3-permits payday	459%		\$300	14 days	\$17.65	459%	Yes	No	Yes	None	Yes	\$25.00
KY	Check 'n Go	Covington	3-permits payday	459%			14 days	\$17.50	455%		Yes	Yes		Yes	
KY	Check 'n Go	Lexington	3-permits payday	459%		\$425	14days	\$17.50	455%	No	Yes	Yes	None	Yes	\$2.25
KY	Check Smart	Newport	3-permits payday	459%		\$250 and up	14 days	\$17.50	455%	No	No	Yes	None		\$3.50 plus
KY	Checkered Flag Check Cashing	Prestonsburg	3-permits payday	459%		\$500	14 days	\$17.00	442%	No	No	No	None	No	
KY AVG						\$359	14	\$17.28	449%						\$10.08
MA: Survey did not find payday loans being made by check cashers in Boston or Lynn. Payday loans through a bank were advertised in telephone Yellow Pages.															
MA	Cash Reserve	Yellow Pages	1-Usury law		23%			\$30.00	780%		NV	NV			\$30.00
MA	Fast Funding First East	Yellow Pages	1-Usury law		23%	\$500	Next payday	\$30.00	780%		NV	NV	None	No	\$30.00
MA	National Money's Fast Cash Loan Prog.	Yellow Pages	1-Usury law		23%	\$500	Next payday	\$30.00	780%	Yes	NV	NV	None	No	\$30.00
MA	National Title Loans	Yellow Pages	1-Usury law		23%	\$500	14 days	\$30.00	780%	Yes	NV	NV	\$3 wire fee	Yes	
MA	Tele-Cash	Yellow Pages	1-Usury law		23%	\$500	Next payday	\$30.00	780%	4	NV	NV	None	No	\$30.00
MA AVG						\$500	14	\$30.00	780%						\$30.00

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
MD: Survey found no payday loans at check cashers in Baltimore, Glen Burnie, Randallstown, Edgewood, and Edgewater.															
Loans were found at a few check cashers through bank partnerships.															
MD	AA State Check Cashing	Baltimore	1-Usury law		33%	\$500	14 days	\$17.50	455%	No	No	Yes	\$5	No	\$25.00
MD	ACE Cash Express	Baltimore	1-Usury law		33%	\$500	14 days	\$17.00	442%	Yes	No	No	None	Yes	\$25.00
MD	ACE Cash Express	Cockeysville	1-Usury law		33%	\$500	14 days	\$17.00	442%	3	No	No	None	Yes	\$25.00
MD	Cash Plus	Parkville	1-Usury law		33%	\$300	Next payday	\$11.00	286%	No	No	No	None	No	\$25.00
MD	Chextop of America	Severn	1-Usury law		33%	\$250	Next payday	\$11.11	289%	No	No	No	None	No	\$25.00
MD	EZ Check Cashing	College Park	1-Usury law		33%	\$150	14 days	\$11.70	304%	No	No	Yes	\$5	Yes	\$25.00
MD	EZ Check Cashing	College Park	1-Usury law		33%	\$500	14 Days	\$10.00	260%	No	No	No	\$5	No	
MD	EZ Check Cashing	Randallstown	1-Usury law		33%	\$300	14 days	\$12.00	312%	No	No	Yes	\$5	No	\$25.00
MD	Fast Funding First East	Yellow Pages	1-Usury law		33%	\$500	Next payday	\$30.00	780%	Yes	NV	NV	None	No	\$30.00
MD	Tele-Cash	Yellow Pages	1-Usury law		33%	\$500	Next payday	\$30.00	780%	Yes	NV	NV	None	No	\$30.00
MD AVG						\$400	14	\$16.73	435%						\$26.11
NC: Note that North Carolina's law permitting payday lending expired 31 August 2001. Survey and national data analysis based on															
North Carolina previous to 31 August 2001.															
NC	Advance America	Carrboro	3-permits payday		459%	\$255	Next payday	\$17.00	442%	New check	Yes	Yes	None	Yes	Yes
NC	Cash Advance USA	Raleigh	3-permits payday		459%	\$300	14 days	\$17.65	459%	No	No	Yes	None	No	
NC	Cash Express	Raleigh	3-permits payday		459%	\$250	Next payday	\$17.65	459%	New check	No	Yes	None	Yes	
NC	Cash Til Payday	Raleigh	3-permits payday		459%	\$255	14 days	\$17.65	459%	No	No	Yes	None	Yes	Yes
NC	Check Into Cash	Raleigh	3-permits payday		459%	\$300	Next payday	\$17.65	459%	New check	Yes	Yes	None	No	
NC	Check Loans	Durham	3-permits payday		459%	\$260	16 days/3wks	\$15.00	390%	New check	Yes	Yes	None	No	
NC	Check 'n Go	Durham	3-permits payday		459%	\$255	Next payday	\$17.50	455%	New check	Yes	Yes	None	Yes	
NC	Express Check Advance	Raleigh	3-permits payday		459%	\$255	Next payday	\$17.65	459%	New check	Yes	Yes	None	No	

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
NC	Instant Cash Advance	Raleigh	3-permits payday	459%		\$255	14 days	\$17.65	459%	New check	No	Yes	None	Yes	
NC	National Cash Advance	Raleigh	3-permits payday	459%		\$255	Next payday	\$17.00	442%	New check	Yes	Yes	None	No	
NC	Paycheck Advance	Raleigh	3-permits payday	459%		\$255	14 days	\$17.65	459%	New check	No	Yes	None	Yes	\$25.00
NC AVG						\$263	14	\$17.28	449%						\$25.00
NM	ACE Cash Express	Albuquerque	2-No law		No Limit	\$500	14 days	\$17.00	442%	3	Yes	No	None	Yes	\$25.00
NM	Cash Mart	Albuquerque	2-No law		No Limit		14 days	\$20.00	520%	Yes	No	No	None	No	\$25.00
NM	Check Advance Loans	Albuquerque	2-No law		No Limit	Based on income	Next payday	\$20.00	520%	Yes	Yes	Yes	None	No	\$25.00
NM	Check 'n Go	Albuquerque	2-No law		No Limit		14 days	\$22.00	572%	3	Yes	Yes	None	No	
NM	Easy Money	Albuquerque	2-No law		No Limit	\$350	Next payday	\$25.00	650%	Yes	No	Yes	None	No	\$25.00
NM	E-Z Payday Loans	Albuquerque	2-No law		No Limit	\$500	14 days	\$17.00	442%	4	No	No	None	Yes	\$25.00
NM	Fast Loan	Albuquerque	2-No law		No Limit	\$500	14 days	\$20.00	520%	Yes	No	No	None	No	\$15.00
NM	First Payday Loans	Albuquerque	2-No law		No Limit	\$500	Next payday	\$15.00	390%	Yes	Yes	Yes	None	No	\$25.00
NM	Money mart	Albuquerque	2-No law		No Limit	\$500	14 days	\$19.00	494%	3	No	No	None	No	\$15.00
NM	Payday Advance	Albuquerque	2-No law		No Limit	\$500	14 days	\$20.50	533%	Yes	No	No	None	No	\$20.00
NM AVG						\$479	14	\$19.55	508%						\$22.22
NY: Survey found no payday loans offered at 20 check cashers in NYC. Loans advertised in Yellow Pages made through bank partnerships.															
NY	Cash Reserve	New York	1-Usury law		25%			\$30.00	780%		NV	NV	None	No	
NY	National Title Loan	New York	1-Usury law		25%	\$500	14 days	\$30.00	780%	Yes			\$3 wire charge		
NY AVG						\$500	14	\$30.00	780%						

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
OH	Advance America	Columbus	3-permits payday	390%		\$500	14 days	\$15.00	390%	New check	No	Yes	None	No	\$30.00
OH	Always Payday	Columbus	3-permits payday	390%		\$500	14 days	\$15.00	390%	New check	No	Yes	None	No	\$25.00
OH	Cash to Go Pawn Shop	Columbus	3-permits payday	390%		\$400	14 days	\$15.00	390%	New check	No	Yes	None	Yes	
OH	Check N Go	Columbus	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	Yes	Yes	None	Yes	\$25.00
OH	Check Smart	Columbus	3-permits payday	390%		\$500	14 days	\$15.00	390%	New check	No	Yes	None	No	\$25.00
OH	Columbus Check Cashers	Columbus	3-permits payday	390%		\$500	14 days	\$10.00	260%	New check	No	Yes	None	No	\$30.00
OH	Express Payroll Advance	Columbus	3-permits payday	390%		\$500	Next payday	\$15.00	390%	New check	No	Yes	None	No	\$25.00
OH	Hilltop Pawn Shop	Columbus	3-permits payday	390%		\$500	14 days	\$15.00	390%	New check	No	No	None	Yes	
OH	National Check Cashers	Columbus	3-permits payday	390%		\$500	14 days	\$15.00	390%	New check	No	Yes	None	No	\$25.00
OH	Payroll Advance/Check Smart	Columbus	3-permits payday	390%		\$500	14 days	\$15.00	390%	New check	No	Yes	None	No	\$25.00
OH	Quick Cash USA	Columbus	3-permits payday	390%		\$500	14 days	\$15.00	390%	New check	No	No	None	No	\$30.00
OH AVG						\$491	14	\$14.55	378%						\$26.67
OR	Check Into Cash	Portland	3-permits payday	No Limit		\$500	Next payday	\$20.00	520%	3	No	No	None	No	
OR	Check 'n Go	Portland	3-permits payday	No Limit		\$250	Next payday	\$20.00	520%	3	No	No	None	No	
OR	Cottonwood Financial	Portland	3-permits payday	No Limit		\$525	14 days	\$20.00	520%	3	No	Yes	None	No	\$24.00
OR	Loan Mart Payday Loans	Portland	3-permits payday	No Limit		\$300	Next payday	\$20.00	520%	New check	Yes	No	None	No	
OR	Miraglia ABN Cash n Go	Portland	3-permits payday	No Limit		\$300	Next payday	\$15.00	390%	3	Yes	Yes	None	Yes	
OR	Paycheck Advance	Portland	3-permits payday	No Limit		\$200	14 days	\$20.00	520%	3	No	Yes	None	No	\$24.00
OR	Portland Car Title Loans	Portland	3-permits payday	No Limit		\$200	Next payday	\$20.00	520%	3	Yes	Yes	None	Yes	\$24.00
OR	The Cash Connection	Portland	3-permits payday	No Limit		50% net income	Next payday	\$16.00	384%	1 day wait	No	No	None	No	
OR AVG						\$325	14	\$18.88	487%						\$24.00

ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
PA: Survey contacted every check cashing company listed in Phila. Yellow Pages and found no payday loans except through bank partnerships.															
PA	Cash Today	Philadelphia	1-Usury law		23.75%	\$400	Next payday	\$20.00	520%	Yes	No	No	None	No	
PA	Fast Funding First East	Philadelphia	1-Usury law		23.75%	\$500	Next payday	\$30.00	780%	Yes	NV	NV	None	Yes	\$30.00
PA	National Cash Advance	Philadelphia	1-Usury law		23.75%	\$1,000	Next payday	\$17.00	442%	New check	Yes	Yes	None	No	
PA	National Cash Advance	Philadelphia	1-Usury law		23.75%	\$1,000	Next payday	\$17.00	442%	No	Yes	Yes	None	No	\$20.00
PA AVG						\$725		\$21.00	546%						\$25.00
SC	A-1 Instant Check Advance	Columbia	3-permits payday	459%		\$100	14 days	\$15.00	390%	Wait 30 days	Yes	No	None	No	\$5.00
SC	AAA Personal Check Advance	West Columbia	3-permits payday	459%		\$100	Next payday	\$15.00	390%		No	No	None	No	
SC	ACE Cash Express	Cayce	3-permits payday	459%		\$500	14 days	\$17.00	442%	3	Yes	No	None	Yes	
SC	Advance America	West Columbia	3-permits payday	459%		\$100	14 days or next payday	\$15.00	390%	New check	No	Yes	None	Yes	\$5.00
SC	Advance on Checks	Columbia	3-permits payday	459%		\$150		\$15.00	390%	New check	Yes	No	None	Yes	\$5.00
SC	Alamo Cash Advance	Florence	3-permits payday	459%		\$200	Next payday	\$15.00	390%		NV	NV	None	No	
SC	Blank Check Inc.	Columbia	3-permits payday	459%		\$100 and up	Next payday	\$15.00	390%	New check	No	No	None	No	
SC	Cash Advance	Lexington	3-permits payday	459%		\$100 and up	14 days or next payday	\$17.65	460%	No	Yes	Yes	None	Yes	
SC	Cash-o-Matic	Lexington	3-permits payday	459%		\$300		\$15.00	390%	New check	No	Yes	None	Yes	\$5.00
SC	Check Casher of Pontiac	Columbia	3-permits payday	459%		\$100 and up	14 days or next payday	\$15.00	390%	New check	No	No	None	No	\$5.00
SC	Check Cashing Headquarters	Columbia	3-permits payday	459%		\$100 and up	14 days	\$15.00	390%	New check	Yes	No	None	Yes	\$5.00
SC	Check Into Cash	Columbia	3-permits payday	459%		\$100 and up	16 days or next payday	\$15.00	390%	New check	Yes	Yes	None	No	\$5.00

ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
SC	Check Loans	Orangeburg	3-permits payday	459%		\$100 and up	Next payday	\$15.00	390%	New check	No	Yes	None	No	\$5.00
SC	Check Mate	Columbia	3-permits payday	459%		\$100 and up	14 days	\$15.00	390%	New check	No	Yes	None	No	\$5.00
SC	Check 'n Go	Columbia	3-permits payday	459%		\$50 and up	Next payday	\$15.00	390%	No	Yes	Yes	None	No	\$5.00
SC	Check World	Columbia	3-permits payday	459%		\$100 and up	14 days	\$15.00	390%	New check	No	Yes	None	No	\$5.00
SC	Columbia Check Casher	Columbia	3-permits payday	459%		\$100 and up	Next payday	\$15.00	390%	New check	Yes	Yes	None	Yes	
SC	Eagle Express LLC	Columbia	3-permits payday	459%		\$300		\$15.00	390%		No	No	\$5	No	
SC	Express Check Advance	Columbia	3-permits payday	459%		\$200	Next payday	\$15.00	390%	New check	Yes	No	None	Yes	\$5.00
SC	EZ Check Cashing	Columbia	3-permits payday	459%		\$300	14 days or next payday	\$15.00	390%	New check	Yes	No	None	No	
SC	First Cash Advance	Columbia	3-permits payday	459%		\$200		\$15.00	390%	Yes	No	No	None	No	
SC	Instant Check Cashing	Columbia	3-permits payday	459%		\$100 and up	14 days	\$15.00	390%		Yes	No		No	
SC	Money Lines Inc.	Columbia	3-permits payday	459%		\$200	Next payday	\$15.00	390%	New check	Yes	No	None	Yes	\$5.00
SC	National Cash Advance	Orangeburg	3-permits payday	459%		\$300	Next payday	\$15.00	390%	New check	No	No	None	Yes	
SC	Quick Cash	Columbia	3-permits payday	459%		\$100 and up	Next payday	\$17.65	459%	New check	Yes	No	None	Yes	\$5.00
SC	Regional Check Advance	Orangeburg	3-permits payday	459%		\$200	Next payday	\$15.00	390%	New check	No	Yes	None	Yes	
SC	Uptown Cash	Columbia	3-permits payday	459%		\$150	Next payday	\$15.00	390%	New check	Yes	No	None	Yes	
SC AVG						\$165		\$15.27	397%						\$5.00

Appendix C: "Rent-A-Bank" Payday Lending: CFA/PIRG 2001 Payday Loan Survey State By State Results

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ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
TX	Action Pawn	Austin	3-permits payday	309%		\$500	14 days	\$11.87	309%	No	Yes	Yes	None	No	
TX	Cash America Pawn	Austin	3-permits payday	309%		\$500	14 days	\$15.00	390%	Yes	Yes	Yes	None	No	
TX	County Bank	Austin	3-permits payday	309%		\$500	Next payday	\$30.00	780%		NV	NV	None	No	\$30.00
TX	Doc Holliday's	Austin	3-permits payday	309%		\$500	14 days or next payday	\$15.00	390%	3	Yes	Yes	None	Yes	
TX	EZ Pawn	Austin	3-permits payday	309%		\$470	Next payday	\$18.00	468%	4	Yes	Yes	None	No	\$29.00
TX	Money Mart.com	Austin	3-permits payday	309%		\$300	14 or 28 days	\$20.00	520%	4	NV	NV	None	No	\$15.00
TX	Payday Now	Austin	3-permits payday	309%		\$400	14 days	\$15.00	390%	Yes	Yes	Yes	None	No	
TX	Premier Finance	Austin	3-permits payday	309%		Based on credit rating	30 days	\$14.00	364%	Yes	Yes	Yes	None	No	\$25.00
TX	Rundberg Pawn	Austin	3-permits payday	309%		\$400	14 days	\$12.80	333%	Yes	No	No	None	No	
TX	South Lamar Pawn	Austin	3-permits payday	309%		\$400	Next payday	\$11.67	303%	No	No	Yes	None	Yes	\$25.00
TX AVG						\$441		\$16.33	425%						\$24.80
VA: Survey found no payday loans offered through check cashers except through bank partnerships.															
VA	ACE Cash Express	Newport News	1-Usury law		36%	\$500	14 days	\$17.00	442%	3	Yes	Yes	None	Yes	\$25.00
VA	Advance America	Christiansburg	1-Usury law		36%	\$500	14 days	\$17.00	442%		Yes	Yes	None	No	
VA	Cash Reserve	Richmond	1-Usury law		36%	\$500					NV	NV		No	
VA	Money by Fax	Richmond	1-Usury law		36%	\$500	14 days	\$30.00	780%	Yes	NV	NV	None	No	\$30.00
VA	Money Mart	Newport News	1-Usury law		36%	\$500	14 days	\$17.50	455%	4	No	No	None	No	
VA AVG						\$500	14	\$20.38	530%						\$27.50

ST	Company	City	State Category	State Law Max Interest Rate -- 14 days	Max Interest Rate -- Usury	Max Loan	Max Term	Fee/ \$100	APR/ \$100	Roll- Overs	APR Disclosed in store	Fees disclosed in store	Startup Fees If Any	APR Quoted by Clerk	NSF Fees
WI	Cash Store	Madison	2-No law		No Cap	Based on income	14 days	\$20.00	520%	Yes	NV	NV	None	Yes	\$15.00
WI	Check 'n Go	Madison	2-No law		No Cap	50% week's pay	14 days	\$20.00	520%	3	NV	NV	None	Yes	\$15.00
WI	Madison Cash Express	Madison	2-No law		No Cap	Varies	15 days	\$20.00	520%	Yes	NV	NV	None	Yes	
WI	Madison Cash Express	Madison	2-No law		No Cap	Varies	15 days	\$20.00	520%	Yes	NV	NV	None	Yes	
WI	Money Mart	Madison	2-No law		No Cap	\$500	14 days	\$15.00	390%	4	NV	NV	None	Yes	\$25.00
WI AVG						\$500	14	\$19.00	494%						\$18.33