

Small Loans That Create BIG Problems: Payday and Auto Title Loans

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Jackson, Mississippi
July 20, 2010



What Borrowers Have to Say

- “I felt like I was in a stranglehold each payday. After awhile, I thought, 'I'm never going to get off this merry-go-round.' I wish I'd never gotten these loans.”
 - Anita Monti, Advance America Borrower, as reported to the Center for Responsible Lending,
<http://www.responsiblelending.org/payday-lending/tools-resources/borrowers.html#>
 - Borrowed to get money for Christmas gifts for her grandchildren.



Payday Loans– Dangerous!

- Short Term
- High Cost
- Single Lump Sum Repayment
- Secured by Post-Dated Check or Electronic Bank Account Access
- Offered by Stores or Internet Lenders
 - Advance America



Auto Title Loans– Dangerous!

- Short Term
- High Cost
- Single Lump Sum Repayment
- Secured by Title to Your Car
- Offered by Stores or Internet Lenders
 - Mississippi Title Loans



Cost of Payday & Auto Title Loans— Too High!

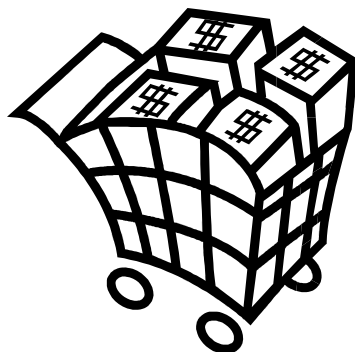
- Cost of a two week, \$250 payday loan

–574% APR (Annual Percentage Rate)

- APR measures the cost of credit on a yearly basis, including interest and most fees.

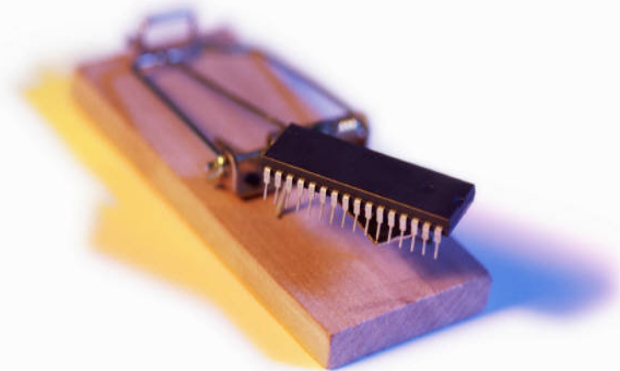
- Cost of a one month, \$300 auto title loan

–300% APR



Risks of Payday and Auto Title Loans

- Lenders get to help themselves to your next Social Security or other pension payment before you can use it.
 - You might not be able to pay for rent, mortgage, food or medicines.
- Lenders get to take your car if you don't re-pay the loan.
 - You lose your transportation.
- Getting stuck in a debt trap.



Better Solutions

- See if your bank or credit union offers an affordable, safe small dollar loan product.
 - Bank Plus
- Save at least \$500 in a separate savings account for emergency expenses.
- Work out payment plans with your creditors.
- See if your church, synagogue, or another charitable organization can help.

