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STOP PAYDAY PREDATORS

PAYDAY LENDERS ARE PREYING ON NEVADANS

Payday loans are among the most predatory forms of credit on the market. Though they are marketed as having "reasonable" fees or charges, typical interest rates exceed 300 percent. And because the payday lenders' bottom line actually depends on borrowers' inability to repay — most payday fees come from borrowers who take out more than 10 loans a year — they target people with low incomes.[1]

Most payday borrowers make less than $30,000 a year and nearly half default on a payday loan — compared to only 3 percent of standard bank loan borrowers — despite the fact that most of those who default actually pay fees in excess of the original principal.[2] Payday loans trap people in cycles of debt that drain local economies and result in a cascade of financial consequences, such as increased overdraft fees, delayed medical care, and even bankruptcy.

The negative effects of payday lending are evident in Nevada:

- The average loan in Nevada is $350.[3]
- Nearly one in five Nevadans takes out payday loans.[4]
- Nevada does not cap the interest rate on payday loans and as a result, payday lenders charge, on average, an annual percentage rate (APR) of 521 percent.[5]
- Interest rates on car title loans in Nevada are not capped, allowing lenders to charge annual interest rates exceeding 425 percent.[6]
- One in five (20 percent) of Nevada veterans has used payday loans, higher than the national rate of 5.5 percent.[7]

Nevadans Lost

$77.7
Million in fees

$104.8
Million in fees

Over $182 million in loan fees lost on **payday** and **car title loans.**

Payday Loans and Other Debt Trap Loans Take a Toll on Nevada's Economy.

Siphoning money out of poor communities and communities of color takes a serious toll on the economy. Money that could be spent building up local businesses or investing in communities is instead directed to never-ending fees. Car title loans in Nevada also contribute to economic hardship.

- Payday lending in Nevada results in jobs lost and millions of dollars drained from the economy, according to a 2013 report. [8]
- Payday lenders annually cost Nevadans over $77 million in fees alone.
- Car title loans annually cost Nevadans over $104 million in fees alone.[10]

"They make their money by having people pay interest rates that are higher than the amount they borrowed."

Barbara Buckley, Executive Director, Legal Aid Center of Southern Nevada[11]

The Who and Where of Payday in Nevada.

- In Nevada, there are more payday loan storefronts than there are McDonald's storefronts.[12]
- There are over 228,000 veterans in Nevada who no longer receive protection from the Military Lending Act, which caps interest rates at 36 percent for active military.[13]

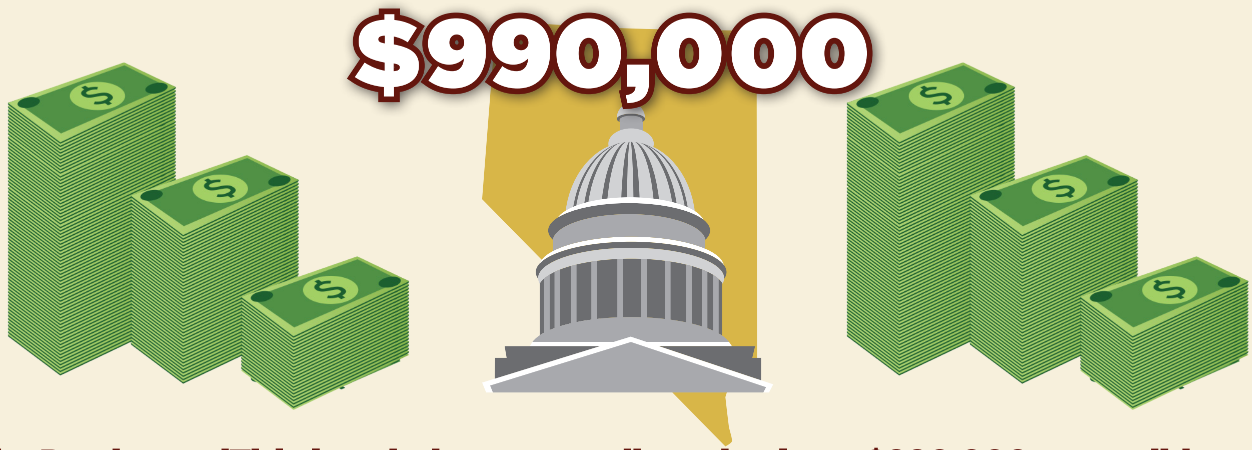
The True Beneficiaries of Payday Loans.

When the deck is so clearly stacked against Nevadans and favors the payday lending industry, it becomes necessary to take a deeper look at who benefits from these noxious practices.

- The payday industry makes its profits off the backs of hardworking Nevadans.
- Payday lenders contribute generously to the campaigns of state politicians in an effort to continue to enjoy the fruits of Nevadans' labor.
- Predatory lending companies contributed at least $990,000 to candidates and state office committees between 2010 and 2014.[14]

"... communities are in dire need of help, and these payday loans only further their desperation because they are put in endless debt traps with inhumane collection tactics . . . I have found myself in desperate situations where I had to take out a payday loan just to make sure that my family won't be put out in the street."

Harold Carnes, a leader with the Fight for $15 in Nevada



The Payday andTitle loan industry contributed at least $990,000 to candidates for state office in Nevada between 2010-2014.

"The theory in the business is you've got to get that customer in, [and] work to turn him into a repetitive customer . . . that's really where the profitability is."

Dan Feehan,

CEO of Cash America

Check the Facts

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7 Opportunity Alliance Nevada. *Brief of Veteran Study Survey.* Feb. 4, 2015.

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14 Institute on Money in State Politics. *Follow the Money.* May 2016.

15 Allied Progress. *Reality Check: Silly CATO Op-Ed Says Payday Loans Can't Be Bad If People Keep Coming Back for More.* May 6, 2016.