STOP PAYDAY PREDATORS

PAYDAY LENDERS ARE PREYING ON VIRGINIANS

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 Virginia:

- The average loan in Virginia is $376.[3]
- Payday lenders in Virginia charge an annual percentage rate (APR) as high as 601 percent.[4]
- On top of being allowed to charge 601 percent APR, payday lenders still exploit loopholes in Virginia law that allow them to offer dangerous longer term payday loans disguised as open ended lines of credit.[5]

Virginians Lost

$18.7
Million in fees

$252.4
Million in fees

Over $271 million in loan fees lost on **payday** and **car title loans.**

Payday Loans and Other Debt Trap Loans Take a Toll on Virginia’s Economy.

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

- Payday lending in Virginia results in jobs lost and millions of dollars drained from the economy, according to a 2013 report.[6]
- Payday lenders in Virginia collect $18.7 million in fees and interest charges annually.[7]
- Car title fees cost Virginia more than $252 million annually.[8]

“Some of these loans are little more than financial quicksand, designed to fail from the second they’re made. Virginians deserve better, and I am going to use the resources and authority of my office to make sure they get it.”

Attorney General Mark Herring[9]

The Who and Where of Payday in Virginia.

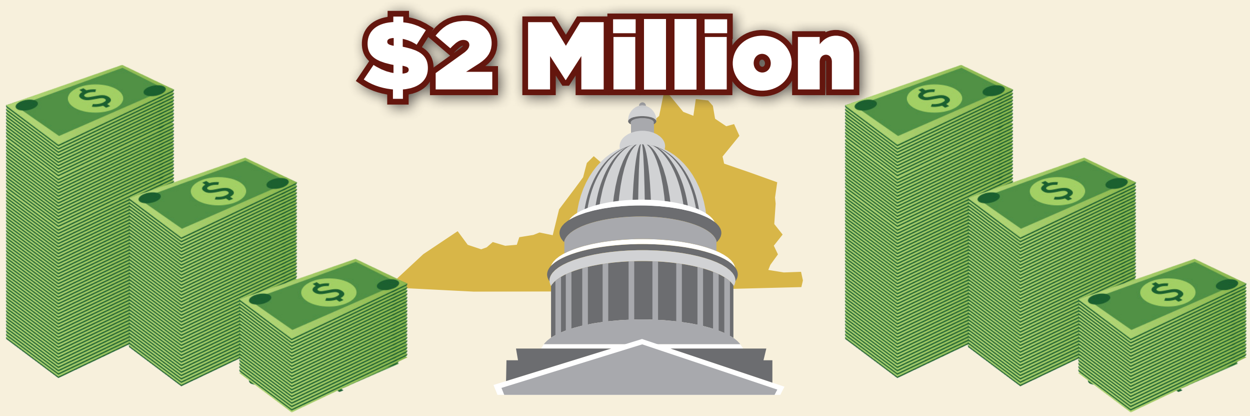
- Virginia has been dubbed the "East Coast Capital of Predatory Lending."[10]
- Payday lenders target middle-income neighborhoods, according to an analysis by The Virginian-Pilot.[11]
- There are more than 781,000 veterans in Virginia who no longer receive protection from the Military Lending Act, which caps interest rates at 36 percent for active military.[12]

> "Seeing no other alternatives, some of my relatives took out a car title loan, missed a payment and lost their car. Without a car, our whole family suffered. As a single mother and breadwinner for my family, I thought I had no other choice."
>
> **Debra Grant,**
> **Hampton Roads[13]**

The True Beneficiaries of Payday Loans.

When the deck is so clearly stacked against Virginians 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 hard working Virginians.
- Payday lenders contribute generously to the campaigns of state politicians in an effort to continue to enjoy the fruits of Virginians' labor.
- Predatory lending companies contributed at least $2 million to candidates and state office committees between 2010 and 2014.[14]



The Payday and Title loan industry contributed at least $2 Million to candidates for state office in Virginia 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[15]**

Check the Facts

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