

LOOKING FOR EZ MONEY? EARLY PAYDAY?

CASH ADVANCE?

BEWARE – IT’S A DEBT TRAP!

Compare apples to apples

LET’S SAY YOU NEED A \$300 LOAN

If you borrow from a payday lender,
you pay at least

\$45 every 2 weeks!

That’s 390% APR!

After 20 weeks, you’ve paid

\$450

With many bank or credit union loans,
or even credit card advances you pay

\$3 every 2 weeks or less!

That’s 26% APR!

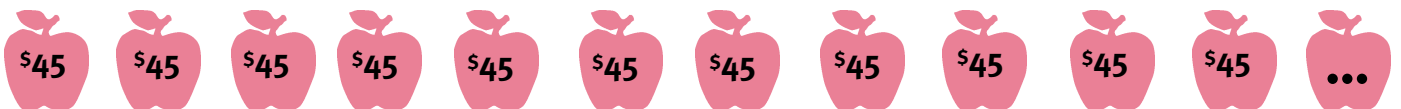
After 20 weeks, you’ve paid

\$30

...AND YOU STILL OWE THE ORIGINAL \$300 LOAN!

No partial payments are allowed on most
payday loans. You pay it off or pay the fee. **That’s the trap.**

The average North Carolina payday borrower stays in payday
loans for 28 weeks of the year. That’s a lot of apples!



AVOID THE DEBT TRAP

Consider these alternatives:

Contact credit counseling. A counselor can help you get out of debt and avoid a payday loan. See numbers below.

Shop around. Banks, credit unions and finance companies offer alternatives to payday loans, such as credit union cash advances at 1/30th the cost, credit card advances at 1/20th the cost, and small consumer finance loans at 1/10th the cost.

Ask your bank about overdraft protection tied to a credit card or savings account, but avoid so-called bounce protection programs that can end up costing 1000% interest in fees.

Make arrangements with creditors. Utility companies, credit card companies and landlords often allow extra time to pay.

Borrow from friends or relatives or seek assistance from religious institutions or social service agencies to save paying repeat fees for no new money.

If worse comes to worst, compare the cost of late fees. A one-time late fee is much cheaper than repeat fees to a payday lender.



TAKE IT FROM SOMEONE WHO HAS BEEN THERE.

“At the time it seems like the way out, but this is not a quick fix. It’s like a ton of bricks.”

Sandra H., Wilmington resident who was paying over \$600 per month in payday fees. Her car was repossessed and she was evicted from her apartment.

IF YOU’VE HAD TROUBLE WITH PAYDAY LOANS:

Free advice is available.

Contact a nationally accredited consumer credit counseling agency in your area.

1-800-388-2227 • www.debtadvice.org

Help stop predatory lenders. Tell your story.

Call the Coalition for Responsible Lending: 1-800-747-3207
CRL@responsiblelending.org • www.responsiblelending.org

COALITION FOR RESPONSIBLE LENDING

Protecting Home Ownership & Family Wealth

Thousands of North Carolinians have fallen into the debt trap. Don’t let scare tactics, like the threat of prosecution, pressure you into paying more. You took out a loan, you didn’t write a “bad check.”