Payday and Car Title Lenders' Migration to Unsafe Installment Loans

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Overview

The landscape of high-cost payday and car title loans has become more complex in recent years. In the last ten years, no new state has authorized payday or car title lenders to make loans in their states, and many states have strengthened their protections by enacting rate caps. However, in states that still authorize high-rate small dollar loans, many payday lenders are now providing high-cost installment payday and car title loans. These installment loans are structured to have multiple payments stretched out over significantly longer periods of time, and are often in larger amounts, than the traditional single balloon payment payday loan.

Despite their installment terms, these loans share the same troublesome characteristics as other payday and car title loans: a lack of underwriting; access to a borrower's bank account or car as security; structures that prevent borrowers from making progress repaying; and excessive rates and fees that increase costs further when loans are flipped. Many of these loans are problematic even without repeat re-borrowing. The fundamental harm is making loans that a borrower cannot afford to repay, regardless of whether the loan is structured as an installment or balloon payment loan.

This brief provides a state-by-state summary of payday lenders and car title lenders offering installment products (including open-end lines of credit), as well as summary of regulatory and industry data on loan performance, and recent state legislative developments. It concludes with recommendations for state and federal policymakers to protect against harms in this market.

State-by-State Snapshot of Payday and Car-Title Installment Lending

The Center for Responsible Lending (CRL) has been tracking the migration of payday and car title lenders into installment lending for the last two years. When CRL began this monitoring in September 2013, payday lenders offered payday installment loans in 17 states.[1] Today, based on the offerings of five national payday loan companies,[2] a payday installment, car title installment, or open-end line of credit product is being offered in 20 states by at least one of the lenders surveyed.[3] State-licensed payday lenders offer payday installment loans in 19 states, car-title installment loans in 14 states, and open-end lines of credit in 5 states [See Table 1 below]. Although not summarized here, these lenders also offer balloon payment payday loans in many of the same states where they offer installment loans.

The loan terms range from 45-day payday installment loans (that effectively work like three back-to-back balloon payday loans, such as what Check Into Cash offers in Ohio)[4] to car title loans stretching out up to two years (such as what TitleMax offers in Missouri at triple-digit rates).[5]

There are eight states where four out of the five previously examined national payday lenders offer one of these multi-payment products: California, Delaware, Missouri, Ohio, South Carolina, South Dakota, Utah, and Wisconsin. Ohio is the only state where all five lenders engage in this installment activity.[6] In each of these states, there is no limit on the amount that can be charged on these loans, and there is no evidence that competition is driving down rates.

High-cost payday installment lending (as opposed to balloon payday lending) dominates the payday lending market in states such as Colorado, Illinois, New Mexico, and South Carolina.[7] In some states—New Mexico, South Carolina, Missouri, Delaware, Ohio, and Texas—payday lenders offer installment products as a way to side-step even minimal regulatory requirements for single-payment payday loans, finding a way to operate in an environment with few or no regulatory restrictions. In other states, such as Colorado,[8] Virginia,[9] Illinois,[10] the move to installment loans is precipitated by new state regulatory frameworks. As discussed below, despite these regulatory frameworks for high-cost payday and car-title installment products, evidence of unaffordability still persists.

Signs of Unaffordability: Repeat Re-borrowing, Delinquencies, and Defaults

Many times high-cost lenders falsely argue that simply because a loan is an installment loan, it is a good loan. However, loans with excessive costs and loans that a borrower are not able to repay without refinancing, entering an endless cycle of debt , defaulting on the loan, or defaulting on other obligations are not good loans.

> ***"I have always felt there is no line between payday lending and short-term installment lending. I never felt there was a difference between the two."***
>
> **-***Bob Wolfberg, co-president of payday lender, PLS Financial Services Inc. (Cheklist Magazine, Summer 2010)*

Regardless of loan products, tell-tale signs that lenders are not making appropriately affordable loans include repeat re-borrowing and high defaults. The result for the borrower is inescapable debt or loss of assets, but for many lenders, it is a business model built on these harmful outcomes. In this way, these loans bring many of the same concerns and consequences as traditional unaffordable balloon payment loans.

Repeat Re-borrowing

As with balloon payment loans, repeat refinancing is common in high-cost installment loans.[11] Refinancing is problematic for several reasons: It lengthens the time consumers are in high cost debt and prevents them from paying that debt; it can be a sign of loan flipping to increase costs; and the temporary respite from a small amount of cash-out during refinancing can mask struggles sustaining high payments over a period of time.

In Texas, where car title lenders make car title installment loans with an average loan term of 187 days and costs exceed 200% APR, more than one out of five installment title loans were refinanced in the same quarter the loan was made.[12] That is, those loans were refinanced less than halfway (90 days or less) into the loan. Over the entire 2014 calendar year, the loan volume of car title installment loans refinanced ($65 million) was just slightly lower than the amount originated ($73 million).[13]

In New Mexico, for installment loans carrying rates over 175% APR and secured by a borrower's car title, the average APR is 222%, but can reach well over 600%.[14] In 2013, 68% of these high-cost car title installment loans were refinanced, renewed, or extended.[15] Both the number of high-cost car-title installment loans and the percent refinanced are up significantly from 2012.[16]

In Colorado, the data show that payday lenders extend a new loan to a borrower shortly after the borrower's prior loan was repaid early, indicating the loans may not be affordable to begin with and that lenders may still have incentive to churn borrowers. While the statutory minimum loan term is 180 days, the average actual loan duration is 94 days.[17] Additionally, while the typical loan is being paid off prior to maturity, 37% of all loans (and nearly 50% of loans over $400) are taken out on the same day that the borrower paid off a prior loan from the same lender.[18] In 2012, the average Colorado borrowers took out 2.9 loans from a single lender,[19] again suggesting they spent a large majority of the year in nearly 200%-APR debt.

> ***"[O]ther costs to the consumer not included in the APR could make loans below 36% above that threshold when considered as part of that calculation. These additional costs, along with repeated refinancing have come under scrutiny."***
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> *-U.S. Department of Defense, "Report: Enhancement of Protections on Consumer Credit for Members of the Armed Forces and Their Dependents" (April 2014)*

Refinancing is a problem even when installment loans carry lower interest rates than those typically offered by payday and car title lenders, high rates of repeat refinancing persist.[20] Over 60% of installment loans offered by consumer finance companies are refinances of existing loans.[21] While the APR on these loans can be a fraction of that of payday loans, many times the cost is dramatically increased by fees that may be excluded from the APR, like fees for credit insurance and other add-on products that provide little if any benefit to the borrower. Concern over the cost and refinancing of installment loans, both by consumer finance companies and payday/car title lenders, led the U.S. Department of Defense to recently extend the 36% "military APR" cap (applicable to military borrowers and inclusive of all fees and add-on products) to apply to all installment loans.[22]

Delinquencies, Defaults, and Repossessions

In addition to the evidence of repeat borrowing in Colorado, more than one in five Colorado payday loans ended in default in 2014, up slightly from the previous year.[23] With borrowers taking out multiple loans on average per year, the per-borrower default rate is likely higher.

In Virginia, there is a statutory minimum loan term of 120 days with loans repayable in installments[24] and an average APR of 222%.[25] In 2014, nearly one-third of borrowers were more than 60 days late on their monthly payments, and approximately 15% of borrowers had their car repossessed (19,368 cars repossessed out of 132,191 borrowers).[26]

Similarly, in Missouri, national car title lender TitleMax operates under the consumer installment lender statute and offers loans with terms lasting up to two years. The company reported that in 2014, 23% of its car title installment loans in Missouri were more than 60 days late; cars were repossessed on 18% of loans (8,900 cars); and 12% of its loans were ultimately charged off.[27] Despite these high rates of poor performing loans, TitleMax reported over $16 million in pre-tax profits for its Missouri stores in 2014.[28]

There is other evidence that indicates that, like lenders' balloon payment loans, the high-cost installment loan business model is able to withstand high levels of poor performing loans. For example, according to Texas-based storefront payday lender Cash America, the company had more installment loan balances that were delinquent ($2.5 million) than current ($2.3 million) in the first six months of 2015.[29] In their annual report to the California state regulator, national payday lender Rise Credit (dba Elevate) reported charge offs amounting to more than 100% of their average monthly loan balances in that state.[30] Similarly, Check 'N Go had charge off rates of 80% in California in 2014, and Enova International dba NetCredit reported charge off rates in excess of 30%.[31]

Many of these lenders are able to withstand such high-default rates because the lender often collects more in fees than the principal loaned well before the loan reaches the end of its term. Here are a few examples demonstrating that the borrower makes payments totaling an amount equal to or greater than the amount borrowed well in advance of the full term of the loan:

- Advance America in South Dakota: A $1,000 in-store loan with 12 bi-weekly cash payments of $172.22; on the 6th payment, the lender will have collected $1,033.[32]
- Ace Cash Express in California: A $2,600 loan, with recurring payment authorization, due in 9 monthly payments of $593.65; on the 5th payment, the lender will have collected $2,968.25.[33]
- Check 'N Go in California: A $3,000 online loan, due in 26 bi-weekly payments, assuming equal payments; on the 11th payment, the lender will have collected over $3,238.[34]
- CashNetUSA in Ohio: A $2,000 online loan with 15 bi-weekly payments of $256.18, on the 8th payment, the lender will have collected over $2,049.[35]

Payday lenders offering these multi-payment products online typically take repayment via preauthorized electronic access to the checking account. Though technically federal law prohibits requiring preauthorized electronic repayments,[36] lenders attempt to skirt this requirement by obscuring the choice of how to pay of offering coercive incentives. For example, Ace Cash Express in Texas charges over *400% annual percentage rate (APR) more* for a loan repaid without recurring payment authorization versus repayment by which ACE is authorized to submit electronic payments directly to the borrowers bank or debit account (890% APR versus 477% APR on a $1,100 fourteen-week loan).[37]

State Legislative Developments

In recent years, payday and car title lenders have pushed legislative proposals for dangerous products structured as installment loans in order to weaken existing consumer protections and possibly evade future ones.[38] Such legislative proposals have been introduced and defeated in states such as New York, Pennsylvania, Washington, New Hampshire, Michigan, Arizona, and California.[39] While the details of these proposals have been complicated forms of fee structures and repayment terms, they have had in common troubling characteristics: excessive fees; direct access to the borrower's bank account or car; structure providing the lender incentive to encourage repeat refinancing; no assessment of a borrower's ability to repay the loan in light of income and expenses; and no protections against high levels of defaults.

In addition to legislative proposals for closed-end installment products, payday lenders recently pushed for excessively priced open-end lines of credit that not only come laden with fees, but are structured so that making progress repaying is extraordinarily difficult.[40] Tennessee enacted legislation that authorized loans with a 273% APR structured as an open-end line of credit in 2014,[41] which is currently offered by Enova International (dba CashNetUSA). In 2015 nearly identical proposals were introduced and rejected in Arizona and Texas.[42] Under the open-end line of credit pushed by payday lenders in Arizona, the terms were structured such that on a $3,000 loan, a borrower will have paid over $4,900 in interest and fees and still owe more than half of the principal.[43]

In addition to payday and car title lenders, consumer finance companies have also pushed legislative proposals in the last two years to further loosen consumer protections for installment loans.[44] A common thread among many of these proposals has been to increase size of the loans allowed at the highest permissible rate under state law, with no counterbalance protection to ensure affordability.

Strong State and Federal Consumer Protections Are Needed to Prevent Harm

Harms experienced by borrowers in these types of high-cost installment loans include those already noted here – excessive fees, repeat refinancing, repossession of vehicles, and defaults – as well as others. This brief is not intended as an exhaustive list of the concerns with high-cost installment lending, such as excessive long-loan terms, interest-only or nearly interest only repayment structures, pre-payment penalties, and others which make such loans nearly impossible to repay. Narratives of complaints filed with the Consumer Financial Protection Bureau (CFPB) indicate that borrowers in payday and car title installment loans experience harms such as trouble meeting other expenses,[45] overdraft fees,[46] aggressive debt collection,[47] and fears of damaged credit.[48]

In a recent case by the New Mexico Attorney General against Fast Loans, in which the state's Supreme Court found the installment loans to be unconscionable, the Attorney General found that the lender "routinely originate[d] these high cost installment loans without making any inquiry into the borrower's reasonable ability to repay the loans under the proffered terms."[49] One borrower testified of her experience: "I was starting to get stressed and overwhelmed. What am I going to do? How am I going to make it? Is it ever possible to get out of this?"[50] In Missouri, consumers found themselves subject to lawsuits and wage garnishments for triple-digit loans that they can never get out of, with debt exploding many multiples of the amount originally borrowed.[51]

In addition, the triple-digit interest rates that payday and car-title loans carry were purportedly justified by these lenders because they were only for a relatively small, very short-term, “emergency” loan product. Though virtually all data on payday loan usage, which shows a long-term debt trap, has belied the claim that borrowers are only in those loans short-term, installment loans are by definition longer term. So, even based on payday and car-title lenders’ own rationale, these loans should not warrant these excessive rates.

Accordingly, we call on state and federal policy makers to protect against the harms of unaffordable high-cost installment loans.

State policy makers should:

- Cap the cost of all loans to 36% annually or less, inclusive of all fees and finance charges, including add-on products, just as the U.S. Department of Defense has done for active duty military and their dependents.
- Prevent the expansion of high-cost open-end lines of credit and close open-end loopholes currently in state law.
- Prohibit the sale of credit insurance products in conjunction with consumer loans.
- Take enforcement action against lenders structuring their loans as multi-payment or installment loans to evade existing consumer protection laws.

The Consumer Financial Protection Bureau (which lacks statutory authority to impose an interest rate cap) should:

- Issue rules that require high-cost lenders to assess a borrower’s ability to repay considering a borrower’s income and expenses.
- Use rulemaking and enforcement authority to prevent lenders form trapping borrowers into loans that are repeatedly refinanced, have payment schedules that hinder a borrower’s ability to pay off the loan, or have unreasonably high default rates.
- Take enforcement actions against lenders that engage in unfair, deceptive, and abusive installment lending practices.

Table 1: States Where Payday Lenders Are Offering Installment or Open-End Loans

State	Payday Installment Loan	Car Title Installment Loan	Line of Credit
Alabama	Yes		
Arizona		Yes	
California	Yes	Yes	
Colorado	Yes		
Delaware	Yes	Yes	
Idaho	Yes	Yes	Yes
Illinois	Yes	Yes	
Kansas			Yes
Missouri	Yes	Yes	
Nevada	Yes		
New Mexico	Yes	Yes	
North Dakota	Yes		
Ohio	Yes	Yes	
South Carolina	Yes	Yes	
South Dakota	Yes	Yes	
Tennessee			Yes
Texas	Yes	Yes	
Utah	Yes	Yes	Yes
Virginia	Yes	Yes	Yes
Wisconsin	Yes	Yes	

The national payday lenders reviewed for this brief[52] are not advertising payday or car title loans structured as installment loans or open-end lines of credit in 30 states, nor in the District of Columbia: Alaska, Arkansas, Connecticut, Florida, Georgia, Hawaii, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, West Virginia, Wyoming.

Endnotes

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[1] Data on file with authors and available upon request.

[2] CRL surveyed the websites for: Cash America, Enova International (dba CashNetUSA and dba NetCredit), Axcess Financial (dba Check 'N Go) and Ace Cash Express. Axcess Financial makes car title loans available at its storefronts through an alliance with, Wheels Financial/1800LoanMart, as does Ace Cash Express in California. Those offerings are reflected here.

[3] Payday lender Enova International, under its Headway Capital brand name, started offering online small business lines of credit in July 2014 and in June 2015 acquired Ohio-based Business Backer to also offer "receivables purchase agreements" (advances to small business with repayments made "usually on a daily basis, through ACH debits or by splitting credit card receipts"). See Enova, Form 10-Q, filed May 8, 2015, and Form 10-Q, filed Aug. 11, 2015. Enova's Headway Capital brand is not included in this analysis.

[4] Based on mystery shopping calls made in August 2015, Check-into-Cash offers the following product in its Ohio stores: A $300 loan with 42-day loan term repaid in three payments on day 14: $30-35; on day 28: $30-35; and on day 42: $316-$320.

[5] Walter Moskep, "TitleMax is thriving in Missouri — and repossessing thousands of cars in the process," St. Louis Post Dispatch, Sept. 21. 2015, http://www.stltoday.com/business/local/titlemax-is-thriving-in-missouri-and-repossessing-thousands-of-cars/article_d8ea72b3-f687-5be4-8172-9d537ac94123.html.

[6] See also, Letter from 100+ Ohio organizations to Richard Cordray, Director, Consumer Financial Protection Bureau, Re: Potential Rulemaking for Payday, Vehicle Title, and Similar Loans (Aug. 11 2015), http://www.cohhio.org/files/Cordray%20letter%20stronger%20rules.pdf.

[7] Susanna Montezemolo, Payday Lending Abuses and Predatory Practices at 12 (Center for Responsible Lending, 2013), *available at* http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf.

[8] Colo. Rev. Stat. 5-3.1-101 et seq. (2009), Mary C. Geesling, Supervising Credit Examiner Colorado Uniform Consumer Credit Code, Memorandum to Colorado Licensed Deferred Deposit Lenders, "Refunds of Origination/Acquisition Fees Upon Prepayment of a Payday Loan," (August 12, 2011)

[9] Va. Code Ann. 6.2-1800 *et seq*. and 6.2-312 (2010)

[10] Ill. Comp. Stat. §§ 122/1-1 et seq.

[11] Carolyn Carter et al., Installment Loans: Will State Laws Protect Against the Next Wave of Predatory Loans? (National Consumer Law Center, 2015), *available at* http://www.nclc.org/images/pdf/pr-reports/report-installment-loans.pdf.

[12] Credit Access Business (CAB) Fourth Quarter Data Report, CY 2014 (Texas Office of the Consumer Credit Commissioner, 2015), http://occc.texas.gov/sites/default/files/uploads/reports/cab-q4-state-2014.pdf.

[13] Credit Access Business (CAB) Annual Reporting: Annual Report, Calendar Year 2014 (Texas Office of the Consumer Credit Commissioner, 2015), http://occc.texas.gov/sites/default/files/uploads/reports/cab-msa-annual-2014-june.pdf.

[14] Annual Report Installment Loan Products with APR greater than 175% at 6 (New Mexico Regulation and Licensing Division, October 1 2014), http://www.rld.state.nm.us/uploads/files/FID%202013%20HB337%20Reports.pdf

[15] Id.

[16] In 2012, 43% of the 9,669 car title installment loans carrying over 175% APR were refinanced, renewed, or extended. By 2013, there were 31,732 of these loans, 68% of which were refinanced. Annual Report Installment Loan Products with APR greater than 175% at 6 (New Mexico Regulation and Licensing Division, October 1 2013), http://www.rld.state.nm.us/uploads/files/FID%202012%20HB337%20Loan%20Reports.pdf.

[17] 2014 Deferred Deposit/Payday Lenders Annual Report at 2 (State of Colorado Dept. of Law, Consumer Protection Section, Consumer Credit Unit,http://www.coloradoattorneygeneral.gov/sites/default/files/uploads/2014%20DDL%20Composite.Final_.pdf.

[18] Staff of the Administrator of the Colorado Consumer Credit Unit, Colorado Payday Lending – Demographic and Statistical Information: July 2000 through December 2012 at 25 *available at*

http://www.coloradoattorneygeneral.gov/sites/default/files/uploads/uccc/Colorado%20Payday%20Lending%202012.pdf.
[19] *Id*. at 18.
[20] Carolyn Carter et al., Installment Loans: Will State Laws Protect Against the Next Wave of Predatory Loans? (National Consumer Law Center, 2015), *available at* http://www.nclc.org/images/pdf/pr-reports/report-installment-loans.pdf.
[21] *See* Michael Corkery, *States Ease Interest Rate Laws That Protect Poor Borrowers*, N.Y. TIMES 21 Oct. 2014, *available at* http://dealbook.nytimes.com/2014/10/21/states-ease-laws-that-protected-poor-borrowers/?_r=0. *See also* Ray Grace, Consumer Finance Annual Report (North Carolina Commissioner of Banks, 2014), *available at* http://www.nccob.org/Public/docs/Financial%20Institutions/Consumer%20Finance/2014_Annual_Report.pdf (In 2014, over 67% of loan volume were refinances of existing accounts (p. 21)).
[22] Limitations on Terms of Consumer Credit Extended to Service Members and Dependents, 80 FR 43559 (July 22, 2015) (to be codified at 32 C.F.R. pt. 232), *available at* https://federalregister.gov/a/2015-1780.
[23] 2014 Deferred Deposit/Payday Lenders Annual Report at 2 (State of Colorado Dept. of Law, Consumer Protection Section, Consumer Credit Unit,http://www.coloradoattorneygeneral.gov/sites/default/files/uploads/2014%20DDL%20Composite.Final_.pdf. See also 2013 Deferred Deposit/Payday Lenders Annual Report at 2 (State of Colorado Dept. of Law, Consumer Protection Section, Consumer Credit Unit, http://www.coloradoattorneygeneral.gov/sites/default/files/uploads/2013%20DDL%20Composite%20FINAL_4.pdf
[24] Va. Code Ann. § 6.2-2215(1)(c)(viii).
[25] E.J. Face, Jr., The 2014 Annual Report of the Bureau of Financial Institutions: Payday Lender Licensees, Check Cashers, Motor Vehicle Title Lenders at 71 (Bureau of Financial Institutions, State Corporation Commission, Commonwealth of Virginia, 2014), *available at* https://www.scc.virginia.gov/bfi/annual/ar04-14.pdf.
[26] *Id*.
[27] *See* TitleMax, Missouri Division of Finance Annual Report (filed April 2015), *available at* https://www.documentcloud.org/documents/2394454-titlemax2014.html#document/p12/a239533, cited in Walter Moskep, "TitleMax is thriving in Missouri — and repossessing thousands of cars in the process," St. Louis Post Dispatch, Sept. 21. 2015.
[28] *Id*.
[29] Cash America International Inc., 10-Q at 12 (July 30, 2015), *available at* http://api40.10kwizard.com/cgi/convert/pdf/CSH-20150730-10Q-20150630.pdf?ipage=10406521&xml=1&quest=1&rid=23&section=1&sequence=-1&pdf=1&dn=1. "Installment loans are considered delinquent when a customer misses two payments." *Id*. at 11.
[30] Figures based on each licensee's annual report to the California Department of Business Oversight (available upon request). *Informational Hearing on the Consumer Financial Protection Bureau Rulemaking for Payday, Vehicle Title, and Similar Loans Before the California Senate Banking Committee* (Testimony of Paul Leonard, California Director, Center for Responsible Lending, May 6, 2015).
[31] *Id*.
[32] *Payday Loans, Online Payday Loans, Installment Loans and Title Loans at Store #4265 in Pierre, SD*, ADVANCE AMERICA, https://www.advanceamerica.net/locations/details/store-4265/840-N-Garfield-Ave-Ste-102/Pierre/SD/57501.
[33] CA INTERNET INSTALLMENT FEE SCHEDULE 7-15, *available at* https://www.acecashexpress.com/~/media/Files/Products/Installment/Internet/Rates/CA_FeeSchedule.pdf.
[34] SCHEDULE OF CHARGES (ILP) (CA) (ONLINE), VERSION DATE JUNE 3, 2012, *available at* https://www.checkngo.com/wp-content/themes/cng/assets/stateDisclosures/California_ILP/schedcharges__ILP___CA___online_.jpg
[35] *State Licensed Rates and Terms*, CASHNETUSA, https://www.cashnetusa.com/rates-and-terms.html.
[36] Regulation E, Section 1005.10(e)(1), 12 C.F.R § 1005.10(e)(1)-1, Supp. I, provides that creditors may not require repayment of loans by electronic means on a preauthorized recurring basis.
[37] TX CSO PAYDAY INSTALLMENT FEE SCHEDULE (05/15), *available at* https://www.acecashexpress.com/~/media/Files/Products/Installment/Internet/Rates/TX_FeeSchedule.pdf.

[38] *See* Carter Dougherty, *Payday Lenders Evading Rules Pivot to Installment Loans*, BLOOMBERG BUSINESS 29 May 2013, *available at* http://www.bloomberg.com/news/articles/2013-05-29/payday-lenders-evading-rules-pivot-to-installmant-loans.

[39] See, e.g. CA SB 1280 (2014), PA HB 2191(2012) and SB 975 (2013); NY S. 3841/A. 7047 (2011); WA SB 5899/HB 1922 (2015) and SB 5312/H2559 (2013); NH SB 160 (2012); MI HB 5594 (2014); AZ HB 2611 (2015)

[40] For in-depth discussion and analysis of open-end lines of credit, see Carolyn Carter, et al, National Consumer Law Center, "Installment Loans: Will State Laws Protect Against the Next Wave of Predatory Loans? (July 2015).

[41] Tenn. Code Ann. § 45-12-101 et. seq. .

[42] TX HB3824 (2015) and AZ HB 2611 (2015).

[43] *See* Projected Flex Loan Costs (Consumer Federation of America, 2015) (unpublished document, on file with author).

[44] *See* Corkery, *supra* note 17. *See also* Vic Vela, *Hickenlooper vetoes high-cost lending bill*, THE COLORADO STATESMAN 4 June 2015, *available at* http://www.coloradostatesman.com/content/995747-hickenlooper-vetoes-high-cost-lending-bill.

[45] "…She has fallen behind on her bills and rent and has reached out to family and friends for help. Currently she owes Speedy Cash {$2700.00} and can only see that amount growing as time goes by." CFPB Consumer Complaint Database, Complaint ID 1307850 (received 3/31/2015).

[46] "… She acquired overdraft fees from her bank because she did not have enough funds in her account to cover the loan payment. She paid {$240.00} in overdraft fees alone… She believes that if the interest rate were not so high, she would have been able to pay the loan back without having to default. Unfortunately that is not the case and she still has an outstanding debt for a {$3000.00} loan after paying the lender {$4000.00}." CFPB Consumer Complaint Database, Complaint ID 1340416 (received 4/21/2015).

[47] "[Cash Net USA] went into my bank account and withdrew the funds causing a major overdraft on my account so I stopped pay on all payment and ach withdraws. Since that happen Cash Net USA has called me every day XXXX times a day and now they are calling my references and on XX/XX/XXXX they called my son phone and left a message that his name was XXXX XXXX, Legal Counsel and he will come by house on Tuesday, XX/XX/XXXX with court papers claim # XXXX and if I wanted to stop him I would need to call him at XXXX XXXX, and to consider myself as being served." CFPB Consumer Complaint Database, Complaint ID 1390527 (received 5/25/2015). (XXXXX indicates redaction by the CFPB).

[48] "I needed to pay my water bill not get ripped off because I was in need… This company is taking advantage of people that is in need if I had that kind of money than I wouldn't [sic] been borrowing any from them. I am trying to get some assistance because I am rebulilding my credit and this is the last thing I need." CFPB Consumer Complaint Database, Complaint ID 1295580 (received 3/23/2015).

[49] Compl. For Violation of the New Mexico Unfair Practices Act ¶ 16, New Mexico, *ex rel.* King v. Fastbucks Holding Corp., No. D0101-CV-2009-0917, *available at* http://s3.documentcloud.org/documents/725555/complaint-fastbucks.pdf.

[50] Tom Sharpe, The New Mexican,"Witnesses recall 'payday loan' pain in state's case against lender," (April 12, 2012) http://www.santafenewmexican.com/news/local_news/witnesses-recall-payday-loan-pain-in-state-s-case-against/article_8547a2f1-af11-503b-8563-3692eb778f6e.html http://www.loansafe.org/witnesses-recall-payday-loan-pain-in-states-case-against-lender

[51] Paul Kiel, "When Lenders Sue, Quick Cash Can Turn Into a Lifetime of Debt," Dec. 13, 2013 http://www.propublica.org/article/when-lenders-sue-quick-cash-can-turn-into-a-lifetime-of-debt; See also, Hollins v. Capital Solutions Investments I, Inc., No. 102093, 2015 WL 3485877 (Mo. Ct. App. June 2, 2015). (Dowd, R., concurring) (citing loans such as an $80 loan which ballooned into a balance of over $19,000 due to post-judgment interest and for which the lender has already collected over $5,400 via wage garnishment).

[52] CRL surveyed the websites for: Cash America, Enova International (dba CashNetUSA and dba NetCredit), Axcess Financial (dba Check 'N Go) and Ace Cash Express. Axcess Financial makes car title loans available at its storefronts through an alliance with, Wheels Financial/1800LoanMart, as does Ace Cash Express in California. Those offerings are reflected here.