

**United Way of Northern Arizona Board of Directors
Endorses “NO on 200, it’s No Reform at All”
Thus Opposing Prop 200: Payday Loan Reform Act**

Please share this information with your friends, family and neighbors. “NO on 200, It’s No Reform At All,” is a grassroots effort. The payday lending industry has invested \$9.1 million to support Prop 200.

Facts about Payday Loans (*Arizona Attorney General Terry Goddard, Consumer Guide for Young Adults*)

- **Payday loans are short-term loans**, usually at a high interest rate, that must be repaid on the borrower’s next payday.
- **Lenders often charge fees** that translate into exorbitant annual percentage rates (APR).
 - For example, a two-week \$100 loan that charges a \$15 interest fee turns out to be a loan with an annual percentage rates (APR) of 390%. This means that in one year you would pay an additional \$390 over and above the \$100 loan. (\$15x26 weeks = \$390)

Statistics of Use

- **75% of payday customers are unable to repay** their loan within two weeks and are forced to get a loan “rollover” at additional cost. (*The Center for Responsible Lending*)
- **Payday loans trap borrowers in long-term debt**, with the average borrower paying back nearly \$800 on a \$300 loan (\$1300 on a \$500 loan), after multiple loan renewals. Prop 200 would **not** change this, only make it permanent.
- **90% of payday lending loans** are issued to borrowers with 5 or more loans per year. 60% of the loans are issued to borrowers with 12 or more loans per year.

Voting No on Prop 200

- A “NO” vote restores the Arizona Consumer Loan Act, capping interest rates at 36 % vs. 390%. Period.

Voting Yes on Prop 200

- Lowers payday loan fees- from \$17.65 to \$15.00
→ **Still translates to 390% annual percentage rates (APR)**
- Triple-digit interest rates become a *voter-protected mandate*
- **Repeals** the state law that otherwise would force payday lenders to cap payday loan interest rates at 36% beginning in 2010

Why Prop 200 is bad

- **Prop 200** would lock in 390% annual percentage rates (APR)-voting NO brings back the 36% cap that existed prior to 2000
- **Prop 200** would allow payday lenders to continue the \$140 million in fees they take from Arizonans per year
- **Prop 200** would remove forever, any consumer or regulatory oversight on the loans made to people in real need
- **Prop 200** would eliminate 2010 legislative sunset review of the industry

In 2006 the United States Congress outlawed payday loans above 36% interest to members of the military, a measure supported by both John McCain and Barack Obama. If it’s not OK for payday lenders to prey on the military, why is it OK for them to target senior citizens, police officers, fire fighters, teachers and nurses?

Other organizations endorsing a NO vote on 200: Arizona AARP, Arizona Consumers’ Council, Arizona Ecumenical Council, Catholic Community Services of Southern Arizona, Chandler Chamber of Commerce, Children’s Action Alliance, Coalition of Religious Communities, Desert Mission Neighborhood Renewal, Greater Phoenix Chamber of Commerce, Jewish Council for Public Affairs, Little Chapel of All Nations, Southern Arizona Leadership Council, Valley of the Sun United Way, WESTMARC, PAFCO and many, many others. **You can too! Visit www.200isNoReform.com and download the endorsement form today!**