



The Truth About Payday and Title Loans in Montana

What are payday and title loans?

They are small, short-term loans to be repaid within one month. They come with very high interest rates and fees. A check is held for a payday loan until the loan is repaid and the title to a vehicle is held for a title loan.

How do borrowers get caught in a debt trap?

Lenders cannot give more than one loan at a time. They can, however, "flip" loans. Flipping is when the borrowers pay off the current loan and fees in full and immediately take another loan. **An average borrower takes a loan of \$232** and, through flipping an average of eight times in one year, **ends up paying a total of \$754 on the \$232 loan.**

What is the interest rate? The average Annual Percentage Rate (APR) on a payday loan in Montana is 521%.¹ For example, a borrower would pay \$521 for a \$100 loan over a period of one year. Lenders can legally charge up to 650% in Montana. In comparison, the highest interest rate allowed on credit cards is 36%.

Who are payday and title lenders?

Payday lending companies would like you to believe that they are small stores owned by Montanan's. In fact, **the majority of payday lenders are based out-of-state**, taking money out of Montana. In fact, in 2007 only nine of 107 payday lenders in the state reported Montana as the company headquarters.

Why is this type of lending predatory?

Payday and title lenders take advantage of those least able to pay back loans. The high interest rates and fees make the loan nearly impossible to pay back, leaving low-income Montana families in financial crisis and catching them in a cycle of debt. Predatory lenders prey on low-income women² with children, the elderly, and people with disabilities and those with mental illness.

1. Rural Dynamics. 2007 Montana Payday Lending Reports.
2. Women in Government. Family Economic Success. 2009



Alternative Lenders

Montana credit unions are working to offer alternative short term loans to Montana families.

Virtually every Montana credit union offers small, short-term loan products on a case-by-case basis, and will work with you to meet your financial needs. Always contact your local credit union before considering a payday, title, or other predatory loan product.

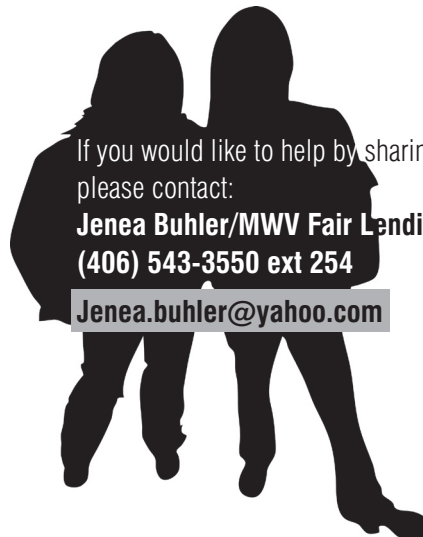
For more information on Montana credit unions combating predatory lending, or for more information on credit unions in your area, visit:

www.montanacreditunions.coop

or call Jeanne toll-free at **1-800-745-5546** ext. 131

If you are caught in the debt trap caused by payday lending, **Consumer Credit Counseling** of Montana may be able to help. Call toll-free **1-877-ASK-CCCS**,

or visit <http://www.cccsmt.org>



If you would like to help by sharing your story* please contact:

Jenea Buhler/MWV Fair Lending Advocate
(406) 543-3550 ext 254

Jenea.buhler@yahoo.com

* MWV is offering a \$10 fuel or grocery stipend for those who share their stories



Montana Women Vote! Survey

Have you ever taken a payday or title loan?

Yes No

Would you be interested in sharing your story (with or without your name attached) for the purpose of informing others of the payday lending trap and in an effort to cap the interest rate on payday loans?*

Yes No

If so please provide your information below. This information is only for use by Montana Women Vote (MWV), in regard to payday lending, and will not be shared with anyone else. Please detach this portion and mail to:

Montana Women Vote!
2525 Palmer Street, Suite 1
Missoula, MT 59808
FAX: (406) 721-4584

name:

telephone number:

alternate number:

e-mail address:
