



You've heard all the advertisements for
"Quick Cash"
"Bad Credit? No Credit? No Problem!"
"Instant approval-Get your money
today!"

BEWARE!

Know the FACTS before you act.

The most common "short-term" loans:

Pay Day Loans
Cash Advances
Internet Loans
Car Title Loans

*FACT: The nation's largest lender of these types of loans has publicly stated that they do not start making a profit on a loan until it has been "rolled over" **between four to five times...**think about that!*

The Danger

These types of loans are set up to **exploit your financial hardship** for HUGE profits!

The Problem

These loans are advertised as small, "short-term" but in reality they end up being anything but short-term.

*FACT: Nationally 80% of "short-term" loan borrowers extend, or "roll-over" their loan(s) because they cannot make the payments when due as a result of short payback periods and the **excessively high** financing fees and interest*

The REAL Problem

Is that the companies that finance these loans depend on borrower refinancing to make money and exploit it by structuring their business focused on one primary goal: **to trap YOU, the borrower, into a "Cycle of Debt" through refinancing or rolling over the loan.**



Also known as a "Cash Advance" or "Internet Loan" are marketed as small, "short-term" 14 day loans usually for \$200-\$500 plus a finance charge which on average is \$15-\$20 for each \$100 borrowed which equates to an annual percentage rate (APR) of 360% to 480%.

Typically all that is needed to qualify is:

- Identification.
- A bank account in good standing.
- A steady source of income.

That's it, well except for one additional requirement. The borrower must give the loan company either a post-dated check or authorization to debit their bank account on date due.

*FACT: The typical Payday Loan customer borrows \$325, and, **on average, has to refinance the loan for 8 months**, which results in the borrower paying \$468 in finance charges—a total payback of \$793.*



DON'T GET TRAPPED IN THIS CYCLE OF DEBT!

You might qualify for a low-interest emergency loan through the SVdP Mini-Loan Program for unexpected expenses such as home & auto repair, apartment deposit or medical expenses. If you already have a predatory loan, our Mini-Loan conversion program may be able to help. To see if you qualify, please email helpme@svdpdallas.org call **214 520 0650 x 124** or contact your local SVdP conference and ask about our loan program.



Title Loans

Car Title Loans, like Pay Day Loans, are marketed as small “short-term” 30-day loans but with one significant difference. The borrower is putting at risk a highly valuable asset - their vehicle - something that is essential to most working individuals.

Typically all that is needed to qualify:

- Identification
- A clean title on your vehicle

That's it... really. No credit check—not even a verification of income. These loan companies have very little regard for the borrower's true ability to repay the loan. Why? The borrower just signed over the title for their vehicle for the sake of a loan worth no more than 26% of its real value.

FACT: The typical Car Title Loan customer borrows \$950, on average refinancing 8 times, resulting in paying \$2,142 in finance charges—a total payback of \$3,092. Additionally, 1 out of 6 borrowers will face repossession issues.

“BAD” Loan Alternatives



In financial crisis?
Don't just apply a band-aid

There are options to these “bad loans”—even for consumers with bad credit. These include pawnbrokers, credit union loans with lower interest and more stringent credit payment plans, paycheck cash advances from employers, emergency community assistance plans, direct assistance from local churches and non-profit agencies, small consumer loans and direct loans from family or friends.

**MANAGE YOUR MONEY,
DON'T LET IT MANAGE YOU!**

Take a free budgeting class to learn strategies for managing money. These are available through community colleges, churches and other organizations. There are many ways to “s-t-r-e-t-c-h” your income to survive a difficult economy. Become an educated consumer!

Auto Title Loans, Market Practices and Borrowers' Experiences - The Pew Charitable Trusts; March 2015. Driven to Disaster, Car title Lending and its Impact on Consumers – Consumer Federation of America and The Center for Responsible Lending; February 2013.