EXHIBIT

1

Wisconsin Consumer Protection Roundtable

Hosted by Consumer Federation of America, Consumer Law Litigation Clinic at UW-Madison, and WISPIRG

September 22, 2005

University of Wisconsin-Madison Law School, Lubar Commons

Agenda

10:00 A.M. Introductions and Welcome
Steve Meili, Consumer Law Litigation Clinic
Jennifer Giegerich, WISPIRG

10:10 A.M. Everything You Need To Know About Payday Lending
Jean Ann Fox, Consumer Federation of America

10:50 A.M. Payday Lending in Wisconsin
Carrie Templeton, Wisconsin Department of Financial Services

11:05 A.M. Legislative Battles in Wisconsin
Steve Meili

11:30 A.M. Local Government Actions
Jim Walrath, Federal Defender Services of Wisconsin, Inc.

Noon: Lunch: Roundtable on Impact of Payday Lending in Communities

1:00 P.M. Legislative Options
Steve Meili
Jennifer Giegerich

1:45 P.M. Enforcement/Litigation Options
Jim Walrath

2:15 P.M. Alternatives to High Priced Payday Loans
Jim Drogue, Wisconsin Credit Union League
Ken Eiden, Prospera Credit Union
Jean Ann Fox

3:00 P.M. Next Steps: Coalition and Agenda Building

3:30 P.M. Adjourn

WISPIRG

Wisconsin Public Interest Research Group
210 N. Bassett St., Suite 200
Madison, WI 53703

September 1, 2005

Dear Consumer Advocate,

Payday lending is a serious problem here in Wisconsin. As the Wisconsin State Journal recently reported, the volume of payday loans in Wisconsin increased from $11 million in 1996 to more than $506 million last year. Currently, Wisconsin is one of only two states that does not cap interest rates for payday loans and as a result, consumers can pay over 500% interest over the lifetime of these loans. Most often payday lenders target the most economically vulnerable in our society.

The Consumer Federation of America, the Consumer Law Litigation Clinic at UW-Madison, and WISPIRG would like to invite you to a Consumer Conference on payday lending on September 22, 2005 from 10 A.M. to 3:30 P.M. at the University of Wisconsin-Madison Law School's Lubar Commons. The purpose of the conference is to discuss the issues facing Wisconsin consumers and what we as consumer allies can do to address this problem.

There is no cost to attend the conference and lunch will be provided. Please RSVP if you can attend so that we can order enough food. You can contact me by email at Jennifer@wispirg.org or by phone at (608) 251-1918.

We look forward to a great discussion,

Jennifer Giegerich
State Director

Payday Loans: Everything You Need to Know, or More

Wisconsin Payday Loan Forum
Madison, WI
September 22, 2005

Jean Ann Fox, CFA

- jafox@erols.com
- 757-867-7523
- www.consumerfed.org

- Consumer Federation of America is a non-profit association of 300 consumer groups, established in 1968 to advance the consumer interest through research, education and advocacy.

Payday Loans: Quick Cash for Cold Checks or Debits

- Borrower writes a check for loan amount and fees/authorizes debit
- Lender gives cash loan and holds check/debit authorization until payday
- On due date, borrower redeems the check with cash, lets lender deposit check, or pays the finance charge to roll over loan

Payday Loan Market

- Industry claims 100 million loans, $6 billion paid to borrow about $40 billion 2004, 22,000 retail payday loan outlets, growing 15% a year
- Payday loan stores, pawn shops, check cashers, other storefronts
- Payday loans via Internet, telephone
- Industry:Consolidating/Cashing In

What makes payday lending predatory?

- Extremely expensive
- Little or no underwriting
- Risks a valuable asset
- Fosters coercive collection tactics
- Unaffordable repayment terms
- Ruses to evade consumer protections
- Lack of recourse for consumers, mandatory arbitration clauses

High Cost and Short Terms

- Payday loans cost from $15 to $30 to borrow $100. Average APR 470%
- Loans are for $100 to $1,000, typically around $350 plus finance charge
- Loan term averages 14 to 15 days, due in full on next payday
- NSF fees for returned checks extra

Low Risk to Lenders

- ACE report to SEC 3.97% loan loss as % of matured loan volume
- AA IPO 1.5% loaned in 2003 not recovered, not counting NSF fees
- Motley Fool says 2% PDL default rate
- Missouri 5.4% loans charged off
- Colorado annual report 4% write off
- Florida reports 2% default

Who Uses Payday Loans?

- Have a job or steady income/benefits
- Have a bank account
- Have ID
- Clear TeleTrack or other database inquiry
- Younger
- Female
- Low to middle income
- Credit constrained
- Low/no savings
- Convenience driven

Vulnerable Groups of Consumers Targeted

- African American communities are twice or three times more likely to have payday lenders than predominantly white communities
- Military bases are targeted by payday lenders
- Women make up 64% of customers, industry funded study
- Hispanic consumers targeted in Pima County Study

Wisconsin DFI Study 2001

- 54% women, 46% men, age 39
- 64% renters, 22% home owners
- Average net income $18,675, average gross income $24,673
- 14 day loans, 542% APR, $246 average loan amount with $49.73 finance charge
- 53% loans were rolled over
- 22% rolled twice, 17% rolled >5x

Repeat Borrowing Life Blood of Payday Loan Industry

- 91% of all payday loans made to repeat borrowers with five or more loans per year (CRL)
- 79% of loans made to long-time customers are same day renewals or new loans before payday (WI Caskey)
- Average Iowa borrower had over 12 loans per year at single lender
- FastBucks: 80% of customers buy back checks before loan is due

Check Holding Leads to Coercive Collection Tactics

- ☐ Check bounces, two NSF fees added
- ☐ Bad credit rating on check databases
- ☐ Default reported to credit bureaus
- ☐ Lender sues to collect on "bad" check
- ☐ Some threaten criminal prosecution
- ☐ Some threaten court martial
- ☐ Repeat ACH attempts rack up fees

Signing Away Your Rights

- ☐ Mandatory arbitration clauses
- ☐ Agree not to file for bankruptcy
- ☐ Agree not to join or bring a class action lawsuit
- ☐ Voluntary wage assignment
- ☐ Agree to leave bank account open until loan repaid

Legal Status of Payday Lending

- ☐ 35 states and DC authorize payday lending with safe harbor from usury
- ☐ 2 states have no usury caps or substantive payday loan regulations
- ☐ 13 states prohibit through usury and small loan laws (counting Arkansas)

Ruses and Scams to Evade Laws

- Thinly-veiled retail transactions with a rebate, phone card sales, Internet access with a rebate
- Sham lease arrangements, sale-leaseback, cash "leasing"
- Rent-a-bank payday lending
- Rent a lender from SD or MO
- Credit Services Organization

FDIC and Rent-a-Bank Lending

- Issued revised guideline that more than three months of loans in last 12 months unsafe for bank partners. Big hit on publicly traded lenders.
- Issued cease and desist order to County Bank of Rehoboth Beach, DE to improve unsafe and unsound banking practices
- First Fidelity Bank pulled out of NC

2005 Legislative Battles

- Industry bill killed in Texas, Maine, NC
- Bills pending in Michigan, Pennsylvania, South Carolina
- Compromise bills enacted in Illinois and Nevada
- Industry amendments passed in Ohio, North Dakota, Kansas, Rhode Island; stopped in KY
- Advocates' bills defeated in Virginia, Washington, New Mexico, Iowa, Arkansas, Oklahoma, Utah, West Virginia, Missouri

Legislative Trends

- Industry bills advance in MI and PA
- "No Limit" states, NV, IL, new laws
- Higher loan limits in WA, OH, IL, RI
- VA and ND clarify that state law applies to Internet loans
- "Military Protections" for GA enacted in VA, WA, TX
- Database added in ND

Local Ordinances

- Pima County/Tucson zoning ordinances proposed
- Jacksonville, FL/Duval County ordinance, rate cap for loans to military
- National City, CA proposed local ordinance

New Mexico AG Proposed Regs

- ☐ Rates above 54% APR pawn unfair
- ☐ Term less than four months unfair
- ☐ Loan for more than 25% monthly income unfair, must underwrite
- ☐ Paying one loan with another unfair
- ☐ High risk of loss of collateral unfair

State and Local Enforcement

- ☐ DC AG stopped debits to pay loans
- ☐ NC Banking Commissioner case on Advance America, bank pull-out
- ☐ WA AG and DFI case against payday lender threats of criminal action
- ☐ NY, CO, KS, MA cases against unlicensed Internet lenders
- ☐ IN and AR cases on Internet access with a rebate ruse

Questions?

AmericaSaves®
You Can Build Wealth

America Saves Campaigns/Wisconsin

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(Northwoods Saves)

Consumer Federation of America

Via FAX

April 1, 2004

The Honorable James Doyle
Office of the Governor
115 East State Capitol
Madison, WI 53702

Re: A.B 665 Payday Loan Authorization

Dear Governor Doyle:

Consumer Federation of America and the national and Wisconsin organizations listed below urge you to veto A.B. 665 which does nothing to prohibit predatory payday loans while giving the illusion of protecting consumers. If this worthless bill becomes law, it is unlikely that the Wisconsin legislature will revisit the fight over effective regulation of small lenders.

Payday loans are harmful to hard working families who are enticed to write checks without money in the bank in order to get cash between paydays. Under A.B. 665, these single payment loans for up to $5,000 must be repaid in full on the borrower's next payday, or government benefits payment date, or else the checks will bounce, triggering a cascade of negative consequences for borrowers.

A.B. 665 creates a debt trap for cash-strapped Wisconsin consumers. According to Wisconsin Department of Financial Institutions data from 2001, the average payday loan customer's take home pay was $18,675. The bill sets no minimum loan term, permitting loans to be due in as few as two days and no more than thirty-five days. It does not cap rates. The combination of unlimited interest rates, very short terms, no installment payments, and the risk of checks bouncing leads to perpetual debt by a large proportion of borrowers. For example, Iowa regulators report that the average payday loan customer had over twelve loans per year in 2003, contradicting the industry's claim that payday loans are one-time transactions, meant only to tide you over in emergencies. Indeed, an analysis of Wisconsin DFI data conducted by Dr. John Caskey at Swarthmore College found that more than 40% of Wisconsin borrowers had twenty or more loan transactions within a year. A.B. 665 does nothing to effectively restrain payday loan debt traps.

Weak disclosure requirements in A.B. 655 do not substitute for enforceable limits on small loans made to vulnerable consumers. As a federal judge in Georgia recently noted, a consumer willing to pay 500% interest for quick cash will sign anything. The "right" to cancel a loan within one day is seldom used by consumers who are much more likely to have trouble repaying the loan on their next payday. The bill's prohibition on threatening or using criminal "hot check" laws to collect unpaid loans does not add to protections consumers already have. A lender who knowingly accepts a check written without funds on deposit, and charges a steep fee for the privilege, cannot later claim to be the innocent victim of a fraudulent bad check, as courts have found in other jurisdictions.

A.B. 655 does not protect consumers and should be vetoed. We urge you to call for real protections against usury, unfair lending practices, and the use of loopholes employed by payday lenders to evade state regulation. Please let us know how we can help you craft legislation that really protects vulnerable borrowers in need of small loans.

If we can provide further information, please call Jean Ann Fox, CFA, at 757-867-7523.

Sincerely,

Jean Ann Fox
Consumer Federation of America

James A. Walrath
Legal Aid Society of Milwaukee, Inc.

Jennifer Giegerich
WISPIRG

William R. Tisdale
Metropolitan Milwaukee Fair Housing Council

John Taylor
National Community Reinvestment Coalition

Shelley Curran
Consumers Union

CC: Samantha Ernest
Tim Casper
Lorrie Keating Heinemann, DFI

CFA **Consumer Federation of America**

Payday Loan Fact Sheet

- Payday loans are short-term cash loans based on personal checks held for future deposit or electronic access to the borrower's bank account. Borrowers write a personal check for the amount borrowed plus the finance charge and receive cash. Lenders hold checks until the next payday when payment is due. Borrowers can redeem the check for cash, allow the check to be deposited, or pay the finance charge to roll the loan over for another pay period.

- Payday loans range from $100 to $1,000, have average terms of about 14 days, cost 470% annual interest rate for a $100 two-week loan. The finance charge ranges from $15 to $30 to borrow $100 for two weeks or 390% to 780% APR. Shorter loans have even higher APRs.

- Payday loans are made by storefront lenders, check cashers, and pawn shops and are marketed via toll-free telephone numbers and over the Internet. About 22,000 outlets make loans worth $40 billion a year and generate over $6 billion in fees from consumers.

- Payday lending, as of mid-2005, is authorized by state laws or regulations in 35 states and the District of Columbia, allowed by two states that do not address check-based loans, and prohibited in the other 13 states by usury or small loan laws or specific restrictions.

- Some lenders operate in states without legal authorization by claiming to broker payday loans for banks located in permissive states. Rent-a-bank payday lending has led to regulatory action by the Comptroller of the Currency and the Office of Thrift Supervision. At last count, only twelve FDIC-insured state-chartered banks partner with payday lenders to aid their evasion of state usury and consumer protection laws. The FDIC issued revised guidelines for banks, limiting loans to three out of the prior twelve months.

- Payday loans are predatory lending and are extremely expensive, trap borrowers in perpetual debt, and lead to coercive collection tactics. Consumers on average have 10 to 13 loans per year at a single lender. The business model is to encourage repeat borrowing.

- Every unpaid loan involves a check that won't clear the bank. Failure to repay leads to bounced check fees from the lender and the consumer's bank, negative credit rating on specialized databases and credit reports, possible loss of a bank account, and difficulty in opening a new bank account if the borrower has a record of "bouncing" checks.

- Some lenders threaten criminal penalties for failing to make good on checks given as security for a loan. Others threaten court martial if military personnel fail to cover payday loan checks. In some states lenders can sue for multiple damages under civil check laws.

2003 ASSEMBLY BILL 665

November 13, 2003 – Introduced by Representatives JESKEWITZ, M. LEHMAN, MUSSER, BOYLE, TAYLOR, OWENS, ZIEGELBAUER, HAHN, GRONEMUS, OLSEN, PLOUFF, VAN ROY, GIELOW, BERCEAU, OTT, GUNDERSON and POWERS, cosponsored by Senators SCHULTZ and STEPP. Referred to Committee on Financial Institutions.

AN ACT *to create* 138.09 (8) (f) and 138.14 of the statutes; **relating to:** payday loan providers and granting rule–making authority.

Analysis by the Legislative Reference Bureau

Currently, state and federal law contain numerous provisions regulating consumer loans (generally, loans of $25,000 or less made to individuals for personal, family, or household purposes). For example, under current law, the creditor must provide the borrower under the consumer loan with certain information before the loan is consummated. Among other things, the creditor must disclose the total amount financed in the transaction, the amount of the finance charge assessed in the transaction, and the cost of the credit calculated as a yearly rate. The creditor must also provide the borrower with a notice that encourages the borrower to examine the loan documentation and that advises the borrower of certain rights. Generally, current law does not regulate the total finance charges that may be assessed on a consumer transaction, although current law does require certain persons who desire to assess a finance charge in excess of 18% per year to obtain a license from the Division of Banking in the Department of Financial Institutions.

This bill creates additional notice requirements that specifically apply to payday loans made by these licensed lenders. In a typical payday loan transaction, the creditor accepts a personal check from the borrower, pays the borrower the amount of the check less any applicable finance charge, and agrees to wait a short time, such as two weeks, before depositing the check. Under this bill, before disbursing funds pursuant to a payday loan of less than $15,000 with a term of at least three days but not more than 31 days, the payday loan provider must provide

(f) "Payday loan" means any of the following:

1. A transaction between an individual with an account at a financial establishment and another person, in which the person agrees to accept from the individual a check that draws less than $15,000 on the account, to hold the check for at least 3 days but not more than 31 days before negotiating or presenting the check for payment, and to pay to the individual, at any time before negotiating or presenting the check for payment, an amount that is agreed to by the individual.

2. A transaction between an individual with an account at a financial establishment and another person, in which the person agrees to accept the individual's authorization to initiate an electronic fund transfer of less than $15,000 from the account, to wait for at least 3 days but not more than 31 days before initiating the electronic fund transfer, and to pay to the individual, at any time before initiating the electronic fund transfer, an amount that is agreed to by the individual.

(g) "Payday loan provider" means a person who is required to be licensed under s. 138.09 and who makes payday loans.

(2) DISCLOSURE REQUIREMENTS. Before disbursing funds pursuant to a payday loan, a payday loan provider shall provide all of the following to the applicant:

(a) A clear and conspicuous printed or typewritten notice indicating all of the following:

1. That a payday loan is not intended to meet long–term financial needs.

2. That an applicant should use a payday loan only to provide funds in a financial emergency.

3. That the applicant will be required to pay additional interest if the loan is refinanced rather than paid in full when due.

financial institutions shall submit in proposed form the rules governing payday loan providers under section 138.14 (4) of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the statutes.

SECTION 4. Initial applicability.

(1) The creation of section 138.14 of the statutes first applies to payday loans made on the effective date of this subsection.

SECTION 5. Effective date.

(1) The creation of section 138.14 of the statutes and SECTION 4 (1) of this act take effect on the first day of the 12th month beginning after publication.

(END)

Research conducted by the Filene Research Institute and others reveals a disheartening fact: More than 12 million households have NO relationship with a credit union, bank, savings institution or other mainstream financial provider.

Another eye-opening fact: Today more than 25 to 30 million Americans cash their payroll or government checks at check-cashing outlets. While most check-cashing customers hold jobs, they tend to live paycheck to paycheck and be "unbanked" (without bank accounts) or "underbanked." They're also more likely to be younger; rent their homes; have a head-of-household who is a member of a racial or ethnic minority group; and be new Americans or have a modest education. And their numbers are growing.

In response to the burgeoning consumer demand, the number of check-cashing outlets, payday lenders and other segments of the Alternative Financial Services (AFS) industry have skyrocketed this past decade. In fact, the opportunity is so promising that Wal-Mart has expanded into the business of check cashing. In 2004, the retail giant began cashing customers' preprinted payroll or government-issued checks within its stores.

Meanwhile, the number of low-wealth households served by traditional financial institutions has decreased. Today, credit unions have an opportunity to reverse this alarming trend!

REAL FACTS

The Alternative Financial Services Industry

The AFS industry is a for-profit industry projected to top $9.4 billion in yearly revenues in 2005. Unfortunately for consumers, though, the AFS industry affords few, if any, opportunities to learn and practice savings and credit-building activities.

Check-cashing outlets (CCOs), money transfer service providers and payday lenders have experienced significant growth during the past decade.

Check-cashing outlets (CCOs):

- Grew from 2,200 in 1986 to 11,000 in 2002.
- Processed over 180 million checks in 2000 (with an aggregate value of $60+ billion).
- Generated almost $1.5 billion in fee revenues in 2000.
- Are forecasted to grow 4.2% annually.
- Are a more mature segment of the AFS industry.
- Cash primarily payroll checks averaging $500 to $600.

Money transfer services:

- Is the fastest growing segment, with anticipated growth of 13.4% annually to 2005.
- Is expected to generate $5.585 billion in fee revenues by 2005.
- Constitutes the largest segment of the industry, often overlapping services with CCOs.
- Generates money orders totaling $90 billion (CCOs account for about $20 billion or 22%).
- Increased dramatically for money sent to Mexico, from $9.2 billion in 2001 to $13.2 billion in 2003 (43% increase).

Payday loan services:

- Is forecasted to grow 5.5% per year in 2005 to 10,000+ outlets.
- Is expected to generate about $2.18 billion in receipts (fees) in 2005.
- Advances loans of $100 to $300 without credit investigation.

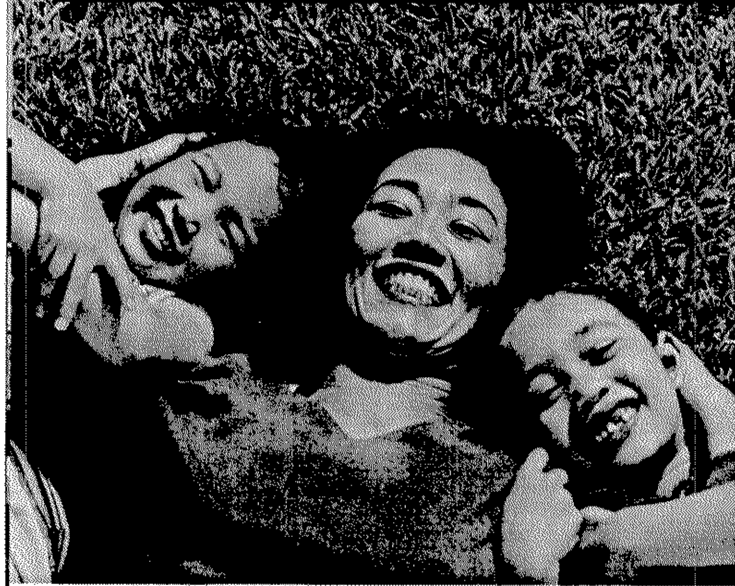
HOW CREDIT UNIONS CAN HELP

As not-for-profit cooperatives, credit unions adhere to a social and economic mission of providing valuable financial self-help services to enhance the lives of all Americans – regardless of their incomes or wealth.

- Hard-working Americans who spoke little English and were not being served by the established banks founded the U.S. credit union movement in 1908.
- Over 86 million Americans enjoy the socio-economic benefits of credit unions.
- Community charters now enable credit unions to aggressively reach out to serve low-wealth households currently using the AFS industry.
- Filene research indicates it is possible for credit unions to mainstream up to 40% of AFS users into a traditional financial services relationship with the credit union by using market-driven products, services and business models.
- According to Filene research and case studies, low-wealth households are loyal and valuable members when they join credit unions.

For the latest information, contact our website at www.filene.org

REAL PEOPLE



Who uses the alternative financial sector? Research indicates it could be just about anyone – even your daughter, son, parent or spouse. Customers are typically hard-working people who:

- Have little or no savings and are living paycheck to paycheck.
- Have less-than-perfect credit or little to no credit history, including late or missed payments, past bankruptcies or judgments.
- Are borrowers with a low credit score.
- May still be eligible for loans, but are generally subject to higher interest rates.
- Are "unbanked" and "underbanked."
- Are looking for convenience, quick access to their money and good service.
- Are often immigrants or new Americans.

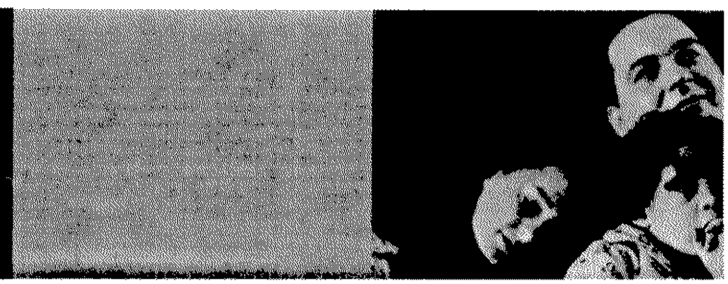
America is a melting pot. For over two centuries people have come from all over the world to the land of opportunity to pursue life-long dreams and economic freedom. Today is no different from yesterday, with immigration continuing to change the face of America:

- The rate of immigration has increased: The 1990s saw an average of more than 1.3 million immigrants (legal and illegal) settling in the U.S. each year; between January 2000 and March 2002, an additional 3.3 million arrived.
- In fewer than 50 years, the U.S. Census Bureau projects that immigration will help propel the U.S. population from 288 million to more than 400 million.
- The foreign-born population of the U.S. was 33.1 million in 2000, or about 11.5%. Of this total, the Census Bureau estimates 8 to 9 million are illegal immigrants.

Many new Americans know little about credit unions. They do not know the advantages of credit union membership or how to establish a relationship with a credit union. Many have never had the opportunity to belong to a credit union. At the same time, the AFS industry is actively reaching out to the new American market, targeting them by speaking their languages in advertisements and at the point of service.

The practices of the AFS industry do not enable hard-working Americans – whether unbanked, underbanked or immigrants – to enjoy the important benefits of savings and credit building.

Credit unions can help!



REAL STORIES

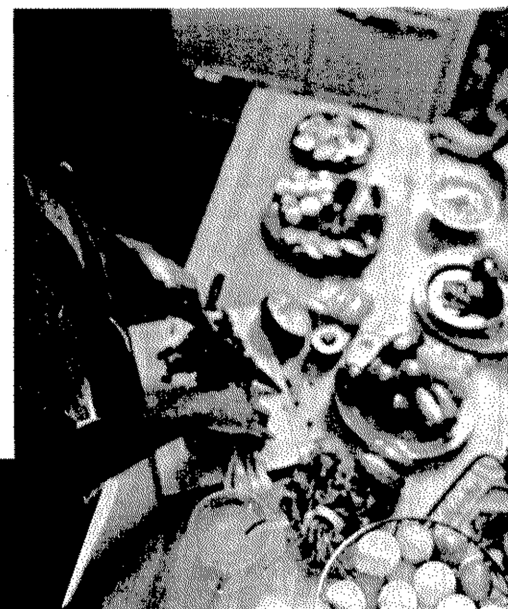
Credit unions make a REAL difference in the lives of Americans! Like the French-speaking Canadian immigrants who started America's first credit union in 1908, large and small credit unions across the country are aggressively developing and delivering services to the unbanked and underbanked. These credit unions include:

- Arrowhead Credit Union (San Bernardino, California)
- Bethpage Federal Credit Union (Bethpage, New York)
- Charlotte Metro Credit Union (Charlotte, North Carolina)
- CUNA Credit Union (Madison, Wisconsin)
- Government Employees Credit Union – El Paso (El Paso, Texas)
- Mazuma Credit Union (Kansas City, Missouri)
- Washington State Employees Credit Union (Olympia, Washington)
- Plus, dozens more!

These credit unions implement services, business models and reasonably priced transaction products, such as check cashing or short-term loans, which help the consumer today ... and in the future.

Credit unions can stop the cycle of financial illiteracy. That's because not-for-profit credit unions, organized as self-help cooperatives, have the unique ability to hold the best interests of the consumer above the bottom line. For the past century, credit unions have been in the business of making the American dream come true for millions of consumers.

Today, more than ever, millions of hard-working Americans are looking for a financial partner to help them achieve their dreams. The AFS industry cannot provide opportunities for a low-wealth household to save money or build credit. Credit unions can! To learn more, contact our website at www.filene.org.



REAL SOLUTIONS

In an effort to demonstrate to credit unions how to more effectively migrate more low-wealth households into economic empowerment, a project that focuses on Relevant, Effective, Asset-building and Loyalty-producing (REAL) Solutions has been launched. State credit union leagues and other state and regional credit union organizations initiate and coordinate REAL Solutions projects in their areas in collaboration with the Filene Research Institute.

The mission of the REAL Solutions project is to help credit unions successfully attract, engage and serve low-wealth households – in effect, help consumers who are unbanked, have low-to-moderate incomes and are low-asset or immigrant households. Faced with a changing competitive landscape and a large, underserved market, credit unions participating in REAL Solutions use the business models, products, services and training that deliver the types of transaction services low-wealth households need, want and can afford. REAL Solutions also focuses on how credit unions can move those individuals from transaction services to accumulating savings and assets, thus starting them on the road to economic empowerment.

Benefits to Participating Credit Unions

While REAL Solutions encourages credit unions to understand and facilitate the path to financial growth for these targeted members, it also meets the various needs of credit unions.

Business:

- Develop loyal, true income-producing members.
- Grow membership and also enhance a member's financial viability and sustainability.
- Price products to cover costs and provide a modest level of net income for institutional growth.

Philosophical:

- Effect positive change and enrich the lives of individuals and families in the community.
- Fulfill the credit union philosophical value of reaching those who have not historically had access to financial services.

Advocacy:

- Serve as a quality example for regulators and legislators on how credit unions make a difference in the lives of Americans.

REAL SOLUTIONS

ACCUMULATING REAL ASSETS

Research indicates that consumers typically engage in four sequential steps during the asset accumulation and wealth-building process. The second step, Savings, is the time when most will initiate a more permanent relationship with a credit union. These four steps serve as the basis of the process used for credit unions participating in the REAL Solutions project.

Consumer Needs	Financial Institution Role
1 Transaction Services	Provide services offered by the alternative financial institutions, such as money orders, check cashing, domestic and international wire services, payroll cards, etc.
2 Savings	Encourage savings and safekeeping of funds through basic deposit accounts, tax preparation services, safe accounts (for individuals lacking Social Security numbers or tax identification numbers), etc.
3 Credit Building	Enable prudent borrowing and building good credit through share-secured loans, small lines of credit, loans for used autos, etc.
4 Asset Accumulation	Promote wealth building through home ownership, home improvement loans, small/micro business loans or education, basic investing and more.

REAL RESULTS

The deliverables for the REAL Solutions project include migrating thousands of low-wealth consumers from unbanked status into mainstream financial relationships with America's credit unions.

The REAL Solutions project assists credit unions in recognizing and leveraging some promising, exciting opportunities for both growth and service. To learn more about the latest information on this project or obtain a REAL Solutions Toolkit, contact the Filene Research Institute, P.O. Box 2998, Madison, WI 53701-2998, or visit www.filene.org.

Consumer Federation of America

Terms of State Payday and Small Loan Laws for Check-Based Loans

State	Min./Max Term	Min/Max Loan	Maximum Fee %/$	Cost/ $100	Effective APR[1] 14 day
Alabama Code of Ala. 5-18, A12 et seq.	10/31 days	-/$500	17.5% of loan	$17.50	455%
Alaska Alaska Chapter 116 SLA 04	14/ days	-/$500	15% + $5 fee	$20	520%
Arizona Ariz. Rev. Stat. § 6-1251 *et seq.* 2000	5 days/	$50-$500	15% of ck	$17.65	459%
(Arkansas) Ark. Stat. Ann. § 23-52-101 *et seq.* 1999. Arkansas Supreme Court ruled that fee section is invalid attempt to evade the usury provisions of Arkansas Constitution. (Luebbers v. Money Store, Inc., et al, __ Ark. ___ 2001)	6/31 days	- /$400 ck	10% + $10	$22.22	579%
CA Cal. Fin. Code § 23000 to 23106	-/30 days	- /$300 ck	15% of ck	$17.65	459%
CO[2] Colo. Rev. Stat. § 5-3.1-101 *et seq.* 2000	-/40 days	-/$500	20% 1st $300 7.5% > $30	$20	520%
DE Del. Code Ann. Tit. 5, §961, 976, 2227, 2235A	-59 days	-/$500	No Limit	No Limit	No Limit
FL §560.401. *et seq.*	7/31 days	-/$500	10% + $5 fee	$15	390%
HI Haw. Rev. Stat. § 480F-1 *et seq.*	-/32 days	- /$600 ck	15% of ck	$17.65	459%
ID Chapter 46, Title 28, Idaho Code, 28-46-401 *et seq.*	NA	-/$1,000	No Limit	No Limit	No Limit
IL Public Act 094-0013, eff. 12/6/05	13/- 120 days	-/$400	$15.50 per $100	$15.50	403%
IN IC 24-4.5-7-101 *et seq.*	14 days/[3]	$50/$500	15% of lst $250 13% over $250-$400 10% $400-$500	$15	390%

[1] Approximate APR without compounding
[2] Colorado Deferred Deposit Loan Act enacted in 2000 replaced regulations under the UCCC. Applies to agents.
[3] After six small loans, a seven day waiting period must be given or a 36% APR simple interest loan payable in installments must be initiated.

State	Min./Max Term	Min/Max Loan	Maximum Fee %/$	Cost/ $100	Effective APR[4] 14 day
IA Iowa Code § 13-533D.1 *et seq.*	-/31 days	- /$500 ck	$5+10% ck $100 $10/$100	$16.67	435%
KS Kan. Stat. Ann. § 16a-2-404	7-/30 days	-/$500 2 loans/lender	$15 per $100	$15	390%
KY Ky. Rev. Stat. Ann. § 368.010 *et seq.*	14/60 days	-/$500 ck	$15/$100 ck For 14 days	$17.65	459%
LA La. Rev. Stat. Ann. § 9:3578.1 *et seq.*	-/60 days	-/$350 loan	16.75% ck $45 max. fee	$20	520%
MN Minn. Stat. Ann. § 47.60	-/30 days	-/$350 loan	Scale of fees[5]	$15	390%
MS Miss. Code Ann. § 75-67-501 *et seq.*	-/30 days	-/$400 ck	18% ck	$22	572%
MO Mo. Rev. Stat. § 408.500 to 408.506;	14 /31 days.	-/$500 loan	75% loan[6]	$75	1,980%
MT Mont. Code Ann. § 31-1-701 *et seq.*	-/31 days	$50/$300 loan	25% of loan	$25	650%
NE Neb. Stat Ann.. § 45-901 *et seq.*	-/31 days	-$500 ck	15% per $100 ck pro rata	$17.65	459%
NV Nev. Rev. Stat. § 604.010 *et seq.*	-/31	% income[7]	No Limit	No Limit	No Limit
NH N. H. Rev. Stat. § 399-A *et seq.*	7/30 days	-/$500	No Limit	No Limit	No Limit
NM N. M Stat. Ann. §58-15-1 to 58-15-31.	NA	NA	No Limit	No Limit	No Limit
ND N D Cent. Code § 13-08-01 *et seq.*	-/60 days[8]	/$600	20% of loan	$20	520%
OH Ohio Rev. Code Ann. § 1315.35 *et seq.*	-/6 mon.	-/$800 loan	5% + $5/$50 5% + $3.75 over $500	$15	390%

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[4] Approximate APR without compounding
[5] Minnesota fees: $5.50 for loans $0 to $50, 10% + $5 for loans $50 - $100, 7% + $5 loans $100 - $250, 6% + $5 for loans $250 - $350
[6] Total accumulated interest capped at 75% of initial loan amount for entire term of loan and up to 6 renewals.
[7] Nevada: 1999 amendments prohibit loans that exceed one-third of the borrower's expected net monthly income
[8] ND limits initial loan and one renewal of not less than 15 days for total duration of 60 days.

State	Min./Max Term	Min/Max Loan	Maximum Fee %/$	Cost/ $100	Effective APR[9] 14 day
OK Okla. Stat. Tit. 59 §3101 *et seq.*	12/45 days	-/$500	15% up to $300 10% $300 to $500	$15	390%
OR ORS 725.600 and 725.610	-/60 days	25% net mon. income	No Limit	No Limit	No Limit
RI R.I. Gen. Laws 19-14.4-1 to 10	13/-	$500	15%	$15	390%
SC S.C. Code Ann. § 34-39 *et seq.*	-/31 days	-/$300 loan	15% ck	$17.65	459%
SD S.D. Codified Laws Ann. § 54-4-65, 54-4-66	NA	-/$500	No Limit	No Limit	No Limit
TN Tenn. Code Ann. § 45-17-101 *et seq.*	-/31 days	-/$500 ck	15% ck	$17.65	459%
TX[10] 7 Tex. Admin. Code § 1.605 *et seq.*	7 days/31 days	$100-$350	48% APR + $10 Monthly fee	$11.87	309%
Utah Utah Code Ann. § 7-23-101 *et seq.*	NA	-/12 weeks	No Limit	No Limit	No Limit
VA Va. Code Ann. §§ 6.1-444 to 6.1-471.	7days/-	-/$500	15% of loan	$15	390%
WA Wash. Rev. Code Ann. § 31.45.010 *et seq.*	-/45 days	-/$700	15% up to $500 10% $500 - $700	$15	390%
WI Wis. Stat. §138.09	NA	NA	No Limit	No Limit	No Limit
WY Wyo. Stat. § 40-14-362 *et seq.*	-/30 days	NA	$30 or 20%	$30	780%
DC D.C. Code § 26-301 *et seq.*	-/31 days	$50/$1,000	10% + fee[11]	$16.10	419%

Updated August 17, 2005

www.consumerfed.org

[9] Approximate APR without compounding

[10] Texas Finance Commission adopted regulations effective July 9, 2000 to permit payday loans under the Texas Finance Code § 11.304

[11] DC: If included in contract, administrative fee of $5 on checks up to $250, $10 on checks $250.01 - $500, $15 for checks $500.01 - $750, $20 on checks $750.01 - $1,000

Center on Wisconsin Strategy

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For immediate release
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MANY HARDWORKING WISCONSIN FAMILIES HARDLY GETTING BY
MORE THAN ONE IN FIVE WORKING FAMILIES IN THE STATE HAVE LOW INCOMES; 44 PERCENT OF MINORITY WORKING FAMILIES FALL INTO LOW-INCOME CATEGORY

Madison—Despite high rates of labor force participation in Wisconsin, many state residents are stuck in jobs that do not provide wages and benefits sufficient to support a family. As a result, tens of thousands of families here are working hard but still struggling to get by, according to a new national report.

The report, *Working Hard, Falling Short: America's Working Families and the Pursuit of Economic Security*, documents state-level efforts to help low-income working families. It was released as part of the Working Poor Families Project, an initiative of the Annie E. Casey Foundation.

The report's Wisconsin findings are highlighted in *Working Hard, Falling Short: Wisconsin's Working Families and the Pursuit of Economic Security*, a briefing paper issued by the Center on Wisconsin Strategy (COWS).

Working Hard, Falling Short shows that, while low-income working families in Wisconsin can count on some key state supports, many of these families lack the resources they need to make ends meet. For example:

- More than one in five working Wisconsin families (22.8 percent) faces economic distress, in spite of their commitment to work.
- Nearly 44 percent of minority working families in Wisconsin are low-income – more than twice the share of non-minority working families that are low-income in the state (about 19 percent). Wisconsin ranks in the bottom half of states (30th) on this measure.
- More than 17 percent of Wisconsin workers hold jobs paying below the poverty rate (median wages below $8.84 an hour or $18,392 annually in 2002).
- Nearly half of low-income working families in Wisconsin pay more than a third of their income in housing costs.
- Among low-income working families in Wisconsin, about 28 percent have a parent who lacks a high school degree – a higher share than in 24 other states. Yet Wisconsin spends less than $20 a year in adult education funds on every adult without a high school degree; by contrast, Michigan and Minnesota spend $193 and $124, respectively.

"When it comes to supporting low-income families, Wisconsin has some excellent policies in place," said COWS Research Director Laura Dresser. "But if we truly expect work to bring self-sufficiency, then we have to do more – strengthen investment in our technical college system and other educational institutions, support higher wages, and keep programs like child care subsidies safe from the budget ax."

(over)

The Working Poor Families Project seeks to help low-income adults succeed in the labor market. To date, the Project has released reports on low-income working families in nine states, including Wisconsin; it will issue six more reports in 2004. For more information about the Project, and to review the state reports as well as the national report *Working Hard, Falling Short*, visit www.aecf.org/initiatives/jobsinitiative/workingpoor.htm. To see the COWS briefing paper, visit the COWS website at www.cows.org.

COWS is a research and policy institute based at the University of Wisconsin-Madison and dedicated to improving living standards and economic performance in Wisconsin and nationally.

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PREDATORY LENDING AND THE MILITARY: THE LAW AND GEOGRAPHY OF "PAYDAY" LOANS IN MILITARY TOWNS

Congressional Summary

BACKGROUND

What are "Payday" loans? Payday loans are high interest rate, rapidly compounding loans meant to tide over cash-short borrowers until their next paycheck. While borrowers usually intend to quickly repay payday loans, many borrowers have difficulty making payments turning these loans into long term debts. Importantly, *average payday loan interest rates are over 400 percent*. By way of comparison, average interest rates on New York City mafia loans in the 1960s were a relatively inexpensive 250 percent.

But Aren't 400 Percent Loans Illegal? They used to be. Throughout the 20th century, including during the Great Depression and World War II, state governments limited interest rates to between 18 and 36 percent. Many states including Georgia, North Carolina, and New York are still trying to do so. But, in the past fifteen years loopholes in federal banking law have encouraged an explosion in triple digit interest rate lending to low and moderate income Americans throughout most of the country.

Are Soldiers, Sailors, Marines, and Airmen Vulnerable to Predatory Lending? Absolutely. Several demographic factors make military service members attractive to exploitative lenders:

- Entry level wages make it tough to make ends meet
- Limited education and financial experience
- Many families with young children
- Steady government paychecks with little risk of job loss
- Stationed in remote locations far from family support networks
- Service members are easy for debt collectors to track
- Because military culture frowns on financial problems, exploitative lenders know service members will pay even unfair loans before risking military discipline

OUR STUDY: DO PAYDAY LENDERS TARGET MILITARY PERSONNEL?

Empirical Methods: Over the course of two years we studied 20 states with a significant military presence, 1,516 counties, 13,253 ZIP codes, nearly 15,000 payday lenders, and 109 military bases. Our observations were controlled by comparing payday lender densities in military areas to statewide averages and also by comparing payday lender locations to bank locations. We designed a composite measurement allowing us to rank the payday lender density of every county and ZIP code within each of the states we studied.

→ → ***For the results of our study, please See Reverse*** → →

Empirical Study Results: Our study found a *"clustering pattern"* where payday lenders disproportionately locate their businesses amongst military populations. Our conclusions include:

- Most of the major military installations we studied have at least 20 and sometimes as many as 40 payday lenders within just a few miles of the base gates.
- In every state where data was available the number of payday lender locations in counties and Zip codes adjacent to military bases tended to be greater than justified by population.
- Bank branches did not follow the same location patterns as payday lenders, suggesting that neither local zoning ordinances, nor ordinary business development patterns, forced payday lenders into military neighborhoods.
- In a majority of states where data was available, the greatest composite payday lender density was in a military county. In some states the top three, four, or more counties had a military presence.
- Payday lender targeting of military personnel was found for all military branches including Army, Navy, Marine, and Air Force bases.
- The only state in our study which did not have payday lenders clustering around military neighborhoods has aggressively enforced its 25 percent interest rate cap.

In sum, *our study provides incontrovertible evidence that, unless government leaders act, payday lenders will continue to actively and aggressively target military families.*

Public Policy Considerations:

- *Voluntary "best practices" standards are inadequate.* In collecting our data we identified literally *thousands* of payday lending locations that were openly acting in violation of state consumer protection laws. Voluntary compliance policies will either be too weak to help, or a large portion of lenders will not voluntarily comply.
- *Reestablishing traditional American usury law is the best solution.* Both the founding fathers in the 18th century and the "greatest generation" in the early 20th century understood the need for reasonable limits to credit prices. The dangerous experiment of removing our time-tested interest rate caps has failed. Americans in general, and the armed forces especially, need limits on interest rates to stop exploitative lenders.
- *A 36% interest rate limit for loans to military personnel is a strong first step.* Senator Dole is currently sponsoring an amendment to S. 1042 which caps interest rates for loans to service members and their families at 36 percent. This step would provide a baseline of protection against abusive credit without preempting stronger state laws. Interest rate limits to soldiers is particularly important in a time of war.

Further Information: For further information please see our complete study: Stephen Graves & Christopher L. Peterson, *Predatory Lending and the Military: The Law and Geography of "Payday" Loans in Military Towns*, 66 OHIO ST. LAW JOURNAL ___ (forthcoming Oct. 2005). A draft version of the article is available for download at:

http://www.law.ufl.edu/faculty/peterson/publications.shtml

The Annie E. Casey Foundation

FOR IMMEDIATE RELEASE

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BANKS SHOULD OFFER ALTERNATIVES TO PAYDAY LOANS TO BETTER SERVE LOW AND MIDDLE-INCOME CUSTOMERS, SAYS NEW REPORT

BALTIMORE — In banking, as in life, doing the right thing can pay off.

Banks and credit unions have the capacity to help their credit-strapped low and middle-income customers by offering lower cost alternatives to high-fee payday loans, a new report concludes. What's more, banks can make money by providing more small-dollar credit products to their customers.

"Payday loans are an extremely high-cost form of short-term credit," says Sheila Bair, a professor at the University of Massachusetts at Amherst, and the report's author. "The high fees are exacerbated by many borrowers using the product 10 to 12 times a year. They are used predominantly by those who can least afford them."

Payday loans are short-term loans of small amounts, generally less than $500. The loans are secured by the borrower's personal check and post-dated until the borrower's next payday. Typically, the cost ranges from $15 to $22 per $100 for a two-week loan, which works out to an expensive annualized percentage rate (APR) of 391 to 572 percent. Here's how it works: When a customer borrows $300, and the charge is $15 per $100 of loan, the customer writes a check for $345. The lender agrees to defer deposit of the check until the customer's next payday.

Payday lending has grown explosively in recent years. Last year (2004), 22,000 payday loan stores nationwide extended about $40 billion in short-term loans. Most borrowers – 52 percent – make between $25,000 and $50,000 per year, and 29 percent earn less than $25,000 a year.

The report, "Low Cost Payday Loans: Opportunities and Obstacles," was made possible through a grant by the Annie E. Casey Foundation in Baltimore. The Casey Foundation is working to improve life outcomes for vulnerable children by increasing their families' ability to provide real economic security. "Even though many low-income parents are working harder and longer, too many continue to find it difficult to get by and get ahead," said Doug Nelson, president of the Foundation. "Finding alternatives to expensive and avoidable financial practices, such as payday loans, is part of our strategy to help working families achieve financial success." Copies of the report are available at: http://www.aecf.org/publications/data/payday_loans.pdf.

Several factors make it economically viable for banks and credit unions to offer payday alternatives. Banks and credit unions already have the infrastructure, such as physical facilities, loan staff, and collection processes. Unlike payday loan storefronts, banks and credit unions can

- more -

minimize credit losses through the use of direct deposit and automatic deductions for repayment. They can offer small-dollar credit at lower margins because they offer a wide variety of banking products and services. Revolving credit lines offered by banks and credit unions provide convenience, greater privacy and speed for the customer, compared to payday loans, says the report.

The biggest impediment to low cost payday alternatives is the proliferation of fee-based bounce protection programs. "So many banks rely on bounce protection to cover customers' overdrafts for fees ranging from $17 to $35 per overdraft that they don't want to cannibalize profits by offering customers other low-cost options," says Bair.

Other barriers preventing banks and credit unions from entering this market include the stigma associated with offering small dollar loans, and the misperception that federal banking regulators are hostile to the idea. "On the contrary, our research shows that regulators view low-cost, properly structured payday loan alternatives as positive and likely warranting credit under the Community Reinvestment Act," says Bair. "We recommend that regulators step up to the plate and publicly encourage payday alternatives."

The report describes several examples of profitable payday loan alternatives. The best model, says Bair, is the North Carolina State Employees' Credit Union (NCSECU), which since 2001 has offered customers a checking account linked to a revolving line of credit. It charges an APR of 12 percent, or $5.00 for a $500, 30-day loan. It also requires borrowers to save five percent of any money borrowed and place it in a savings account. After 18 months, this program generated more than $6 million in cumulative savings.

Another good model is the Citibank Checking Plus program, which is a revolving line of credit linked to a customer's checking account, offered at a 17 percent APR. "This product can be used by low and middle-income families to meet short-term emergency cash needs," Bair says. Other recommendations include:

- The Federal Reserve Board should require banks and credit unions to disclose the cost of fee-based bounce protection to customers who use it on a recurring basis. This would help consumers understand the real cost and strengthen the institutions that offer competing lower cost options.

- Banks and credit unions should combine small dollar products with mandatory savings features to help customers accumulate savings.

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The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information visit: www.aecf.org

Consumer Federation of America

Payday Loan Research and Resource List

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CUNA
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Consumer Federation of America
Update June 1, 2005

CENTER FOR RESPONSIBLE LENDING

Alternatives to Payday Lending:

Moving Away From An Abusive Product

CRL Policy Brief No. 13
August 23, 2005

Contact: Jabrina Robinson, Policy Counsel
919-313-8549

Working families need access to helpful credit, not debilitating debt

Payday loans are designed to create a debt trap. The payday loan as we know it is an abusive, defective product that promises to help borrowers, and hurts them instead. The typical payday loan requires full repayment in a very short period of time – usually two weeks. This short repayment term makes it nearly impossible for cash-strapped borrowers to both repay their loan and meet basic needs, such as paying rent and groceries.

The very structure of the payday loan product almost ensures that borrowers will need to take out another payday loan. Ninety-nine percent of payday loans go to repeat borrowers who are unable to meet their impossible terms, and so are trapped in debt at 400% annual interest rates. The average payday borrower pays $800 to borrow $325.

Responsible Small Loans

Alternatives to payday loans should have these features:

- At least a 90-day repayment term, repayable in installments;
- No personal check mechanism or other unfair collateral (such as a car title);
- Reasonable limits on renewals (If borrowers are renewing short-term loans more than four times per year, the loans are not helping them);
- Full consideration of borrower's ability to repay the loan;
- No mandatory arbitration clause.

Alternatives offer real help

There are many alternatives to payday loans such as: small savings accounts or rainy-day funds; salary advances from employers; credit card advances; working out extended repayment plans with creditors; and loans from friends, relatives, religious institutions, or social service agencies. In addition, many lenders have developed lower-cost alternatives to payday loans that have better repayment terms.

While the Center for Responsible Lending does not endorse particular alternative payday loan products, the list on the next two pages provides a sampling of the wide array of alternative products being developed by lenders to meet borrowers' needs for short-term, small dollar loan loans. Many of these products come at a cost dramatically below the current payday loan product and have repayment terms that help borrowers handle emergencies rather than perpetuate them. In short, we believe families have a better option than falling into the payday loan debt trap.

Policy Brief: Alternatives to Payday Lending

ASI Federal Credit Union (Harahan, LA)

- *Stretch Loan*

$200 to $500 line of credit at 15% APR, plus $4/week fee. Requires 6-month direct deposit history.

- *Credit Enhancement Plan*

$1,000 to $3,000 line of credit at 15% APR, plus $4/week fee and $13.75 one-time fee. Requires 6-month timely repayment history.

- *Asset Builder Loan*

$1,000 to $3,000 line of credit at 15% APR, plus $5.75 one-time fee (no weekly fee). Requires 1-year timely repayment history. Includes placing 5% of each advance in a savings account.

- *Payday Lender Rebuilder Loan*

Consolidation loan to payoff payday lenders up to $3,000 at 15% APR for 18-month repayment period. Requires attending financial management classes and signing an agreement not to take out additional payday loans during loan term. $15 per month must be put into savings account for future use.

Austin Bank of Chicago – Ready Cash Now (Chicago, IL)

$300 to $999 loan at 12% APR over 12-month repayment period. Payments automatically deducted from borrower's deposit account.

Citibank – Checking Plus

Revolving, pre-approved credit line of $500 at 17% APR, if in good standing for 6 months. $5 annual membership fee. Default automatic monthly deduction of 1/60th of balance.

Corporate America Family Credit Union - Quick Cash Line of Credit

$500 to $1,500 line of credit, based on credit score, at 29.9% APR. Additional one-time $25 application fee, which can be advanced into the loan. Requires $100 share account balance and existing $75 payroll deduction.

District Government Employees FCU (Washington, DC)

- *Kwik Cash/Overdraft Loan*

May draft checks on personal line of credit or acts as overdraft protection with an APR as low as 9%.

- *Share/CD Loan*

May borrow funds by pledging shares up to the maximum amount in the account with an APR that equals the dividend rate plus 3%. Interest on share account continues to accrue during loan term.

Faith Community United Credit Union – Grace Loan (Cleveland, OH)

$100 to $500 loan for 1-month term at 17% APR. Loan based on income from direct deposit with line of credit option for those without direct deposit.

La Salle Bank – CWFP Loan (Chicago, IL)

$300 to $1,000 loan for designated one-time, nonrecurring situations. Maximum loan term of 12 months with 12-month repayment plan at 12% APR.

Lower East Side People's Federal Credit Union – Emergency Cash Loans (New York, NY)

$100 to $500 loan at 10% APR. Loan amount based on 50% net pay or $500, whichever is less. Additional 10% application fee, up to $25. $10 of application fee is refundable if attend financial literacy seminar.

North Carolina State Employee's Credit Union - Salary Advance Loan (Raleigh, NC)

Maximum loan of $500 at 12% APR with 31-day maximum loan term. Loan due in full on member's next payday. Includes placing 5% of each advance in a savings account.

North Side Community Federal Credit Union of Chicago – Payday Alternative Loan (Chicago, IL)

$500 loan with 6-month repayment plan at 16.5% APR, plus $10 to $30 application fee. $1,000 minimum monthly income required.

Northeast Community Federal Credit Union – Grace Loan (San Francisco, CA)

$300 loan at 18% APR after the 21st of the month. Direct deposit and membership for at least a year required.

Shiloh of Alexandria FCU – Grace Loan (Alexandria, VA)

$750 loan for 3-month repayment period at 8% APR. Requires direct deposit or payroll deduction, minimum share account balance of $25, and attendance at credit counseling and budget session. Shiloh of Alexandria FCU is a faith-based credit union chartered to serve the members of Shiloh Baptist Church.

South Side Community Federal Credit Union – Payroll Advance (Chicago, IL)

6-month payroll deduction for $500 loan at 16% APR.

Wells Fargo & Co. of San Francisco - (San Francisco, CA)

Direct deposit accounts can borrow up to half of the money directly deposited (maximum $500) a week in advance for a charge of $2 per $20 advanced. Loans must be repaid within 35 days.

MILITARY PRODUCTS

Army Emergency Relief – Commanders Referral Program (Alexandria, VA)

Interest-free $500 emergency loans available per commanding officer's approval.

Fort Bragg Federal Credit Union (Fort Bragg, NC)

Installment loans as small as $300 at 14% APR. Requires minimum $20/month payment towards principal and interest.

Global Credit Union – mYday subsidiary (Spokane, WA)

Up to a $700 loan for $5 flat fee.

Navy Federal Credit Union – Navchek Line of Credit (Vienna, VA)

$500 to $15,000 credit limit at 12.5% APR. Requires monthly payment of 2% of the principal balance or $20, whichever is greater.

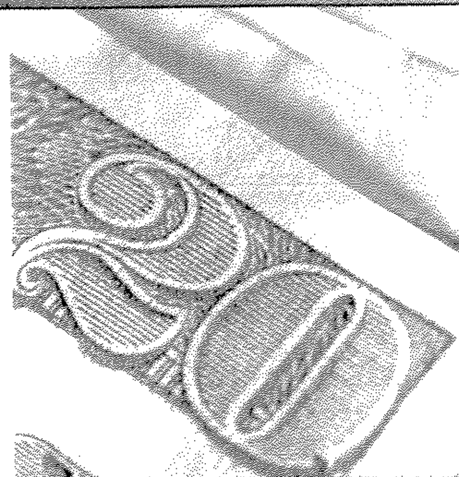
For additional information, the following studies provide more in-depth research into alternatives to payday lending products: Sheila Bair, "Low-Cost, Payday Loans: Opportunities and Obstacles," June 2005; Woodstock Institute, "Affordable Alternatives to Payday Loans," Reinvestment Alert No. 16 (March 2001); Martha Shirk, "Paycheck Poverty: In Search of Alternatives to Payday Lending," AdvoCasey (Winter 2005).

About the Center for Responsible Lending

The Center for Responsible Lending (CRL) is a national nonprofit, nonpartisan research and policy organization dedicated to protecting home ownership and family wealth by working to eliminate abusive financial practices. CRL is affiliated with Self-Help, one of the nation's largest community development financial institutions.

For additional information, please visit our website at **www.responsiblelending.org**.

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

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."

COALITION FOR RESPONSIBLE LENDING

Protecting Home Ownership & Family Wealth

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!

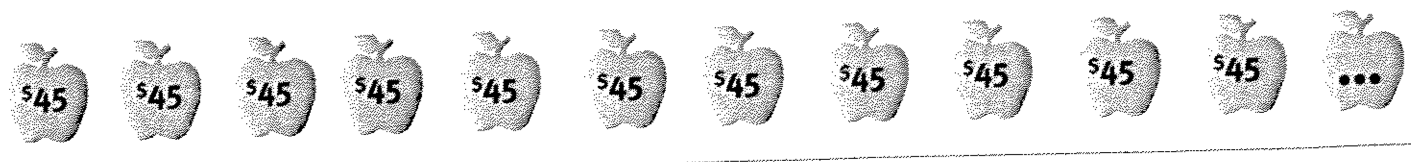
After 20 weeks, you've paid

$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!



Wisconsin Consumer Protection Roundtable

Hosted by Consumer Federation of America, Consumer Law Litigation Clinic at UW-Madison, and WISPIRG

September 22, 2005

University of Wisconsin-Madison Law School, Lubar Commons

Agenda

10:00 A.M. Introductions and Welcome
Steve Meili, Consumer Law Litigation Clinic
Jennifer Giegerich, WISPIRG

10:10 A.M. Everything You Need To Know About Payday Lending
Jean Ann Fox, Consumer Federation of America

10:50 A.M. Payday Lending in Wisconsin
Carrie Templeton, Wisconsin Department of Financial Services

11:05 A.M. Legislative Battles in Wisconsin
Steve Meili

11:30 A.M. Local Government Actions
Jim Walrath, Legal Aid Society Volunteer.

Noon: Lunch: Roundtable on Impact of Payday Lending in Communities

1:00 P.M. Legislative Options
Steve Meili
Jennifer Giegerich

1:45 P.M. Enforcement/Litigation Options
Jim Walrath

2:15 P.M. Alternatives to High Priced Payday Loans
Jim Drogue, Wisconsin Credit Union League
Ken Eiden, Prospera Credit Union
Jean Ann Fox

3:00 P.M. Next Steps: Coalition and Agenda Building

3:30 P.M. Adjourn