MEMORANDUM

To: Common Council File 060537
Zoning Code Technical Committee

From: Jeff Osterman, Legislative Reference Bureau

Date: November 20, 2006

Subject: BACKGROUND INFORMATION ON SHORT-TERM LOAN ESTABLISHMENTS

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Attached are a number of documents relating to short-term loan establishments and payday loan stores. These documents suggest that the terms "short-term loan" and "payday loan" are often used interchangeably or at least have similar meanings. They also indicate that payday loan stores are sometimes considered a subset of a broader group of businesses, short-term loan establishments. In addition, some of the attached documents reveal that installment-loan businesses have characteristics similar to payday loan stores.

The first attachment is a December 5, 2005, press release from Illinois Governor Rod R. Blagojevich regarding his state's new Payday Loan Reform Act and plans for enforcing that law. This document repeatedly uses the term "short-term loan". It is noted that short-term lenders have developed a number of products with terms far longer than the 14 days or 28 days typically associated with payday loans.

The next attachment is a *Chicago Sun-Times* article from October 16, 2006, which indicates that Illinois has experienced an increase in the number of installment loans since passage of the Payday Loan Reform Act. Consumer advocates assert that lenders are switching from payday loans to longer-term installment loans to avoid having to comply with the new regulations. There are also allegations that short-term lenders are deliberately steering customers toward installment loans and away from payday loans, which have become less lucrative to lenders under the restrictions of the Payday Loan Reform Act. This article also indicates that, since passage of the new law, interest rates on installment loans have skyrocketed, to the point where they are comparable to interest rates on payday loans.

Also attached is an announcement of the release of a new study of the Illinois payday lending industry completed by the Woodstock Institute and the Public Action Foundation. This announcement reiterates what was reported in the *Chicago Sun-Times* article: short-term lenders in Illinois have been working to evade the new restrictions on payday loans by encouraging the use of longer-term "installment loans".

The next attachment is a copy of the study itself, which was completed and released in October, 2006. This report indicates that the "installment loan" has "virtually replaced the traditional two week or 31-day payday loans…" (page i). The report also notes that installment lenders have developed increasingly sophisticated methods of securing their loans, including "directly debiting payments from a borrower's checking account, or requiring wage assignments through the borrower's employer" (page 4). Both of these methods are included in the definition of "short-term loan establishment" in File 060537. Installment loans usually require the borrower to pay off the loan in several equal payments, with one large balloon payment at the end of the loan term (page 4). Annual interest rates exceed 300% - similar to the rates on "traditional" payday loans.

The last three articles are attached because they all lend credibility to use of the term "short-term loan" when describing the businesses that are the subject of the proposed ordinance. Specifically, they use the terms "short-term loan providers," "short-term loan companies," "short-term loan stores" and "short-term credit businesses".

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OFFICE OF THE GOVERNOR
ROD R. BLAGOJEVICH - GOVERNOR
NEWS

FOR IMMEDIATE RELEASE
December 5, 2005

Governor Blagojevich directs state regulators to aggressively enforce new Payday Loan Reform law; stop efforts to bypass new lending restrictions
New law goes into effect Tuesday, provides unprecedented protection against predatory short-term loans

CHICAGO – Governor Rod R. Blagojevich today directed the state's Department of Financial and Professional Regulations (IDFPR) to aggressively start enforcing the new Payday Loan Reform law when it goes into effect tomorrow, with particular attention paid to lenders who may try to get around the new restrictions. The law provides new protection against ploys used by lenders to lure borrowers into potentially devastating predatory loans.

"A short-term loan should never lead to long-term financial ruin. Unfortunately, that's been happening too often to families all over Illinois. The good news is, starting tomorrow, strong new legal protections will go into effect that prevent people from ending up in an endless cycle of debt they can't repay," said Gov. Blagojevich. "The state will start aggressively enforcing the law from day one, and will make sure lenders who want to come up with ways to circumvent the law can't do it. Payday loans are supposed to help working people cover unexpected costs and emergencies. They're not supposed to break their bank accounts."

"We will not tolerate any loan that is a subterfuge against the intent of the Act, and we intend to make sure that no lender can avoid the Act's most important consumer protections," said Dean Martinez, Acting Secretary, IDFPR. The Payday Loan Reform Act allows the state to go beyond the new, 120-day time limit on short-term loans, in order to ban lenders from creating 121-day loans or other predatory instruments.

In 2000, Governor Ryan signed a law designed to rein in the rapid increase in short term payday loans. At that time the average length of a payday loan was 14 to 28 days (one or two pay periods). When the law was implemented in 2001, the rules only applied to loans of 30 days or less. Within days of the rules taking effect, the payday lending industry responded by extending the length of the loan to 31 days or longer to circumvent a law that had tried to protect consumers.

Currently, there are 995 payday or other short-term lenders in Illinois, a 23% increase from last year. According to industry figures, the average annual percentage rate for short-term loans is 595%, and the average amount of a short-term loan is $380. According to the Illinois Department of Financial and Professional Regulation, last year lenders made 1.4 million payday loans, which generated $1.3 billion in receivables.

Payday loans are short-term loans secured against a post-dated check that consumers borrow at very high interest rates. Payday loans become a problem when consumers cannot repay after borrowing a substantial amount against their paychecks. Instead, consumers renew the loan and pay additional fees. Before the Payday Loan Reform Act many consumers would have to take out additional loans to pay the fees on their original payday loan. This extends the cycle of debt further, with no resources for recovery periods or optional repayment plans.

The new law:

- Limits the interest that can be charged for each loan to $15.50 per $100;
- Sets a cap on total loan amounts to $1,000 or 25% of a customer's monthly salary, whichever is less;
- Prevents borrowers from having more than two payday loans at a time;
- Provides that payday borrowers cannot have payday loans for more than 45 days. Once they have reached the 45-day limit they must have at least a seven-day loan free period.
- Creates a new 56-day repayment period with no additional interest charges for borrowers who have trouble repaying their loans;
- Protects borrowers from paying attorneys fees and court costs;
- Extends a special protection to members of the military, including a ban on garnishing wages, deferral of collections for deployed personnel, and a prohibition on contacting a borrower's commanding officer.

There is also a new state database that lenders will use to look up the applicant's payday loan record. If a new loan violates the rules, the payday lender will not receive authorization to issue it. Borrowers will also receive information – in English or Spanish – that outlines their rights and responsibilities before taking a loan.

"During the holidays, many consumers turn to pay day loans to help make it through. This new law includes strict enforcement of short term lending products to help ensure that payday loans are truly short term loans and don't catch people in a vicious cycle of debt," Attorney General Lisa Madigan said.

Consumer advocates led by the Msgr. John Egan Campaign for Payday Loan Reform will hold a press conference tomorrow to highlight the protections the Payday Loan Reform Act the Governor signed last June will offer borrowers. The law will help protect consumers by restricting the interest rates, payment terms and number of outstanding loans allowed.

"For too long, payday loan operators took advantage of the most vulnerable consumers, including members of the military," said Lt. Gov. Pat Quinn. "Starting today, that cycle will stop. The late Monsignor Jack Egan, the legendary priest who took on this industry, would applaud this reform."

"We want to thank Governor Blagojevich for his insistence on stringent enforcement of this new law. That will protect borrowers from unscrupulous lenders trying to circumvent the intent of the Act. Monsignor Egan was dedicated to protecting people who too often, in their hour of desperation, have fallen prey to an unbreakable cycle of debt. Today we see the fruition of his goal and we have taken a big step in honoring his legacy," said Linda DeLaforgue, co-director of Citizen Action/Illinois.

"Regulation of this corrosive industry is long overdue," said State Rep. Miller (D-Dolton), the bill's chief sponsor. "Now that the law is in effect, educating consumers and keeping a close watch on the payday lending stores is vital. Combined, they will reduce the seemingly endless cycle of debt that waits for some payday loan customers. Over the last four years, I have worked hand-in-hand with Citizen Action/Illinois and the Monsignor John Egan Campaign for Payday Loan Reform to pass legislation that protects both consumers and the quality of our communities. I thank the members of the General Assembly, Governor Rod Blagojevich, and Attorney General Lisa Madigan for their leadership in helping make these reforms a reality."

State Sen. Kimberly Lightford (D-Maywood) who has worked with numerous groups on this legislation for the past five years said strict enforcement of the Payday Loan Reform Act "is vital in the fight to protect borrowers. This law finally provides consumer protection while reining in the unscrupulous payday loan businesses that prey on innocent individuals who don't have the collateral or the credit history to get a traditional loan from a bank."

The Payday Loan Reform Act, which was introduced in the State Legislature as HB 1100 passed the House of Representatives unanimously and the Senate nearly unanimously.

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'This is a wolf in sheep's clothing'

(http://www.suntimes.com/business/98042,CST-FIN-payday16.article)

October 16, 2006

BY MARY WISNIEWSKI Business Reporter

The annual percentage rate on installment loans shot up more than 300 percent since the passage of an Illinois law aimed at tempering short-term payday loans, according to a new study.

Consumer advocates complain that lenders are switching from short-term payday loans to longer-term installment loans to get around the restrictions of payday loan reform legislation, which is limited to loan durations of 120 days or less.

A joint study by the Woodstock Institute and the Public Action Foundation, the research arm of Citizen Action/ Illinois, found that since the law took effect last December, the annual interest rate on payday loans fell to 351 percent from 573 percent.

But interest on installment loans rose to 387 percent from 74 percent, the study found.

"This is a wolf in sheep's clothing," said Lynda De Laforgue, co-director of Citizen Action/Illinois, of the longer-term loans.

Payday loans are short-term loans for small amounts of money -- usually between $100 and $1,000 -- secured against a post-dated check. The industry says the loans provide a needed service to people who need quick cash for emergencies, but consumer advocates say the loans prey on the poor with triple-digit interest.

The reform law limits the interest that can be charged for payday loans to $15.50 per $100, and caps loans based on a borrower's pay. The law also shields borrowers from court costs, creates a repayment period with no extra interest, and extends special protection to members of the military.

Bob Wolfberg, president of the Illinois Small Loan Association, said the payday loan law outlawed a "consumer's choice" product, so now consumers have to choose another product.

"This is about financial freedom and financial choice," Wolfberg said. "Our customers chose which product they want after reviewing the information." He said he has not seen an increase in installment loan interest rates.

The purported growth in installment loans is the same thing that happened last time the state passed payday loan rules. A 2000 rule affected loans of 30 days or less. Within days, the lending industry extended loans to 31 days.

Amanda Gutierrez, 30, who managed an AmeriCash Loans store in Peoria until May, said the store put a new policy into place in April that customers could not receive a payday loan without permission from the district manager.

"You were supposed to talk them into an installment loan, and that they were going to be better off," Gutierrez said.

One AmeriCash document showed an installment loan amount of $150, with 12 monthly payments, and a total finance charge of $558.48, making the annual interest 469.29 percent.

AmeriCash Loans Chief Operating Officer Jill Gruchot said there is no policy to discourage payday loans. Gruchot could not comment on whether the company was making more installment loans than it did in the past.

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Woodstock Institute and the Public Action Foundation Release Illinois Payday Lending Report

Woodstock Institute and the **Public Action Foundation** are pleased to release ***Hunting Down the Payday Loan Customer: The Debt Collection Practices of Two Payday Loan Companies***, a new study that examines the court records of borrowers taken to court by two companies now offering new payday installment loans.

Download the full report at:

Hunting Down the Payday Loan Customer: The Debt Collection Practices of Two Payday Loan Companies

The Payday Loan Reform Act is working. Since the passage of the Act, the fee cap and other consumer protections have reduced the cost of borrowing the average payday loan by a 39 percent decrease. Also, the Illinois Department of Financial and Professional Regulations, which regulates payday lenders, has issued dozens of enforcement actions and levied hundreds of thousands of dollars of fines against payday lenders.

Payday lenders are working hard to evade the Payday Loan Reform Act offering payday installment loans instead which are expensive and dangerous. Since the Payday Loan Reform Act regulates loans of 120 days or less, the Illinois payday loan industry increasingly marketed and offered their customers payday installment loans with terms of 121 days or more. These new "look alike" loans, called payday installment loans, have many of the same features as installment loans offered before the Act, but with a significantly higher price tag.

One out of every three Cash Store customers refinanced or "rolled over" their loan.

Women made up a large portion of payday loan borrowers taken to court. Of the Americash cases reviewed, 72 percent of the defendants were female. Of The Cash Store cases, 66 percent of the defendants were female.

Americash and The Cash Store court cases are heavily concentrated in minority communities. Nearly 70 percent of Americash borrowers with pending or complete court cases because of default were in low or moderate-income, predominately minority ZIP codes, with nearly 90 percent of cases located in predominately minority communities of any income.

For more information contact Woodstock Institute at (312) 427-8070 or the Public Action Foundation at (312) 427-2114.

Hunting Down the Payday Loan Customer

The Debt Collection Practices of Two Payday Loan Companies

October 2006

MONSIGNOR JOHN EGAN CAMPAIGN FOR PAYDAY LOAN REFORM

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Acknowledgments

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The Monsignor John Egan Campaign for Payday Loan Reform also acknowledges the leading role played by Citizen Action/Illinois and Woodstock Institute in preparing this report.

Finally, this project would not have been possible without the support of the Woods Fund of Chicago.

Executive Summary

The payday loan industry in Illinois has continued to violate short term lending laws and develop new products with slightly modified terms and conditions specifically to avoid the legislation and regulation designed to protect borrowers seeking short term emergency forms of credit. The newest iteration, the high cost installment loan, has virtually replaced the traditional two week or 31-day payday loans in Illinois and is not covered by the strong consumer protections passed by the General Assembly as part of the Payday Loan Reform Act.

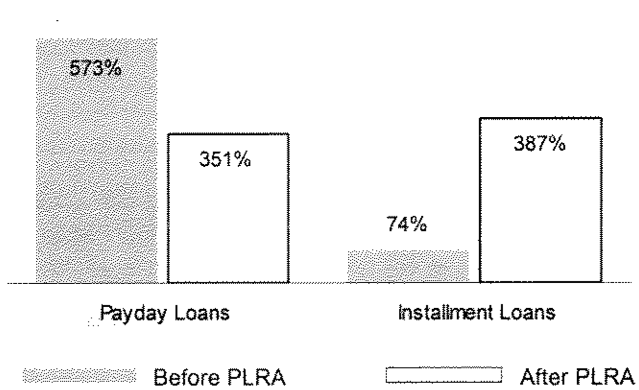
To better understand what types of abuses borrowers are facing, the Monsignor John Egan Campaign has examined the court records of borrowers taken to court by two companies now offering these new payday installment loans, Americash and Cottonwood (doing business as The Cash Store) in 2005 and 2006. These loans, which were made before the Payday Loan Reform Act (PLRA), show the types of abuses and aggressive litigation borrowers can expect from these companies currently offering loans designed to circumvent the law.

Key Findings Since 2004

- **The Payday Loan Reform Act is working, but lenders are working hard to evade the law, offering payday installment loans that are expensive and dangerous.**

  The consumer protections provided by the PLRA have helped to reduce to the cost of using payday loans in Illinois by 39 percent, saving borrowers about $25 per $300 loan. However, in an effort to evade these protections, lenders have adapted longer term payday installment loans that are not covered by the act (Figure 1).

Figure 1. APRs of Installment Loans Before and After the Payday Loan Reform Act



- **One in three borrowers taken to court by The Cash Store had at least one renewal or "roll over."** These renewals provide strong evidence that borrowers who take out these types of loans often enter into a cycles of debt and cannot pay off old loans without resorting to new ones. Since the passage of the PLRA, in a phone survey of a dozen Cash Stores across Illinois conducted in the Summer of 2006, the Egan Campaign identified that Cash Stores were now offering a renewal-driven 140-day loan with nine interest-only payments (similar to nine automatic renewals) and an insurmountable balloon payment of the entire principal. Roll over information was not indicated on Americash contracts reviewed.

- **Women made up a large portion of payday loan borrowers taken to court.** Of the Americash cases reviewed, 72 percent of the defendants were female, with 23 percent male, and 5 percent gender unknown. Of The Cash Store cases, 66 percent are female, 21 percent are male, and 13 percent are unknown.

- **Americash and The Cash Store court cases are heavily concentrated in minority communities.** This provides further evidence that these communities are more likely to be impacted by high levels of non-productive debt. Nearly 70 percent of Americash borrowers with pending or complete court cases because of default were located in low- or moderate-income, predominately minority ZIP codes, with nearly 90 percent of cases located in predominately minority communities of any income.

- **Borrowers often fail to appear in court, resulting in a default judgment in favor of the lender.** In the event that a defendant does not appear in court, a default judgment is granted and the lender wins the case by default. Default judgments were granted in 51 percent of Cash Store cases and 22 percent of Americash cases.

- **The average court award is almost twice the average loan amount.** Court awards greatly exceed the loan principal, even if the borrower has already made interest payments that exceed the amount they originally borrowed. Americash was awarded $1,894 for the average loan of $930, almost twice the amount of the loan. The Cash Store was awarded $1,287 for the average loan of $824.

- **The length of time between the loan date and the complaint date drastically increases the cost to borrowers in default.** The average time between loan origination and the complaint date was 1.81 years for The Cash Store and 1.36 years for Americash.

- **The average attorney's fee for Americash cases was $343 and the average Cash Store case was $173.** Almost all Americash cases had an attorney's fee of $350, regardless of the amount of the loan or the work that the attorney actually accomplished. The Cash Store fees ranged from $100 to $325.

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Introduction

This report conducts a comprehensive analysis of the high cost installment loan products offered out by Americash and The Cash Store before the adoption of the Payday Loan Reform Act (PLRA) to better understand the default conditions borrowers are now facing as this type of product becomes the predominant loan product in the industry. Americash and The Cash store were selected because they are the two lenders most actively pursuing customers in default through the court system in Cook County, Illinois. This report examines 2004 and 2005 debt collection cases filed by Americash and the Cash Store for loans originated between March 2001 and February 2006. It demonstrates the predatory nature of payday lending—documenting the big game hunt mentality of lenders who stalk payday loan customers for excessive finance charges in an environment with few consumer protections, aggressive debt collection practices and high collection judgments. Further, payday lenders are effectively dragging out the chase of borrowers with the intention of prolonging their indebtedness.

This report begins with a description of changes in the Illinois payday loan industry before and after the approval of the Payday Loan Reform Act (PLRA) demonstrating the ability of the PLRA to reduce the cost of borrowing and provide consumer protections that keep borrowers entering into a short term loan agreement from acquiring long-term non-productive debt. The second section describes the terms and conditions, as well as the default provisions and court outcomes, of installment loans offered by Americash and The Cash Store before the PLRA went into effect. The outcomes make it clear that the companies offering unregulated payday installment loans are offering an expensive and dangerous product and that these new loans should be subject to the same strong consumer protections passed by the General Assembly for traditional short-term payday loans.

The Payday Loan Industry Since the Passage of the PLRA

The payday loan industry in Illinois also has a long history of adapting its short term loan products to ensure that they are not subject to the short term loan restrictions adopted by the General Assembly and state regulators. By offering an unregulated product, the industry is able to continue charging exorbitant interest rates, offer endless cycles of expensive "roll overs" and aggressively pursue borrowers in the court system.

In March of 2004, the Egan Campaign published *Greed: An In-depth Study of the Debt Collection Practices, Interest Rates, and Customer Base of a Major Illinois Payday Lender,* which provided concrete evidence of the aggressive and often litigious payday loan debt collection practices in Chicago. That report was a study of 444 debt collection cases filed against payday loan customers by Americash Loans, LLC between 2002 and 2003.

Since the Monsignor John Egan Campaign last examined the loans offered by Americash in 2004, there have been significant changes in the regulation of payday loans in Illinois. Based on the recommendations in the 2004 report, the Egan Campaign developed the protections included in the Illinois Payday Loan Reform Act that went into effect in December 2005. The PLRA requires that all short-term lenders in Illinois offering loans with annual percentage rates (APRs) exceeding 36 percent and terms less than 120 days provide additional consumer protections to help keep borrowers out of long-term, unproductive debt. The protections include:

1. A fee cap of $15.50 per $100 to reduce the cost of using payday loans for every borrower
2. An industry wide loan cap limiting payday loan principals to 25 percent of a borrower's income or $1,000, which ever is less
3. Limits borrowers to 45 days of continuous indebtedness before a mandatory debt-free recovery period or repayment plan
4. A 7-day recovery period to break the cycle of debt created by back-to-back loans
5. A repayment plan that gives any borrower who takes out a payday loan the opportunity to enter into a fee-free repayment plan
6. Special protections for military personnel, including a limit on wage garnishments
7. A statewide consumer reporting service to aid enforcement of the new protections

Table 1 shows the effect of the PLRA on the cost of borrowing a short-term payday loan in Illinois. Before the PLRA went into effect, lenders charged borrowers an average APR in excess of 573 percent. Since the passage of the Act, the fee cap and other consumer protections have reduced the cost of borrowing the average payday loan to about 351 percent—a 39 percent decrease that saves borrowers about $25 on the average loan.

Table 1. Traditional Payday Loans Before and After the Payday Loan Reform Act[1]

	Principal	Fee	Term(3)	APR	Cost of a $300 Loan for 14 days	Percent Change
Pre-PLRA	$ 331.14	$ 144.35	14-31 days	573.18%	$ 65.95	
Post-PLRA	$ 309.10	$ 46.69	15.7	351.17%	$ 40.41	
Savings					$ 25.55	39%

[1] See Monsignor John Egan Campaign for Payday Loan Reform (2004). *Greed: An In-depth Study of the Debt Collection Practices, Interest Rates, and Customer Base of a Major Illinois Payday Lender.* Public Action Foundation: Chicago. p. 3 and Veritec Solutions (2006). *Illinois Trends in Payday Lending – Initial Report.* Veritec Solutions: Jacksonville. p. 4. Pre-PLRA figures include loans with terms varying from 14-31 days, the corresponding APR is the average for all loans.

Payday Lenders are Violating the PLRA and Other Laws

Since the PLRA went into effect in December 6, 2005, the Illinois Department of Financial and Professional Regulations (DFPR), which regulates payday and payday installment lenders, has issued dozens of enforcement actions and levied hundreds of thousand of dollars of fines against payday lenders. Americash and the Cash Store, two companies whose lending practices are highlighted in this report, have received some of the highest fines for violating the PLRA.

Americash Loans and another large lender, Advance America, have committed several violations of the PLRA and been fined hundreds of thousands of dollars. In July 2006, Americash was fined $190,000 by DFPR for failing to comply with the PLRA, ignoring consumer protections, and charging finance charges higher than those allowed by law.[2] Advance America was fined over $75,000 by DFPR for multiple violations in May 2006.[3] Advance America made loans in excess of the maximum term of indebtedness stipulated by the PLRA and over the maximum loan amount. In addition, Advance America violated the PLRA by making more than two payday loans to one borrower.

In April 2006, DFPR shut down four payday installment loan stores operated by the Payday Loan Store of Illinois.[4] The charges against the stores included knowingly making a loan to consumer with a Social Security number belonging to a dead person, forging documents, and falsifying signatures. In addition, the company discarded the consumer disclosure statements they were required by PLRA to give payday loan borrowers.

Payday lenders have repeatedly engaged in deceptive and misleading advertising to discourage borrowers from taking out loans with consumer protections afforded by PLRA. The Cash Store was fined $10,000 for displaying advertising that inflated the finance charges of PLRA loans, falsely stating that they are a more expensive option than installment loans.[5] Other payday lenders, including Illinois Lending Corporation and Advance America, have been fined for similar violations.[6]

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[2] Illinois Department of Financial and Professional Regulation. Official Press Release (July 9, 2006) *Blagojevich Administration and Attorney General Madigan File Simultaneous Enforcement Actions against Payday Lender.* Retrieved September 26, 2006 from http://www.idfpr.com/newsrls

[3] ibid. Order No. 06CC127 in the Matter of Advance America (May 4, 2006). *Order of Fine.*

[4] ibid. Official Press Release (April 2, 2006) *Blagojevich Administration Moves to Shut Down Unscrupulous Short-term Lenders.* Retrieved September 26, 2006 from http://www.idfpr.com/newsrls

[5] ibid. Order No. 05CC140 in the Matter of Cottonwood Financial (December 19, 2005) *Order Assessing Fine and Suspension of Licenses.*

[6] See Illinois Department of Financial and Professional Regulation. *Order Assessing Fine in the Matter of Illinois Lending Corporation* (December 20, 2005) and *Order Assessing Fine in the Matter of Advance America* (December 21, 2005).

Some Lenders Evading the Law with "Look Alike" Loans

In addition to flagrant violations of the Act, many Illinois lenders have begun offering "look alike" loans which evade most of the mandated consumer protections. Since the PLRA regulates loans of 120 days or less, the Illinois payday loan industry increasingly marketed and offered their customers payday installment loans with terms of 121 days or more. These new "look alike" loans, called payday installment loans, have many of the same features as installment loans offered before the act, but with a significantly higher price tag. Payday installment lenders have also developed increasingly sophisticated methods of securing their loans, such as directly debiting payments from a borrower's checking account, or requiring wage assignments through the borrower's employer.

Table 2 shows the cost of the typical payday installment loans made after the passage of the PLRA compared to the typical installment loan offered as a low cost alternative to 14- or 31-day payday days before the passage of the PLRA. These same loans now have APRs of almost 400 percent, over five times the cost of installment loans before PLRA.

Payday installment lenders now offer two distinct, but equally dangerous, products designed to evade the PLRA. Some products, like the payday installment loans offered by Americash require the borrower to pay off the loan in equal installments, much like a mortgage or car payment. Unlike these types of loans, however, Americash payday installment loans carry interest rates of nearly 300 percent. Many of these new payday installment loans are little more than traditional short-term payday loans with several "built in" roll-overs. The Cash Store in particular offers this type of product—a 140 day "look alike" loan requiring nine biweekly interest payments, with a final balloon payment of the entire principal amount. For the borrower, this "look alike" loan is essentially a 14-day payday loan with 10 built in rollovers. Like 14-day payday loans, the final balloon payment is extremely difficult to pay in full, necessitating the additional refinancing and cyclical debt common with the 14-day payday loan product. This spiral of prolonged payday loan debt is precisely what the General Assembly attempted to correct with the PLRA by limiting indebtedness of no more than 45 days.

Table 2. Installment Loans Before and After the Payday Loan Reform Act[7]

Type of Installment Loan	Principal	Fee	Term	APR	Cost of a $300 Loan for 140 days	Percent Change
Post-PLRA	$ 354.55	$ 531.37	141.2	387.42%	$ 445.79	
Pre-PLRA	$ 690.00	$ 374.00	266	74.38%	$ 85.58	
Increase in Average Installment Loan Cost					$ 360.21	421%

[7] See Williams, Marva and Tom Feltner (2004). *Reinvestment Alert 25: New Terms for Payday Loans - High Cost Lenders Change Loan Terms to Evade Illinois Consumer Protections.* Woodstock Institute: Chicago. p. 4 and Veritec Solutions (2006). *Illinois Trends in Payday Lending: Initial Report.* p. 4

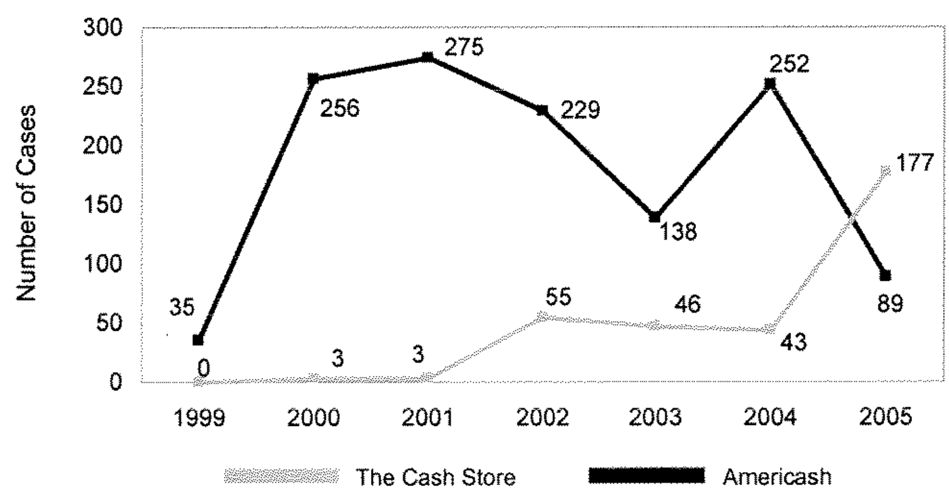
Debt Collection Practices of Two Payday Installment Lenders

The PLRA was designed to ensure that borrowers in default would not be liable for legal fees or additional interest, and would be able to use a fee-free repayment plan to help break the cycle of debt. In order to understand the risk to borrowers of unregulated payday installment loans, which are made without any of these protections, this report examined the court cases of 194 borrowers who had defaulted on pre-PRLA installment loans offered by Americash and filed in 2005 and 2006.[8] In addition, short-term payday loans offered by The Cash Store, which previously only offered payday loans but has completely switched to the payday installment model since the passage of the PLRA were also analyzed.

All post-PLRA installment loans were designed to evade the consumer protections provided in the act. As a result, there is very little information on the terms and conditions of these loans since none of these loans have been entered into the statewide consumer reporting database. However, by examining the loans made by these two companies, and the court records of the loans in default, this report attempts to illustrate the hazards borrowers face when taking out a longer-term loan without the consumer protections offered by the PLRA.

Chart 2 shows that the frequency of debt collection court cases filed in Cook County, Illinois by Americash and the Cash Store from 1999 to July 2006. All of these cases are for loans originated before PLRA went into effect.

Figure 2. Number of Cases Filed by Americash and The Cash Store 1999-2005[9]



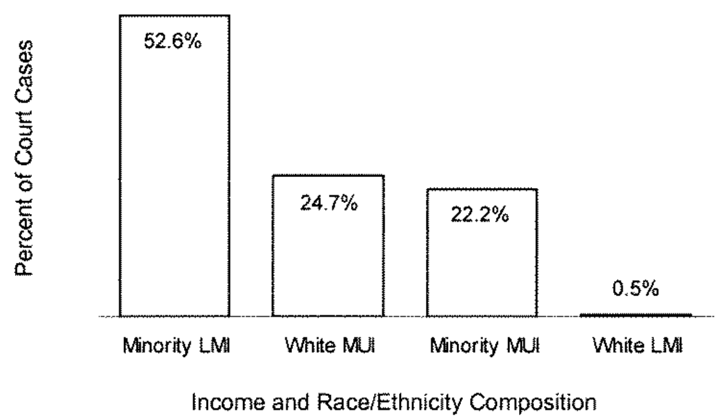
[8] These court cases were collected and analyzed by the Monsignor John Egan Campaign for Payday Loan Reform and are on file at the offices of the Public Action Foundation, 28 E. Jackson, Suite #605, Chicago, Illinois 60604.

[9] Cases filed between 1999 and 2005 were collected from a search of the database of the Cook County Clerk of Courts available at http://www.cookcountyclerkofcourt.org [viewed on June 2006].

The court cases filed by Americash and The Cash Store are heavily concentrated in minority ZIP codes, providing further evidence that these communities are more likely to be impacted by high levels of non-productive debt. Nearly 70 percent of Americash borrowers with pending or completed court cases because of default were located in low- or moderate-income, predominately minority ZIP codes, with nearly 90 percent of cases located in predominately minority communities of any income.

Figure 3 shows a summary of the distribution of payday and payday installment loan court cases filed by Americash and The Cash Store across the Chicago region, as mapped in Figure 4.[10]

Figure 3. Percent of Cases by ZIP code Income and Race/Ethnic Composition



[10] Minority is determined using the percentage of population that is not "Non-Hispanic White." Hispanics are considered minority but can be of any race. Minority is than 50 percent minority, White is less than 50 percent minority. LMI indicates low- or moderate-income based on 80 percent or less of the 2000 U.S. Census Median Family Income (MFI) of $61,182 for the Chicago PMSA. MUI indicates middle- and upper-income or greater than 80 percent of the MFI.

Figure 4. Distribution of Payday and Payday Installment Loan Court Case

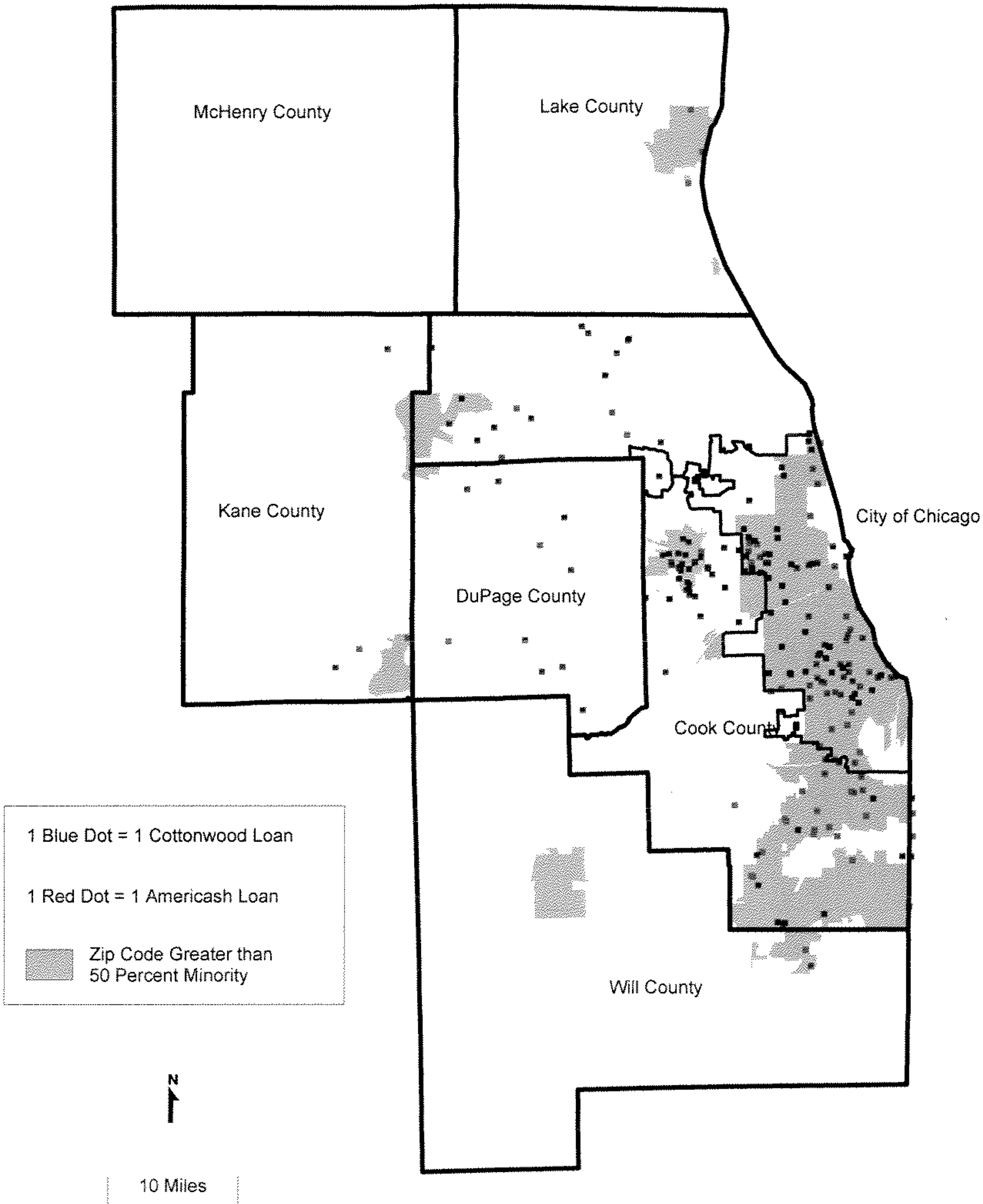


Table 3 contains the court case summary statistics including the average principal, information on refinancing, the use of wage assignments, average amount awarded by the court, attorney's fees, occurrence of default judgments, cases filed against woman, and the geographic distribution of borrowers by community income and minority composition.

Table 3. Summary of Court Cases

Lender Characteristic	Americash 2004	Americash 2006	The Cash Store 2006
Average Loan Principal Amount	$ 784	$ 930	$ 824
Number of Rollovers	No data	No data	35.1%
Percent of Contracts with Wage Assignments	98%	100%	no data
Average Court Award to Lenders	$ 955	$ 1,894.00	$ 1,287.00
Ratio of Award to Loan Amount	2.8 to 1	2 to 1	1.5 to 1
Attorneys Fees	$ 303	$ 343	$ 173
Percent of Default Judgments Granted	N.A.	41%	61%
Percent of Cases Filed Against Women	63.0%	72.3%	65.7%
Percent of Borrowers Residing in Lower-Income Communities	67.4%	69.9%	40.5%
Percent of Borrowers Residing in Predominantly Minority Communities	76.5%	90.4%	63.0%

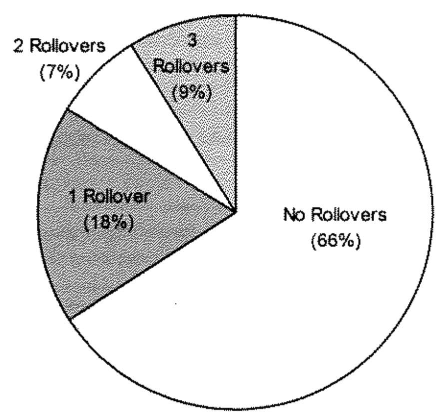
Findings from the Debt Collection Cases

A discussion of the findings is provided below:

1. **The principals for payday installment loans are larger.** The average Americash installment loan increased from $784 in the 2004 *Greed* report to $930, an increase of about 20 percent. The average payday loan from The Cash Store is $824.

2. **Multiple rollovers are common.**

Figure 5. One out of Every Three Cash Store Customers Refinances



Borrowers using payday and payday installment loans have reported to the members of Egan Campaign describing the endless cycle of debt created by "rolling over" a short term loan. For the first time, the Egan Campaign has evidence that this cycle of debt is pervasive and harmful to a borrower's financial health.

Based on refinancing information collected from 44 Cash Store cases in default, **one out of every three cases had at least one "roll over** (Figure 5)."

3. **Wage assignments put payday lenders first in line for borrowers' income.** By taking an interest in a borrower's wages, the debt incurred by payday loans is placed in a position ahead of other secured debt, such as home and auto payments. All of the Americash contracts include a standard provision securing the loan with the borrower's wage assignment. The Cash Store contracts did not include this provision and secured their loans with a post-dated check. Few customers realize that these wage assignments are revocable at will; customers simply have to contact their payroll department. When borrowers pay payday lenders first, they are more likely to default on their home mortgage or car loan.

4. **Wage deductions**. Borrowers in default are also likely to have the payments for their payday loan garnished. Both companies are often granted wage garnishments in court judgments—taking income directly from the borrower's employer. Where the outcome of the cases is known, wage deductions were granted in 20 percent of Americash cases and 32 percent of Cash Store cases.

5. **The average court award is almost twice the average loan amount.** Loan judgments on the average Americash loan of $911 were $1,765, almost twice the amount of the loan. Loan judgments on the average The Cash Store loan of $826 were $1,290.

6. **The average attorney's fees for The Cash Store cases were $174, and for Americash cases were $343.** The PLRA forbids lenders from charging attorney's fees. Before the act, both lenders charged borrowers in default attorney's fees as part of the judgment against them, dramatically increasing the borrower's total debt as a percent of the principal. Without the protections afforded by the PLRA, borrowers in default will continue to be charged attorney's fees.

7. **Judgment-related costs increase the total debt burden for payday loan borrowers.** Judgment expenses increase the cost of paying off a payday loan dramatically and often include loan principal, accrued interest, attorney fees, court costs, and damages.

8. **Mandatory arbitration** – Most payday loan contracts require borrowers to agree to mandatory arbitration, which is a final and binding dispute resolution process that does not provide many protections for borrowers. Arbitration clauses do not allow trial by jury and may involve prohibitive expenses for the borrower. Further, most arbitral procedures are not public and there is often no provision for an individual to be represented by counsel giving the lender a significant legal advantage.

9. **Filing delays increase costs for Cash Store customers in default.** Although The Cash Store loans reviewed had terms of 30 days, the complaints were filed, on average, 1.36 years after the loan was made. The Americash cases reviewed had an average delay 1.8 years. This delay substantially increases the post-default cost of the loan in cases where interest continues to accrue on the outstanding principal.

10. **Borrowers often fail to appear in court, resulting in a judgment in favor of the lender.** In the event that a defendant does not appear in court, an default judgment is granted and the lender wins the case by default. Default judgments were granted in 61 percent of Cash Store cases and 41 percent of Americash cases.

11. **Women made up a large portion of borrowers in court because of payday loans.** Of the Americash cases reviewed, 72 pecent of the defendants were female, with 23 percent male and 5 percent gender unknown. Of The Cash Store cases, 66 percent are female, 21 percent are male and 13 percent are unknown.

12. **Americash and The Cash Store court cases are heavily concentrated in minority ZIP codes**, providing further evidence that these communities are more likely to be impacted by high levels of non-productive debt. Nearly 70 percent of Americash borrowers with pending or complete court cases because of default were located in low- or moderate-income, predominately minority ZIP codes, with nearly 90 percent of cases located in predominately minority communities of any income.

Recommended Consumer Protections for Payday Installment Loans

Based on characteristics of high cost installment loans that have been settled in the court system described in this report, the Monsignor John Egan Campaign for Payday Loan Reform recommends the following principals to protect borrowers. Like the PLRA, these principals are based on nationally recognized standards for safe borrowing and accommodate the unique terms and conditions of Illinois high cost installment loan. Taken together, they will help protect the interest of consumers and military personnel, limit over borrowing, prevent the cycle of debt caused by multiple rollovers and refinancing, and make high cost installment loans more affordable.

1. **Loan limit:** the amount of the loan should be indexed to the borrower's income.

2. **Multiple loans:** there should be limits on the number of payday and payday installment loans.

3. **Fee Cap:** total fees, including interest, fees, and other costs should be limited.

4. **Loan Payments:** installment loans should be fully amortizing loans with regular and equal term payments. Balloon payments are prohibited.

5. **Consumer Reporting Service:** All loans must be entered into the consumer reporting service, authorized under the Payday Loan Reform Act, to verify and ensure compliance with these consumer protections.

6. **Military Protections:** provisions should be made to protect the interests of military personnel.

7. **No post default interest:** No interest may be permitted to accrue after default.

8. **No attorney's fees:** Legal fees upon default should be barred.

9. **Mandatory arbitration:** No mandatory arbitration clauses that are oppressive, unfair, unconscionable, or substantially in derogation of the rights of consumers

Appendix: Litigation Data

This appendix is the printed version of the litigation database. It includes data for all 194 Americash and Cash Store cases analyzed by the Monsignor John Egan Campaign for Payday Loan Reform.

Variable	Description
Co:	The company filing the case. "TCS" indicates The Cash Store and "AC indicates Americash.
ZIP:	The customers residence ZIP code from the loan contract
Case:	The lawsuit's official number as assigned by the Circuit Court of Cook County
Ln Date:	The date on which the loan was originated
Sec:	The security provided for the loan "WA" indicates wage assignment, "PDC" indicates post-dated check.
Principal:	The loan principal dispersed to the borrower
Fee:	The fee charged for the loan
Term:	The term of the loan
APR:	The effective APR charged on the loan based on the principal, term and fee paid by the borrower.
Rnwl:	The number of renewals or "roll overs." "No data" indicates that this information was not recorded on the loan contract provided in the court case.
Complete:	The date on which the complaint was filed in the Circuit Court of Cook County.
Dmgs:	The total damages sought by Americash or The Cash Store.
Fees:	The portion of the damages sought by Americash or The Cash Store to cover the company's attorney's fees.
OC:	The outcome of the case. "B" stands for bankruptcy, "D" for dismissed, "DBA" for dismissed by agreement, "DFLP" for dismissed by agreement, "DV" dismissed voluntarily, "DJ" for default judgment, "IP" for installment plan, "J" for judgment, "JP" for judgment for plantiff, "U" for unknown and "W' for wage deduction.
Ded:	Indicates a wage deduction.
Due:	Total amount sought by lender, including damages and legal fees.
Inc:	The income of the borrower's home address ZIP code. "LMI" stands for a low- and moderate-income ZIP code with an income below 80 percent of the Average Family Income for the Chicago region. MUI stands for middle- and upper-income or more than 80 percent of the Average Family Income for the Chicago region.
Min:	The percentage of minority residents in the borrower's home address ZIP code. Minority is determined using the percentage of population that is not "Non-Hispanic White." Hispanics are considered minority but can be of any race. "1" is greater than 50 percent minority, "2" is less than 50 percent minority.

Appendix: Litigation Data

Co	ZIP	Sex	Case	Ln Date	Sec	Principal	Fee	Term	APR	Rnwl	Complete	Dmgs	Fees	OC	Ded	Due	Income	Min
AC	60628	f	06-m1-125315	3/21/01	WA	$ 1,000	$ 521	266	71.5%	no data	3/30/2006	$ 1,188	$ 350	B	no	none	LMI	yes
TCS	60622	m	05-m1-114489	3/11/02	PDC	$ 1,170	$ 518	30	538.8%	3	3/11/05	$ 1,689	$ 253	DJ	yes	$ 1,941.95	LMI	yes
TCS	60517	m	05-m1-151852	4/3/02	PDC	$ 850	$ 376	30	538.8%	0	7/29/05	$ 1,226	$ 184	D	no	none	MUI	no
AC	60636	f	06-m1-143472	7/26/02	WA	$ 1,000	$ 522	266	71.6%	no data	6/2/2006	$ 1,243	$ 350	U	no	unknown	LMI	yes
TCS	60018	f	05-m1-106297	7/29/02	PDC	$ 550	$ 244	30	538.8%	2	2/1/05	$ 794	$ 119	DJ	no	$ 912.60	MUI	no
TCS	60103	f	05-m1-114492	9/13/02	PDC	$ 765	$ 339	30	538.8%	2	3/11/05	$ 1,104	$ 166	DJ	yes	$ 1,269.94	MUI	no
AC	60644	f	06-m1-125318	10/16/02	WA	$ 1,000	$ 522	266	71.6%	no data	3/30/2006	$ 1,074	$ 350	U	no	unknown	LMI	yes
TCS	60104	f	05-m1-114491	12/9/02	PDC	$ 518	$ 229	30	538.8%	3	3/11/05	$ 747	$ 112	DJ	yes	$ 858.68	MUI	yes
TCS	60619	f	05-m1-125395	12/19/02	PDC	$ 870	$ 385	30	538.8%	3	4/19/05	$ 415	$ 100	DJ	yes	$ 515.29	LMI	yes
TCS	60523	f	05-m1-127691	12/21/02	PDC	$ 600	$ 266	30	538.8%	0	3/31/05	$ 866	$ 130	DJ	no	$ 995.56	MUI	no
TCS	60104	f	05-m1-119187	12/24/02	PDC	$ 800	$ 354	30	538.8%	0	3/25/05	$ 1,154	$ 173	DJ	no	$ 1,327.43	MUI	yes
TCS	60645	f	05-m1-119186	1/3/03	PDC	$ 1,000	$ 443	30	538.8%	0	3/25/05	$ 1,443	$ 216	D	no	none	LMI	no
TCS	60302	f	05-m1-106612	1/18/03	PDC	$ 400	$ 177	30	538.8%	1	2/2/05	$ 577	$ 100	DJ	no	$ 677.14	MUI	no
AC	60653	m	06-m1-143473	1/24/03	WA	$ 6,990	$ 428	266	8.4%	no data	6/2/2006	$ 702	$ 350	U	no	unknown	LMI	yes
AC	60616	f	06-m1-143497	2/1/03	WA	$ 1,000	$ 620	266	85.1%	no data	6/2/2006	$ 969	$ 350	U	no	unknown	LMI	yes
TCS	60074	f	05-m1-119185	2/8/03	PDC	$ 655	$ 290	30	538.8%	3	3/25/05	$ 945	$ 142	DJ	yes	$ 1,086.83	MUI	no
TCS	60018	f	05-m1-114490	2/13/03	PDC	$ 700	$ 310	30	538.8%	1	3/11/05	$ 1,010	$ 152	DJ	yes	$ 1,161.50	MUI	no
TCS	60160	u	05-m1-114488	3/11/03	PDC	$ 500	$ 221	30	538.8%	1	3/11/05	$ 721	$ 108	DJ	yes	$ 829.52	LMI	yes
TCS	60104	f	05-m1-113190	3/14/03	PDC	$ 1,489	$ 660	30	538.8%	1	3/5/05	$ 1,149	$ 322	DJ	yes	$ 1,471.15	MUI	yes
TCS	60104	f	05-m1-119184	3/14/03	PDC	$ 570	$ 252	30	538.8%	1	3/25/05	$ 752	$ 113	D	no	none	MUI	yes
TCS	60651	f	05-m1-114487	3/28/03	PDC	$ 931	$ 412	30	538.8%	3	3/11/05	$ 1,343	$ 301	DJ	no	$ 1,544.31	LMI	yes
TCS	60155	u	05-m1-120703	5/8/03	PDC	$ 1,100	$ 487	30	538.7%	0	3/31/05	$ 1,587	$ 238	DJ	yes	$ 1,825.21	MUI	yes
AC	60649	f	06-m1-100501	6/9/03	WA	$ 690	$ 428	266	85.1%	no data	incomplete	$ 2,591	$ 350	DJ	no	$ 2,674.81	LMI	yes
AC	60615	f	05-m1-167472	6/13/03	WA	$ 600	$ 396	42	573.6%	no data	9/13/2005	$ 802	$ 350	WD	yes	$ 1,152.00	LMI	yes
TCS	60104	f	05-m1-115596	6/23/03	PDC	$ 600	$ 266	30	538.8%	0	3/15/05	$ 866	$ 130	E	yes	$ 995.56	MUI	yes
AC	60628	f	06-m1-143495	6/23/03	WA	$ 690	$ 428	266	85.1%	no data	6/2/2006	$ 604	$ 350	U	no	unknown	LMI	yes
AC	60609	f	05-m1-150240	6/30/03	WA	$ 372	$ 245	42	573.6%	no data	7/12/2005	$ 554	$ 350	U	no	unknown	LMI	yes
TCS	60649	m	05-m1-119218	7/18/03	PDC	$ 1,200	$ 531	30	538.8%	0	3/25/05	$ 1,731	$ 260	DJ	yes	$ 1,991.14	LMI	yes
TCS	60630	m	05-m1-123793	7/18/03	PDC	$ 1,500	$ 664	30	538.8%	0	4/12/05	$ 2,064	$ 310	DJ	no	$ 2,373.93	MUI	no
AC	60649	f	06-m1-100504	7/19/03	WA	$ 690	$ 428	266	85.1%	no data	incomplete	$ 2,552	$ 350	J	no	$ 2,552.39	LMI	yes
TCS	60160	f	05-m1-120704	7/22/03	PDC	$ 575	$ 255	30	538.8%	1	3/31/05	$ 830	$ 124	DFLP	no	none	LMI	yes
TCS	60453	m	05-m1-102912	7/25/03	PDC	$ 800	$ 354	30	538.8%	0	1/20/05	$ 1,154	$ 173	IP	no	$ 1,002.63	MUI	no
TCS	60155	f	05-m1-115595	7/25/03	PDC	$ 800	$ 354	30	538.8%	0	3/15/05	$ 969	$ 145	D	no	none	MUI	yes
AC	60636	f	06-m1-125316	7/28/03	WA	$ 1,000	$ 620	266	85.1%	no data	3/30/2006	$ 1,052	$ 350	U	no	unknown	LMI	yes
AC	60505	f	06-m1-125382	7/28/03	WA	$ 300	$ 199	42	575.9%	no data	incomplete	$ 1,274	$ 350	DJ	no	$ 1,273.95	LMI	yes

Appendix: Litigation Data

Co	ZIP	Sex	Case	Ln Date	Sec	Principal	Fee	Term	APR	Rnwl	Complete	Dmgs	Fees	OC	Ded	Due	Income	Min
AC	60409	f	05-m1-167475	7/31/03	WA	$ 300	$ 198	42	573.6%	no data	9/13/2005	$ 548	$ 250	WD	yes	$ 798.00	LMI	yes
TCS	60411	m	05-m1-120700	8/2/03	PDC	$ 500	$ 221	30	538.8%	0	3/31/05	$ 721	$ 108	DJ	no	$ 829.64	LMI	yes
TCS	60155	f	05-m1-106615	8/6/03	PDC	$ 650	$ 288	30	538.8%	3	2/2/05	$ 788	$ 118	IP	no	$ 1,074.23	MUI	yes
AC	60618	f	05-m1-167479	8/11/03	WA	$ 450	$ 297	42	573.6%	no data	9/13/2005	$ 797	$ 350	U	no	unknown	LMI	yes
TCS	60506	u	05-m1-159210	8/16/03	PDC	$ 900	$ 399	30	538.8%	0	8/24/05	$ 1,299	$ 195	IP	no	$ 1,493.35	MUI	no
TCS	60804	m	05-m1-155743	8/18/03	PDC	$ 1,099	$ 487	30	538.8%	2	8/14/05	$ 1,585	$ 238	IP	no	$ 1,822.84	LMI	yes
AC	60637	f	05-m1-137578	8/22/03	WA	$ 300	$ 198	42	573.6%	no data	5/31/2005	$ 548	$ 350	DBA	yes	$ 1,230.00	LMI	yes
AC	60652	f	05-m1-137678	8/22/03	WA	$ 450	$ 297	42	573.6%	no data	7/12/2005	$ 797	$ 350	J	no	$ 1,147.00	MUI	yes
AC	60644	f	05-m1-137784	8/25/03	WA	$ 1,000	$ 620	266	85.1%	no data	incomplete	$ 516	$ -	DBA	no	none	LMI	yes
TCS	60304	u	05-m1-102911	8/27/03	PDC	$ 800	$ 354	30	538.8%	1	1/20/05	$ 1,154	$ 173	U	no	unknown	MUI	no
TCS	60644	f	05-m1-102910	8/29/03	PDC	$ 600	$ 266	30	538.8%	0	1/20/05	$ 866	$ 130	DJ	no	$ 995.56	LMI	yes
TCS	60639	f	05-m1-127690	8/29/03	PDC	$ 850	$ 376	30	538.8%	0	4/27/05	$ 1,226	$ 184	DJ	yes	$ 1,410.39	LMI	yes
TCS	60148	f	05-m1-141199	8/30/03	PDC	$ 1,025	$ 454	30	538.8%	0	6/17/05	$ 629	$ 222	DFLP	no	none	MUI	no
AC	60612	f	05-m1-137662	9/5/03	WA	$ 300	$ 198	42	573.6%	no data	5/31/2005	$ 548	$ 350	DBA	no	none	LMI	yes
TCS	60409	f	05-m1-156594	9/5/03	PDC	$ 550	$ 244	30	538.8%	0	8/17/05	$ 794	$ 119	DJ	no	$ 669.03	LMI	yes
AC	60419	m	06-m1-100507	9/5/03	WA	$ 1,500	$ 930	266	85.1%	no data	incomplete	$ 2,220	$ 350	DJ	no	$ 2,091.80	MUI	yes
AC	60443	m	05-m1-137598	9/8/03	WA	$ 500	$ 330	42	573.6%	no data	5/31/2005	$ 880	$ 350	WD	yes	$ 1,230.00	MUI	yes
AC	60651	m	05-m1-137597	9/13/03	WA	$ 500	$ 330	42	573.6%	no data	5/31/2005	$ 668	$ 350	D	no	none	LMI	yes
TCS	60629	f	05-m1-156595	9/13/03	PDC	$ 525	$ 233	30	538.8%	0	8/17/05	$ 758	$ 114	U	no	unknown	LMI	yes
AC	60426	f	05-m1-150225	9/15/03	WA	$ 250	$ 165	42	573.6%	no data	7/12/2005	$ 440	$ 250	U	no	unknown	LMI	yes
TCS	60471	m	05-m1-129962	9/19/03	PDC	$ 494	$ 219	30	538.8%	1	5/5/05	$ 713	$ 107	DJ	no	$ 820.16	MUI	yes
TCS	60477	f	05-m1-108018	9/20/03	PDC	$ 1,500	$ 664	30	538.8%	3	2/8/05	$ 2,164	$ 325	DJ	no	$ 2,164.29	MUI	no
AC	60643	f	06-m1-106291	9/23/03	WA	$ 400	$ 264	42	573.6%	no data	1/19/2006	$ 714	$ 350	U	no	unknown	MUI	yes
TCS	60104	f	05-m1-120701	9/26/03	PDC	$ 450	$ 199	30	538.8%	0	3/31/05	$ 649	$ 100	DJ	yes	$ 749.29	MUI	yes
TCS	60402	f	05-m1-127689	9/26/03	PDC	$ 675	$ 299	30	538.8%	0	4/27/05	$ 974	$ 146	DJ	no	$ 1,120.01	MUI	no
TCS	60513	f	05-m1-157753	9/26/03	PDC	$ 1,500	$ 664	30	538.8%	0	8/20/05	$ 2,164	$ 325	U	no	unknown	MUI	no
TCS	60639	f	05-m1-119182	9/29/03	PDC	$ 1,300	$ 576	30	538.8%	0	3/25/05	$ 974	$ 146	DJ	yes	$ 1,120.66	LMI	yes
AC	60426	m	05-m1-167474	9/30/03	WA	$ 325	$ 214	42	572.2%	no data	9/13/2005	$ 590	$ 350	WD	yes	$ 939.50	LMI	yes
TCS	60104	f	05-m1-125394	10/1/03	PDC	$ 925	$ 410	30	538.8%	0	4/19/05	$ 1,135	$ 170	JFP	yes	$ 1,134.64	MUI	yes
TCS	60103	u	05-m1-156574	10/1/03	PDC	$ 1,264	$ 554	30	533.0%	1	8/17/05	$ 425	$ 100	D	no	none	MUI	no
TCS	60153	u	05-m1-135256	10/2/03	PDC	$ 1,025	$ 454	30	538.8%	0	5/23/05	$ 1,479	$ 222	DJ	no	$ 1,246.83	LMI	yes
TCS	60155	u	05-m1-156597	10/4/03	PDC	$ 775	$ 343	30	538.8%	0	8/17/05	$ 1,118	$ 168	IP	no	$ 1,285.94	MUI	yes
TCS	60101	m	05-m1-53188	10/4/03	PDC	$ 1,000	$ 443	30	538.8%	0	8/4/05	$ 1,443	$ 216	U	no	unknown	MUI	no
AC	60419	m	05-m1-137677	10/6/03	WA	$ 350	$ 231	42	573.6%	no data	5/31/2005	$ 310	$ 250	WD	yes	$ 560.00	MUI	yes
TCS	60624	f	05-m1-119180	10/9/03	PDC	$ 925	$ 410	30	538.8%	1	3/25/05	$ 1,235	$ 185	IP	no	$ 1,374.04	LMI	yes

Appendix: Litigation Data

Co	ZIP	Sex	Case	Ln Date	Sec	Principal	Fee	Term	APR	Rnwl	Complete	Dmgs	Fees	OC	Ded	Due	Income	Min
AC	60644	f	05-m1-167481	10/16/03	WA	$ 300	$ 198	42	573.6%	no data	9/13/2005	$ 548	$ 350	U	no	unknown	LMI	yes
TCS	60644	f	05-m1-129739	10/17/03	PDC	$ 1,000	$ 443	30	538.8%	0	5/4/05	$ 1,043	$ 216	IP	no	$ 1,259.28	LMI	yes
AC	60620	f	05-m1-167449	10/17/03	WA	$ 300	$ 198	42	573.6%	no data	incomplete	$ 6,784	$ 350	U	no	unknown	LMI	yes
TCS	60546	f	05-m1-106610	10/18/03	PDC	$ 775	$ 343	30	538.8%	0	2/2/05	$ 853	$ 162	IP	no	$ 1,014.94	MUI	no
TCS	60644	f	05-m1-156599	10/28/03	PDC	$ 250	$ 111	30	538.8%	0	8/17/05	$ 361	$ 100	U	no	unknown	LMI	yes
TCS	60634	m	05-m1-120713	10/31/03	PDC	$ 1,150	$ 509	30	538.8%	0	3/31/05	$ 900	$ 249	DJ	no	$ 1,148.89	MUI	no
AC	60619	m	05-m1-137673	11/4/03	WA	$ 300	$ 198	42	573.6%	no data	5/31/2005	$ 548	$ 350	DJ	yes	$ 848.00	LMI	yes
TCS	60623	f	05-m1-115520	11/6/03	PDC	$ 638	$ 282	30	538.8%	1	3/14/05	$ 720	$ 108	U	no	unknown	LMI	yes
AC	60615	f	05-m1-137663	11/7/03	WA	$ 500	$ 330	42	573.6%	no data	5/31/2005	$ 880	$ 350	WD	yes	$ 1,230.00	LMI	yes
AC	60615	f	05-m1-167473	11/7/03	WA	$ 530	$ 349	42	573.6%	no data	9/13/2005	$ 837	$ 350	WD	yes	$ 1,187.48	LMI	yes
AC	60466	f	05-m1-167443	11/15/03	WA	$ 793	$ 523	42	573.6%	no data	9/13/2005	$ 1,416	$ 350	WD	yes	$ 1,766.38	MUI	yes
AC	60419	f	05-m1-137670	11/17/03	WA	$ 350	$ 231	42	573.6%	no data	5/31/2005	$ 631	$ 350	DJ	no	$ 981.00	MUI	yes
AC	60625	m	05-m1-166552	11/19/03	WA	$ 793	$ 523	42	573.6%	no data	9/13/2005	$ 1,416	$ 250	U	no	unknown	LMI	yes
AC	60651	f	06-m1-133182	11/26/03	WA	$ 500	$ 330	42	573.6%	no data	4/27/2006	$ 718	$ 350	U	no	unknown	LMI	yes
AC	60628	u	05-m1-167461	11/28/03	WA	$ 325	$ 215	42	573.6%	no data	9/13/2005	$ 590	$ 350	DJ	no	$ 889.50	LMI	yes
AC	60429	f	05-m1-113166	11/29/03	WA	$ 250	$ 165	42	573.6%	no data	2/28/2005	$ 440	$ 250	DJ	yes	$ 690.00	MUI	yes
AC	60609	u	06-m1-100331	12/1/03	WA	$ 600	$ 396	42	573.6%	no data	12/27/2005	$ 1,071	$ 350	DJ	no	$ 1,421.00	LMI	yes
TCS	60103	f	05-m1-151389	12/5/03	PDC	$ 800	$ 354	30	538.8%	0	7/28/05	$ 1,154	$ 173	DJ	no	$ 1,327.43	MUI	no
TCS	60004	m	05-m1-102015	12/19/03	PDC	$ 1,500	$ 664	30	538.8%	0	1/12/05	$ 2,164	$ 325	DJ	yes	$ 2,438.93	MUI	no
AC	60443	f	06-m1-133206	12/19/03	WA	$ 1,000	$ 620	266	85.1%	no data	4/27/2006	$ 389	$ 639	U	no	unknown	MUI	yes
AC	60005	m	05-m1-150224	12/20/03	WA	$ 500	$ 330	42	573.6%	no data	7/12/2005	$ 531	$ 350	WD	yes	$ 880.71	MUI	no
AC	60620	m	06-m1-125383	12/30/03	WA	$ 300	$ 198	42	573.6%	no data	incomplete	$ 1,679	$ 350	DJ	no	$ 1,679.37	LMI	yes
TCS	60563	m	05-m1-131592	1/29/04	PDC	$ 850	$ 376	30	538.8%	0	5/11/05	$ 262	$ 139	D	no	none	MUI	no
TCS	60155	u	05-m1-151391	2/13/04	PDC	$ 750	$ 232	30	376.6%	1	8/25/05	$ 1,082	$ 162	U	no	unknown	MUI	yes
TCS	60130	f	05-m1-129960	2/24/04	PDC	$ 750	$ 332	30	538.8%	1	5/5/05	$ 382	$ 100	DJ	yes	$ 482.06	MUI	no
TCS	60525	f	05-m1-120699	3/2/04	PDC	$ 450	$ 199	30	538.8%	0	3/31/05	$ 649	$ 100	DJ	no	$ 749.29	MUI	no
TCS	60636	f	05-m1-120702	3/6/04	PDC	$ 525	$ 233	30	538.8%	0	3/31/05	$ 758	$ 114	IP	yes	$ 871.12	LMI	yes
TCS	60619	f	05-m1-156600	3/9/04	PDC	$ 725	$ 321	30	538.8%	0	8/17/05	$ 1,046	$ 157	U	no	unknown	LMI	yes
TCS	60612	f	05-m1-106609	3/19/04	PDC	$ 650	$ 288	30	538.8%	0	2/2/05	$ 721	$ 108	U	no	unknown	LMI	yes
TCS	60632	f	05-m1-127688	3/19/04	PDC	$ 500	$ 221	30	538.8%	0	4/27/05	$ 721	$ 108	DJ	yes	$ 829.64	LMI	yes
TCS	60154	u	05-m1-131578	3/31/04	PDC	$ 450	$ 199	30	538.8%	0	5/11/05	$ 649	$ 100	DJ	no	$ 749.29	MUI	no
TCS	60621	u	05-m1-133559	4/2/04	PDC	$ 1,275	$ 565	30	538.8%	0	5/17/05	$ 1,840	$ 276	DJ	no	$ 2,115.58	LMI	yes
TCS	60478	m	05-m1-119162	4/9/04	PDC	$ 721	$ 319	30	538.8%	0	3/25/05	$ 1,040	$ 156	IP	no	unknown	MUI	yes
TCS	60438	f	05-m1-102038	4/15/04	PDC	$ 1,050	$ 465	30	538.8%	0	1/12/05	$ 1,445	$ 217	DJ	no	$ 1,661.75	MUI	no
AC	60064	f	06-m1-100502	4/16/04	WA	$ 1,500	$ 930	266	85.1%	no data	incomplete	$ 2,845	$ 350	J	no	$ 2,544.70	LMI	yes

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Co	ZIP	Sex	Case	Ln Date	Sec	Principal	Fee	Term	APR	Rnwl	Complete	Dmgs	Fees	OC	Ded	Due	Income	Min
TCS	60153	f	05-m1-135258	4/23/04	PDC	$ 550	$ 244	30	538.8%	0	5/23/05	$ 599	$ 100	IP	no	$ 698.57	LMI	yes
TCS	60104	m	05-m1-113551	4/27/04	PDC	$ 521	$ 244	30	568.3%	1	5/17/05	$ 569	$ 108	DJ	yes	$ 676.35	MUI	yes
TCS	60443	f	05-m1-106605	4/30/04	PDC	$ 450	$ 199	30	538.8%	3	2/2/05	$ 649	$ 100	DJ	yes	$ 599.29	MUI	yes
TCS	60107	f	05-m1-106608	4/30/04	PDC	$ 1,312	$ 581	30	538.8%	3	2/2/05	$ 1,418	$ 213	IP	no	$ 1,630.38	MUI	no
TCS	60194	m	05-m1-137287	5/6/04	PDC	$ 1,375	$ 609	30	538.8%	0	6/2/05	$ 1,983	$ 298	IP	no	$ 2,280.51	MUI	no
TCS	60104	u	05-m1-151393	5/8/04	PDC	$ 1,200	$ 531	30	538.8%	0	7/28/05	$ 1,731	$ 260	DJ	yes	$ 1,991.14	MUI	yes
TCS	60629	f	05-m1-137312	5/10/04	PDC	$ 500	$ 221	30	538.8%	2	6/2/05	$ 721	$ 108	U	no	unknown	LMI	yes
TCS	60466	f	05-m1-114486	5/14/04	PDC	$ 700	$ 310	30	538.8%	0	3/11/06	$ 1,010	$ 152	DJ	yes	$ 1,161.50	MUI	yes
TCS	60120	f	05-m1-156575	5/21/04	PDC	$ 400	$ 177	30	538.8%	0	8/17/05	$ 577	$ 100	U	no	unknown	MUI	yes
TCS	60139	f	05-m1-129737	5/25/04	PDC	$ 450	$ 199	30	538.8%	0	5/4/05	$ 649	$ 100	DFLP	no	none	MUI	no
TCS	60074	f	05-m1-129738	5/28/04	PDC	$ 800	$ 354	30	538.8%	0	5/4/05	$ 961	$ 173	DFLP	no	none	MUI	no
AC	60649	f	06-m1-100505	5/28/04	WA	$ 690	$ 419	266	83.4%	no data	incomplete	$ 2,370	$ 350	U	no	unknown	LMI	yes
TCS	60612	u	05-m1-129736	5/29/04	PDC	$ 1,375	$ 609	30	538.8%	1	5/4/05	$ 1,984	$ 298	DJ	yes	$ 1,672.58	LMI	yes
TCS	60646	m	05-m1-110707	6/1/04	PDC	$ 1,400	$ 620	30	538.8%	0	2/24/05	$ 2,020	$ 303	DJ	yes	$ 2,323.00	MUI	no
AC	60563	f	05-m1-137804	6/5/04	WA	$ 690	$ 845	182	245.7%	no data	incomplete	$ 2,373	$ 350	DJ	yes	$ 2,684.07	MUI	no
AC	60473	f	06-m1-125320	6/5/04	WA	$ 2,000	$1,240	266	85.1%	no data	3/30/2006	$ 1,924	$ 350	DJ	no	$ 2,274.29	MUI	yes
TCS	60621	f	05-m1-110569	6/12/04	PDC	$ 650	$ 288	30	538.8%	0	2/23/05	$ 938	$ 141	DJ	yes	$ 1,078.53	LMI	yes
TCS	60466	f	05-m1-129735	6/14/04	PDC	$ 1,125	$ 498	30	538.8%	0	5/4/05	$ 1,623	$ 243	DJ	yes	$ 1,866.69	MUI	yes
TCS	60153	m	05-m1-119177	6/21/04	PDC	$ 675	$ 299	30	538.8%	0	3/25/05	$ 974	$ 146	JFP	yes	$ 1,120.01	LMI	yes
TCS	60110	f	05-m1-129740	6/23/04	PDC	$ 825	$ 365	30	538.8%	1	5/4/05	$ 1,587	$ 238	DJ	yes	$ 1,428.43	MUI	no
AC	60608	f	06-m1-143479	6/24/04	WA	$ 690	$ 845	182	245.7%	no data	6/2/2006	$ 655	$ 350	U	no	unknown	LMI	yes
TCS	60626	f	05-m1-133550	6/28/04	PDC	$ 850	$ 376	30	538.8%	0	5/17/05	$ 1,226	$ 184	DJ	no	$ 1,410.39	LMI	yes
AC	60652	f	06-m1-100503	6/30/04	WA	$ 690	$ 838	180	246.1%	no data	incomplete	$ 2,941	$ 350	J	no	$ 2,826.23	MUI	yes
AC	60429	f	05-m1-137777	7/1/04	WA	$ 360	$ 838	180	471.7%	no data	incomplete	$ 2,041	$ 350	B	no	none	MUI	yes
TCS	60162	u	05-m1-131574	7/6/04	PDC	$ 1,159	$ 513	30	538.8%	2	5/11/05	$ 1,672	$ 251	DJ	no	$ 1,922.39	MUI	yes
TCS	60623	m	05-m1-127687	7/12/04	PDC	$ 500	$ 221	30	538.8%	2	4/27/05	$ 721	$ 108	DFLP	no	none	LMI	yes
TCS	60639	f	05-m1-131585	7/16/04	PDC	$ 900	$ 399	30	538.8%	0	5/11/05	$ 1,299	$ 195	DJ	yes	$ 1,453.35	LMI	yes
AC	60085	f	06-m1-100512	7/19/04	WA	$ 1,500	$ 930	266	85.1%	no data	incomplete	$ 4,345	$ 350	DJ	no	$ 4,546.55	LMI	yes
AC	60652	f	05-m1-137799	7/20/04	WA	$ 1,000	$ 620	266	85.1%	no data	incomplete	$ 1,884	$ 350	DJ	no	$ 1,401.19	MUI	yes
TCS	60629	f	05-m1-144266	7/22/04	PDC	$ 850	$ 376	30	538.8%	1	6/30/05	$ 1,226	$ 184	IP	no	$ 1,581.99	LMI	yes
AC	60612	u	06-m1-125314	7/26/04	WA	$ 690	$ 838	180	246.1%	no data	3/30/2006	$ 1,671	$ 350	U	no	unknown	LMI	yes
TCS	60601	m	05-m1-151395	7/27/04	PDC	$ 562	$ 249	30	538.8%	2	7/28/05	$ 617	$ 100	D	no	none	MUI	no
TCS	60619	m	05-m1-137317	7/30/04	PDC	$ 1,150	$ 509	30	538.8%	0	6/2/05	$ 1,659	$ 249	DV	no	none	LMI	yes
TCS	60120	u	05-m1-156576	7/31/04	PDC	$ 588	$ 260	30	538.8%	2	8/17/05	$ 848	$ 127	U	no	unknown	MUI	yes
TCS	60629	f	05-m1-131577	8/3/04	PDC	$ 900	$ 399	30	538.8%	0	5/11/05	$ 1,299	$ 195	DV	no	none	LMI	yes

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Co	ZIP	Sex	Case	Ln Date	Sec	Principal	Fee	Term	APR	Rnwl	Complete	Dmgs	Fees	OC	Ded	Due	Income	Min
TCS	60513	f	05-m1-156577	8/3/04	PDC	$ 1,000	$ 443	30	538.8%	1	8/17/05	$ 1,443	$ 216	DJ	no	$ 1,659.28	MUI	no
AC	60620	f	05-m1-167449	8/4/04	WA	$ 690	$ 845	182	245.7%	no data	incomplete	$ 6,784	$ 350	U	no	unknown	LMI	yes
AC	60619	m	05-m1-137782	8/5/04	WA	$ 690	$ 428	266	85.1%	no data	incomplete	$ 1,713	$ 350	DFLP	no	none	LMI	yes
TCS	60154	m	05-m1-156578	8/6/04	PDC	$ 350	$ 155	30	538.8%	0	8/17/05	$ 505	$ 100	U	no	unknown	MUI	no
TCS	60623	f	05-m1-154513	8/7/04	PDC	$ 450	$ 199	30	538.8%	0	8/10/05	$ 649	$ 100	JFP	no	$ 448.80	LMI	yes
TCS	60619	f	05-m1-144177	8/10/04	PDC	$ 675	$ 299	30	538.8%	1	6/29/05	$ 974	$ 146	DJ	yes	$ 1,120.01	LMI	yes
AC	60438	f	05-m1-137805	8/12/04	WA	$ 1,000	$ 620	266	85.1%	no data	incomplete	$ 2,341	$ 350	DJ	yes	$ 2,796.08	MUI	no
TCS	60153	f	05-m1-119217	8/13/04	PDC	$ 1,075	$ 476	30	538.8%	0	3/25/05	$ 1,551	$ 233	IP	no	$ 1,783.73	LMI	yes
TCS	60194	f	05-m1-129955	8/13/04	PDC	$ 775	$ 343	30	538.8%	0	5/5/05	$ 1,118	$ 168	DFLP	no	none	MUI	no
AC	60153	f	06-m1-125319	8/16/04	WA	$ 4,500	$ 930	266	28.4%	no data	3/30/2006	$ 1,223	$ 350	U	no	unknown	LMI	yes
AC	60506	f	05-m1-137795	8/18/04	WA	$ 1,000	$ 620	266	85.1%	no data	incomplete	$ 2,114	$ 350	DJ	no	$ 2,326.30	MUI	no
AC	60419	m	05-m1-137789	8/20/04	WA	$ 690	$ 838	180	246.1%	no data	incomplete	$ 2,005	$ 350	B	no	none	MUI	yes
AC	60619	m	06-m1-100509	8/27/04	WA	$ 1,000	$ 620	266	85.1%	no data	incomplete	$ 2,248	$ 350	U	no	unknown	LMI	yes
TCS	60644	f	05-m1-147218	9/3/04	PDC	$ 800	$ 354	30	538.8%	0	7/12/05	$ 1,057	$ 173	DJ	no	$ 1,230.43	LMI	yes
TCS	60651	f	05-m1-147219	9/7/04	PDC	$ 1,100	$ 487	30	538.8%	0	7/12/05	$ 1,587	$ 238	DJ	yes	$ 1,338.07	LMI	yes
TCS	60153	f	05-m1-147507	9/10/04	PDC	$ 450	$ 199	30	538.8%	0	7/13/05	$ 649	$ 100	DJ	yes	$ 749.29	LMI	yes
TCS	60631	f	05-m1-147515	9/13/04	PDC	$ 1,125	$ 498	30	538.8%	0	7/13/05	$ 1,623	$ 243	DJ	yes	$ 1,866.69	MUI	no
AC	60478	f	06-m1-125317	9/18/04	WA	$ 690	$ 827	182	240.4%	no data	3/30/2006	$ 962	$ 350	U	no	unknown	MUI	yes
TCS	60004	f	05-m1-137227	9/20/04	PDC	$ 850	$ 376	30	538.8%	0	6/1/05	$ 1,226	$ 184	DJ	yes	$ 1,410.39	MUI	no
AC	60452	m	05-m1-137780	9/23/04	WA	$ 690	$ 845	182	245.7%	no data	incomplete	$ 1,945	$ 350	DJ	no	$ 2,034.71	MUI	no
TCS	60419	f	05-m1-147514	9/24/04	PDC	$ 800	$ 354	30	538.8%	3	8/11/05	$ 1,154	$ 173	DJ	yes	$ 1,327.43	MUI	yes
AC	60619	m	05-m1-166546	9/24/04	WA	$ 690	$ 845	182	245.7%	no data	9/13/2006	$ 1,423	$ 350	WD	yes	$ 1,772.55	LMI	yes
AC	60626	u	06-m1-143468	9/27/04	WA	$ 690	$ 419	266	83.4%	no data	6/2/2006	$ 543	$ 350	U	no	unknown	LMI	yes
TCS	60104	f	05-m1-147508	10/2/04	PDC	$ 900	$ 399	30	538.8%	0	7/13/05	$ 1,299	$ 195	U	no	unknown	MUI	yes
TCS	60155	f	05-m1-147509	10/8/04	PDC	$ 825	$ 365	30	538.3%	0	7/13/05	$ 1,190	$ 179	U	no	unknown	MUI	yes
TCS	60438	m	05-m1-149124	10/12/04	PDC	$ 1,225	$ 543	30	538.8%	0	7/19/05	$ 1,768	$ 265	DJ	no	$ 2,032.62	MUI	no
TCS	60305	f	05-m1-153170	10/20/04	PDC	$ 600	$ 266	30	538.8%	0	8/4/05	$ 866	$ 130	U	no	unknown	MUI	no
TCS	60624	f	05-m1-148917	10/21/04	PDC	$ 1,275	$ 565	30	538.8%	0	7/18/05	$ 1,765	$ 265	D	no	none	LMI	yes
TCS	60120	f	05-m1-156579	10/29/04	PDC	$ 899	$ 398	30	538.8%	1	8/17/05	$ 1,297	$ 194	U	no	unknown	MUI	yes
AC	60636	m	06-m1-100499	10/29/04	WA	$ 690	$ 428	266	85.1%	no data	incomplete	$ 1,247	$ 350	U	no	unknown	LMI	yes
AC	60620	f	06-m1-100908	11/13/04	WA	$ 2,000	$1,240	266	85.1%	no data	12/27/2005	$ 2,968	$ 350	DJ	no	$ 3,317.00	LMI	yes
TCS	60636	f	05-m1-153172	11/16/04	PDC	$ 675	$ 299	30	538.8%	0	8/4/05	$ 974	$ 146	IP	no	$ 1,122.53	LMI	yes
TCS	60644	u	05-m1-153173	12/3/04	PDC	$ 500	$ 121	30	295.5%	0	8/4/05	$ 721	$ 108	DJ	no	$ 721.43	LMI	yes
TCS	60621	m	05-m1-157754	12/9/04	PDC	$ 525	$ 233	30	538.8%	0	8/20/05	$ 758	$ 114	IP	no	$ 871.12	LMI	yes
AC	60469	m	06-m1-100500	12/23/04	WA	$ 690	$ 845	182	245.7%	no data	incomplete	$ 1,392	$ 350	U	no	unknown	MUI	no

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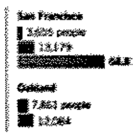
Co	ZIP	Sex	Case	Ln Date	Sec	Principal	Fee	Term	APR	Rnwl	Complete	Dmgs	Fees	OC	Ded	Due	Income	Min
AC	60640	m	05-m1-167471	4/27/05	WA	$ 1,000	$ 620	266	85.1%	no data	9/13/2005	$ 1,449	$ 350	WD	yes	$ 1,798.77	LMI	yes
AC	60429	f	05-m1-166547	5/2/05	WA	$ 690	$ 838	180	246.1%	no data	9/13/2005	$ 1,565	$ 350	WD	yes	$ 1,815.40	MUI	yes
AC	60620	f	05-m1-167449	5/3/05	WA	$ 690	$ 523	182	152.0%	no data	incomplete	$ 6,784	$ 350	U	no	unknown	LMI	yes
AC	60620	f	05-m1-167449	5/27/05	WA	$ 690	$ 845	182	245.7%	no data	incomplete	$ 6,784	$ 350	U	no	unknown	LMI	yes
AC	60620	f	05-m1-167449	5/31/05	WA	$ 690	$ 845	182	245.7%	no data	incomplete	$ 6,784	$ 350	U	no	unknown	LMI	yes
AC	60620	f	05-m1-167449	6/2/05	WA	$ 690	$ 523	182	152.0%	no data	incomplete	$ 6,784	$ 350	U	no	unknown	LMI	yes
AC	60425	f	06-m1-143470	6/17/05	WA	$ 2,000	$1,243	266	85.3%	no data	6/2/2006	$ 2,813	$ 350	U	no	unknown	MUI	yes
AC	60644	f	06-m1-143477	6/18/05	WA	$ 690	$ 509	182	147.9%	no data	6/2/2006	$ 1,146	$ 350	U	no	unknown	LMI	yes
AC	60628	f	06-m1-130414	6/27/05	WA	$ 1,000	$ 758	182	152.0%	no data	4/18/2006	$ 1,767	$ 350	U	no	unknown	LMI	yes
AC	60426	f	06-m1-143484	6/27/05	WA	$ 1,500	$ 933	266	85.3%	no data	6/2/2006	$ 1,290	$ 350	U	no	unknown	LMI	yes
AC	60615	f	06-m1-100506	6/28/05	WA	$ 1,000	$ 758	182	152.0%	no data	incomplete	$ 1,652	$ 350	DJ	no	$ 1,605.11	LMI	yes
AC	60621	f	06-m1-143482	7/1/05	WA	$ 1,000	$ 758	182	152.0%	no data	6/2/2006	$ 2,027	$ 350	U	no	unknown	LMI	yes
AC	60194	m	06-m1-143498	7/11/05	WA	$ 2,000	$1,243	266	85.3%	no data	6/2/2006	$ 796	$ 350	U	no	unknown	MUI	no
AC	60827	f	06-m1-125387	8/1/05	WA	$ 300	$ 147	no data	no data	no data	incomplete	$ 2,569	$ 350	J	no	$ 2,568.94	LMI	yes
AC	60620	f	06-m1-143475	8/11/05	WA	$ 690	$ 523	182	152.0%	no data	6/2/2006	$ 772	$ 350	U	no	unknown	LMI	yes
AC	60827	f	06-m1-125387	8/26/05	WA	$ 690	$ 429	266	85.3%	no data	incomplete	$ 2,569	$ 350	J	no	same	LMI	yes
AC	60661	f	06-m1-143496	11/18/05	WA	$ 1,000	$ 830	182	166.4%	no data	6/2/2006	$ 1,980	$ 350	U	no	unknown	MUI	no
AC	60649	f	06-m1-143466	12/3/05	WA	$ 2,500	$1,554	266	85.3%	no data	6/2/2006	$ 3,324	$ 350	U	no	unknown	LMI	yes
AC	60640	f	06-m1-143494	2/25/06	WA	$ 2,000	$4,132	365	206.6%	no data	6/2/2006	$ 2,996	$ 350	U	no	unknown	LMI	yes

Poor pay more for services, study says
S.F. has high density of check cashers

- Leslie Fulbright, Chronicle Staff Writer
Tuesday, July 18, 2006



(07-18) 04:00 PST Washington -- Low-income residents of 13 cities across the nation pay extra for many everyday services, sometimes thousands of dollars more over a whole year, a study to be released today shows.

By taking out higher-interest mortgages, shopping at rent-to-own furniture stores, using check-cashing businesses instead of banks and buying groceries at convenience stores, the nation's working poor households pay much more than moderate- and high-income households for life's essentials, says the Brookings Institution study, which analyzed services in San Francisco, Oakland and 11 other cities.

The report -- "From Poverty, Opportunity: Putting the Market to Work for Lower-Income Families" -- calls on government officials to create laws to curb services that gouge low-income consumers, and it proposes reproducing fledgling programs the authors found across the country.

Matt Fellowes, the report's main author, praised San Francisco's new push for mainstream financial services in poorer areas as an example.

"Reducing the fees by just 1 percent would add up to $6.5 billion in new spending power for the families," said Fellowes, a senior research associate at Brookings.

"It would enable low- and modest-income residents to save for and invest in assets, like homes and retirement savings or pay for child expenses like health care and education," Fellowes said.

Among the cities Brookings studied, San Francisco stood out most for its high concentration of short-term loan providers and check-cashing businesses -- where customers pay $5 to $50 to cash a check. Its poor neighborhoods have the second-highest concentration per capita. Seattle's are first.

In San Francisco, you are nearly five times more likely to find a check-cashing business in a poor area than any other neighborhood. In the Tenderloin, the city's poorest area, there are 10 check-cashing businesses, where the annual percentage rate can top 390 percent. In Pacific Heights, a rich neighborhood, there are none.

Check cashers charge 2 percent or more to cash a payroll check; banks allow deposits for free. Payday lenders, who offer cash for a consumer's own post-dated check, charge 500 percent-plus in annual interest.

"Check cashing and payday lending are probably the biggest financial impediments facing low-income people," said Kevin Stein, associate director of the California Reinvestment Coalition. "It is a huge problem in San Francisco."

Poorer people use high-cost financial services because banks are less accessible to them, they have had negative and expensive experiences with mainstream banks, and they get immediate access to their cash and don't need to wait out the holding periods banks often impose.

In other arenas, San Francisco fared a bit better. In mortgage lending and in loans for furniture and cars, there was a smaller difference between what rich and poor buyers paid in San Francisco than there was in other cities.

But that is in part due to the cost of living in San Francisco.

"The high-cost mortgages were a tiny share in San Francisco because there are not a lot of lower-income people buying houses," Fellowes said. "And the other services like furniture stores don't go to cities where there is not a lot of business opportunity for them."

To account for increasing disparities between what rich and poor people pay for goods and services, the report cites an increase in the labor force since the mid-1990s, which created a greater demand for basic necessities, and greater reliance by all kinds of businesses on consumers' credit scores.

"Over the past decade, sweeping economic, market and policy changes all interacted to create millions of new customers," Fellowes and his colleagues wrote. "The roaring economy of the late 1990s helped contribute to income growth and the decline of concentrated poverty.

"Additionally, a major wave of new immigration to the U.S. also boosted demand for an array of goods."

Because of the burgeoning use of credit scores, poor residents were able to get much more credit -- but at higher rates than better off people because their credit scores were worse.

As millions of new poor consumers entered the market, tens of thousands of high-priced alternative financial services arose to meet the new demand for check cashing, short-term loans, tax preparation and money wiring.

Fellowes said San Francisco leaders are at the forefront in recognizing the bind that poorer households are in.

Mayor Gavin Newsom and city Treasurer Jose Cisneros are working on a program called "Bank on San Francisco," which is intended to entice banks to compete for the business now dominated by high-priced check-cashing services.

"The conversation is the first of its kind in the country," Fellowes said. "San Francisco's leaders are setting themselves apart in the seriousness with which they are taking on these issues."

Oakland last year banned new check-cashing and payday services from locating within 1,000 feet of each other or within 500 feet of schools, churches and liquor stores. Many cities have placed moratoriums on licenses for check-cashing businesses. "It makes sense for leaders to focus more on finding banks and credit unions and talking to them about what they need to succeed," he said. "It takes more than getting rid of check cashing."

Stein agreed that regulators must use more muscle.

"We need to impose stronger protections around the cost of payday loans, and banks need to get back into the business of making short-term consumer loans that are fair and reasonable," he said.

The California Reinvestment Coalition is advocating for a low-fee account known as the Essential Bank

Account, an alternative to payday loans with lower fees and lower interest rates and a longer repayment period.

Washington Mutual started offering the accounts in California last week.

E-mail Leslie Fulbright at lfulbright@sfchronicle.com.

Check cashing and loan services

Alternative check cashers and short-term loan providers are more densely concentrated in neighborhoods.

Neighborhood income:
(x) $0-29,999
(y) $30,000-59,999
(z) $60,000-89,999
(w) $90,000- 119,999
(q) $120,000+

Population per alternative check casher and short-term loan provider smaller number indicates higher concentration)

METROPOLITAN AREAS
San Francisco metropolitan area
Source: The Brookings Institution
(x) 5,899 people
(y) 11,938
(z) 39,071
(w) 74,456
(x) 7,130 people
(y)10,061
(z) 29,663
(w) 77,366
(q) 133,221
Note: Figures were not available for all neighborhood income categories in all areas.

CITIES
San Francisco
(x) 3,655 people
(y) 13,179
(z) 68,810

Oakland
(x) 7,861 people
(y) 12,084

City average*
(x) 7,600 people
(y) 10,915
(z) 15,410
(w) 26,465
(y) 32,929

* Population-weighted

Source: The Brookings Institution

The Chronicle

Neighborhood organization in Wisconsin town fights Payday loan store

Joe Grundle. **The Daily Reporter**. Milwaukee, Wis.: Oct 12, 2006. pg. 1

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Abstract (Document Summary)

According to Jeff Greipp, a board member for the Washington Highlands Association, a Wauwatosa neighborhood organization, Wisconsin has become a target for small, short-term loan companies.

Greipp attended a recent local presentation hosted by EZ Corp. Inc. - a short-term loan company based in Texas - when it was attempting to establish an EZ Money Payday Loans store at 6502 W. North Ave., a business-oriented street surrounded by residential neighborhoods.

On Sept. 19, the city of Wauwatosa blocked the EZ Money store by imposing a one-year moratorium on both check-cashing and payday loan store developments within 300 feet of residential zones in order to further investigate their effects on neighborhoods and residents.

Full Text (1639 words)

If you feel like you can't turn around anymore without seeing a new payday loan store, it might not be a coincidence.

According to Jeff Greipp, a board member for the Washington Highlands Association, a Wauwatosa neighborhood organization, Wisconsin has become a target for small, short-term loan companies.

Greipp attended a recent local presentation hosted by EZ Corp. Inc. - a short-term loan company based in Texas - when it was attempting to establish an EZ Money Payday Loans store at 6502 W. North Ave., a business-oriented street surrounded by residential neighborhoods.

"Part of their presentation focused on lending laws," said Greipp. "Wisconsin is one of seven states, and the only one in the northern part of the country, that has conditions favorable to the company.

"They are targeting us because there is no regulation."

While the meeting was held to assuage local residents' concerns over the effects of payday loan stores on neighborhoods, Greipp said it left those who attended more troubled.

"It became amply clear that their information was nothing more than a marketing tool, and they had no idea where it came from," he said. "For example, they claimed the majority of their customers were college graduates, but when we pressed them, they said the only things they required to get a loan were a bank account and two check stubs. So how do they know that?

"They responded that they ask some people for additional information. But someone who wants a loan might say anything to bolster their ability to obtain it."

Moratorium imposed

Greipp also said EZ Corp. told attendees that the highest compounded interest rate that could accumulate on its customers was 523 percent of the original loan.

"They victimize our residents, primarily low-income people, and the worst part is all that money is going out of Wisconsin," said Greipp, who added that the company sells off its unpaid debts to other credit agencies to offset the hit it would take from lending to people who aren't credit-worthy.

"Who knows how much interest or what unpalatable recovery efforts these other creditors practice? Their presentation was either completely incompetent or disingenuous and only served to affirm residents' concerns."

On Sept. 19, the city of Wauwatosa blocked the EZ Money store by imposing a one-year moratorium on both check-cashing and payday loan store developments within 300 feet of residential zones in order to further investigate their effects on neighborhoods and residents.

In its resolution, Tosa's Community Development Committee recognized that the stores are not compatible with all zoning districts - even business districts - and will look into amending the city's zoning ordinances to restrict where the stores can go.

"We think absolutely that these businesses are inappropriate for a neighborhood commercial district," said Nancy Welch, community development director for Wauwatosa. "They are perhaps more suitable for highly traveled areas of the city, such as Capitol Drive or Mayfair Road, but that is something we need to study more fully."

Service or exploitation?

About a year ago, Wauwatosa recognized its East Town and Village districts as special kinds of "trade districts" because of their proximity to residential neighborhoods.

"We limited hours of operation in all businesses and prohibited businesses that we felt were hurtful to the small business environment of the district, such as check-cashing stores, pawn shops and gun shops," Welch said.

Welch said the idea of the trade district was to restrict business approval to only those viewed as friendly to the neighborhood.

Concerns over short-term loan stores have been raised across the country because of their high interest rates, and many states now stringently regulate the stores.

Neighborhood residents have complained that payday loan stores degrade an economic base and depress local property values, as well as contribute to crime. Welch added that the city has received materials from other communities indicating the stores have negative effects on surrounding businesses.

"Part of the reason for the moratorium is we need to look into just that," she said, referring to the potential economic pitfalls of the stores. "We are trying to protect the viability of small businesses in East Town and the Village. That was the purpose of zoning them as trade districts.

"There is also the underlying societal issue of whether (short- term loan stores) truly provide a service or exploit people, but that falls outside of zoning control."

'Mainstream customer'

Greipp said he did not know if neighborhood crime actually increased following a check-cashing store's arrival but noted their bad impressions were enough to lower nearby property values.

"Check-cashing stores carry impressions that the people who use these stores are typically transient with no bank account and may have an unstable lifestyle," he said. "Those impressions lower property values."

EZ Corp.'s President and CEO Joe Rotunda defended his company's lending practices and suggested many people incorrectly stereotype his stores and customers.

"Our customers are very well educated - 25 percent have a college degree and 58 percent have a high school degree with some college time," he said. "They have to be employed and have a banking relationship. They say we would attract undesirable clientele, and that is not the case at all. This is a mainstream customer looking for a different choice than what's out there."

Fulfilling a need

Rotunda noted that payday loan stores wouldn't be doing so well if there wasn't a need for them, and he blamed banks and credit unions for failing to provide adequate services for people in need of cash advances.

"Our industry fills a niche that didn't exist 10 to 12 years ago; it is a newly developing business and the growth has been explosive," Rotunda said. "Where did all this demand come from?

"We are offering an alternative to less attractive services available from people's banks. They can decide to bounce a check with their bank, which results in bank and merchant fees, or they can pay for overdraft protections services, or they can use our stores at half the cost and get money in a very dignified way where they don't feel like a criminal.

"That's the attraction, and that's why this business is taking off."

Rotunda said his interest rates sound high because they are based on a yearly rate, but they are necessary because of the costs in processing small, short-term loans and the risky nature of the loans.

A different business

Rotunda said uninformed people often confused payday loan stores with check-cashing stores but that the differences were clear.

"Check-cashing stores have to have a lot of cash on hand and use bulletproof glass to protect their employees," he said. "It's a stark, cold environment. They are for people with no bank relationship to cash checks, make money transfers or utility payments.

"What you'd find in one of our stores is a neighborhood bank- like environment with carpeting, teller windows, mahogany-type counters, chairs and a candy dish, and we don't provide any services other than small, short-term loans to high-level customers."

Rotunda pointed out that his Kenosha store is attached to a Starbucks, a coffee shop typically known to target upscale customers. He added that the fastest-growing segment of his customers make $60,000 a year, which he chalked up to EZ Money's professional environment, convenience and privacy.

EZ Money only recently entered the Wisconsin scene and was operating four stores in the state at the end of June.

"We're committed to the state and have been pleased with the response of our customers there," said Rotunda.

'Predatory' lenders

For better or worse, the explosion of payday loan stores has certainly caught the attention of other financial institutions.

Chad Helminak, public relations assistant for the Wisconsin Credit Union League, said in an effort to better serve those people who find themselves in a pinch for quick cash, the WCUL created an initiative called REAL Solutions, in which credit unions throughout the state agree to provide more reasonable alternatives to payday loan stores.

"We think charging 400 to 500 percent interest is ridiculous, and we view (payday loan stores) as predatory," said Helminak. "That's why we started REAL Solutions - to develop alternatives to these stores so people don't have to pay these exorbitant interest charges.

Helminak said many credit unions are already providing the payday loan alternatives, including several in Milwaukee.

Helminak did admit the abundance of payday loan stores, along with their easy accessibility, adds to their appeal, but he said he didn't see any location, neighborhood or otherwise, in which the stores should be tolerated.

"Some states have totally banned the stores altogether, while others limit them," he said.

"When a financial institution is charging 500 percent interest, I don't think they are looking out for consumers' best interests, and I don't know anybody who is OK with a service that takes that much advantage of consumers in their area."

Outright ban possible

Meanwhile, Wauwatosa officials have scheduled a public hearing on the proposed ordinance change for Oct. 17, which Welch believes will be well-attended.

A lawyer for EZ Corp. threatened litigation if the moratorium passed, and Welch acknowledged that remains a possibility.

"We think we are pretty well covered, although it is certainly a bold move by the city," she said. "State officials have praised communities for taking the step of putting local restrictions on these businesses. We do have zoning authority that is based on good land-use planning, but the state would have more authority to actually regulate the businesses.

"I think we will find in the end that the answer is in both."

While satisfied with the moratorium and confident in Wauwatosa's aldermen, Greipp agreed that the state needed to address the larger problem of short-term loan stores' "un-conscionable" lending practices.

"Hopefully, stories like this one get the attention of the Legislature because these companies have creative ways of skirting (local) ordinances," he said.

City of Cudahy to restrict payday loan stores

Joe Grundle. **The Daily Reporter**. Milwaukee, Wis.: Oct 31, 2006. pg. 1

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Abstract (Document Summary)

Similar to Wauwatosa's moratorium, which passed in September, Cudahy's moratorium will last until the council is able to review possible zoning changes that restrict where payday loan stores can locate.

"The gives Cudahy a chance to put in zoning that regulates these stores in some way, such as not within 100 yards of a residence," said Mikolajczak. "We needed to do this anyway because some of the city's zoning laws haven't been looked at in years and are outdated."

Full Text (255 words)

The city of Cudahy joined Wauwatosa in passing a moratorium on new payday loan stores.

The Cudahy Common Council voted 4-1 to pass the moratorium, which applies to check-cashing, payday loan, car title and other short- term credit businesses.

"I looked at other cities like West Allis, which has one (short- term credit business) for every 5,000 people," said Alderman Joe Milolajczak, who proposed the moratorium. "We already have three, or one for every 6,000.

"How many of these stores do we need in a small city like Cudahy, and how many can actually be sustained?"

Similar to Wauwatosa's moratorium, which passed in September, Cudahy's moratorium will last until the council is able to review possible zoning changes that restrict where payday loan stores can locate.

"The gives Cudahy a chance to put in zoning that regulates these stores in some way, such as not within 100 yards of a residence," said Mikolajczak. "We needed to do this anyway because some of the city's zoning laws haven't been looked at in years and are outdated."

West Allis and Racine have placed limitations on how close short- term loan stores can be to one another, and other municipalities are looking at similar measures.

"I think these businesses prey upon the poor with high interest rates and need to be further regulated," said Mikolajczak. "Granted, some are nicer national chains like EZ Money out of Texas, but others look to me like nothing more than a guy in a chair behind a desk.

"They are legalized loan-sharking."