Payday Loan Cost Comparison

Loan Amount	Payday Loan Law: when borrower is paid…					
	Weekly (2 wk loan)		**Biweekly (**4 wk loan)		**Monthly** (2 month loan)	
	APR	**Fee**	**APR**	**Fee**	**APR**	**Fee**
$100	688 %	$26.38	362 %	$27.76	188 %	$31.00
$200	623 %	$47.76	329 %	$50.52	173 %	$57.00
$300	601 %	$69.14	318 %	$73.28	167 %	$83.00
$400	590 %	$90.52	313 %	$96.04	165 %	$109.00
$500	584 %	$111.90	310 %	$118.80	164 %	$135.00

The bill passed by the legislature again ties the loan term to the borrower's pay cycle. The minimum term allowed for a payday loan under the proposed law is **2** pay periods. Thus, an individual who receives a salary check every week could be charged double the effective APR paid by an individual who receives a salary check every two weeks, and four times the effective APR paid by an individual who receives income on a monthly basis (salary, pension or Social Security). Moreover, even where the effective APR under the proposed law is reduced compared to what used to be allowed, the dollar amount that a borrower will pay to get the loan is anywhere between 50% to 100% higher.

Cost components per loan under proposed law = 36% APR + 20% flat fee + $5 verification fee

<u>36% APR Conversion Table</u>
$100 = $1.38/2 wks, $2.76/4 wks, $6/2 months
$200 = $2.76/2 wks, $5.52/4 wks, $12/2 months
$300 = $4.14/2 wks, $8.28/4 wks, $18/2 months
$400 = $5.52/2 wks, $11.04/4 wks, $24/2 months
$500 = $6.90/2 wks, $13.80/4 wks, $30/2 months

<u>20% Flat Fee per Loan (regardless of loan term)</u>
$100 = $20
$200 = $40
$300 = $60
$400 = $80
$500 = $100