

Arizona Advocacy Network

1616 E. Indian School, #340 Phoenix, AZ 85016 602-297-2500 (Phone) 602-297-3600 (Fax) www.azadvocacy.org

Payday Lending Syndicate Schemes to Overturn Will of Voters Say NO Again. Let the Sun Set on 400 Percent.

(Go to www.nomoreloansharks.com)

THE ISSUE: During the November 2008 election, the payday industry tried to pass Proposition 200 in Arizona – an initiative that would have allowed the payday lenders to bleed hard-working Arizonans with 400 percent interest rates forever. Arizona voters said “No!” to the payday lenders – loud and clear – rejecting Proposition 200 by a 60 percent margin and demanding that the sun set on the payday lenders’ special deal in Arizona.

LET THE SUN SET ON PAYDAY LENDERS. In every district, a majority of voters rejected Prop 200, calling for an end to 400 percent interest rates and rebuffing the industry’s fake reforms. By defeating Prop 200, voters halted payday lenders’ attempt to repeal a provision in the Arizona Consumer Loan Act requiring them to cap their interest rates at 36 percent, like other consumer lenders. The voters have spoken; the sun must set on the payday lenders’ special deal.

PAYDAY LOANS TRAP BORROWERS. Payday loans, which charge 400 percent interest, are structured to trap borrowers in long-term debt, with the average borrower needing to pay back nearly \$800 on a \$300 loan, after multiple loan renewals. 90 percent of their profits come from come from customers “re-borrowing.” That’s why to date, 15 states and the District of Columbia have ended predatory payday loans at triple-digit interest rates, enforcing interest caps of 36 percent or less. In 2006, Congress outlawed payday loans above 36 percent interest to active duty members of the military, a measure supported by both John McCain and Barack Obama.

THEY TRIED TO BUY YOUR VOTE. THEY LOST. Out-of-state payday lenders spent nearly \$15 million trying to buy your vote for Prop 200. They sought to protect the \$149 million a year they take from Arizonans in fees stripped from trapped borrowers. They ran misleading advertisements and propoganda to promote Prop 200 – which would have legalized their predatory interest rates forever. In an attempt to fool voters, the industry’s ads condemned the practices they themselves promote. Their deceptive ads ran day and night for weeks.

DON’T TRUST THE PAYDAY LENDERS TO REFORM THEMSELVES.

The **TRUTH** is, the payday lenders pushed Prop 200 to try to repeal the Arizona law that will force them to cap their interest rates at 36 percent beginning in 2010.

The **TRUTH** is, we defeated Proposition 200 with over 1.2 million “No!” votes and a statewide coalition of more than 200 organizations and elected officials from both parties.

We **DEFEATED** Prop 200, so the payday lenders’ special deal must expire in 2010 as scheduled.

We **DEFEATED Prop 200, so the payday lenders must either cap their rates at 36 percent, like every other consumer lender, or leave the state beginning July 1, 2010.**

The Payday lending industry is **currently spending \$150,000 a month** lobbying Governor Brewer your legislators and community leaders to subvert the will of the voters and pass a law protecting their slimy businesses. Former Attorney General Grant Woods is leading the charge, trying to convince good people that the industry wants real reform. Please contact the governor and your legislators.

SAY NO AGAIN TO PAYDAY LENDING. TRIPLE-DIGIT INTEREST RATES MUST END!