

PAYDAY LOAN—MULTI-PAYMENT

After reviewing the terms of the loan, you are not required to choose this loan, and may consider other borrowing options, including those shown on Page 2 of this document.

Borrowed Amount	\$800.00
Interest Contract Rate: 10%	\$45.46
Fees	\$1,082.98
Payment Amount	<u>Payments #1— #11</u> \$160.74 each
	<u>Payment #12</u> \$160.30
Payback Amount	\$1,928.44

How much will a 12-payment, bi-weekly, \$800 payday loan cost?

Payment Number	Due After	Accumulated Interest & Fees	If Paid in Full...
			Total Paid Principal + Accumulated Interest & Fees
1	2 Weeks	\$1,089.10	\$1,889.10
2	1 Month	\$1,095.68	\$1,895.68
4	2 Months	\$1,107.02	\$1,907.02
8	4 Months	\$1,122.56	\$1,922.56
10	5 Months	\$1,126.76	\$1,926.76
12	6 Months	\$1,128.44	\$1,928.44

The loan information shown here is an example and may not reflect the actual fees and interest charged to a loan provided by the lender or credit access business.

*Payment amounts are approximated. A portion of the CSO fees may be waived if customer pays off early.

How Long Could It Take to Repay a Loan?

Of 10 people who take out a new payday loan...



2 1/2 people will pay the loan on time and in **1 payment** (typically two weeks)



2 people will **renew** the loan **1 or 2 times**



1 1/2 people will **renew** the loan **3 or 4 times**



4 people will **renew** the loan **5 or more times**

Adapted from: Bertrand & Morse, "Information Disclosure, Cognitive Biases and Payday Borrowing", Milton Friedman Institute for Research in Economics (Oct. 2009).
Data provided above is compiled from a 2008 national survey; repayment patterns may be different.



Ask Yourself...

- ◆ Is it necessary for me to borrow the money?
- ◆ Can I afford to pay this loan back **in full** by the due date?
- ◆ Will I be able to pay my regular bills and repay this loan?
- ◆ Can I afford the extra charges, interest, and fees that may be applied if I miss or fail to make payment?
- ◆ Are other credit options available to me at this time?



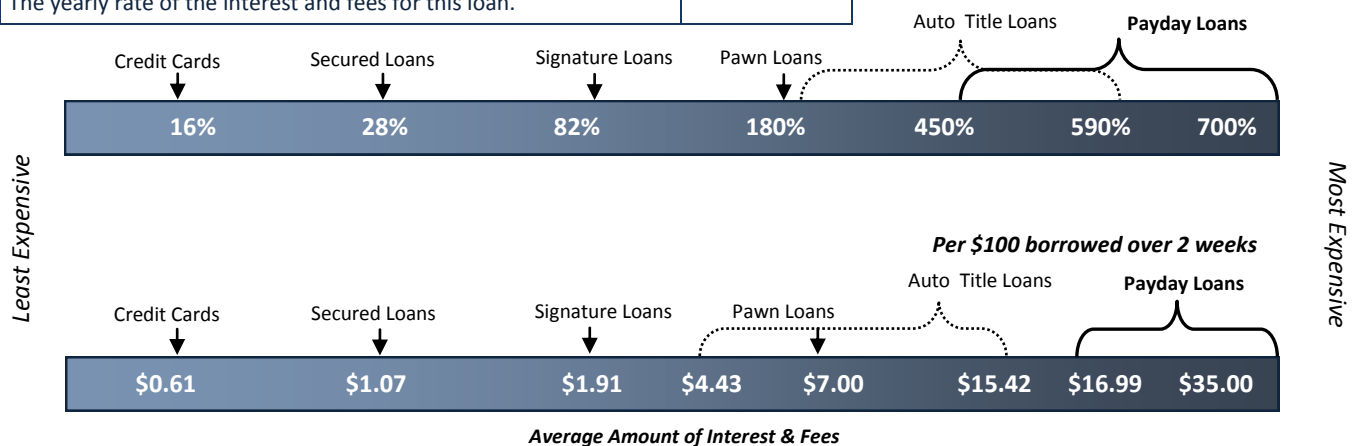
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How Does a Payday Loan Compare to Other Options?

CASH ADVANCE / BORROWED AMOUNT	\$800.00
INTEREST PAYMENT The amount you will pay in interest for the loan.	\$45.46
TOTAL OF FEES The amount you will pay in fees for this loan.	\$1,082.98
TOTAL OF PAYMENTS (12-PAYMENT, BI-WEEKLY LOAN) The amount you will pay if you repay the loan on time.	\$1,928.44
ANNUAL PERCENTAGE RATE (APR) The yearly rate of the interest and fees for this loan.	459.00%

Loan Calculation & Cost Comparison



Payday loans are cash advances provided to a borrower to meet financial needs. As a borrower, you will be required to sign a loan agreement that tells you the amount you have requested to borrow, the annual percentage rate (APR) for that loan, the amount of interest and fees that may be charged for that loan, and the payment terms of the loan. Payday loans may be one of the more expensive borrowing options available to you. *Payday loans may also be referred to as cash advance, delayed deposit or deferred presentment loans.*

Complaint or Concern?

If you would like to file a concern or complaint regarding a payday loan, contact the
**Office of
Consumer Credit
Commissioner
800-538-1579**

Looking for Information on
**Budgeting, Personal
Savings, Credit Card
Management, or other
personal money
management skills?**

**Visit the OCCC's Financial
Literacy Resource Page**

[http://www.occc.state.tx.us/
pages/consumer/education/
Financial_Literacy_Resources.html](http://www.occc.state.tx.us/pages/consumer/education/Financial_Literacy_Resources.html)

Additional Information

- ◆ You may be required to write checks or authorize withdrawals from personal checking accounts to cover payments for the loans.
- ◆ You can compare all loan options available and select the option that is best for you.
- ◆ You can avoid extra fees and loan renewal costs by not missing payments and by repaying loans on time.



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