

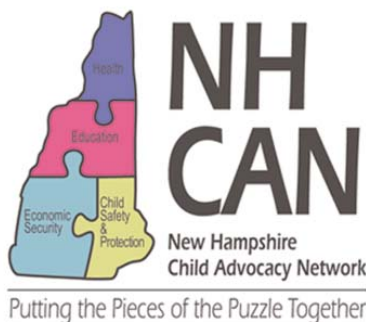
Support working families with fair interest rates on small loans

Issue Overview

Payday and car title lenders offer small personal loans, marketing their products as “emergency” cash advances. New Hampshire has no interest rate cap on payday and car title loans, and as a result, lenders typically charge upwards of 500 percent APR (annual percentage rate). Imagine buying a \$30 tank of gas on credit today, and paying \$180 for it a year from now – that’s how hard 500 percent APR hits New Hampshire’s working families. As a result of these sky-high interest rates, consumers who use payday and car title loans often struggle to repay them with enough money left over for ordinary household expenses. Many end up stuck in a cycle of repeat borrowing known as the “debt trap.”

Although they’ve only done business here for a few years, payday and car title lenders made over 160,000 loans in New Hampshire during 2006 (N.H. Banking Department 2007). That’s a loan for every man, woman, and child in Concord and Manchester combined (U.S. Department of Commerce 2007).

Paycheck after paycheck, the debt trap hurts working families by stripping away much-needed income from their wallets. New Hampshire’s consumers deserve access to responsible lending, not triple-digit interest rates.



Proposed Solution

House Bill 267, which was held over from the 2007 legislative session, would protect working families from the debt trap with a 36 percent APR cap on payday and car title loans. Similar Senate legislation is expected for the 2008 session.

A 36 percent APR cap on payday and car title loans will mark a return to New Hampshire’s long history of interest rate regulation. Until January 2000, our small loan statute capped interest rates at two percent per month (N.H. Senate 1999). The repeal of the interest rate cap was not intended to condone small loans with 500 percent interest that entrap working families in a cycle of perpetual indebtedness. The majority of our neighboring states have interest rate caps, and as a result, consumers there are insulated from the debt trap. It’s time to give this protection back to New Hampshire consumers as well.

Call to Action

Payday and car title lending was hotly debated during the 2007 session and looks to be one of 2008’s hottest issues. Our lawmakers need to hear from New Hampshire consumers! If you have struggled to repay a payday or car title loan, or if your organization serves families who have been victimized by the debt trap, please contact

The 2008 Priorities for New Hampshire's Children

NH CAN is a statewide, nonpartisan network of nearly 100 child-serving organizations working to improve the health and well-being of New Hampshire’s children by driving governmental policy, changing budget priorities, and inspiring community action. Each year, NH CAN develops a collective set of Priorities for New Hampshire’s Children, a child-centered plan of action for the legislature, state leaders, state agencies, social service providers, schools, communities and families. The Priorities for New Hampshire’s Children reflects the consensus of nearly 100 partner organizations, and creates a common call to action that can be shared across our state.

your legislator to tell your story. Let's make sure the Legislature knows that these loans drive financially-distressed families deeper into crisis.

Legislators are urged to explore avenues for improving New Hampshire citizens' access to responsible forms of credit. Our local credit unions have already begun offering alternatives to payday and car title loans. We should strive to increase consumers' small loan options even more.

Find Out More

- New Hampshire Legal Assistance is the lead NH CAN partner for this Priority and is leading this effort in New Hampshire. Find out more at their website, online here: <http://www.nhla.org/>
- For everything you need to know about



payday lending – facts, figures, research reports, and state-by-state information – visit the Consumer Federation of America's payday loan website: www.paydayloaninfo.org

- New Hampshire General Court. You can follow the progress of the bill, or find contact information for your local representatives by going to <http://www.gencourt.state.nh.us/house/default.htm>.
- Children's Alliance of New Hampshire: You can download copies of the complete Priorities for New Hampshire's Children, additional fact sheets, and information about the New Hampshire Child Advocacy Network at the Children's Alliance website, www.childrennh.org. You can also track the progress of all the Priorities-related bills, as well as contact your local representatives, under the "Get Active" link.

References

Center for Responsible Lending. 2006. Financial quicksand: Payday lending sinks borrowers in debt with \$4.2 billion in predatory fees every year. Durham, N.C.: Center for Responsible Lending.

New Hampshire Banking Department. 2007. E-mail from Peter Hildreth to Sarah Mattson, March 9, 2007. Concord, N.H.: N.H. Banking Department.

New Hampshire Senate. 1999. Senate Bill 99. Concord, N.H.: N.H. Senate.

United States Census Bureau Population Division. 2007. Table 4: Annual estimates of the population for incorporated places in New Hampshire, listed alphabetically: April 1, 2000 to July 1, 2006. Washington, DC: U.S. Department of Commerce.



NH CAN is a project of the Children's Alliance of New Hampshire

For more information on the *2008 Priorities for New Hampshire's Children*, please visit www.ChildrenNH.org
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