



Comparing the Cost of Short Term Credit Before and After the Monsignor John Egan Payday Loan Reform (PDLR) Act

Table 1. The Payday Loan Reform Act Protects Borrowers and Saves Them Money on Traditional Payday Loan Products

FACT: Based on the data provided in the 2006 Veritec report, and data collected by the Egan Campaign in 2004, the cost of a \$300 loan for 14 days has decreased 39 percent since the passage of the act, saving the average borrower about \$25 per loan.

Payday Loans	Principal	Fee	Term(3)	APR	Cost of a \$300 Loan for 14 days	Percent Change
Pre-Payday Loan Reform Act	\$ 331.14	\$ 144.35	14-31 days	573.18%	\$ 65.95	
Post-Payday Loan Reform Act	\$ 309.10	\$ 46.69	15.7	351.17%	\$ 40.41	
Savings					\$ 25.55	39%
Avg Loan Fee		Pre-PDLR Act(1) \$ 144.35		Post-PDLR Act(2) \$ 46.69		
Avg Loan Term		14-31 days		15.7		
Avg Loan Principal		\$ 331.14		\$ 309.10		

(1) source: *Greed report p. 3*

(2) source: Veritec Solutions February 2006 report p. 4

(3) Survey included loans with terms varying from 14-31 days, the corresponding APR is the average for all loans

Table 2. New Products Designed to Evade the Law Don't Save Consumers Money

FACT: Since the passage of the act, many Illinois lenders have begun offering "look alike" loans which evade most of the consumer protections provided in the act. Based on the Veritec data, there is little incentive to take out an installment loan--even if you pay it off early.

Type of Loan	Principal	Fee	Term	APR	Cost of a \$300 Loan for 14 days
Protected Payday Loan	\$ 309.10	\$ 46.69	15.7	351.17%	\$ 40.41
Unprotected "Look Alike" Loan	\$ 354.55	\$ 531.37	141.2	387.42%	\$ 44.58
Avg Loan Fee		Payday Loan(1) \$ 46.69		Installment(2) \$ 531.37	
Avg Loan Term		15.7		141.2	
Avg Loan Principal		\$ 309.10		\$ 354.55	

(1) source: Veritec Solutions February 2006 report p. 4

(2) source: Veritec Solutions February 2006 report p. 5

Table 3. Lenders Have Raised Prices Dramatically on Longer Term Loans Since the Passage of the Act

FACT: Lenders making "look alike" loans have increased their prices dramatically since the passage of the act. The cost of these "look alike" products have increased fourfold, costing borrowers an additional \$360 to borrow \$300 for 140 days compared to similar products just a few years ago.

Type of Installment Loan	Principal	Fee	Term	APR	Cost of a \$300 Loan for 140 days	Percent Change
Post-Payday Loan Reform Act	\$ 354.55	\$ 531.37	141.2	387.42%	\$ 445.79	
Pre-Payday Loan Reform Act	\$ 690.00	\$ 374.00	266	74.38%	\$ 85.58	
Increase in Installment Loan Cost					\$ 360.21	421%
Loan Fee		Pre-PDLR Act(1) \$ 374.00		Post-PDLR Act(2) \$ 531.37		
Loan Term		266		141.2		
Loan Principal		\$ 690.00		\$ 354.55		

(1) source: Woodstock Institute Reinvestment Alert 26 p. 4

(2) source: Veritec Solutions February 2006 report p. 4