

INSTALLMENT LOANS

WILL STATES PROTECT BORROWERS FROM
 A NEW WAVE OF PREDATORY LENDING?

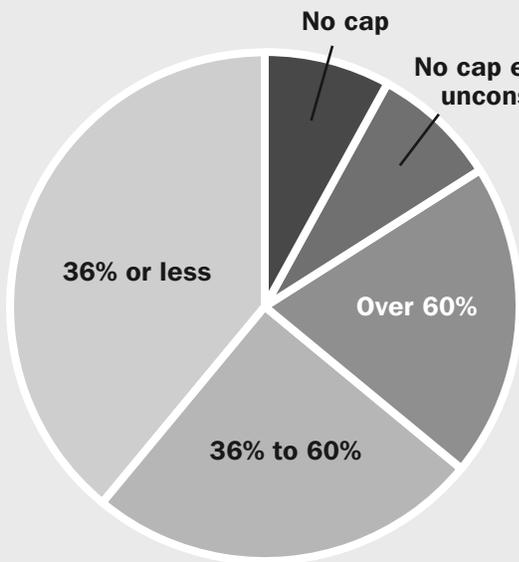
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CHARTS

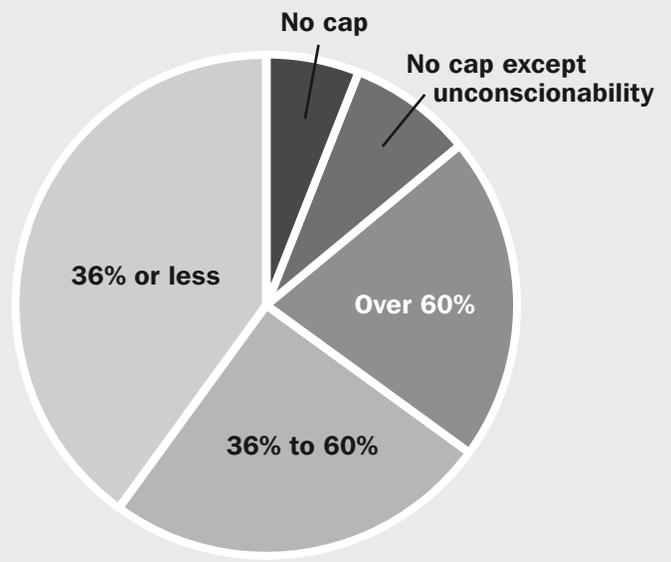
CHART 1

2015: Full APRs Allowed for a Six-Month \$500 Loan



- No stated cap on finance charges (4 states: DE, MO, OH, SD)
- No numerical cap, but prohibits unconscionability (4 states: ID, NM, UT, WI)
- Allowable full APR over 60% (10 states: AL, CO, GA, IL, IN, LA, OK, SC, TN, TX)
- Allowable full APR between 36% and 60% (13 states: AZ, CA, FL, KS, KY, MA, MI, MN, MS, NE, NV, WA, WV)
- Allowable full APR of 36% or less (20 states: AK, AR, CT, DC, HI, IA, ME, MD, MT, NH, NJ, NY, NC, ND, OR, PA, RI, VT, VA, WY)

2017: Full APRs Allowed for a Six-Month \$500 Loan

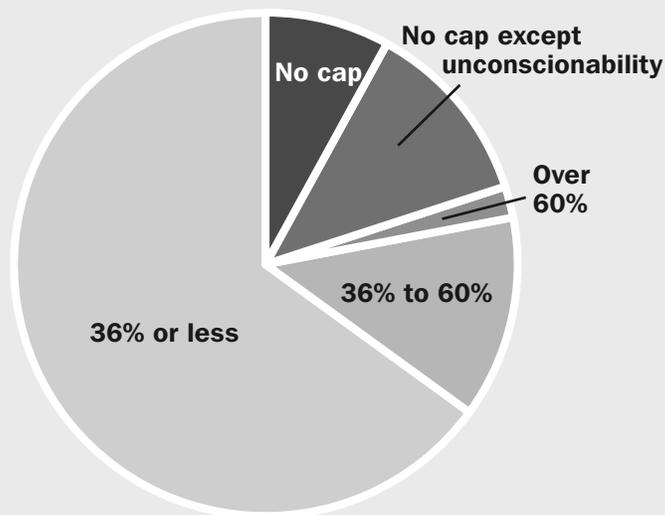
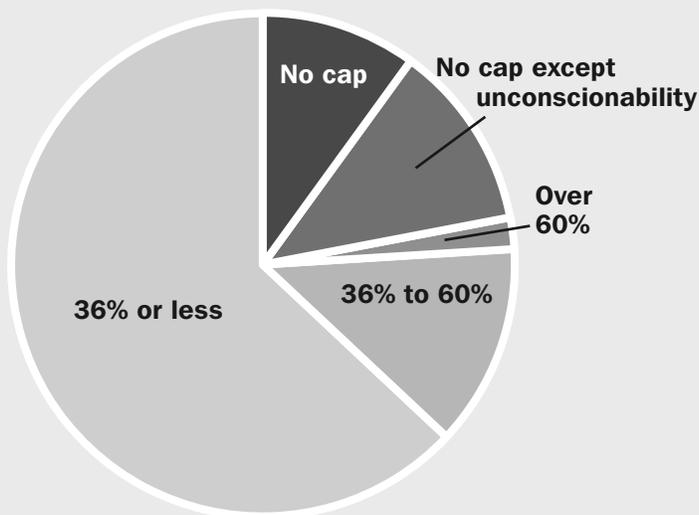


- No stated cap on finance charges (3 states: DE, MO, OH)
- No numerical cap, but prohibits unconscionability (4 states: ID, NM, UT, WI)
- Allowable full APR over 60% (11 states: AL, CO, GA, IL, IN, LA, MS, OK, SC, TN, TX)
- Allowable full APR between 36% and 60% (12 states: AZ, CA, FL, KS, KY, MA, MI, MN, NE, NV, WA, WV)
- Allowable full APR of 36% or less (21 states: AK, AR, CT, DC, HI, IA, ME, MD, MT, NH, NJ, NY, NC, ND, OR, PA, RI, SD, VT, VA, WY)

CHART 2

2015: Full APRs Allowed for a Two-Year \$2000 Loan

2017: Full APRs Allowed for a Two-Year \$2000 Loan



- No stated cap on finance charges (5 states: DE, MO, ND, OH, SD)
- No numerical cap, but prohibits unconscionability (6 states: AL, ID, NM, SC, UT, WI)
- Allowable full APR over 60% (1 state: IL)
- Allowable full APR between 36% and 60% (7 states: AZ, IN, KY, LA, MS, NV, TN)
- Allowable full APR of 36% or less (32 states: AK, AR, CA, CO, CT, DC, FL, GA, HI, IA, KS, ME, MD, MA, MI, MN, MT, NE, NH, NJ, NY, NC, OK, OR, PA, RI, TX, VT, VA, WA, WV, WY)

- No stated cap on finance charges (4 states: DE, MO, ND, OH)
- No numerical cap, but prohibits unconscionability (6 states: AL, ID, NM, SC, UT, WI)
- Allowable full APR over 60% (1 state: IL)
- Allowable full APR between 36% and 60% (7 states: AZ, IN, KY, LA, MS, NV, TN)
- Allowable full APR of 36% or less (33 states: AK, AR, CA, CO, CT, DC, FL, GA, HI, IA, KS, ME, MD, MA, MI, MN, MT, NE, NH, NJ, NY, NC, OK, OR, PA, RI, SD, TX, VT, VA, WA, WV, WY)

CHART 3

**The Terrible Two: Mississippi and Tennessee
Full APRs Allowed on \$500 Six-Month Loan
Before and After 2014 and 2016 Enactments**

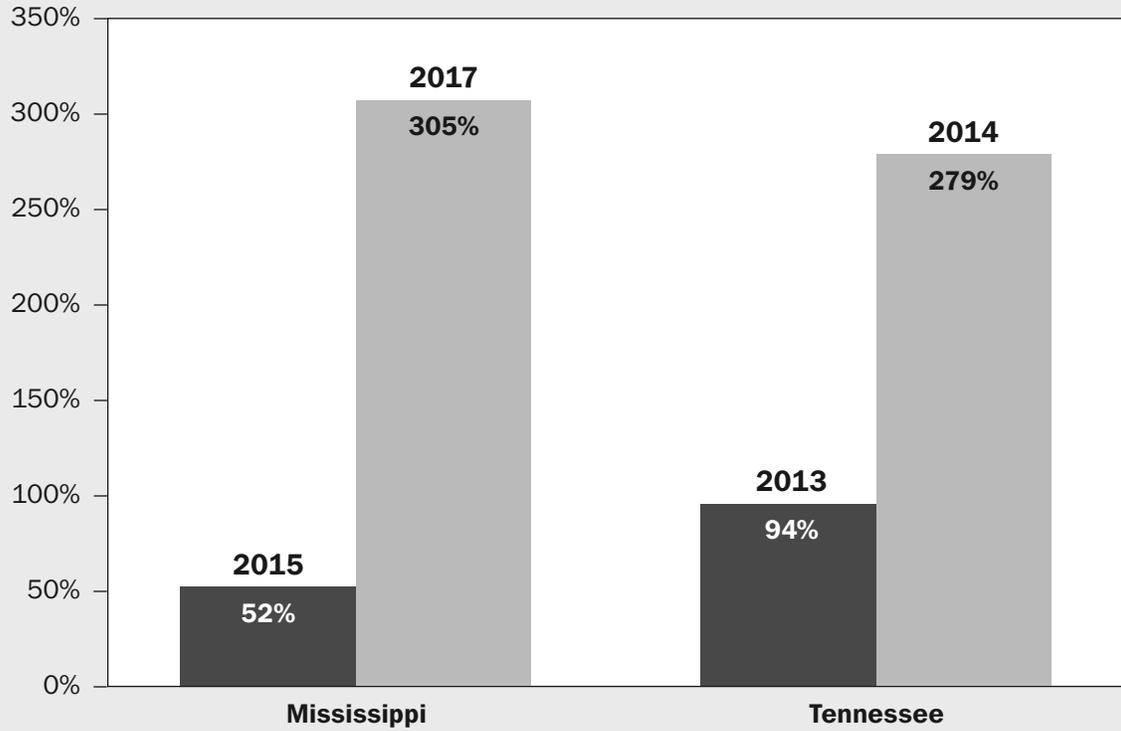
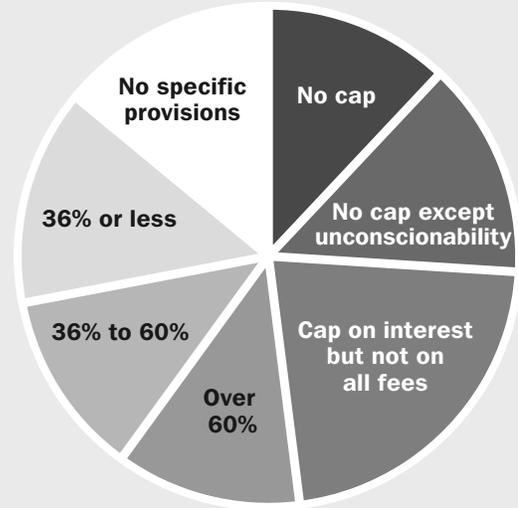
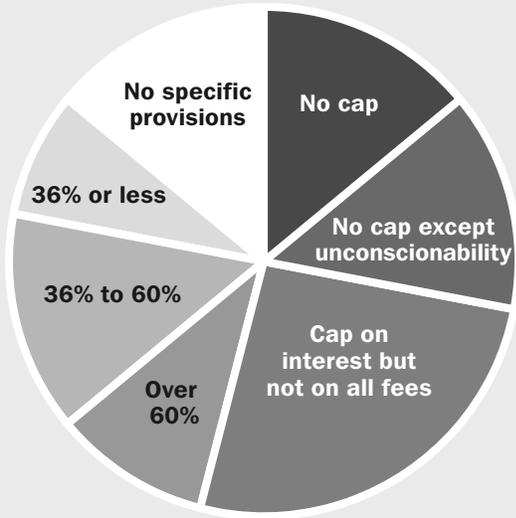


CHART 4

2015: Full APRs Allowed for a \$500 Cash Advance Repaid over Six Months

2017: Full APRs Allowed for a \$500 Cash Advance Repaid over Six Months

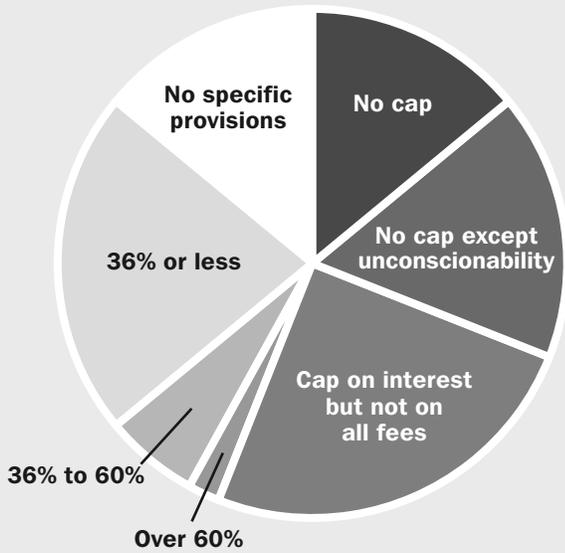


- No stated cap on finance charges (7 states: DE, IL, MO, OH, RI, SD, VA)
- No numerical cap, but prohibits unconscionability (7 states: ID, IA, KS, ME, NM, UT, WI)
- Cap on interest but not on all fees (14 states: CA, CO, HI, IN, MD, MA, MI, MS, NH, OK, SC, WA, WV, WY)
- Allowable full APR over 60% (5 states: LA, MN, NJ, TN, TX)
- Allowable full APR between 36% and 60% (7 states: AL, AZ, CT, FL, NE, NV, PA)
- Allowable full APR of 36% or less (4 states: AK, NY, NC, OR)
- No specific provisions for non-bank lenders to extend open-end credit (7 states: AR, DC, GA, KY, MT, ND, VT)

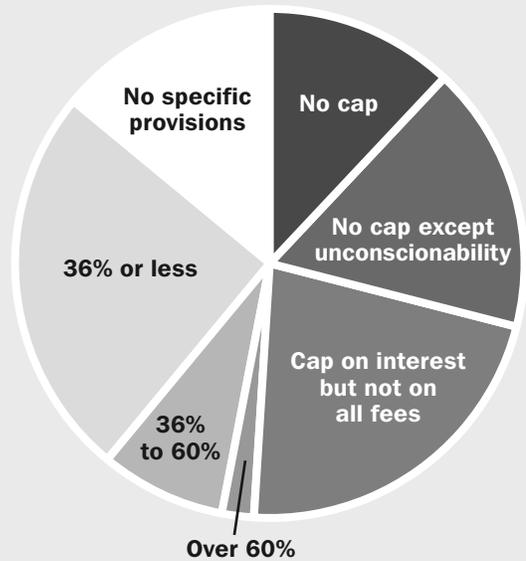
- No stated cap on finance charges (6 states: DE, IL, MO, OH, RI, VA)
- No numerical cap, but prohibits unconscionability (7 states: ID, IA, KS, ME, NM, UT, WI)
- Cap on interest but not on all fees (12 states: CA, CO, HI, IN, MA, MI, MS, OK, SC, WA, WV, WY)
- Allowable full APR over 60% (6 states: LA, MN, NJ, NH, TN, TX)
- Allowable full APR between 36% and 60% (6 states: AL, AZ, FL, NE, NV, PA)
- Allowable full APR of 36% or less (7 states: AK, CT, MD, NY, NC, OR, SD)
- No specific provisions for non-bank lenders to extend open-end credit (7 states: AR, DC, GA, KY, MT, ND, VT)

CHART 5

2015: Full APRs Allowed for a \$2000 Cash Advance Repaid over Two Years



2017: Full APRs Allowed for a \$2000 Cash Advance Repaid over Two Years



- No stated cap on finance charges (7 states: DE, IL, MO, OH, RI, SD, VA)
- No numerical cap, but prohibits unconscionability (9 states: AL, ID, IA, KS, ME, NM, SC, UT, WI)
- Cap on interest but not on all fees (13 states: CA, CO, HI, IN, MD, MA, MI, MS, NH, OK, WA, WV, WY)
- Allowable full APR over 60% (1 state: TN)
- Allowable full APR between 36% and 60% (3 states: AZ, LA, NV)
- Allowable full APR of 36% or less (11 states: AK, CT, FL, MN, NE, NJ, NY, NC, OR, PA, TX)
- No specific provisions for non-bank lenders to extend open-end credit (7 states: AR, DC, GA, KY, MT, ND, VT)

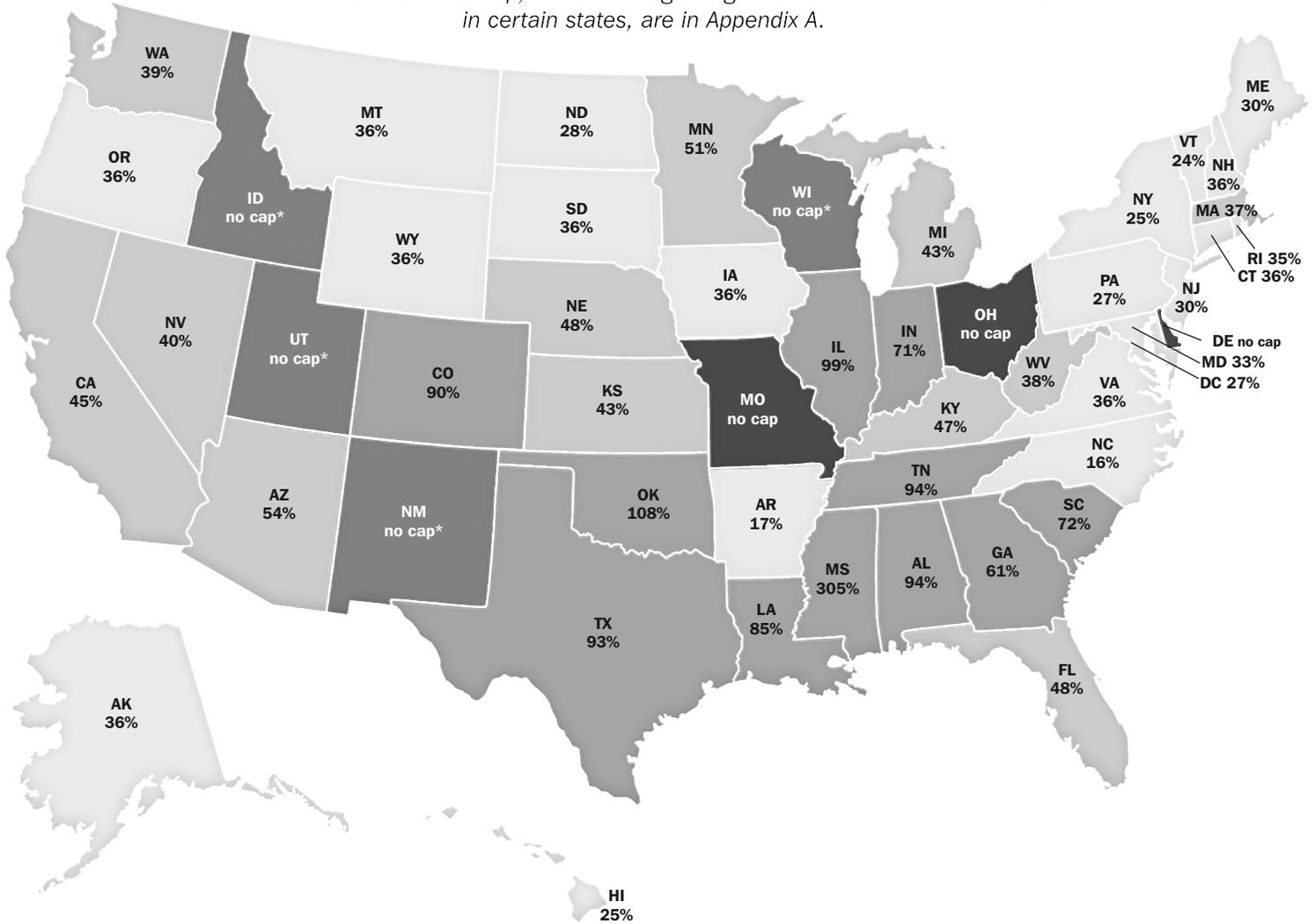
- No stated cap on finance charges (6 states: DE, IL, MO, OH, RI, VA)
- No numerical cap, but prohibits unconscionability (9 states: AL, ID, IA, KS, ME, NM, SC, UT, WI)
- Cap on interest but not on all fees (11 states: CA, CO, HI, IN, MA, MI, MS, OK, WA, WV, WY)
- Allowable full APR over 60% (1 state: TN)
- Allowable full APR between 36% and 60% (4 states: AZ, LA, NV, NH)
- Allowable full APR of 36% or less (13 states: AK, CT, FL, MD, MN, NE, NJ, NY, NC, OR, PA, SD, TX)
- No specific provisions for non-bank lenders to extend open-end credit (7 states: AR, DC, GA, KY, MT, ND, VT)

MAPS

MAP 1

Full APRs Allowed for Six-Month \$500 Installment Loan

This map shows the maximum full APRs allows for non-bank lenders. Details regarding all APRs shown on this map, and notes regarding caveats and alternate statutes in certain states, are in Appendix A.

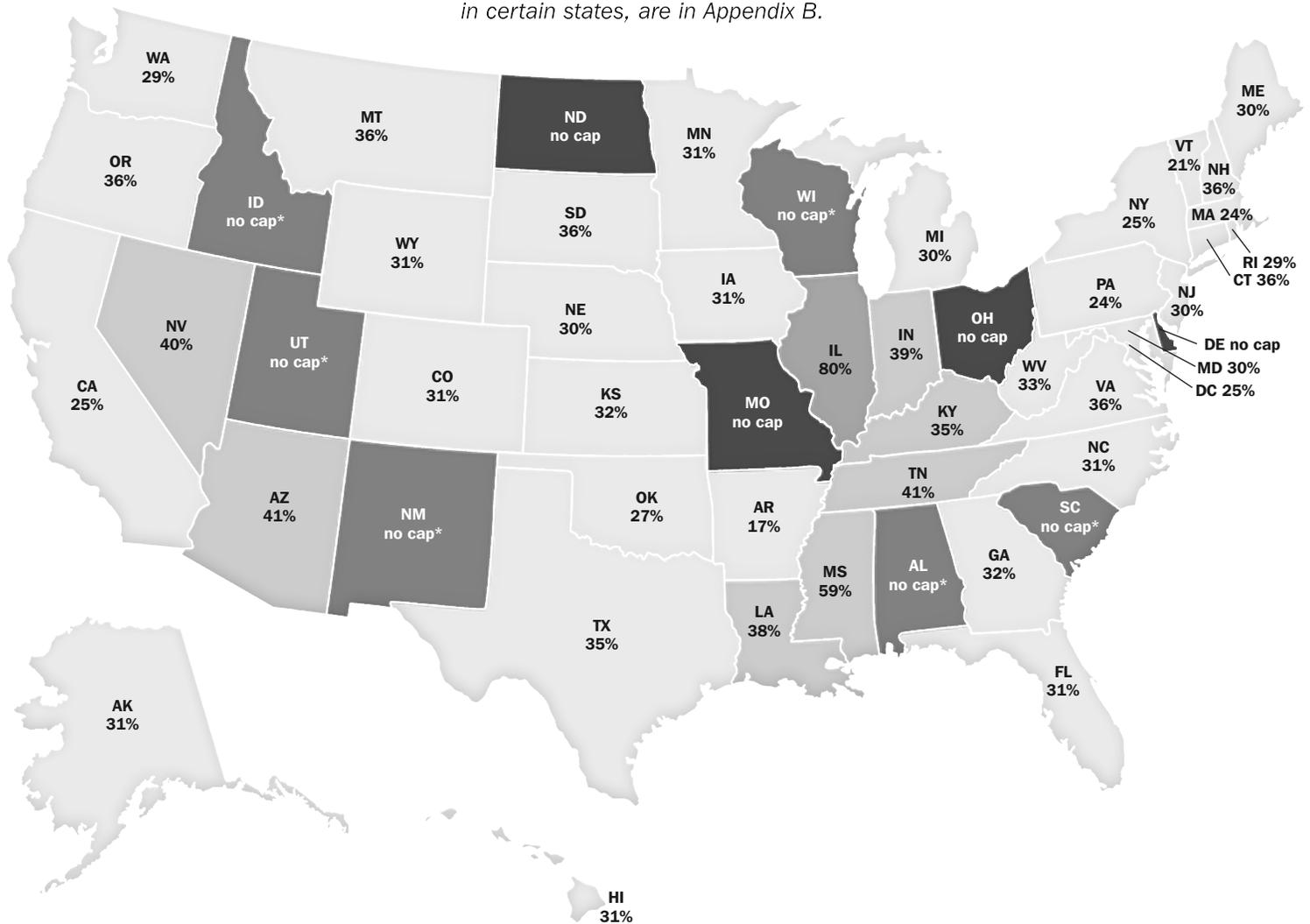


- No stated cap on finance charges (3 states)
- No cap other than unconscionability (no cap*) (4 states)
- Allowable full APR over 60% (11 states)
- Allowable full APR between 36% and 60% (12 states)
- Allowable full APR of 36% or less (20 states and DC)

MAP 2

Full APRs Allowed for Two-Year \$2000 Installment Loan

This map shows the maximum full APRs allows for non-bank lenders. Details regarding all APRs shown on this map, and notes regarding caveats and alternate statutes in certain states, are in Appendix B.

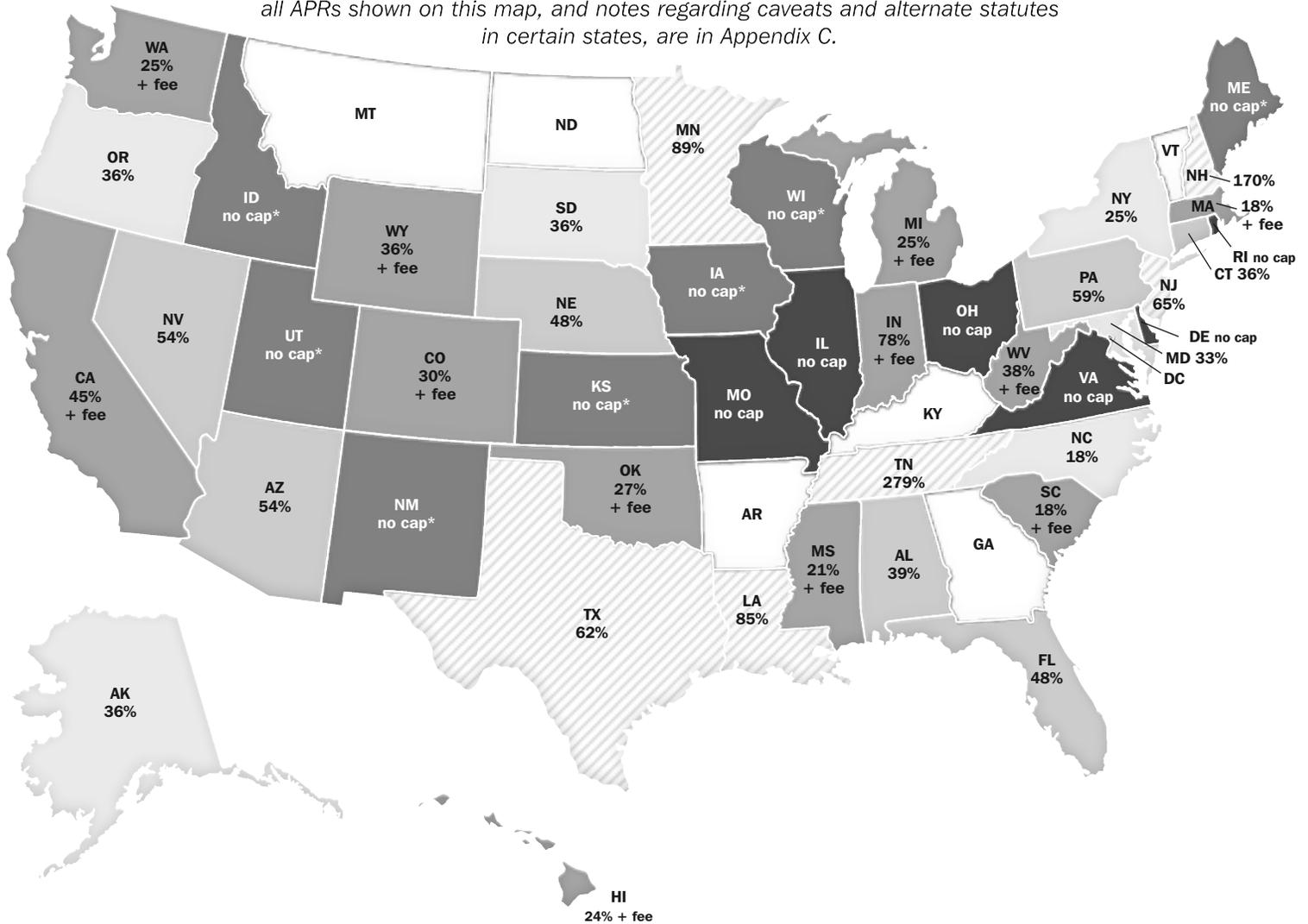


- No stated cap on finance charges (4 states)
- No cap other than unconscionability (no cap*) (6 states)
- Allowable full APR over 60% (1 state)
- Allowable full APR between 36% and 60% (6 states)
- Allowable full APR of 36% or less (33 states and DC)

MAP 3

Full APRs Allowed for a \$500 Cash Advance Repayable Over Six Months

This map shows the maximum full APRs allows for non-bank lenders. Details regarding all APRs shown on this map, and notes regarding caveats and alternate statutes in certain states, are in Appendix C.

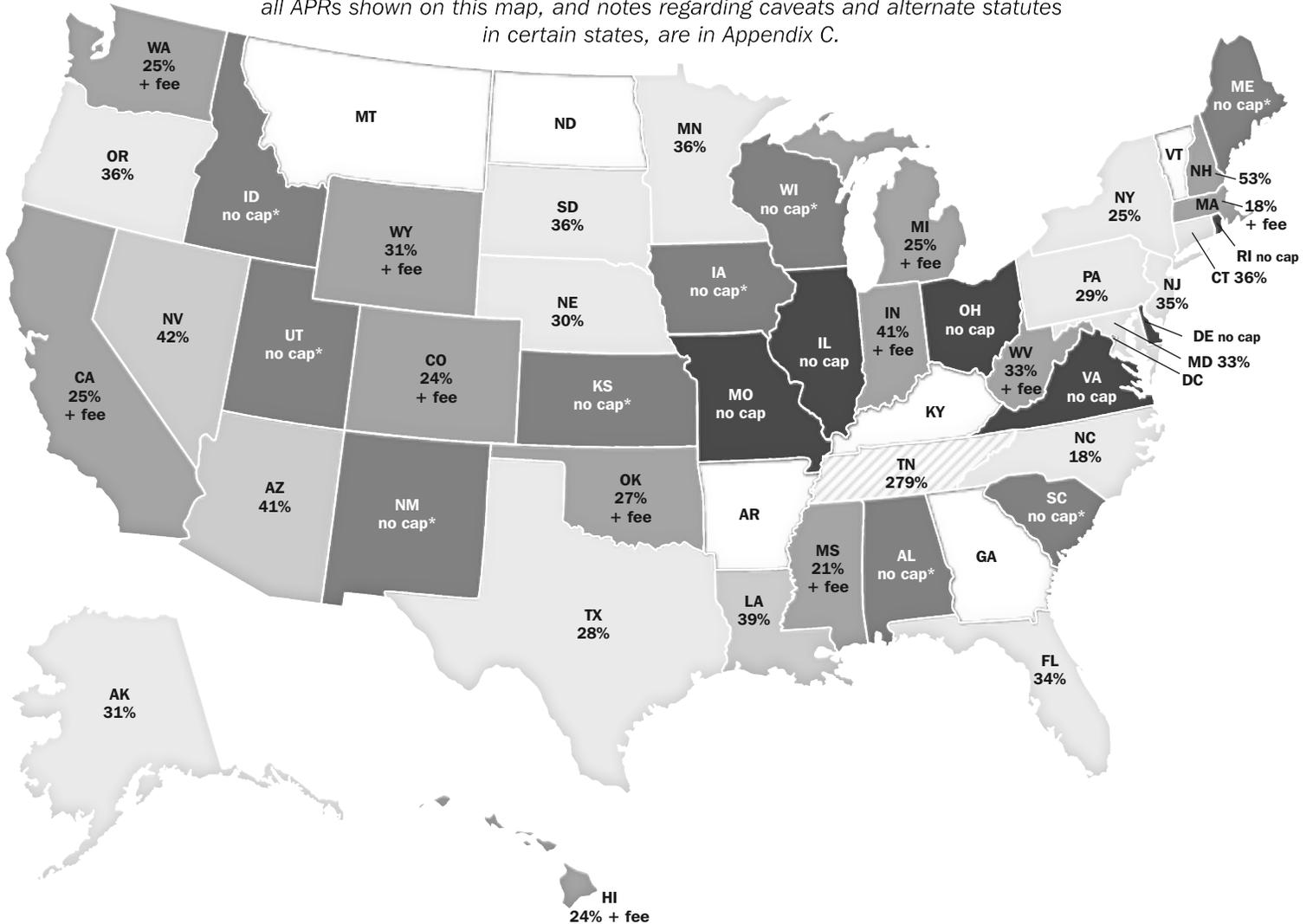


- No stated cap on finance charges (6 states)
- No numerical cap, but prohibits against unconscionability (no cap*) (7 states)
- Cap on interest but no numerical cap on all fees (12 states)
- Allowable full APR over 60% (6 states)
- Allowable full APR between 36% and 60% (7 states)
- Allowable full APR of 36% or less (6 states)
- No specific provisions for non-bank lenders to extend open-end credit (AR, DC, GA, KY, MT, ND, VT). Open-end credit may fall under the closed-end cap or the state may not permit open-end lending by non-bank lenders. (6 states and DC)

MAP 4

Full APRs Allowed for a \$2000 Cash Advance Repayable Over Two Years

This map shows the maximum full APRs allows for non-bank lenders. Details regarding all APRs shown on this map, and notes regarding caveats and alternate statutes in certain states, are in Appendix C.



- No stated cap on finance charges (6 states)
- No numerical cap, but prohibition against unconscionability (no cap*) (9 states)
- Cap on interest but no numerical cap on all fees (11 states)
- Allowable full APR over 60% (1 state)
- Allowable full APR between 36% and 60% (4 states)
- Allowable full APR of 36% or less (13 states)
- No specific provisions for non-bank lenders to extend open-end credit (AR, DC, GA, KY, MT, ND, VT). Open-end credit may fall under the closed-end cap or the state may not permit open-end lending by non-bank lenders. (6 states and DC)

TABLES

TABLE 1

Progress against Predators: Maryland and South Dakota

STATE	2015	2017
Maryland	Interest on open-end capped at 24% but no cap on fees	33% overall cap for open-end credit
South Dakota	No cap on finance charges	36% cap

TABLE A-1

States that Do Not Cap Interest Rates for Six-Month \$500 Installment Loan: 2017

STATE	LOANS FOR WHICH THERE IS NO CAP	DOES STATUTE PROHIBIT UNCONSCIONABILITY?
Delaware	All loans	No
Idaho	All loans	Yes
Missouri	All loans	No
New Mexico ¹	All loans	Yes (state deceptive practices statute)
Ohio ²	All loans	No ³
Utah	All loans	Yes
Wisconsin	All loans	Yes

¹ New Mexico has imposed a 175% cap, calculated pursuant to the federal Truth in Lending Act, as of Jan. 1, 2018. N.M. Stat. Ann. §§ 58-7-7(D), 58-15-17(J).

² For a six-month \$500 loan, Ohio's Small Loan Act would limit the full APR to 39%, and its Second Mortgage Loan Act and Consumer Installment Loan Act would limit it to 43%. However, these caps are ineffective in Ohio because the state allows credit services organizations to charge an additional—uncapped—fee for arranging a loan.

³ Ohio's Consumer Sales Practices Act Ohio Rev. Code § 1345.03 (West), includes a prohibition of unconscionability and applies to lenders making loans under the state's payday loan act, but most other non-mortgage lenders are exempt. Ohio Rev. Code Ann. § 1345.01(A) (West) (exempting financial institutions and dealers in intangibles as defined by Ohio Rev. Code § 5725.01).

TABLE A-2

**States that Allow Full APRs of More Than 36%
on Six-Month \$500 Installment Loan: 2017**

STATE	FULL APR ALLOWED	STATE	FULL APR ALLOWED
Alabama	94%	Michigan	43%
Arizona	54%	Minnesota ³	51%
California	45%	Mississippi	305%
Colorado ¹	90% (Consumer Credit Code)	Nebraska	48%
Florida	48%	Nevada	40%
Georgia	61%	Oklahoma	108%
Illinois ²	99% (Consumer Installment Loan Law) ³	South Carolina	72%
Indiana	71%	Tennessee	94%
Kansas	43%	Texas ⁴	93%
Kentucky	47%	Washington	39%
Louisiana	85%	West Virginia	38%
Massachusetts	37%		

¹ In addition, Colorado's payday installment loan statute, Colo. Rev. Stat. §§ 5-3.1-101 to 5-3.1-123, allows APRs up to 180% for payday loans up to \$500, as discussed in Section I(K)(1) of our 2015 report.

² In addition, the Illinois payday installment loan statute, 815 Ill. Comp. Stat. § 122/2-5, allows APRs up to 435% for payday loans with terms up to 180 days, as discussed in Section I(K)(1) of our 2015 report.

³ Minnesota's short-term loan law, Minn. Stat. § 47.601, may allow APRs as high as 89% on a six-month loan, but the loan would require a contorted payment schedule.

⁴ Texas also allows a credit services organization to arrange a loan with a term of up to 180 days, and to charge an additional fee that adds considerably to the APR.

TABLE A-3
**States that Cap Full APR for Six-Month \$500 Loan
at 36% or Less: 2017**

STATE	FULL APR ALLOWED	STATE	FULL APR ALLOWED
Alaska	36%	New York	25%
Arkansas	17%	North Carolina	16%
Connecticut	36%	North Dakota	28%
District of Columbia	27%	Oregon ²	36%
Hawaii	25%	Pennsylvania	27%
Iowa	36%	Rhode Island ³	35%
Maine	30%	South Dakota	36%
Maryland	33%	Vermont	24%
Montana	36%	Virginia	36%
New Hampshire ¹	36%	Wyoming	36%
New Jersey	30%		

¹ Under N.H. Rev. Stat. Ann § 399-A:16(I), for purposes of calculating the statutory 36% APR cap, one application fee up to \$100 per year and one annual participation fee of up to \$100 are to be excluded. However, § 399-A:15(XI) bars these fees for closed-end credit, so it appears that this provision is relevant only for purposes of calculating the statutory 36% APR cap for open-end credit.

² Oregon also allows lenders to charge “other reasonable and bona fide fees, expenses or damages, subject to oversight and regulation by the Department of Consumer and Business Services.” Or. Rev. Stat. § 725.340(1)(b).

³ Rhode Island also allows “other customary and reasonable costs incident to the closing, supervision, and collection of loans in this state.” R.I. Gen. Laws § 6-26-2.

TABLE B-1
**States that Do Not Cap Interest Rates for
 Two-Year \$2000 Installment Loan: 2017**

STATE	LOANS FOR WHICH THERE IS NO CAP	DOES STATUTE PROHIBIT UNCONSCIONABILITY?
Alabama	Loans of \$2000 or more	Yes
Delaware	All loans	No
Idaho	All loans	Yes
Missouri	All loans	No
New Mexico ¹	All loans	Yes (state deceptive practices statute)
North Dakota	Loans of more than \$1000	No
Ohio ²	All loans	No ³
South Carolina	Loans of more than \$600	Yes
Utah	All loans	Yes
Wisconsin	All loans	Yes

¹ New Mexico has imposed a 175% cap, calculated pursuant to the federal Truth in Lending Act, as of Jan. 1, 2018. N.M. Stat. Ann. §§ 58-7-7(D), 58-15-17(J).

² For a two-year \$2000 loan, Ohio's Small Loan Act would limit the full APR to 28%, its Second Mortgage Loan Act would limit it to 31%, and its Consumer Installment Loan Act would limit it to 35%. However, these caps are ineffective in Ohio because the state allows credit services organizations to charge an additional—uncapped—fee for arranging a loan.

³ Ohio's Consumer Sales Practices Act, Ohio Rev. Code § 1345.03 (West), includes a prohibition of unconscionability and applies to lenders making loans under the state's payday loan act, but most other non-mortgage lenders are exempt. Ohio Rev. Code Ann. § 1345.01(A) (West) (exempting financial institutions and dealers in intangibles as defined by Ohio Rev. Code § 5725.01).

TABLE B-2
**Full APRs Allowed for Two-Year \$2000 Loan
in States that Cap Finance Charges: 2017**

STATE	FULL APR ALLOWED	STATE	FULL APR ALLOWED
Alaska	31%	Mississippi	59%
Arizona	41%	Montana	36%
Arkansas	17%	Nebraska	30%
California	25%	Nevada	40%
Colorado	31%	New Hampshire ¹	36%
Connecticut	36%	New Jersey	30%
District of Columbia	25%	New York	25%
Florida	31%	North Carolina	31%
Georgia	32%	Oklahoma	27%
Hawaii	31%	Oregon ²	36%
Indiana	39%	Pennsylvania	24%
Iowa	31%	Rhode Island ³	35%
Illinois	80%	South Dakota	36%
Kansas	32%	Tennessee	41%
Kentucky	35%	Texas	35%
Louisiana	38%	Vermont	21%
Maine	30%	Virginia	36%
Maryland	30%	Washington	29%
Massachusetts	24%	West Virginia	33%
Michigan	30%	Wyoming	31%
Minnesota	31%		

¹ Under N.H. Rev. Stat. Ann § 399-A:16(I), for purposes of calculating the statutory 36% APR cap, one application fee up to \$100 per year and one annual participation fee of up to \$100 are to be excluded. However, § 399-A:15(XI) bars these fees for closed-end credit, so it appears that this provision is relevant only for purposes of calculating the statutory 36% APR cap for open-end credit.

² Oregon also allows lenders to charge “other reasonable and bona fide fees, expenses or damages, subject to oversight and regulation by the Department of Consumer and Business Services.” Or. Rev. Stat. § 725.340(1)(b).

³ Rhode Island also allows “other customary and reasonable costs incident to the closing, supervision, and collection of loans in this state.” R.I. Gen. Laws § 6-26-2.

TABLE C-1

**States that Do Not Place Numerical Cap
on Interest Rates for Open-End Credit: 2017**

STATE	DOES STATUTE PROHIBIT UNCONSCIONABILITY?
Alabama (for loans of \$2000 or more)	Yes
Delaware	No
Idaho	Yes
Illinois	No
Iowa	Yes
Kansas	Yes
Maine	Yes
Missouri	No
New Mexico ¹	Yes (state deceptive practices statute)
Ohio ²	No
Rhode Island	No
South Carolina (for loans of more than \$600)	Yes
Utah	Yes
Virginia	No
Wisconsin	Yes

For an explanation of unconscionability, see Section II(A)(6) of our 2015 report and National Consumer Law Center, *Consumer Credit Regulation* § 10.2.6 (2d ed. 2015), updated at <http://library.nclc.org/CCR>.

¹ New Mexico has imposed a 175% cap, calculated pursuant to the federal Truth in Lending Act, as of Jan. 1, 2018. N.M. Stat. Ann. §§ 58-7-7(D), 58-15-17(J).

² Ohio's rate caps are ineffective because they can be circumvented through credit services organizations. See Section I(K)(3) of our 2015 report.

TABLE C-2

**States that Cap Interest Rates but Not All Fees
for Open-End Credit: 2017**

STATE	INTEREST RATE ALLOWED	FEE PERMITTED BY STATUTE FOR WHICH NO NUMERICAL CAP IS STATED	DOES STATUTE PROHIBIT UNREASONABLE OR UNCONSCIONABLE FEES?
California	split rate ranging from 30% on first \$225 to 12% on amount over \$1650	Participation fee	Yes
Colorado	21%	Annual fee	Yes
Hawaii	24%	Participation fees imposed on an annual, periodic, or other basis	No
Indiana	36%	Annual fee	Yes
Massachusetts	18%	Annual fee	Yes (deceptive practices statute)
Michigan Regulatory Loan Act ¹	25%	Annual fee	Yes
Mississippi	21%	Any fees other than interest ²	No
Oklahoma	27% on first \$2910	Annual or membership fees, transaction fees, cash advance fees	Yes
South Carolina (for loans of \$600 or less)	18%	Annual fee	Yes
Washington	25%	Annual fee	No
West Virginia	31% plus loan processing fee of 2% of amount financed	Annual fee	Yes
Wyoming	36% on first \$1000, 21% on remainder	Annual fee for credit card	Yes

All of the states shown in this table allow the lender to charge at least one fee for which the statute does not set a numerical cap. California, Colorado, Indiana, and West Virginia also allow some fees in amounts set by the statute. Those fees are not shown on this table, but are included in the calculation of the rates shown on Maps 3 and 4.

For an explanation of unconscionability, see Section II(A)(6) of our 2015 report and National Consumer Law Center, Consumer Credit Regulation § 10.2.6 (2d ed. 2015), *updated at* www.nclc.org/library.

¹ A second law, Mich. Comp. Laws §§ 493.101 to 493.114, allows an interest rate of 18% plus an annual fee. The law does not place a cap on the annual fee or require that it be reasonable.

² Mississippi's lending law, Miss. Code § 75-17-19(6), is ambiguous about what charges and fees can be imposed. It appears that a non-bank lender cannot impose an annual fee, because annual fees are specifically addressed by § 75-19-17(2). Fees that would undermine the limit in § 75-17-19(1) on the periodic rate might also be at least implicitly prohibited.

TABLE C-3
**States that Set Numerical Caps on Rates and Fees
for Open-End Credit: 2017**

STATE	INTEREST RATE CAP	CAP ON LOAN FEES	FULL APR FOR \$500 6-MONTH CASH ADVANCE	FULL APR FOR \$2000 2-YEAR CASH ADVANCE
Alabama (cap applies only to loans of less than \$2000)	21% on first \$750, 18% on remainder	Surcharge of 6% of amount financed	39%	no cap
Alaska	36% on first \$850, 24% on remainder	No fees allowed	36%	31%
Arizona	36% on first \$3000	5% of principal, capped at \$150	54%	41%
Connecticut	36%	\$50 annual fee	36%	36%
Florida	30% on first \$3000	\$25 investigation fee; \$25 annual fee on each anniversary date	48%	34%
Louisiana (revolving loan account)	18%	\$50 origination fee plus \$20 document fee	85%	39%
Maryland	24%	Interest plus fees cannot exceed 33%	33%	33%
Minnesota	33% on first \$1125, 19% on remainder	\$50 annual fee, \$30 cash advance fee	89%	36%
Nebraska	24% on first \$1000, 21% on remainder	7% of first \$2000 and 5% of remainder, or \$500, whichever is less	48%	30%
Nevada	40%	\$20 annual fee	54%	42%
New Hampshire	36%	one \$100 application fee and one \$100 participation fee per year	170%	53%
New Jersey	30%	\$50 annual fee	65%	35%
New York	25%	Must fall within 25% cap	25%	25%
North Carolina ¹	18%	No fees allowed	18%	18%
Oregon ²	36% (or a discount window rate plus 30 points)	No fees allowed	36%	36%
Pennsylvania	24%	\$50 annual fee	59%	29%
South Dakota	36%	Must fall within 36% cap	36%	36%

(continued)

STATE	INTEREST RATE CAP	CAP ON LOAN FEES	FULL APR FOR \$500 6-MONTH CASH ADVANCE	FULL APR FOR \$2000 2-YEAR CASH ADVANCE
Tennessee	279%	None	279%	279%
Texas	21%	\$50 annual fee; plus cash advance fee of \$2 or 2% of advance, whichever is greater	62%	28%

The fee-inclusive or “full” APRs in this table take into account all fees that are required as a condition of the extension of credit, including origination fees, periodic fees, and cash advance fees, but not post-transaction charges such as late fees and returned check fees. Arkansas, the District of Columbia, Georgia, Kentucky, Montana, North Dakota, and Vermont are not included in this or Tables C-2 or C-3 because they do not have any specific statutory provisions for open-end credit by non-banks. In those states, open-end credit may fall under the closed-end cap or the state may not permit open-end lending by non-bank lenders.

¹ North Carolina authorizes a \$24 annual fee for purchase money credit, and late fees for any open-end credit, but is silent as to any authorization for origination fees for cash advances. N.C. Gen. Stat. § 24-11(a), (d1).

² Oregon also allows lenders to charge “other reasonable and bona fide fees, expenses or damages, subject to oversight and regulation by the Department of Consumer and Business Services.” Or. Rev. Stat. § 725.340(1)(b).