VOTE **FOR** 428

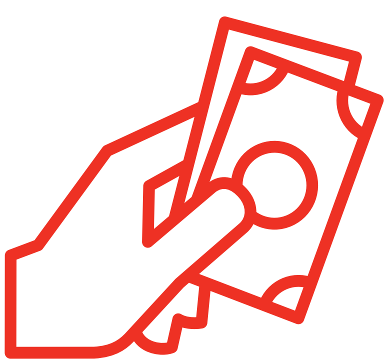
Stop Predatory Payday Lending

Payday lenders give short-term loans at a very high cost—**more than 400% annual percentage rates.**[1] Measure 428 would ensure payday lenders cannot charge more than 36% APR. Payday lenders target financially vulnerable members of our community who are struggling to make ends meet, including military veterans, senior citizens, young people, single mothers and working parents.

With the economic and health crises created by the pandemic, it is more important than ever to stop payday lenders from taking advantage of people by charging outrageous rates. Vote FOR Measure 428 to stop predatory payday lending in our communities.

WHAT ARE PAYDAY LOANS?

- **Payday lenders, also called delayed deposit services, make small-dollar loans without any consideration of a borrower's ability to repay.** They advertise payday loans as a way to get fast cash in a financial emergency.
- **A typical payday loan borrower in Nebraska takes out a loan, $362 on average,**[2] with the intent to repay the loan on their next payday.
- Payday lenders gain access to a borrower's bank account and when the loan comes due, **they take money out before borrowers have a chance to pay for rent, utilities or other necessary expenses,** creating a cascade of consequences, including additional costs in the form of overdraft and insufficient funds fees.
- When the borrower is unable to repay the initial loan, **the borrower takes out another payday loan and is now trapped in a cycle of debt,** paying annual percentage rates over 400%.
- **Payday lenders intentionally trap borrowers in a cycle of long-term debt.** In 2019, the average borrower in Nebraska took out over 10 loans in one year.[3]
- Measure 428 would **ensure payday lenders cannot charge more than 36% APR and stop payday lenders from taking advantage of vulnerable people.**
- **When predatory payday loans aren't available, consumers turn to better options.** Former customers in states without payday lending report a host of strategies to meet cash flow shortfalls at a fraction of the cost, including formal options, such as credit unions, credit card or cash advances, and informal options such as help from family and friends or faith-based communities.



Sixteen other states—including Colorado, South Dakota and Montana—and DC have already **capped payday loans at about 36%,** which is the same rate cap that Congress has set for all active duty military members.

States with caps: Arizona, Arkansas, Colorado, Connecticut, the District of Columbia, Georgia, Maryland, Montana, North Carolina, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, South Dakota, Vermont, and West Virginia.

WOMEN'S FUND of Omaha

For additional information, contact Tiffany Seibert Joekel at TJoekel@OmahaWomensFund.org or 402-827-9280.

In 2019, the average Nebraska payday loan borrower took out a loan in the amount of $362, was charged **405% annual percentage rate,** and was **trapped into 10 loans in a single year.**

BORROWER STORY

"Domestic abuse changed my life entirely—it threw me into poverty. I went to a shelter and lost my job. I had a small child to support and no money, so I went to a payday lender. It's a shameful thing to have to do, but I had no choice. The only job I could get was low paying, so I went from making $50,000 a year to $12 an hour and wasn't able to pay back the loan. **I had to roll it over and over again. It's a vicious cycle you can't get out of, and you know you are going to lose at the high rates they charge."**

CONCLUSION

Payday lenders target vulnerable Nebraskans, taking advantage of them by charging rates that average over 400% annually. Because of payday lenders, families who need a couple hundred dollars can end up trapped in a vicious cycle of debt. With the economic and health crises created by the pandemic, it is more important than ever to stop payday lenders from taking advantage of people by charging outrageous annual percentage rates.

Vote FOR 428 to stop predatory payday lending in our communities.

BALLOT EXAMPLE

SPECIAL ISSUES TICKET

State Of Nebraska Referendum
Proposed by Initiative Petition
Initiative Measure 428

A vote "FOR" will amend Nebraska statutes to: (1) reduce the amount that delayed deposit services licensees, also known as payday lenders, can charge to a maximum annual percentage rate of thirty-six percent; (2) prohibit payday lenders from evading this rate cap; and (3) deem void and uncollectable any delayed deposit transaction made in violation of this rate cap.

A vote "AGAINST" will not cause the Nebraska statutes to be amended in such manner.

Shall Nebraska statutes be amended to: (1) reduce the amount that delayed deposit services licensees, also known as payday lenders, can charge to a maximum annual percentage rate of thirty-six percent; (2) prohibit payday lenders from evading this rate cap; and (3) deem void and uncollectable any delayed deposit transaction made in violation of this rate cap?

- ● **For**
- ○ **Against**

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[1] Nebraska Department of Banking and Finance, "45-931 DDS Annual Report (2019)," July 27, 2020, https://ndbf.nebraska.gov/sites/ndbf.nebraska.gov/files/industries/45-931%20DDS%20Annual%20Report%20%282019%29.pdf.
[2] Ibid.
[3] Ibid.