

PROPOSITION 200

OFFICIAL TITLE

AN INITIATIVE MEASURE
PAYDAY LOAN REFORM ACT

TEXT OF PROPOSED AMENDMENT

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ARIZONA:

Section 1. Title

This measure shall be known as the Payday Loan Reform Act.

Section 2. Purpose and Intent

The people of Arizona declare that the intent and purpose of this Act is to:

1. Reduce the cost of small dollar, short-term consumer loans;
2. Promote responsible consumer lending practices;
3. Provide consumers with borrowing options on fair terms that allow a reasonable time to repay a loan;
4. Regulate the covered products in a comprehensive and efficient manner;
5. Make clear that internet lenders are subject to the laws of this State; and,
6. Reduce the number of store-front locations in our neighborhoods.

Section 3. 6-1251, Arizona Revised Statutes is amended to read:

6-1251. Definitions

In this chapter, unless the context otherwise requires:

1. "Branch office" means any office operated by a licensee to provide deferred presentment services.
2. "Check" means a draft signed by the maker and made payable to a person that is licensed pursuant to this chapter with the name of the maker preprinted on the face of the check OR AN ELECTRONIC DEBIT AGREEMENT THAT COMPLIES WITH TITLE 44, CHAPTER 26.
3. "Deferred presentment services" means a transaction pursuant to a written agreement in which the licensee accepts a check and agrees to hold the check for at least five days before presentment for payment or deposit.
4. "Engaged in the business" means either:
 - (a) Advertising to or any other solicitation of a resident of this state that offers deferred presentment services and that occurs within this state.
 - (b) Providing three or more deferred presentment services within a calendar year to residents of this state.
5. "License" means a license issued pursuant to this chapter.
6. "Licensee" means a corporation, company, firm, partnership, association or natural person that is licensed by the superintendent to engage in the business of providing deferred presentment services pursuant to this chapter.
7. "Location" means the entire space in which a licensee provides deferred presentment services.
8. "Partner" means a person who either:
 - (a) Is authorized by law or a partnership agreement to participate in the management of the business of the partnership.
 - (b) Owns more than twenty-five per cent of the applicant or licensee partnership.

Section 4. 6-1254, Arizona Revised Statutes, is amended to read:

6-1254. Qualifications of applicants

A. An applicant for a license:

1. Shall be a citizen of the United States.
2. Shall be a person of honesty, truthfulness and good moral character.
3. Shall not have been convicted of a crime that involves moral turpitude.
4. Shall not have defaulted on payment of money collected or received for another person.
5. Shall not have been a former licensee pursuant to this chapter whose license was suspended or revoked and not subsequently reinstated.

B. If the applicant is a person other than a natural person, the qualifications required by subsection A are also required of any executive officer, director or partner of the firm, partnership or association.

C. To qualify for a license an applicant shall have AND MAINTAIN:

1. A minimum net worth in cash or cash equivalents, determined in accordance with generally accepted accounting princi-

ples, of at least fifty thousand dollars, PER LICENSED LOCATION, UP TO A MAXIMUM REQUIRED NET WORTH OF ONE MILLION DOLLARS.

2. The financial responsibility, character and experience to warrant a belief that the business is operated lawfully, honestly, fairly and efficiently.

Section 5. 6-1259, Arizona Revised Statutes is amended to read:

6-1259. Prohibited acts

A. A person shall not engage in the business of providing deferred presentment services, including internet deferred presentment services, without first obtaining a license pursuant to this chapter. A separate license is required for each location from which the business is conducted. The licensee shall post its license to engage in the business of deferred presentment services at each location that is licensed pursuant to this chapter.

B. A licensee shall not:

1. Advance monies on the security of a check without first obtaining reasonable evidence that indicates that the account on which the presented check is drawn is an open and active account.
 2. Assess any fee that is more than the amount prescribed in this chapter.
 3. At the licensed location engage in the business of:
 - (a) Making loans of money or extensions of credit other than those allowed under this chapter TITLE or title 44, chapter 11, article 3.
 - (b) Discounting notes, bills of exchange, items or other evidences of debt.
 - (c) Accepting deposits or bailments of money or items, except as expressly provided in section 6-1260.
 4. Use or cause to be published or disseminated any advertisement that contains false, misleading or deceptive statements or representations.
 5. Engage in the business of deferred presentment services at locations other than licensed locations.
 6. Engage in unfair, deceptive or fraudulent practices.
 7. Alter or delete the date on a check accepted by the licensee.
 8. Take possession of an undated check or a check dated on a date other than the date on which the licensee takes possession of the check or the date of presentment.
 9. Require a customer to provide security for the transaction, other than the presented check, or require the customer to provide a guaranty from another person.
 10. Fail to take reasonable measures to ensure that no customer has more than one deferred presentment loan outstanding at any time with any licensee in this state.
 11. Engage in the sale of the following goods or services at any licensed location:
 - (a) Gaming activities, including the sale of lottery tickets.
 - (b) Alcoholic beverages.
 12. Tie or otherwise condition the offering of deferred presentment services to the sale of any good or service.
 13. Permit others to engage in any activity prohibited in this section at a location licensed pursuant to this chapter.
 14. Offer deferred presentment services for less than five days OR LONGER THAN THIRTY FIVE DAYS.
 15. Be required to request or accept any written representation by a customer as to whether the customer has any outstanding checks for deferred presentment held by other licensees.
 15. Charge a prepayment penalty.
 16. ENTER INTO A NEW DEFERRED PRESENTMENT TRANSACTION WITH A CUSTOMER UNTIL THE NEXT BUSINESS DAY FOLLOWING THE COMPLETION OF A PRIOR TRANSACTION, INCLUDING A REPAYMENT PLAN TRANSACTION.
- Sec. 6. Section 6-1260, Arizona Revised Statutes, is amended to read:
- 6-1260. Deferred presentment; amount; fees; loans to members of military service; repayment plans
- A. The licensee may accept for deferred presentment or

deposit a check with a face amount of at least fifty dollars but not more than five hundred dollars, excluding the fees permitted in subsection F G of this section.

B. For each check the licensee accepts for deferred presentment or deposit, the licensee and the customer shall sign a written agreement IN ENGLISH OR IN SPANISH AT THE CUSTOMER'S REQUEST that contains the name or trade name of the licensee, the transaction date, the amount of the check, the amount to be paid by the maker, a statement of the total amount of the fees charged, expressed both as a dollar amount and as an effective annual percentage rate, a disclosure statement that complies with state and federal truth in lending laws and a notice to the customer as prescribed in subsection C of this section. The written agreement shall expressly require the licensee to defer presentment or deposit of the check until a specified date. THE WRITTEN AGREEMENT SHALL CONTAIN THE FOLLOWING INFORMATION ADJACENT TO THE CUSTOMER SIGNATURE LINE:

1. THE TELEPHONE NUMBER AND ADDRESS OF THE DEPARTMENT.
2. THE LICENSEE IS REGULATED BY THE DEPARTMENT.
3. ANY COMPLAINTS CONCERNING THE AGREEMENT MAY BE ADDRESSED TO THE DEPARTMENT AT THE DEPARTMENT'S ADDRESS AND TELEPHONE NUMBER.

C. A licensee shall provide a notice in a prominent place on each written agreement that specifies that no customer may have outstanding more than one deferred presentment service agreement at one time and the face amount, exclusive of any fees, cannot be more than five hundred dollars. A licensee shall ask every customer who seeks deferred presentment services whether that customer has any outstanding checks payable to other licensees.

D. A licensee may rely on the customer's representation of whether the customer has any outstanding checks for deferred presentment held by other licensees.

E. UNTIL A DATABASE IS CERTIFIED BY THE DEPARTMENT PURSUANT TO SECTION 6-1264, A LICENSEE MAY RELY UPON THE CUSTOMER'S WRITTEN REPRESENTATION THAT THE CUSTOMER DOES NOT HAVE AN OUTSTANDING, INCOMPLETE REPAYMENT PLAN AS DESCRIBED IN SUBSECTION O OF THIS SECTION.

F. The maker of a check has the right to redeem the check from the licensee before the agreed on date of presentment or deposit if the maker pays the licensee the amount of the check.

~~F. G. A licensee shall not directly or indirectly charge any fee or other consideration for accepting a check for deferred presentment or deposit that is more than fifteen per cent of the face amount of the check for any initial transaction or any extension PRINCIPAL AMOUNT BORROWED BY THE CUSTOMER.~~

~~G. H. A licensee may impose the fee prescribed in subsection F G of this section only once for each written agreement. The fee is earned on execution of the written agreement and is not subject to any reimbursement even if the maker redeems the check pursuant to subsection F F of this section.~~

~~H. I. The fee charged by the licensee is not interest for purposes of any other law or rule of this state.~~

~~I. J. Except as otherwise provided in this subsection, A person may NOT, FOR A FEE, extend the presentment or deposit of a check, not more than three consecutive times. For each extension the customer and the licensee shall terminate the previous agreement and sign a separate agreement. During an incomplete transaction the customer may not receive any additional monies from the licensee. The licensee may charge a fee as prescribed in subsection F of this section for each extension. A person who is a member of the military service of the United States or the member's spouse may not extend the presentment or deposit of a check.~~

~~J. K. If a customer has completed a deferred presentment transaction with the licensee, the customer may enter into a new agreement for deferred presentment services with the licensee ON THE NEXT BUSINESS DAY FOLLOWING THE COMPLETION OF AN EXISTING TRANSACTION, INCLUDING THE COMPLETION OF A REPAYMENT AGREEMENT AS PROVIDED FOR IN SECTION 6-1260. O. A transaction is completed when the customer's check is presented for payment, deposited or redeemed by the customer for cash.~~

~~J. K. If a check is returned to the licensee from a payer financial institution due to insufficient funds, a closed account or a stop payment order, the licensee may use all available civil remedies to collect on the check including the imposition of the~~

dishonored check service fee prescribed in section 44-6852.

THE LICENSEE SHALL NOT CHARGE A DISHONORED CHECK SERVICE FEE MORE THAN TWICE FOR A CHECK RETURNED DUE TO INSUFFICIENT FUNDS. THE LICENSEE SHALL NOT CHARGE A DISHONORED CHECK SERVICE FEE MORE THAN ONCE FOR A CHECK RETURNED DUE TO A CLOSED ACCOUNT OR A STOP PAYMENT ORDER. A LICENSEE MAY NOT CHARGE ANY ADDITIONAL FEES FOR THE DEFERRED PRESENTMENT TRANSACTION IF A CHECK IS RETURNED TO THE LICENSEE FROM A PAYER FINANCIAL INSTITUTION DUE TO INSUFFICIENT FUNDS, A CLOSED ACCOUNT OR A STOP PAYMENT ORDER, EXCEPT AS PROVIDED IN THIS SUBSECTION. An individual who issues a personal check to a licensee under a deferred presentment agreement is not subject to criminal prosecution pursuant to title 13, chapter 18.

~~K. L. Before engaging in a deferred presentment transaction, a licensee shall provide to a customer who is a member of the military service of the United States or the member's spouse a written statement that clearly and conspicuously states the prohibited practices and requirements prescribed in subsection L M of this section.~~

~~L. M. If lending to a member of the military service of the United States or the spouse of a member of the military service of the United States, a licensee:~~

1. Shall not garnish any military wages or salary.
2. Shall not conduct any collection activity against a customer who is a member of the military service of the United States or the spouse of the member during the member's deployment to a combat or combat support posting or during active duty service by a member of the national guard or any military reserve unit of any branch of the armed forces of the United States.
3. Shall contact the employer of a member of the military service of the United States about a deferred presentment debt of the member or the member's spouse. The contact allowed by this paragraph shall only be a notice for informational purposes and shall not be an attempt to collect on a loan made to the member or the member's spouse. A licensee shall not attempt to collect on a loan made to a member of the military service of the United States or the member's spouse through the member's chain of command.
4. Shall not conduct a deferred presentment transaction with a member of the military service of the United States or the member's spouse in any location that the member's commanding officer prohibits the member or the member's spouse from transacting deferred presentment business.
5. Is bound by the terms of any repayment agreement that the licensee negotiates with respect to the customer through military counselors or third party credit counselors.

N. A LICENSEE WHO ENTERS INTO A DEFERRED PRESENTMENT TRANSACTION WITH A "COVERED BORROWER" AS THAT TERM IS DEFINED IN SECTION 670 OF THE JOHN WARNER NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2007 (P.L. 109-364; 120 STAT. 2083; 10 UNITED STATES CODE SECTION 987), AND REGULATIONS PROMULGATED THEREUNDER, AND WHO VIOLATES ANY PROVISION OF SUCH ACT OR REGULATION IN EFFECT ON THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION IS IN VIOLATION OF THIS TITLE.

O. IF A CUSTOMER REQUESTS A REPAYMENT PLAN AND SIGNS AN AMENDMENT TO THE PARTIES' WRITTEN AGREEMENT BEFORE THE CLOSE OF BUSINESS ON THE DATE ON WHICH A DEFERRED PRESENTMENT TRANSACTION IS DUE, THE LICENSEE SHALL ENTER INTO A REPAYMENT PLAN WITH THE CUSTOMER AS FOLLOWS:

1. THE REPAYMENT PLAN SHALL DIVIDE THE CUSTOMER'S OUTSTANDING BALANCE INTO FOUR SUBSTANTIALLY EQUAL PAYMENTS THAT COINCIDE WITH THE CUSTOMER'S EXPECTED PAY DAYS OR IF THE CUSTOMER IS UNEMPLOYED AT THE TIME, FOUR MONTHLY PAYMENTS. NO ADDITIONAL FEES OR INTEREST MAY BE ASSESSED ON THE OUTSTANDING BALANCE PAID PURSUANT TO THE REPAYMENT PLAN IF THE CUSTOMER FULFILLS THE TERMS OF THE REPAYMENT PLAN. A REPAYMENT PLAN IS NOT AN AGREEMENT FOR DEFERRED PRESENTMENT SERVICES AND IS NOT A LOAN. EXCEPT FOR THE REVISED PAYMENT SCHEDULE THE TERMS OF THE DEFERRED PRESENTMENT AGREEMENT REMAIN IN FULL FORCE AND EFFECT. PROVIDED THAT THE CUSTOMER HAS COMPLIED WITH THE TERMS

OF THE REPAYMENT PLAN, THEN DURING THE TERM OF THE REPAYMENT PLAN THE LICENSEE MAY NOT SEEK TO COLLECT ANY AMOUNT DUE EXCEPT PURSUANT TO THE TERMS OF THE REPAYMENT PLAN. IF THE CUSTOMER MAKES EACH OF THE PAYMENTS REQUIRED UNDER THE REPAYMENT PLAN, THE OUTSTANDING DEFERRED PRESENTMENT SERVICES AGREEMENT SHALL BE COMPLETED. IF THE CUSTOMER FAILS TO ADHERE TO THE ORIGINAL REPAYMENT PLAN, THE LICENSEE MAY ENGAGE IN ANY LAWFUL COLLECTION ACTIVITY, BUT SHALL USE REASONABLE EFFORTS TO NEGOTIATE A MUTUALLY AGREEABLE ALTERNATIVE REPAYMENT PLAN BEFORE INITIATING ANY LEGAL ACTION.

2. NO LICENSEE MAY ALLOW A CUSTOMER TO ENTER INTO THE AGREEMENT PROVIDED FOR IN THIS SUBSECTION MORE THAN ONCE PER THREE HUNDRED AND SIXTY-FIVE DAY PERIOD COMMENCING ON THE FIRST DAY OF THE AGREEMENT.

3. THE LICENSEE SHALL SUBMIT TO A CONSUMER CREDIT REPORTING SERVICE THE DATA REQUIRED BY SECTION 6-1264 AT THE TIME IT ENTERS INTO A REPAYMENT PLAN.

4. AT THE SUCCESSFUL COMPLETION OF THE REPAYMENT PLAN, THE LICENSEE SHALL REPORT TO THE CONSUMER CREDIT REPORTING SERVICE THAT THE CUSTOMER'S REPAYMENT PLAN IS TERMINATED.

Sec. 7. Section 6-1262, Arizona Revised Statutes, is amended to read:

6-1262. Violation; classification; individual liability

A. A person that provides deferred presentment services without a license is guilty of a class 1 misdemeanor.

B. A licensee that violates this chapter or the rules adopted pursuant to this chapter is subject to revocation of the licensee's license and is guilty of a class 1 misdemeanor.

C. An officer or agent of a corporation or association who participates in a violation of this chapter is subject to the penalties prescribed in this section.

D. Except as the result of an accidental or bona fide error, if the licensee charges, contracts for or receives any amount in excess of the fees expressly permitted by this chapter, the deferred presentment is voidable and the licensee has no right to collect or receive any fees in connection with the deferred presentment transaction. Any deferred presentment transaction, that is made by a person who is required to be licensed pursuant to this chapter but who is not licensed is void, and the person has no right to MAINTAIN A COURT ACTION OR OTHERWISE collect, receive or retain any principal or other fees in connection with that deferred presentment transaction. ANY AMOUNT RECEIVED BY A CUSTOMER FROM A PERSON WHO IS REQUIRED TO BE LICENSED BUT WHO IS NOT, SHALL BE DEEMED A GIFT TO THE CUSTOMER.

Sec. 8. Repeal

6-1263. Program termination

Section 6-1263., Arizona Revised Statutes is hereby repealed.

Sec. 9. Title 6, chapter 12.1, article 1, Arizona Revised Statutes, is amended by adding a new section 6-1264, to read:

6-1264. Commercially reasonable methods for verification; one incomplete repayment plan; definition

A. BEFORE ENTERING INTO A DEFERRED PRESENTMENT AGREEMENT WITH A CONSUMER, A LICENSEE MUST USE A COMMERCIALLY REASONABLE METHOD OF VERIFICATION TO VERIFY THAT THE CUSTOMER HAS NO OUTSTANDING INCOMPLETE REPAYMENT PLANS AS PROVIDED FOR IN SECTION 6-1260. O WITH THE LICENSEE OR ANY OTHER LICENSEE.

B. NO LATER THAN OCTOBER 15, 2009, THE SUPERINTENDENT SHALL CERTIFY THAT ONE OR MORE CONSUMER REPORTING SERVICE DATABASES ARE COMMERCIALY REASONABLE METHODS OF VERIFICATION. THE LIST OF PROVIDERS THAT THE DIRECTOR HAS CERTIFIED AS PROVIDING COMMERCIALY REASONABLE METHODS OF VERIFICATION SHALL BE POSTED ON THE DEPARTMENT'S WEBSITE AND SHALL BE MAILED TO EACH LICENSEE BY FIRST CLASS MAIL AT THE ADDRESS OF RECORD AS SHOWN ON THE DEPARTMENT'S LICENSING FILES.

C. EACH LICENSEE WHO PROVIDES DEFERRED PRESENTMENT SERVICES SHALL COMPLY WITH SUBSECTION A OF THIS SECTION NO LATER THAN DECEMBER 31,

2009.

D. A CONSUMER SEEKING DEFERRED PRESENTMENT SERVICES MAY MAKE A DIRECT INQUIRY TO THE CONSUMER REPORTING SERVICE TO REQUEST A MORE DETAILED EXPLANATION OF THE BASIS FOR A CONSUMER REPORTING SERVICE'S DETERMINATION THAT THE CONSUMER IS INELIGIBLE FOR A DEFERRED PRESENTMENT, AND THE CONSUMER REPORTING SERVICE SHALL PROVIDE A REASONABLE RESPONSE TO THE CONSUMER.

E. IN CERTIFYING A COMMERCIALY REASONABLE METHOD OF VERIFICATION, THE SUPERINTENDENT SHALL ENSURE THE CERTIFIED DATABASE:

1. PROVIDES REAL TIME ACCESS THROUGH AN INTERNET CONNECTION OR, IF REAL TIME ACCESS THROUGH AN INTERNET CONNECTION BECOMES UNAVAILABLE DUE TO TECHNICAL PROBLEMS INCURRED BY THE CONSUMER REPORTING SERVICE, THROUGH ALTERNATIVE REAL TIME VERIFICATION MECHANISMS, INCLUDING REAL TIME VERIFICATION BY TELEPHONE;

2. CONTAINS A REAL TIME REGULATOR INTERFACE THAT ALLOWS THE DEPARTMENT TO ACCESS A CONSUMER REPORTING SERVICE DATABASE FOR REQUIRED MONITORING AND REPORTING FUNCTION; THIS INCLUDES THE ABILITY TO DETERMINE CONSUMER ELIGIBILITY AND REPORTS FOR LICENSEE EXAMINATIONS, REGULATORY REPORTING AND PROGRAM MONITORING;

3. PROVIDES LICENSEES WITH A STATEMENT THAT A CONSUMER IS ELIGIBLE OR INELIGIBLE FOR DEFERRED PRESENTMENT SERVICES AND A DESCRIPTION OF THE REASON FOR THE DETERMINATION.

4. PROVIDES ADEQUATE SAFEGUARDS TO ENSURE THAT CONSUMER INFORMATION CONTAINED IN THE CONSUMER REPORTING DATABASE IS KEPT CONFIDENTIAL;

5. DOES NOT ALLOW THE LICENSEE TO ENTER INTO A DEFERRED PRESENTMENT AGREEMENT THAT WOULD BE IN VIOLATION OF THIS CHAPTER;

6. ENSURES THAT INFORMATION SUBMITTED TO THE CERTIFIED DATABASE IS CONFIDENTIAL AND SHALL NOT BE RELEASED, OR OTHERWISE MADE AVAILABLE, TO THE PUBLIC;

7. DEMONSTRATES A WORKING SYSTEM TO THE DEPARTMENT PRIOR TO THE CERTIFICATION; AND

8. REQUIRES THAT A PROVIDER BE A REGISTERED CONSUMER REPORTING AGENCY AND BE SUBJECT TO THE APPLICABLE RULES AND REGULATIONS APPLIED BY THE FEDERAL TRADE COMMISSION UNDER THE FAIR CREDIT REPORTING ACT.

F. A LICENSEE SHALL UPDATE THE CERTIFIED DATABASE WHEN:

1. A CONSUMER ELECTS TO ENTER INTO A REPAYMENT PLAN;

2. A CONSUMER'S REPAYMENT PLAN IS PAID IN FULL; OR

4. A LICENSEE DETERMINES A REPAYMENT PLAN IS IN DEFAULT.

G. A LICENSEE MAY RELY ON THE INFORMATION CONTAINED IN THE CERTIFIED DATABASE AS ACCURATE AND IS NOT SUBJECT TO ANY PENALTY OR LIABILITY AS A RESULT OF RELYING ON INACCURATE INFORMATION CONTAINED IN THE DATABASE.

H. IN DETERMINING WHETHER A CREDIT REPORTING SERVICE SHOULD BE CERTIFIED AS A COMMERCIALY REASONABLE METHOD OF VERIFICATION, THE SUPERINTENDENT WILL CONSIDER WHETHER SUCH CREDIT REPORTING SERVICE IS ADEQUATELY CAPITALIZED, DEMONSTRATES THE RESOURCES AND ABILITY TO PERFORM THE SERVICES REQUIRED PURSUANT TO THIS SECTION, AND HAS APPROPRIATE SURETY TO ENSURE PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS SECTION AND TO REASONABLY PROTECT CLAIMANTS IN THE EVENT THAT ACTIONS OR INACTIONS ON THE PART OF THE CREDIT REPORTING SERVICE RESULTS IN DAMAGES TO LICENSEES OR CONSUMERS.

Sec. 10. Section 12-671, Arizona Revised Statutes, is amended to read:

12-671. Drawing check or draft on no account or insufficient account with intent to defraud; civil action; definition of credit; prima facie evidence

A. A person who, for himself or for another, with intent to

defraud, makes, draws, utters or delivers to another person or persons a check or draft on a bank or depository for payment of money, knowing at the time of such making, drawing, uttering or delivery, that he or his principal does not have an account or does not have sufficient funds in, or credit with, such bank or depository to meet the check or draft in full upon presentation, shall be liable to the holder of such check or draft for twice the amount of such check or draft or fifty dollars, whichever is greater, together with costs and reasonable attorney's ATTORNEY fees as allowed by the court on the basis of time and effort expended by such attorney on behalf of plaintiff, EXCEPT THAT LIABILITY FOR A CHECK OR DRAFT PRESENTED ACCORDING TO TITLE 6, CHAPTER 12.1 IS LIMITED TO ONLY THE FACE VALUE OF THE CHECK OR DRAFT TOGETHER WITH COSTS AND REASONABLE ATTORNEY FEES AND ANY APPLICABLE DISHONORED CHECK SERVICE FEE PRESCRIBED IN SECTION 44-6852.

B. The word "credit" as used in this section shall be construed to be an express agreement with the bank or depository for payment of the check or draft.

C. Proof that, at the time of presentment, the maker, issuer or drawer did not have sufficient funds with the bank or depository, and that he failed within twelve days after receiving notice of nonpayment or dishonor to pay the check or draft is prima facie evidence of intent to defraud.

D. Where a check, draft or order is protested, on the ground of insufficiency of funds or credit, the notice of formal protest thereof shall be admissible as proof of presentation, nonpayment and protest and shall be prima facie evidence of the insufficiency of funds or credit with the bank or depository, or person, or firm or corporation.

E. "Notice", as used in this section, means notice given to the person entitled thereto, either in person, or in writing. Such notice in writing shall be given by certified mail, return receipt requested, to the person at his address as it appears on such check or draft.

F. Nothing in this section shall be applicable to any criminal case or affect eligibility or terms of probation.

Sec. 11. Section 44-6852, Arizona Revised Statutes, is amended to read:

44-6852. Dishonored checks; service fee

Notwithstanding any other law EXCEPT AS PROVIDED IN SECTION 6-1260, the holder, payee or assignee of the holder or payee of a dishonored check, draft, order or note may charge and collect from the maker or drawer a service fee of not more than twenty-five dollars plus any actual charges assessed by the financial institution of the holder, payee or assignee of the holder or payee as a result of the dishonored instrument.

Sec. 12. Conflicting Initiatives

This initiative constitutes a comprehensive regulatory program for deferred presentment lending. The people intend that if this measure receives more votes than any other initiative concerning deferred presentments then this measure shall prevail and take effect in its entirety and that no provision of any other measure concerning deferred presentments shall take effect in any respect.

Sec. 13. Severability

If any provision of this initiative measure is declared invalid, such invalidity shall not affect other provisions of this initiative measure which can be given effect without the invalid provision. To this end, the provisions of this initiative measure are declared to be severable.

ANALYSIS BY LEGISLATIVE COUNCIL

Currently, state law regulates companies that provide deferred presentment services. Deferred presentment is a service where a company makes a loan to a customer, accepts the customer's check in return and agrees to hold the check for at least five days before presenting the check for payment or deposit. These services are more commonly known as "payday loans".

The deferred presentment licensing program in the current law is set to terminate on July 1, 2010. Proposition 200 would continue to allow deferred presentment services indefinitely because it would repeal the program's termination date.

A company or individual providing deferred presentment services is licensed by this state to provide those services and is referred to as a "licensee". Proposition 200 would expand the scope of deferred presentment services to include electronic debit agreements and would further make the following changes to the regulation of companies that provide deferred presentment services:

1. A licensee would be:
 - a. Prohibited from offering deferred presentment services for longer than 35 days.
 - b. Prohibited from entering into a new deferred presentment transaction with a customer until the next business day following the completion of any prior transaction.
 - c. Required to provide the deferred presentment agreement in English or Spanish, as requested by the customer. The agreement must contain contact information for the state agency that regulates licensees.
 - d. Prohibited from charging a fee to extend the presentment or deposit of a check, but would not be limited on the number of times the presentment or deposit could be extended.
 - e. Prohibited from charging a dishonored check fee more than:
 - i. Twice for a check returned due to insufficient funds.
 - ii. Once for a check returned due to a closed account or a stop payment order.
 - f. Required to enter into a repayment plan with the customer if the customer requests it before the deferred presentment transaction is due. The repayment plan would divide the customer's remaining balance into four substantially equal payments. A licensee would not be able to assess additional fees or interest on the outstanding balance or seek to collect any amount due except pursuant to the terms of the repayment plan so long as the customer fulfills his repayment plan obligation; otherwise, the customer could be taken to collections. A customer's obligation under the deferred presentment services agreement would be fulfilled if the repayment plan is completed. A customer would only be allowed to enter into a repayment plan once every 365 days. A customer's participation in and completion of a repayment plan would be reported to a consumer credit reporting service (an entity that assembles or evaluates consumer credit information for the purpose of providing consumer credit reports to third parties).
 - g. Prohibited from entering into a deferred presentment arrangement with a customer who has an outstanding, incomplete repayment plan. Before October 15, 2009, Proposition 200 would allow a licensee to rely on a customer's written representation that the customer does not have an outstanding, incomplete repayment plan. The superintendent of the state agency that regulates licensees would be required, by October 15, 2009, to identify consumer credit reporting services that meet certain criteria and can be used by companies to verify whether a consumer has an outstanding, incomplete repayment plan and is eligible or ineligible for deferred presentment services.
2. A licensee would not be prohibited from making certain other loans of money or extension of credit such as consumer revolving loans and home equity revolving loans.
3. An applicant for a license would be required to maintain a minimum net worth in cash or cash equivalents of at least \$50,000 per licensed location, up to a maximum required net worth of \$1,000,000.
4. A licensee would be civilly liable under state law for violating a federal law that provides consumer credit protections for active members of the military and their families ("covered borrowers").

FISCAL IMPACT STATEMENT

State law requires the Joint Legislative Budget Committee (JLBC) Staff to prepare a summary of the fiscal impact of certain ballot measures. By continuing to regulate payday lenders, Proposition 200 would allow the state to continue to collect \$360,000 in fees from payday lenders that are deposited into the General Fund. These monies would otherwise stop being collected on July 1, 2010. The proposition would also require the state to continue to expend funding to oversee payday lenders, which would otherwise end in 2010. Currently, the Department of Financial Institutions spends \$60,000 annually to regulate the industry. The proposition may

cause the Department of Financial Institutions' workload to oversee payday lenders to increase.

ARGUMENTS "FOR" PROPOSITION 200

Prop 200: The Payday Loan Reform Act

A payday loan is a small, unsecured, cash advance that is usually repaid on the borrower's next payday. Everyday in Arizona, thousands of hardworking people use a payday loan to meet unexpected financial challenges while avoiding expensive bounced-check fees, overdraft fees, late bill payment penalties, and other less desirable short-term credit options.

The time has come to implement reforms in the industry to further protect consumers, improve the way companies do business in Arizona, and preserve this financial option for those customers who choose it.

Prop 200 contains a number of important industry reforms:

1. **Creates** tough new penalties for unregulated, off-shore internet lenders
2. **Requires** all AZ payday loan stores to significantly reduce loan fees
3. **Prohibits** costly loan extensions
4. **Mandates** a no-cost repayment plan for those customers who cannot meet their obligations
5. **Preserves** this financial option for those Arizonans who choose it

These reforms and others in the Proposition will also have the effect of reducing the number of payday loan stores in AZ.

Please vote YES.

www.ReformAZPaydayLoans.com

Manny Tarango, Treasurer, Arizonans for Financial Reform, Phoenix

Paid for by "Arizonans for Financial Reform"

Payday Loan Reform Good For Customers

I live in Tucson and work for a payday loan company. Everyday I see hard-working people come into my store with money worries and leave with cash in their hands and relief on their faces. I see this a lot with single moms who are trying to deal with covering bills between paychecks.

They come into our store and we give them the temporary help they need.

I also see some of our customers having trouble with keeping their financial affairs in order as they come in to explain that they cannot payback their loan obligation.

Today, these customers spend extra on fees to extend their loan, or sometimes go to another competing payday loan store and get a 2nd loan to pay off the 1st loan. It's not good money management, but it's easy for people to do.

The Payday Loan Reform Act will stop this. **It prohibits extra-fee loan extensions and makes it more difficult for customers to have more than one loan at a time.**

It also gives my customers the choice of a repayment plan that costs them nothing additional should they find themselves unable to pay their loan back when due.

These reforms are in the best interest of customers and will make payday loans a more consumer friendly product for those people that find it hard to pay their debts on time.

This reform is a good thing for people. I hope voters support it.

Carl Hancox, Payday Loan Industry Employee, Tucson

I Believe in Economic Freedom, Consumer Choice, and Tough But Fair Regulation

The Payday Loan Reform Act makes sense to me. The payday lending industry in Arizona serves an important function as a simple, convenient, and less costly place for people to borrow money when the short-term need arises.

Reforming the industry even while keeping this financial option available for those who choose it is a sensible, reasonable thing to do in Arizona.

When I served as a Member of the Arizona State Senate I put my faith in people to make their own decisions about how to live their lives. When considering regulatory policy, I believed in tough but fair regulation that protected consumers while still giving free enterprise a positive environment in which to do business.

The Payday Loan Reform Act is true to these same ideals.

If you believe like I do that people know best what personal decisions to make in their own financial lives then please join me in supporting this Proposition.

If you believe like I do that the payday loan industry ought to be regulated in a tough but fair manner then vote YES with me.

If you believe like I do that consumers deserve choices in the financial marketplace and that removing those choices is not good policy for Arizona then support the Payday Loan Reform Act.

Thank you.

Stan Barnes, Former Arizona State Senator, Mesa

There's a Place For Payday Lending in Arizona

I remember what it was like when I was single and living paycheck-to-paycheck. It's not fun, and anyone who has been there knows what I'm talking about.

Now I have a great family, a successful career, a nice home, and even a little money in the bank, but some of my neighbors and friends do not. They're still in a position where every now and then they face a cash crunch because something like the transmission goes out on the car and without it they can't get to work.

It's good to have options to get the money you need. Not everyone can call up their rich uncle and borrow a few bucks, and it's almost impossible to walk into a local bank branch and borrow \$100 for 2 weeks.

I'm asking the voters of Arizona to think about folks that are making less than \$40,000 a year and trying to pay the rent, make the car payment, cover the grocery bill, and praying that a financial emergency never comes.

I'm glad the Payday Loan Reform Act is here to make the industry more consumer friendly while still being available.

Ian Calkins, Phoenix

Google "Payday Loans" and See What You Get

I've watched the Arizona Legislature fool around with the payday loan issue for a few years while delivering no results. Too bad. There are changes needed in the industry, and all certain legislators want to do is run out the clock because they think they can eliminate the payday lending in Arizona. Anyone who thinks you can eliminate payday loans in Arizona should simply do a little internet search. "Payday Loan" gets 11,700,000 hits... and a great many of these are from potentially unscrupulous companies located outside of the US.

If payday loans were banned in Arizona, the demand for short-term, unsecured loans would not magically vanish but instead would go to other options including the unregulated internet lenders.

It's far better for Arizona payday lending customers to have a regulated bricks-and-mortar industry to use instead of unregulated, off-shore lenders via the internet.

Tom Adair, Mesa

I Want Fewer Payday Loan Stores in Arizona

I support the Payday Loan Reform Act because the payday loan industry ought to be well regulated to protect Arizona customers who choose to use payday loan services.

I also support the Proposition because it will lead to fewer payday loan stores in Arizona cities and towns including my hometown of Tucson.

The Payday Loan Reform Act does two important things that will lower the number of payday loan stores in Arizona.

- First, it raises the minimum financial requirements needed to own and operate a payday lending store in Arizona.
- Second, the reforms in the Act will significantly reduce the gross revenue to the industry, which will certainly cause some stores to go out of business in Arizona.

Reforming the payday loan industry in Arizona to protect consumers is a good thing.

Please join me in supporting this Proposition.

Jonathan Paton, Republican State Representative, Tucson

People Need Credit Options in a Bad Economy

These are tough economic times for many people.

The price of gas, the high cost of food, and trouble in the housing market are all contributing to a financial squeeze for Arizonans.

It's critical in times like these that people have options when they need help. It's also critical to ensure that consumers are protected.

That's why I'm supporting the Payday Loan Reform Act.

Not everyone can walk into a bank and borrow money, and not everyone has a credit card to use when unexpected bills arrive.

Access to credit is a key issue in a down economy.

Payday loans are an important, short-term answer for many people in Arizona and it is essential that the industry be reformed and allowed to remain in business to serve those customers who need temporary help.

Please join me in supporting the Payday Loan Reform Act.

Steve Gallardo, Democratic State Representative, Phoenix

Payday customers are average Arizonans

Opponents claim that the payday advance industry exploits the downtrodden.

By perpetuating this myth, they have created a warped idea of the industry's customer base.

Actually, payday advance customers represent the heart of Arizona's middle class.

They are typical hard working adults who may not have savings or disposable income to use as a safety net when unexpected expenses occur.

Here are the facts:

- The majority of payday advance customers earn between \$25,000 and \$50,000 annually;
- Sixty-eight percent are under 45 years old; only 4 percent are over 65, compared to 20 percent of the population;
- Ninety-four percent have a high school diploma or better, with 56 percent having some college or a degree;
- Forty-two percent own their own homes;
- The majority are married and 64 percent have children in the household; and,
- One hundred percent have steady incomes and active checking accounts, both of which are required to receive a payday advance.*

Vote YES on Prop 200

Sherry McComb, Goodyear

Payday lending opponents wrongly claim "cycle of debt"

Although the phrase "cycle of debt" is a favorite among opponents, it's not based on the truth.

Arizona currently limits rollovers to three times. Prop 200 would make any rollover illegal.

Researchers and state regulators consistently report that 70-80% of customers use payday advances between once a year and about once a month.

People who bounce checks and use overdraft protection often do so at a higher frequency.

The fact is that a payday advance is more economical than other options.

Peter Davies, Mesa

I use payday loans and I support Prop 200

As a customer who occasionally uses payday loan stores to help pay bills between paychecks, I'm voting 'yes' on this ballot measure.

I have a stable job, but sometimes I've found that unexpected bills pop up (such as car repairs) and I'm still a few days away from payday. It's not like I can go without my car, so I occasionally need to use the short-term credit option.

Unfortunately, I can't just walk into Bank of America or Wells Fargo and get a \$300 short-term loan from them. They don't offer it. Apparently banks used to offer short-term loans, but stopped doing so years ago.

My only other option is to ask my friends or family for cash. But frankly I'm a little embarrassed to do that and I certainly don't need my father-in-law to know that things are tight.

Thankfully, payday lending stores exist so I can use this option. While I wish the service were free, I recognize that everything has a cost to it.

My hope is that if Prop 200 passes, it will improve this option for me when I use it.

Thanks for voting yes.

Mark Baker, Phoenix

Reform Payday Loans – Preserve Thousands of Jobs

I work in the payday loan industry in Arizona and because I am involved in the industry I have been paying close attention to the

debate that surrounds the issue.

Something that doesn't get a lot of attention is the number of jobs that would be lost by industry employees in Arizona should opponents get their way and ban payday lending in our State.

There are approximately 2,500 people that work in the payday loan industry in Arizona. The industry pays good wages, and employees also get good benefits including health insurance.

If payday loans were made illegal in Arizona all of these people, including myself, would be out of a job and facing the tough task of finding new employment in a down economy.

The 'Payday Loan Reform Act' makes changes in our industry that benefit our customers in Arizona while making it possible to continue to do business with the people we serve.

Please join me in voting YES.

Matt McKnight, Queen Creek

Voting YES on Prop 200 will lower fees on payday loans

One of the key reforms in Prop 200 is a mandate that requires all AZ payday loan stores to significantly reduce fees.

Specifically, the fee on a two-week loan in AZ would be capped at \$15 per \$100 borrowed.

This reform will significantly benefit consumers.

Studies have shown that this cap is the bare minimum amount that lenders can charge and still earn a reasonable profit after paying salaries, government taxes, etc.

A fee any lower than that and stores will likely go out of business – Hurting consumers in the long run.

A YES vote on Prop 200 will lower the fee that consumers pay on short-term loans in AZ.

Vote YES on Prop 200 to implement this important reform.

Tara Gabriel, Waddell

A YES vote on 200 will preserve consumer choice

As an Arizonan, I highly value our state's independence and strong sense of community.

That's why I favor public policies that protect and strengthen consumer choice. And, it's why I oppose public policies that take our rights and choices as consumers away.

Many Arizonans freely choose to obtain short-term (two week) loans provided by payday loan stores. They do so for a variety of reasons. *Some choose this type of short-term credit to pay unexpected bills. Others find it a simple and convenient way to get needed cash.*

Whatever their reasons for obtaining loans, I believe consumers are more qualified than the government to make personal financial decisions. When the government starts making financial decisions for us, then we're all in trouble.

I'm voting for Prop. 200 because it maintains an important financial option for consumers. And the reforms within this proposal will strengthen this option.

In a time of tight credit and lending troubles, we should do everything possible to preserve financial options for consumers.

Dora McClarron, Tucson

George McGovern supports preserving options for consumers

George McGovern is a former senator from South Dakota and the 1972 Democratic presidential candidate. In March of 2008, he wrote a power opinion piece called 'Freedom Means Responsibility' in the *Wall Street Journal*.

Here are some excerpts from Mr. McGovern's column:

- "Anguished at the fact that payday lending isn't perfect, some people would outlaw the service entirely, or cap fees at such low levels that no lender will provide the service. Anyone who's familiar with the law of unintended consequences should be able to guess what happens next."

- "Researchers from the Federal Reserve Bank of New York went one step further and laid the data out: Payday lending bans simply push low-income borrowers into less pleasant options, including increased rates of bankruptcy. Net result: After a lending ban, the consumer has the same amount of debt but fewer ways to manage it."

- "Why do we think we are helping adult consumers by taking away their options? We don't take away cars because we don't like some people speeding. We allow state lotteries despite knowing some people are betting their grocery money. Everyone is exposed to economic risks of some kind. But we don't operate mindlessly in trying to smooth out every theoretical wrinkle in life." I urge you to consider Mr. McGovern's words as you weigh the positive aspects of Prop 200. Please vote YES.

Bill Harris, Gilbert

Federal Reserve Staff Report Shows Consumers Hurt When Payday Loans Eliminated

A November 2007 staff report done for the Federal Reserve Bank of New York showed that consumers suffer financially when payday lending is banned in a state.

The study looked at the State of Georgia where payday lending was banned in 2004.

It said, "*Compared with households in all other states, households in Georgia bounced more checks, complained more to the Federal Trade Commission about lenders and debt collectors, and filed for Chapter 7 bankruptcy protection at a higher rate.*"

The Federal Reserve report goes on to say, "*This negative correlation—reduced payday credit supply, increased credit problems—contradicts the debt trap critique of payday lending, but is consistent with the hypothesis that payday credit is preferable to substitutes such as the bounced-check "protection" sold by credit unions and banks or loans from pawnshops.*"

This incisive report from one of our nation's most revered financial institutions clearly makes the important yet simple case that consumers are hurt when credit options are eliminated in the financial marketplace.

Those who oppose the 'Payday Loan Reform Act' seek to eliminate the payday loan industry in Arizona entirely... forcing borrowers to more costly options.

As the Federal Reserve report demonstrates, eliminating payday lending in Arizona would be bad public policy. Much better to reform the industry and preserve the option for those who would choose to use it.

Kelli Carey, Mesa

Prop 200 Will Eliminate Loan Extensions

One of the key reforms in Prop 200 is a prohibition on loan extensions.

Under current law, consumers of payday loans can extend the same two-week loan up to three times in Arizona. As a result, consumers accumulate additional fees and the loan ends up costing more than the consumer originally planned.

Prop 200 would change that because it creates a new state law that prohibits a consumer from extending the same loan multiple times.

It also prohibits a consumer from taking out more than one loan at a time in the state.

As a result of voting YES on 200, payday lending stores would be forced to charge fewer fees than they currently charge.

And, as a result of voting YES on 200, consumers would be forced to deal with their current debt obligations before taking on additional debt.

In the end, the payday loan stores will be held to a higher level of accountability and consumers will be held to a higher level of financial responsibility.

Reforming the payday lending industry in AZ is good public policy.

Allan Cairns, Gilbert

Prop 200 will reign in unregulated off-shore internet lenders

Do an internet search for "payday lending" and you'll find hundreds of internet lenders, often in foreign countries, willing to do business.

These lenders are frequently not bound by Arizona laws and regulations.

They operate largely on the honor system. They'll gladly take your fee and if you're lucky, you may see the loan.

Under Prop 200, off-shore internet payday lenders would be subject to the same laws and regulations as brick and mortar AZ stores.

This is real consumer protection that Arizona needs now.

Vote YES on Prop 200

Mark Johnson, Gilbert

Employee Urges YES on 200

I work for a payday lending store in AZ and I'm proud of the service we provide our customers.

The industry employees over 2,500 residents of the great state of AZ!

I know firsthand the valuable option we provide for people who need short-term loans to cover expenses.

Here are some of the reasons why my customers use our store:

- To place a security deposit on a rental home or apartment
- To avoid having their utilities cut off
- To purchase food or prescription drugs for the family
- To avoid missing a mortgage payment
- To avoid bouncing a check

A YES vote on Prop 200 will improve the payday lending industry and ensure that this valuable service remains available to AZ consumers.

Vote YES on 200.

Paul Beinlich, Chandler

Prop 200 forces the industry to set up free repayment plans

Under current law, consumers who have difficulty paying off an outstanding short-term loan, don't have many options. Some may borrow money from friends or relatives – Others may take out a second loan to pay off the first.

Prop 200 would change that by mandating the industry to create a no-cost repayment plan for customers that want to take advantage of such an option.

Here's how it would work:

- Customer tells payday loan store he/she is having difficulty in paying off loan
- Payday store and customer enter into a repayment agreement
- Customer is allowed up to 4 months to repay the loan
- Payday store is prohibited from charging on any additional fees on the loan

This reform is very beneficial because it will help customers maintain their positive credit ratings and avoid having credit agencies chasing them down for payment. And it will prevent payday loan stores from tacking on additional fees.

This is the kind of payday loan REFORM that I can vote for.

Dennis Lininger, Phoenix

Arizonans Can Make Their Own Financial Decisions

The Payday Loan Reform Act makes pro-consumer changes to payday lending in Arizona while allowing the industry to continue to do business in our state. I support this.

I've heard that some people want to eliminate payday loans in Arizona. But why would someone want to do this?

When it comes to money, credit, and borrowing decisions... people in Arizona need more options, not less.

This Proposition will make sure payday lenders are tightly regulated, more consumer friendly, and remain available to serve those people who need a small, simple to understand, short-term loan.

I'm voting YES.

Karyn Pifa, Scottsdale

I'm voting YES on 200 because it's the right thing to do

Like a lot of people I have never used a payday loan service. In my worst financial scenario I have turned to family. I couldn't understand how anyone could use one of "those" places.

I've changed my mind about those places. I found out that their customers must have a checking account, identification and a stable income. It seems to me if consumers had a better option they would use it. Being an ex-banker I know you can't go to your bank to borrow a small amount of cash for emergencies and \$35 for a bounced check when your account is only \$3 overdrawn does not make good financial sense.

I'm voting for Prop 200 because I don't think government should put a community needed service out of business. This reform is good because it eliminates any possibility of out of control rollover. America is about choice and opportunity.

Vote yes to give working people a choice.

Alice Lara, Phoenix

Payday loans less expensive than bank fees and charges

There's a very strong reason that payday lending is so popular in Arizona: The alternatives are more expensive!

A recent study done by an economist from North Carolina ("Hidden Consumer Loans" July 2007) found that bouncing a check

with your bank costs twenty (20) times what a payday loan would cost.

It's strange how little outrage there is about bank ATM fees, bounce protection charges, late fees, overdraft protection charges, etc. etc. etc. But, when you start adding all these things up, they can really put a dent in your wallet.

The profit margins of the top banks are 26.52% compared to 6.6% for payday companies. The banks profit margins are 301% greater, or four times higher, than the five public payday advance companies.

Plus, when you add in the bad credit ratings that are associated with bounced checks and other negative banking options, the true cost of banks is significantly higher than a two-week short term loan.

Here's an interesting comparison:

- Proposed Payday Advance Fee in Arizona: \$15
- Offshore internet payday advance fee: \$25
- Overdraft Protection Charge (Source: bankrate.com): \$27
- Credit card late fee (Source: Government Accountability Office): \$37
- Bounced check (fee to bank and vendor) (Source: bankrate.com): \$54

Prop 200 will implement necessary reforms while preserving this important option for consumers.

Oscar Foster, Scottsdale

Don't be tricked by opponents claim of 400% interest

Payday loans are two-week loans - not annual loans!

Opponents frequently claim "400% annual percentage rates" to misrepresent the truth and to help push their political agenda.

But, the typical fee charged by payday lenders is \$15 per \$100 borrowed, or a simple 15% for a two-week duration.

The only way to reach the triple digit APRs quoted by critics is to roll the two-week loan over 26 times or a full year!

This is unrealistic considering that Arizona makes it illegal to roll a loan over more than 3 times. **Prop 200 would make it illegal to roll any loan over.**

Prop 200 would make it illegal to roll any loan over.

Even if, hypothetically, the loan was rolled over for the entire year, the APR of payday loans pales in comparison to the alternatives.

If you really want to play the APR game, let's see how a \$100 payday loan compares?

\$100 payday advance with a \$15 fee = 391% APR

\$100 bounced check with \$54 NSF/merchant fees = **1,409% APR**

\$100 credit card balance with a \$37 late fee = **965% APR**

\$100 utility bill with \$46 late/reconnect fees = **1,203% APR**

Vote YES on 200

Brian Crump, Tucson

Substantive Reform to Benefit Arizona Consumers

The Payday Loan Reform Act brings real reform to the payday loan industry in Arizona. Among the many meaningful changes that come with this Proposition, the Act would:

- Mandate Lower Costs for payday loan customers
- Prohibit loan extensions and the added fees that go with them
- Create a new repayment plan at no cost to the customer for those who have trouble meeting their obligations
- Rein in unregulated and off shore internet lenders with substantial penalties
- Increase minimum financial requirements for payday loan companies, ensuring financial strength in the industry
- Inhibit a customer's ability to have more than one loan at a time outstanding

These reforms are real.

They are pro-consumer.

They are quantifiable.

They are measurable.

These reforms answer every unfounded assertion ever made by opponents of the payday loan business in Arizona (most of whom have never been in a payday loan store and talked to the hard-working Arizonans that responsibly use this service).

And just as importantly, the Payday Loan Reform Act preserves this important financial option for those people in Arizona that make the personal economic decision to use it.

Enrico Torres, Peoria

Reform is Better Than Elimination

I have followed some of the debate over payday loans in Arizona. It looks like there are people that are doing their best to make payday loans illegal. They even tried to make payday lending a Class 5 felony crime. What kind of zealot thinks this is a good idea?

I don't get it.

Payday Loans are not for everyone, but for many people a payday loan is the best and least expensive option they have. Why would someone want to take this away?

Opponents of payday loans scream about interest rates, but this Proposition would set a new, lower fee for a payday loan in Arizona at 15 dollars for every one hundred dollars borrowed.

If you need one hundred dollars today and you do not have it, a payday loan at this price is much better than bouncing a check and getting dinged by the retailer and the bank for more than 50 dollars... not to mention what they do to your credit report.

Opponents to this Proposition have one clear political agenda, and that is to eliminate payday loans in Arizona. The Payday Loan Reform Act is a better idea.

Scott Wagner, Phoenix

Prop 200 good for consumers. Prop 200 good for Arizona

Arizonans use payday lending services everyday to meet unforeseen expenses and financial emergencies.

The payday lending industry is set to be eliminated and the Arizona Legislature refuses to enact reforms to benefit borrowers while preserving this important financial option.

This measure will bring dramatic pro-consumer reform to payday lending and preserve consumer choice.

It includes:

A substantial rate cut,

Eliminates rolling-over principal to extend a loan,

Creates a repayment plan at no cost to customers that can't meet their obligations,

And inhibits a borrower's ability to obtain more than one loan at a time.

Please join me in approving these important reforms to the payday lending industry and vote YES on 200 on Nov. 4.

Mario E Diaz, Scottsdale

I used to not support the use of payday loans stores, but not anymore

At one point in my life, I thought of payday loan stores as predatory, unnecessary and an eyesore.

Then one day, I educated myself on the issue. I have met many people who use payday loans for a variety of legitimate reasons whether for medical expenses, rent or mortgage increases, groceries or other short-term needs. They simply did not have any other financial option and have found that this option works best for them.

These emotionally moving stories made me realize that I should not be so quick to judge payday loan stores in AZ. They provide a very important financial service. Payday loans are just another financial tool. They may be less conventional than many people are used to, but that does not mean that they are not a creditable lending option.

Prop 200 keeps this financial option available and enacts important pro-consumer reforms. Please join me in voting 'yes' on Prop 200.

Wendy Villa, Phoenix

Payday Loans Help People Who Need It

I am a single Mom.

Like many people in our state I am doing my best every day to take care of my family, pay my bills, and meet my responsibilities.

There are times when the money will just not stretch far enough to cover the month. When that happens, I'm glad there is a place I can go to get a simple loan to get me through to the next payday.

Payday loan stores are convenient, the people that work there are friendly, and they treat me with respect.

Someday I want to be in a place in my life where I will not need to borrow money to make it to the next payday. But for where I am in my life right now, I'm happy there is such a thing as a payday loan in Arizona.

I'll be voting for this Proposition that reforms payday loans.

Tiffany Escobedo, Peoria

Politicians love to hate the Payday loan industry

That's because most politicians have never bounced a check when they are buying diapers at Wal-Mart. It's easy to get all parochial when you have overdraft protection, direct deposit, American Express and a nice pension. So when a politician sees a line outside a payday loan store, he figures that a \$15 fee is too much to pay for a \$100 cash advance and he decides that he should take that option away from those borrowers, you know... "for their own good."

Politicians in other states for example recently capped the interest rates on loans to military personnel. That sounds like a great idea, but now those military families can't obtain loans. So when they find themselves short of cash, they have to risk bouncing checks or going without needed items. It's a lot more expensive to bounce a check than it is to borrow from a payday lender.

Maybe legislators should force Wal-Mart not to charge for bounced checks, or force banks to offer micro loans, or start counting bank fees as interest...after all, paying a dollar to withdraw \$20 from an ATM is a much higher interest rate than a payday loan.

Or maybe politicians should stop pretending to be Alan Greenspan and just let people make the choices that they believe are best for their families...even if they are Hispanic or in the Military.

The 'Payday Loan Reform' act regulates the payday loan industry while preserving the payday loan option for those who need it. Tell the politicians that they need to start treating people like grown ups. Vote YES on the Payday Loan Reform Act.

Greg Patterson, Scottsdale

REAL Reform of the Payday Loan Industry

In this important campaign to reform the payday loan industry, you will hear lots of noise from opponents. These activists will try to fool you into believing that consumers don't need payday loans to balance their life's financial necessities.

Here's a myth you will hear: "This is false reform"

Fact: Prop 200 imposes stringent and costly mandates on the payday loan industry.

Here's a myth you will hear: "Payday lenders charge 400% interest"

Fact: The typical fee charged by lenders is \$15 per \$100 borrowed, or a simple 15% for a two-week duration.

Here's a myth you will hear: "NO means YES"

Fact: Opponents want to confuse you into believing that a 'no' vote means reforming the industry. But only a 'yes' vote will implement reforms.

Here's a myth you will hear: "Arizonans are better off without payday loans."

Fact: States that eliminated short term loans saw increases in bankruptcies, bounced checks and lender complaints.

Vote YES on Prop 200

Robin Grenko, Phoenix

Center for Responsible Lending (Prop 200 opponent) Not Honest

Consumers across the nation benefit from short term loans. Without them, many are left with only higher cost alternatives or with no access at all to the financing that they need. The campaign to generate public panic over these issues owes much to a sophisticated public relations campaign carried out by the increasingly high-profile Center for Responsible Lending (CRL).

As the most visible face of the half-billion dollar team of "Self-Help" non-profit organizations, CRL attacks competing loan products. Under the guise of advocating in the interests of its low-income customers, Self-Help makes loans at highly profitable rates and uncharitably takes those low-income customers to court over trivial monetary sums. Worse, CRL's advocacy has worked to the disadvantage of low-income borrowers.

America's working poor and low-income individuals often benefit from well-intentioned advocates. But when those who claim to speak on behalf of the vulnerable use their position to benefit themselves, it is an act of betrayal. The public record demonstrates clearly that the CRL and its Self-Help network fit this profile.

CRL's research is agenda-driven. Its advocacy has cost consumers more than it has "saved" them, according to Federal Reserve research. It relies on race-based claims to generate media interest. And it takes money from self-interested Wall Street billionaires who profit from the mortgage crisis so astutely hyped by CRL.

Federal records show Self-Help's credit union allows its borrowers a much higher average loan rate compared to similar organizations, a critique at odds with CRL's attacks on lenders who extend too much money to those who may have trouble repaying their loan. Finally, Self-Help loses its charitable image when it takes legal action against its low-income customers.

There is a name for such groups: predatory charity. Vote YES on Prop 200.

James Terry, Chief Public Advocate, Consumer's Rights
League, Washington, DC

Jason Roe, Treasurer Consumer's Rights League,
Washington, DC

Paid for by "Consumers Rights League"

ARGUMENTS "AGAINST" PROPOSITION 200

AARP Arizona Urges a "No" Vote: Payday Lenders' Reform Prop 200

AARP in Arizona and nationally has been working to stop predatory lending practices that victimize consumers. Payday loan operations in Arizona fall into this category, by charging borrowers excessive interest rates, as high as 458%, thrusting them into situations where they cannot pay off the initial debt and become embroiled in a never ending cycle of debt. Seniors on fixed incomes, many of whom are AARP members, are particularly vulnerable to the payday loan debt trap.

In addition, the state itself suffers from lost income amounting to \$139 million stripped from trapped borrowers in interest and fees, money that leaves Arizona due to out-of-state payday lending operations.

Arizonans have to pay interest rates on payday loans that far exceed the usury rate of 36% for all other loans in the state. This initiative would make 391% interest rates a permanent reality here. Other states have been successful in protecting their citizens by forbidding payday lending at triple-digit interest rates, and Arizona must follow suit.

Payday lenders have had free reign in Arizona because of a 10-year exemption from the state's 36% usury cap that the Legislature granted in 2000. Now they are using this initiative to try to extend the exemption indefinitely. As for the "reforms" they profess to support, all of them could be implemented now without the need for this initiative.

Other Arizona lenders make a profit at 36% interest and lower, and consumers are protected from exorbitant rates and fees.

There is absolutely no reason for payday lenders to continue to reap exorbitant gains on the backs of hard-working consumers.

Vote NO on Prop 200

Len Kirschner, M.D., State President, AARP of Arizona,
Phoenix

David M. Mitchell, State Director, AARP of Arizona,
Phoenix

Paid for by "AARP of Arizona"

**Argument Against PROP 200
Payday Loan Reform Act**

Arizona is suffering from a down turn in its economy, and Arizonans need real solutions to personal financial hardship. PROP 200 is a step in the wrong direction for Arizona. This initiative was placed on the ballot by the Payday Loan industry, the very same special interests who take advantage of Arizonans every chance they get.

Payday loans charge interest rates in excess of 390% yet this industry purports to help Arizona's working families. In reality their loans cause families to struggle even more when times get bad. For example, the average Arizonan pays back nearly \$1,300 on a \$500 payday loan. The Payday Loan "Reform" Act will not change this.

The real solution cannot be found by offering Arizona's working families a shovel to dig a deeper financial hole. Arizonans' needs must be met with living wages and a future that includes financial security for all. The Arizona Education Association requests that you vote NO on PROP 200.

John Wright, President, Arizona Education Association,
Phoenix

Andrew Morrill, Vice-President, Arizona Education
Association, Phoenix

Paid for by "Arizona Education Association"

Statement in Opposition to the Payday Loan Reform Act from the Society of St. Vincent de Paul

The Society of St. Vincent de Paul is opposed to Proposition 200, the Payday Loan Reform Act. The Society serves the poor and marginalized in our communities who come to us as a last resort. A financial emergency temporarily solved by payday loans all too often leads to a perpetual debt trap for inexperienced borrowers. Proposition 200 does not reform this lending practice. Instead, it reduces the annualized interest rate from more than 400% to 391%. It also removes the current 2010 "sunset date" for payday lending in Arizona which will allow payday lending to continue in our state for the foreseeable future. Fifteen states and the District of Columbia have banned triple digit payday loans. Federal legislation prohibits payday lending to members of the military. Proposition 200 is not in the best interest of Arizonans. The Society of St. Vincent de Paul urges a "No" vote on Proposition 200.

Stephen J. Jenkins, President, Phoenix Diocesan
Council Society of St. Vincent de Paul, Phoenix

Joseph J. Riley, President-elect, Phoenix Diocesan
Council Society of St. Vincent de Paul, Phoenix

Paid for by "Diocesan Council for the Society of St. Vincent de Paul Diocese of Phoenix"

Vote "No" to End Usury

Usury (U'sū-ry): The act of lending money at an excessive interest rate. The payday loan industry and its seedy storefronts offer Arizona a stark contrast: a continuation of usurious loans by corporate loan sharks who prey on the poor; or a sunset to this exploitative practice.

The payday loan law legalizes deferred presentment, also known as check-kiting, which occurs when a person writes a check for more than the checking account balance. This unseemly practice is exacerbated by the lack of an interest rate cap. Unlike many states that permit payday lenders, Arizona has no maximum interest rate for consumer loans. While other states cap the interest at 25-36%, Arizona payday lenders charge \$87.50 (\$17.50 per \$100 borrowed) on a typical \$500 loan. When made payable within two weeks, that works out to an annual interest rate of 455%. If the industry and its cronies were sincere about reform, they would cap the rate at 36%. Instead, the sky remains the limit.

Industry shills claim that consumers should have the choice to engage in any financial transaction in which they choose to engage. But payday loan customers are usually in no position to bargain, and are forced to pay outrageous rates simply to stave off, for a short time, a family emergency or other hard knocks. Then they find themselves deeper in debt with no way out.

We can best help those in need by protecting them from greed and exploitation. Arizona voters should note that a recently-enacted federal law (10 U.S.C. § 987) bans lenders from charging interest rates greater than 36% to members of the military. If an interest rate cap is fair for our soldiers and sailors, it is fair for all Arizonans.

Protect consumers; defeat greed; and vote "no".

Gary Restaino, Phoenix

WESTMARC urges a NO VOTE on Proposition 200!

WESTMARC is a regional coalition of business, government, and education that advocates for good public policy. As a partnership between business and government, it is paramount that we thoroughly consider public policy issues and work collaboratively toward public policy that is good for our West Valley region and our state.

WESTMARC has thoroughly reviewed Proposition 200 and believes that the Payday Loan Reform Act will not be beneficial to our West Valley region or our state.

WESTMARC believes that payday loan services:

- are usurious;
- can hurt neighborhoods and property values because of the stigma associated with such operations;
- can hurt military installations such as Luke AFB where young, inexperienced, and low paid military service personnel can be unwary targets for such operations.

WESTMARC also believes:

- that this Initiative at the very least severely restricts and most likely eliminates the Legislature's ability to further and better regulate this industry in the future;
- that the Legislature should be able to regulate this industry, and
- that since this Initiative is paid for by the industry itself it is highly protectionist.

For the last two years WESTMARC has supported legislative efforts to eliminate this industry based on the premises that their services are usurious and that they are harmful to military employees and neighborhoods.

WESTMARC believes that this Initiative is bad for Arizona's economy.

Therefore, we encourage you to join WESTMARC in opposing the Payday Loan Reform Act and urge you to vote NO on Proposition 200!

Ray L. Jones, Chairman, WESTMARC, Peoria

Jack W. Lunsford, President & CEO, WESTMARC,
Peoria

Paid for by "WESTMARC"

Don't be fooled by the name given to this initiative by the Payday Loan Industry. It will not "reform" the mess we are in; things will only get worse because the mess will become permanent. Reasonable people would consider the 391 percent interest rates they want to continue charging nothing short of legalized loan-sharking.

Payday lenders are notorious for making huge profits by exploiting the financial hardship of people with limited resources, especially the poor and young people, and those living near military bases and in low-income communities. Arizona voters should do what has been done in a dozen other states and District of Columbia: Put these predatory lenders out of business unless they follow our existing laws which allow interest rates up to 36 percent.

The Arizona Advocacy Network urges defeat of Proposition 200. Its sponsors, the predatory lenders who charge extremely high interest rates, have already contributed more than \$2.5 million to pay for signatures and support for an advertising blitz. We don't have those kinds of resources, so we have to depend on the good sense of voters to recognize what is at stake and vote against this measure.

The Arizona Advocacy Network promotes social, economic, racial and environmental justice by advocating for justice in those areas and by encouraging increased civic participation and educating voters on ballot measures.

Michael J. Valder, President, Arizona Advocacy
Network, Phoenix

Eric Ehst, Treasurer, Arizona Advocacy Network,
Phoenix

Paid for by "Arizona Advocacy Network"

Payday Lenders' Initiative Would be Bad for Arizona Consumers

As your Attorney General, it is my responsibility to protect Arizona's fair and open marketplace. Access to credit at reasonable rates is critical for Arizona consumers, especially in times of economic hardship.

The Payday Loan Reform Act would give payday lenders free reign to charge triple-digit interest rates to Arizona consumers. This initiative is bad for our economy and bad for consumers. I urge Arizonans to vote no.

Written by the payday loan industry's lobbyists and lawyers, this act would create an indefinite, voter-protected mandate for interest rates of 391 percent or more on small-dollar consumer loans.

Arizona law places a 36 percent usury cap on consumer loans. For the past eight years, payday lenders have used an exemption to exploit Arizona consumers. If a majority votes no on this initiative, that exemption will expire on July 1, 2010. If it passes, the exemption becomes permanent.

Payday lenders should no longer be allowed to charge more than 10 times what other lenders can charge. Arizonans should have access to small-dollar loans at reasonable rates and be able to hold on to their hard-earned wages. This can only be accomplished by voting no.

Protecting Arizona families and consumers is my top priority as Attorney General. The payday loan industry wants to make excessive interest rates on short term loans permanent in Arizona. This initiative is bad public policy, and it harms Arizona consumers. I urge you to join me in voting no.

Terry Goddard, Arizona Attorney General, Phoenix

Paid for by "Stop Payday Predators in Opposition to the Payday Loan Reform Act, 1-16-2008"

Vote 'No' to 391% interest

I'm Senator Debbie McCune Davis, Democrat from Phoenix.

And, I'm Representative Marian McClure, Republican from Tucson.

Together we've served in the Arizona legislature for a combined total of 30 years and during that time we haven't always seen eye to eye on the issues. But one issue we've always agreed on is the need to stop predatory payday loan interest rates that can exceed 400 percent.

Borrowers in Arizona have long been protected from predatory rates by the state's 36 percent interest usury cap, which is the upper limit lenders may charge. That protection ended in 2000 when payday lenders were granted a temporary exemption from the consumer loan rules on interest rates. That special exemption is scheduled to end in 2010.

For the last few years the payday loan lobbyists have tried to get lawmakers to repeal the sunset date and grant them the authority to continue charging nearly 400 percent interest. In each instance, lawmakers refused to give them another free pass from our state lending laws. The payday lenders will repeal the sunset date with their initiative which is the true objective of their initiative.

Now payday lenders are asking voters to make triple digit loans a permanent law. It's simply not fair to charge nearly 400%

interest. We urge you to join us in protecting Arizonans paychecks by voting 'No.'

Debbie McCune Davis, Arizona State Senator,
Legislative District 14, Phoenix

Marian McClure, Arizona State Representative,
Legislative District 30, Tucson

Paid for by "Stop Payday Predators in Opposition to the Payday Loan Reform Act, I-16-2008"

Vote NO on the predatory payday loan initiative

Your 'No' vote will expand the national interest rate cap for active military members to all Arizona families, including our veterans.

We all know the problems with payday and car title loans. Their neon signs have become a permanent fixture of our landscape and they trap financially desperate people into unfair loans with interest rates of 391 percent or more. What is less known outside of military circles are how these loan sharks prey on our service members.

But it makes sense when you think about it. Our young service members and their immediate families often make too little money and are too far from home to count on traditional support systems. When they find themselves in financial crisis, they have nowhere to turn. It's stomach churning to go to a military base and see how payday loan stores cluster outside the gates, ready to take advantage of these brave men and women.

That's why Congress passed and the president signed the Military Lending Act, prohibiting any lenders from charging a military member on active duty or his or her immediate family, more than 36 percent interest.

Unfortunately the new law does not apply to retired or military members when they are not on active duty status. These families deserve the same kinds of protection from loan sharks that their active duty brethren receive. In fact, it should simply be illegal to charge 391 percent interest.

The only way to make triple digit loans illegal in Arizona – and protect all families – is to vote 'NO' on the predatory payday loan initiative.

Tom Yearout, United States Coast Guard (Retired)

Paid for by "Stop Payday Predators in Opposition to the Payday Loan Reform Act, I-16-2008"

Vote NO on the predatory lending gimmick

Predatory payday lenders are spending millions to deceive voters on a ballot measure that has one goal – protect their profits at the expense of hardworking families who are desperate for cash and willing to put their paychecks on the line.

Proposition 200 would write 391 percent annual interest into law, granting one industry a permanent exemption from the 36 percent annual interest rate cap on consumer loans. Payday lenders are trying to call this a "cost reduction."

The so-called consumer protections in Proposition 200 include a repayment plan that is only offered if a consumer knows to ask for it before the due date. After that they are barred from negotiating any other repayment plans for an entire year. The industry will track this information with a consumer information database.

When you vote 'No' you are saying that all lenders should follow the state 36 percent interest rate cap.

Every day we hear from families who are struggling to make ends meet. Gas and groceries are more expensive but the paycheck hasn't gotten any larger. The neon signs offer the false hope of a quick fix.

The truth is, the gap between your bills and your income only grows when you borrow money at rates that exceed 400%. As a result, families are spending thousands of dollars on over-priced financial services.

That's why SEIU Arizona urges you to vote 'No' on Proposition 200, the predatory payday loan initiative. Your 'No' vote will help thousands of hard working families who turn to 400% loans out of desperation. Vote 'No' to restore common sense fair lending laws for all Arizona families.

Scott Washburn, SEIU AZ State Director, Phoenix

Paid for by "Stop Payday Predators in Opposition to the Payday Loan Reform Act, I-16-2008"

I Got Caught in the Payday Loan Debt Trap. I'm Voting NO.

Payday loans trap people, plain and simple. I'm an educated, professional woman, and they trapped me. I had no idea what the actual interest was when I first took out a payday loan because they purposely made it unclear. They told me it was "just \$345 to borrow \$300" and I figured fine.

When I found out I was paying 391% interest – months later, and only after reading the fine print – I was floored.

Like most people, I wasn't able to pay back that first loan in the two-week window required. I ended up paying the interest over and over to renew the loan for 2-week periods, and soon one loan became many. The payday stores *encouraged* me to renew my loans. They made it so easy! Each time, they collected their huge fee.

Payday loans ultimately led me to bankruptcy, as they do so many others. At 391% APR interest, I just got trapped.

I could never pay the principal, and eventually, I couldn't even pay the interest anymore to renew the loans. It got to the point where I was paying more than \$1,000 a month, all in interest, just to keep my payday loans from defaulting!

This is the payday loan debt trap. It was a nightmare, and I'm far from the only victim of it.

I'm asking the voters of Arizona to help me put an end to this situation. Payday lenders should have to play by the same rules as other lenders in the state, not get to write their own. It's only fair.

It should be illegal to charge 391% interest. By voting NO, we can make it illegal again.

Please join me. Vote NO on the PROP 200.

Tamara Sisk, Mesa

Paid for by "Stop Payday Predators in Opposition to the Payday Loan Reform Act, I-16-2008"

Don't Let Others Be Victimized: Vote NO

As a corrections officer, I give back to my community every day. I work hard to earn an honest living and support my family. Payday loans almost ruined my life.

Two years ago, I needed to pay some old bills so we could buy our first home. My wife told me about payday loans. I was apprehensive, so we borrowed only \$300 and paid back \$349 two weeks later. But that prevented us from being able to pay the electricity bill. We still had more bills, and the payday loan companies were sending us mail encouraging another loan, so we tried one of \$500.

The payback two weeks later on that \$500 was \$582, and we didn't have it. Since we couldn't pay the full amount, we were told to just pay the interest, \$82, to renew the loan for another two weeks. Of course, two weeks later, we had to renew it again for another \$82. My wife and I started to fall behind on our bills, and took out another payday loan to try to make ends meet.

The payday loan companies will keep you in their grasp. I ended up just paying interest, over and over again, every two weeks. I was stuck.

If a friend had not bailed me out, I'd still be in the payday loan debt trap, paying \$328 a month in interest to forever extend

\$1,000 in loans. My original "short-term fix" turned into two years of long-term debt and nearly cost me my home, my marriage. I got caught because of the 391% interest, and that's what the lenders are trying to get away with now. Help me prevent others from ever having to go through this.
Vote NO on Prop 200.

Ivan Polanco, Tucson

Paid for by "Stop Payday Predators in Opposition to the Payday Loan Reform Act, I-16-2008"

BALLOT FORMAT

PROPOSITION 200

PROPOSED BY INITIATIVE PETITION RELATING TO PAYDAY
LOANS

OFFICIAL TITLE

PAYDAY LOAN REFORM ACT

DESCRIPTIVE TITLE

EXTENDS PAYDAY LICENSING PROGRAM INDEFINITELY; ALLOWS ELECTRONIC DEBIT AGREEMENTS; PROHIBITS SERVICES OVER 35 DAYS; REQUIRES ENGLISH OR SPANISH AGREEMENTS; PROHIBITS CERTAIN FEES; REQUIRES PAYMENT PLAN IF REQUESTED; PROHIBITS ARRANGEMENTS WITH CUSTOMERS HAVING OUTSTANDING REPAYMENT PLANS; ALLOWS LICENSEE TO MAKE OTHER LOANS; REQUIRES LICENSEE TO MAINTAIN MINIMUM AND MAXIMUM NET WORTH.

PROPOSITION 200

A "yes" vote shall have the effect of repealing the July 1, 2010 termination date for the existing "payday loan" licensing program thus allowing it to continue indefinitely, allowing payday loan licensees to provide electronic debit agreement services, prohibiting services over 35 days, requiring payday loan agreements be in English or Spanish, prohibiting certain fees, permitting only one payday loan transaction with a customer each business day, requiring a payment plan if requested by the customer, prohibiting arrangements with customers having outstanding repayment plans, allowing licensees to make other loans and requiring licensee applicants to maintain a minimum net worth of at least \$50,000 per location up to a maximum of \$1,000,000.

YES

A "no" vote shall have the effect of retaining the current law regarding payday loans, which are to terminate on July 1, 2010.

NO