



## Payday Lending: Let's Do Better, Nebraska

Payday lending leaves vulnerable populations trapped in debt that is often difficult to get out of. In Nebraska, lenders are allowed to charge an interest rate of up to 461% -- one of the highest in the nation.

All hard-working Nebraskans need to be able to get a loan from time to time to pay for an emergency, an unexpected expense, or meet an important need.

When Nebraskans with low incomes have nowhere to turn except payday lenders, we should make sure lenders aren't allowed to

make predatory loans that trap people in a cycle of debt.

High-cost, short-term loans such as these with 461% interest, allow lenders to grab most of a borrower's paycheck before any other bills get paid.

Nebraska lawmakers must stop the debt trap and pass proven reforms that will prevent predatory lenders from charging outrageous interest rates and trapping Nebraskans in a cycle of debt that many struggle to escape from.

### COMMON QUESTIONS:

**What Are Payday Loans?** Payday loans are short-term, predatory loans that trap people in a cycle of debt. Nebraska currently allows payday lenders to charge an interest rate up to 461% -- one of the highest in the nation --

and impose unreasonable repayment terms that allow lenders to grab most, if not all, of a borrower's paycheck before any other bills get paid. Borrowers must repay the loans with 34 days. If they can't repay it within that period, they often take out another loan and thus the cycle continues.

**How Does Nebraska Compare?** Reforms recently have been passed in neighboring our state, Colorado that allows customers to use payday lenders, but ensures the lenders use fair and reasonable terms that saves customers millions of dollars in interest rates and borrowing fees.

**What Do Nebraskans Want?** New research done by AARP Nebraska shows 77 percent of Nebraskans think payday loans rates should be capped at 36 percent, a rate just approved by South Dakota voters.

**Who Does This Impact?** Predatory payday lending has been proven to disproportionately affect families with low incomes and periodic income volatility. Reforming predatory lending will help

hard-working Nebraskans move out of debt and improve their credit.

**How Do Payday Loans Compare?** Unlike other lenders, payday lenders are allowed to take money directly from a borrower's checking account. It means they can drain their customers' bank accounts, leaving people with no money left to pay for basic necessities like groceries, diapers, or rent.

**What Are the Solutions?** All Nebraskans should be able to get credit through sensible and fair lending practices. Nebraska lawmakers must create common-sense reforms that prohibit this kind of predatory lending by putting a responsible limit on interest rates and monthly payments and giving people a reasonable amount of time to repay a loan in manageable installments.

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**Let's Pass Meaningful Reform:** LB 194, a bill to reform payday lending, would cap interest rates for payday lending at 36% with a small monthly maintenance fee and would cap payments at 5% of a borrower's monthly income.

**What Can YOU Do?** Call your State Senator and ask them to support sensible payday lending reform.

