2007 Department of Corporations Payday Loan Study

December 2007
Updated June 2008

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FORWARD

The data presented in this report summarize the findings of the two-tiered study of payday lending in the State of California conducted by the Applied Management & Planning Group in conjunction with Analytic Focus. The study was conducted between August and December of 2007 and included an on-line survey of payday lenders, a telephone survey of payday loan customers and five customer focus groups in key geographic areas throughout the State.

The multifaceted survey of the more than 400 payday loan licensees operating in California found that:

- More than 61% of all licensees operate only 1 payday loan location;
- One-third of all accounts enumerated in the state are maintained by three licensees;
- Of the 1.7 million individual accounts reported by licensees, there are 1.14 million unique payday loan individual customers (exact same first and last name and address);
- Licensees report that more than 80% of their business is attributed to repeat customers;
- Sixty-three percent of licensees report that customers borrow between $200 and $255 dollars;
- Licensees report over $110 million in unpaid loans;
- To prevent the loss of revenue due to defaulted loans, many lenders (87%) negotiate with borrowers to pay back loans on an agreed upon schedule or at a reduced rate; and
- The overall majority of licensees adhere to the guidelines established in the Financial Code that govern account management, fee assessment, responsible lending advertisement, and collections.

The telephone survey of payday loan customers found that:

- Over half of all respondents (53%) denied ever having taken a payday loan;
- The majority of those who indicated that they had taken a loan frequent that same lender for all of their loans (88%);
- When asked what payday loans were used for, 50% respondents indicated that they used the money to pay bills;
- Seventy-eight percent reported that they only borrowed what they needed. Almost 20% reported that they would have borrowed a smaller amount but their lender required a minimum amount;
- More than a third of respondents reported borrowing from more than one payday loan location at the same time;
- The reason most respondents reported for borrowing from more than one location was “I needed more money than one store could loan me at one time (73%).”; and
- Most borrowers are aware of the fee associated with borrowing, but do not understand the APR that is associated with long-term borrowing.

When asked to articulate their feelings and experiences regarding payday lending, focus group participants stated:

- That they were “relieved” that such a resource was available, but also felt “trapped in a vicious cycle” when discussing repeat borrowing or the need to borrow from more than one lender;
- That their immediate need for money outweighed the “cost of the money” borrowed; and
- That they understood the long-term financial cost of repetitive borrowing, but felt that no other options were available to address their monthly financial obligations.

Overall study findings show that although payday lending presents a short-term solution to individuals with limited credit options who are in need of “quick cash”’, there is an overwhelming need for planning and finance education among borrowers and enhanced client tracking between lenders to prevent loan abuse and uncontrolled borrowing.

EXECUTIVE SUMMARY

The following report presents findings from the 2007 Payday Loan Study conducted by the team of the Applied Management & Planning Group (AMPG), Analytic Focus (AF), Interviewing Service of America (ISA) and Anza Valley Networks (AVN) on behalf of the California Department of Corporations (CADOC). The California Deferred Deposit Transaction Law ("CDDTL") requires that the CADOC, the agency responsible for licensing and regulating California's Deferred Deposit Transaction (DDT) lenders or "payday loan" lenders conduct annual surveys that provide information on statewide DDT industry activities. The data collected include the total number of payday loan customers statewide, the number of loans issued by lenders annually, the default rate for loans issued, and other industry statistics that provide an overview of the Deferred Deposit Transaction industry throughout the State. Upon its execution, the CDDTL law required that the Commissioner provide a report on the implementation of the new law to the Governor and Legislature on December 1, 2007. The Payday Loan Study was meant to fulfill the law's requirement as well as provide information to members of the California legislature for future development of regulations and laws governing DDT lending.

The study was conducted between August 2007 and December 2007 and consisted of four unique data collection methodologies:

1). The download and review of all DDT customer accounts from active lenders for all locations statewide for the 18 month period from April 15, 2006 through September 11, 2007;

2). A policies, practices, and activities survey of the 447 DDT lenders licensed to conduct business in the State for the 18 month period from April 15, 2006 through September 11, 2007.

3). A telephone behaviors, attitudes and awareness survey of DDT customers who had taken at least one payday loan between April 15, 2006 and September 11, 2007; and

4). Focus groups with DDT customers who completed the telephone survey

Survey Response Rates

Customer Database Download

For the lender customer database, 417 (93%) out of 447 licensees submitted complete client lists as required by the CADOC or reported that they had no business activity during the period being reviewed by the survey. Data downloads were conducted between September 17, 2007 and Friday, October 19, 2007. The lender customer database was designed to collect the names of all California payday loan customers who had obtained a loan during the specified period. However, with less than 100% of all lenders reporting, the data presented is presented with a margin of error of +/- 1.24 at the 95% confidence level assuming the 30 lenders that did not report are similar to the 417 lenders that did report in terms of their characteristics.

Note that the information received from the lenders was the account information with name, address, and telephone for a borrower. Some lenders consolidate this information, some do not. When consolidated, it may be consolidated over time, so that we would have received one "account" that could be multiple loans over time and we would not know this from the data received. Lenders were only required to give account information. In other cases, when a lender accepted a new application each time a borrower applied, the name, address, or telephone number was not necessarily linked to information previously provided. Accordingly, some lenders will have information that doesn't match from time period to time

period on an "account" simply because the same information was obtained with two different spellings or with two different names for the same person. This problem is compounded when two members seemingly of the same family at the same address apply for a loan. Without more information we do not know whether it is the same person using one name on the first application and a nickname on the second (one person) or two brothers applying at different times from the same family (two people)

Without a formal audit of the system of each lender and a large scale tracking study of the millions of borrowers, it is impossible to know exactly the number of borrowers, the number of unique accounts, or the number of families. We present figures for records provided, individual accounts, and families in the sections that follow, with a description of the methodology used provided in a subsequent section of this report.

Lender Survey

For the lender survey, 369 (83%) out of 447 licensees submitted complete lender surveys as required by the CADOC or reported that they had no business activity during the period being reviewed. The on-line survey was launched Monday, November 5, 2007 and remained open for data submission until Wednesday, November 28, 2007. The lender survey was conducted as a census of all agencies conducting business as Deferred Deposit Transaction lenders in the State.

However, with less than 100% of all lenders reporting, the data presented are presented with a margin of error of +/- 2.13 at the 95% confidence level if we assume that lenders not reporting are like those who did report.

Customer Survey

For the customer survey, a total of 1,494 surveys were completed with payday loan customers throughout the state. Telephone interviews were completed between November 17, 2007 and December 17, 2007. The margin of error for the sample as a whole was less than 3 percent (+/-2.53) at the 95% confidence level.

KEY FINDINGS

The following sections present the survey findings for each data collection effort with comparisons between lender and customer survey responses.

Deferred Deposit Transaction Lender Customer Statistics

Based on data provided by lenders for the reporting period

- Licensees report more than 1.7 million individual payday loan account records with activity during the 18 month period just prior to the study.

- Of the 1.7 million individual accounts reported, there are 1.14 million unique payday loan individual customers (exact same first and last name and address)

- When accounts are summarized by address and last name only (indicating family membership), of the 1.7 million individual accounts reported by lenders, there are 1.01 million unique payday loan families.

- 283,321 (24.8%) individual borrowers in the last 18 months had accounts with two or more payday loan companies, and this group used 2.8 loan companies on average.

- 337,238 (33.1%) families that borrowed in the last 18 months had accounts with two or more payday loan companies, and this group had 3.0 loans on average.

- For individuals, the most loans taken in the last 18 months was 26; for families as defined above, the most loans for a family in the same 18 month period was 47.

- 308,521 (27.0%) individual borrowers in the last 18 months got loans at two or more payday loan locations (same lender or different).

- 45,415 (27.7%) individual borrowers in the last 18 months who got more than one payday loan did so at more payday loan locations than payday loan companies.

- 835,511 (73.0%) individual borrowers in the last 18 months had taken only one loan. Of those with more than one loan, 308,638 borrowers, the average borrower had visited an average of 2.8 lenders.

Table 1 on the following page presents the number of loans taken vs. the number of individual borrowers and the number of family borrowers (two or more people with the same last name at the same address).

Table 1: Number of Lenders Visited by Customers vs. Number of Individual Borrowers
Number of Accounts Reported = 1,701,683
Number of Payday loan customers = 1,144,032
Number of Family Payday Loan Customers = 1,018,925

Number of Lenders Visited	Individuals with Accounts	Lenders Visited by Individuals	Families with Accounts	Lenders Visited by Families
1	835,394	835,394	681,687	681,687
2	181,115	362,230	182,567	365,134
3	67,598	202,794	73,713	221,139
4	30,153	120,612	36,419	145,676
5	14,687	73,435	19,056	95,280
6	7,347	44,082	10,627	63,762
7	3,758	26,306	5,958	41,706
8	1,906	15,248	3,428	27,424
9	962	8,658	2,059	18,531
10	527	5,270	1,213	12,130
11	247	2,717	749	8,239
12	140	1,680	481	5,772
13	79	1,027	331	4,303
14	50	700	201	2,814
15	30	450	120	1,800
16	18	288	84	1,344
17	6	102	67	1,139
18	2	36	46	828
19	7	133	32	608
20	2	40	21	420
21			24	504
22			9	198
23	1	23	12	276
24	1	24	8	192
25			2	50
26	2	52	2	52
27			2	54
30			3	90
32			1	32
33			1	33
37			1	37
47			1	47
Total	1,144,032	1,701,301	1,018,925	1,701,301

*Discrepancy between Account records (1,701,686) received and loans counted is due to 382 records with no usable information for counting.

Deferred Deposit Transaction Lender Licensee Statistics

- 61% of the more than 400 licensees operate only 1 payday loan location.
- More than half of all licensees have been in business for less than 5 years.
- With 166 payday locations, the City of Los Angeles has the highest concentration of payday loan locations.
- Most lenders advertise locally for customers in either the:

Local telephone directory	70%
Local paper	29%
Internet directories	27%

- 135 licensees report that they offer a cash bonus between $5.00 and $100.00 for the referral of other customers.
- Most lenders accept any type of verifiable income as proof of income, but few accept personal checks for repayment, nor unemployment checks or reports of self employment as valid sources of income.
- When determining the maximum a new customer can borrow, lenders report that maximum amounts are based on an overall assessment of risk, debt and history with banks and income amounts.
- For determining the allowable loan amount for repeat customers, (56%) report that they base the loan primarily on "Past History with the Borrower"
- Although more than a third of licensees (35%) report that they do not keep track of loan rejections, those who do, report an average of 188 rejected loans per location during the 18 month study period. ***No statistics were requested or presented on the average number of applications taken during the study period.***
- Over 57% of licensees report that they require customers to borrow at least $50.00 (principal).
- When reporting the average loan amount made to customers during the 18 month study period, 63% of licensees report that customers borrow between $200 and $255 dollars.
- When reporting on the number of loans issued to customers, licensees report that more than 80% of their business is attributed to repeat customers.
- 74% of lenders do not consider a loan defaulted until after 91 days of inability to collect. Once loans are considered in default, most (72%) write the defaulted amount off as bad debt.
- Licensees report over $110 million in unpaid loans

- To prevent the loss of revenue due to defaulted loans, many lenders (87%) negotiate with borrowers to pay back loans on an agreed upon schedule or at a reduced rate. Of those who reported that they offer repayment arrangements, 68% report that they allow the borrower to pay back the loan over time.

- 22% of all licensees reported that less than 10% of their transactions are returned because of Non-sufficient funds. Of those who reported NSF charge activities, only 17 lenders reported that they do not charge for returned checks.

Deferred Deposit Transaction Lender Customer Survey Statistics

- Over half of all respondents (53%) denied ever having taken a payday loan.
- The majority of those who indicated that they had taken a loan frequent that same lender for all of their loans (88%).
- When asked how they selected a payday loan location/company, 25% said that they saw the location and went in.
- 87% of payday loan customers report that they receive some type of regular form of income; 85% indicated that they receive either a paycheck from a job or that they receive some type of government assistance.
- When asked what payday loans were used for, 50% respondents indicated that they used the money to pay bills.
- When considering other options for obtaining needed funds, over a third (37%) indicated that "No other option was considered". Of those who did consider other options before taking loans, most either asked family members (28%) or waited until their next payday (10%).
- Although the maximum allowed for any face value of a DDT transaction is $300.00, respondents report borrowing from between $2.00 and $2,600 dollars from payday lenders. When weighted and analyzed based on allowable and normal loan amounts, 57% of borrowers indicated that they borrowed between $250 and $255.
- When reporting the minimum amount borrowed from any lender, 78% reported that they only borrowed what they needed. Almost 20% reported that they would have borrowed a smaller amount but their lender required a minimum amount.
- 32% reported that the amount they borrowed was the maximum amount that the lender would offer them at the time.
- More than a third of respondents reported borrowing from more than one payday loan location at the same time.
- The reason most reported for borrowing from more than one location was "I needed more money than one store could loan me at one time (73%)."
- Of the borrowers who took multiple loans simultaneously, (47%) reported that the most loans they had taken at once was 2. The maximum number of loans reported at one time was 12.
- Most borrowers are aware of the fee associated with borrowing, but do not understand the APR that is associated with long term borrowing.
- Borrowers can articulate the amount of the fee associated with borrowing but most cannot articulate what interest rate they are being charged or do not understand how it is calculated.

- Most borrowers report learning about the fees and APR rates being charged directly from the lender either before they take the loan or as a direct result of asking about the fees.

- 36% of respondents reported that they had noticed the "board on the wall" that is required to present the fee and APR schedule for all loans.

- Of those who reported having to pay late fees, most (32%) reported paying the $15.00 associated with the returned check fee.

- Of 109 respondents who reported having to make payment arrangements to pay back loans, 11% reported that they either had paid back the loan over time or paid a lower amount.

- Of the 30 borrowers who had reported that court action had been taken against them, only one reported ever having been assessed treble damages.

INTRODUCTION

The California Department of Corporations (CADOC) is responsible for licensing and regulating the more than 400 Deferred Deposit Transaction (DDT) lenders in California. Through the California Deferred Deposit Transaction Law ("CDDTL") passed on January 1, 2003, the Department was charged with regulating, evaluating and managing the activities of lenders a providing a comprehensive report on the implementation of the law that ultimately became operative on December 31, 2004.

In April 2007, the California Department of Corporations (CADOC), on behalf of the California Corporations Commissioner, requested that qualified consultants submit a proposal to conduct a comprehensive study of the California Deferred Deposit Transaction industry, also known as the payday loan industry. The purpose of the study was to identify the practices, activities and overall market activities of Deferred Deposit Transaction (DDT) licensees ("lenders"), as well as the more than 1.5 million DDT borrowers ("customers") who conduct business with these lenders across the state.

The commission of the "Payday Loan Study" was designed to both fulfill the reporting requirements of the CDDT law and to provide information to the California legislature regarding the California DDT industry as a whole. As outlined in the request for proposal, the successful proposer was to develop a study that gathered information from lenders and customers to determine:

1. The demand for payday loans as determined by the needs of the consumer and/or the demand created by the licensee.

2. The number of customers that obtain payday loans each year.

3. The minimum, maximum and average amount of the payday loans.

4. The number of payday loans that the customers fail to pay back.

5. Demographic characteristics of typical customers who utilize payday loans, including but not limited to:
   - Race
   - Income
   - Level of education
   - Occupation
   - Primary Language

6. Customers' use of loan proceeds.

7. The advertising practices of payday lenders.

8. The number of licensees who issue customers back-to-back payday loans.

9. The number of customers that obtain payday loans from multiple licensees simultaneously and number of simultaneous loans these customers obtain.

10. The number of customers that obtain back-to-back loans and the number of consecutive loans the customers obtain.

11. Collection practices of payday lenders. Specifically, were any delinquent borrowers threatened with criminal prosecution, criminally prosecuted, threatened with treble damages for checks that did not clear or have treble damages requested in small claims court action.

12. The number of customers that were required to pay fees for extensions or payment plans.

13. The number of customers that were charged late fees.

14. The number of customers that were charged more than a single non-sufficient funds (NSF) fee of $15.

After discussions with advisory committee members and receiving comments from licensees regarding the sensitive nature of some of the requested information, the scope of the study was modified to protect proprietary information and practices of lenders while providing the needed information to complete a comprehensive and reliable study.

The final scope of work required that the successful proposer conduct a blind telephone survey of payday loan customers using the names, addresses and telephone numbers of payday loan customers provided by each of the 447 DDT licensees operating in the State. The study of customers was to be conducted as a telephone survey designed so that payday loan customers would not know the purpose of the survey in order to eliminate customer bias. The study was designed with an overall sample that would result in a margin of error between plus or minus 3%.

In addition to the customer study, the successful consultant was charged with conducting a survey of lender activities, reviewing the customer data submitted by lenders for completeness and developing conclusions about lender activities based on responses to the survey and laws established as a part of the California Deferred Deposit Transaction Law ("CDDTL").

Upon the recommendation of a review committee authorized by the Corporations Commissioner, and the normal State contract bidding process, the research team led by the Applied Management & Planning Group (AMPG) of Los Angeles, California was selected.

The research team, consisting of four firms nationally recognized for their activities in market research, financial, economic, demographic, and statistical research, data collection and data management included:

- The **Applied Management & Planning Group** (AMPG) – Market research and results analysis;
- **Analytic Focus LLC** (AF) – Market research, sample development and statistical analysis;
- **Interviewing Service of America** (ISA) – Telephone survey and data collection; and
- **Anza Valley Networks** (AVN) – Secure data network development, management, storage and administration.

The proposal presented by the AMPG team included a study consisting of four unique data collection activities.

1. The review of the complete client list of every licensed DDT lender operating in the State;
2. The development and implementation of an on-line survey of DDT lenders;
3. The development and implementation of a telephone survey of DDT customers; and
4. The development and implementation of five focus groups with DDT customers who had completed the telephone survey.

The selected team was charged with implementing the steps necessary to execute the project as requested by the Commissioner in the period required and to present a draft report to the Governor and Legislature by February 28, 2008.

The following pages present the study approach and data collection methodologies, followed by individual phase results and overall conclusions based on the four methods of data collection used in the study.

METHODOLOGY

Overview

In order to complete the study as requested by the Department, the team conducted four specific data collection exercises:

1. **Client Database -** To identify the total population of deferred deposit customers throughout the state, each licensed lending agency was required to provide a complete client list of customers who had conducted business with their agency during the eighteen-month period beginning April 15, 2006.

2. **Lender Survey –** To identify and compare some of the standard practices among deferred deposit lenders throughout the State, an internet survey was developed and launched to each of the licensees that had submitted their customer lists by the deadline established for submission.

3. **Customer Survey** – In order to identify the experiences and habits of payday loan customers, a telephone survey was conducted with a sample of deferred deposit customers throughout the State. Using the client lists obtained from the licensed lenders, a call list was developed and used in contacting and interviewing individuals who had taken at least one payday loan between April 15, 2006 and September 11, 2007.

4. **Customer Focus Groups –** In an effort to further explore the customer comments and experiences shared during the telephone interviews, focus groups were held in the southern, central, northern and border areas of the State to discuss some of the borrowing practices of individuals in urban, suburban and rural areas.

The specific details of each data collection exercise are presented on the following pages.

5.06% of those licensed to conduct business at the time of the study reported "No activity" during the previous 18 months.

Lenders reported making loans to over 1.7 million customer accounts.

Client Database Data Collection

In order to identify the client base for payday loans, the AMPG team, through the Department of Corporations, requested the entire client list of every licensed deferred deposit transaction entity in the state. On September 11, 2007, the Department issued a request for information to the 447 lenders who were registered with the Department at the start of the study. Lenders were provided a log-in name and password to be used in downloading their complete customer database for all locations and for every customer who had obtained a payday loan between April 15, 2006 and the date of the letter.

To facilitate the secure transfer and storage of data, Anza Valley Networks, the certified DVBE project partner developed a secure website, http://www.paydayloanstudy.org, and provided a 24 hour help line to assist lenders in submitting the required data. The site opened on Monday, September 17, 2007 and was officially closed on Friday, October 19, 2007. Of the 447 licensed deferred deposit transaction lenders who were sent the official information request:

- 388 (87%) submitted complete customer data;
- 4 (1%) submitted partial customer data;
- 25 (6%) reported that they were not conducting business at the time of the study; and
- 30 (7%) submitted no data at all.

**Total does not 100% due to rounding*

Of the 2,413 licensed locations, 122 reported having no activity during the months being reviewed in the study. Licensees who did not submit information by the close of this phase of data collection either surrendered their license or had their license revoked.

In total, licensees provided the name, address, and telephone contact information for 1,701,683 individual accounts. A copy of the official request for information sent by the Department of Corporations is provided in **Appendix A**. A complete list of reporting licensees is presented in **Appendix B**; this list includes the total number of locations for each licensee and the number of accounts reported for each licensee, no matter how many accounts a client may have with each licensee.

CUSTOMER DOWNLOAD

In total, licensees provided the name, address, and telephone contact information for 1,701,683 payday loan accounts from 1,144,032 individuals and 1,018,925 families throughout the State. These customer downloads included customers who had opened an account with at least one payday loan company during the 18 month study period.

In attempting to obtain information from the licensees, we determined that different licensees maintained their information in different ways. In all cases, licensees were asked to provide information on the name, address, and telephone number of any borrower during the 18 month period. In some cases, what the licensee provided us was a separate name, address, and telephone number for each loan taken, meaning that we saw the same name and address combination repeatedly. In other cases, the lender had a more complete system for tracking borrowers and was able to give us accounts rather than individual loan records. However, we do not necessarily know which we received since we asked for accounts and not records for individual loans. Furthermore, the lenders themselves may not know the extent to which the same individuals came in at different times. We took two approaches to resolving this.

The first approach involved a match throughout all the records of a borrower's first name, last name, and address. In doing this, we were able to match many of the records, sometimes within the same licensee over multiple times, sometimes, within the same licensee but at different locations if the lender had multiple locations, and sometimes across licensees and locations. Anyone who matched multiple times across different records on first name, last name, and address was counted once as an individual.

A second approach relaxed these matching rules. Instead of requiring a match on first name, last name, and address, a simpler match only required matching on last name and address. Under the relaxed rules, more matches occurred. In some cases, these are matches of the same individual who may have given slight variations of their name at different times. These matches could also be between different people living in the same housing unit with the same last name (two brothers, a husband and wife, etc.). This resulted in an increase in the number of matches of 100,000 records.

Of the 1.1 million individual payday loan customers reported by lenders during the 18 month study period:

- Over 860,711 (75%) of individuals had an account with only one licensee
- 166,671 (15%) of individuals had opened accounts with two lenders; and
- 116,650 (10%) borrowers had opened accounts and taken loans from between three and 26 lenders

Chart 1 below presents the number of individuals found by the number of records they had in the full set of 1.7 million accounts provided to us by the lenders. The scale of the vertical axis of the chart is modified to allow viewing of the numbers presented with the data points. Chart 2 presents the cumulative values of these counts as percentages to demonstrate that the bulk of records were not matched (individuals) or only matched once.

Chart 1: Number of Individuals in Lender Files by Number of Matched Records Each Had

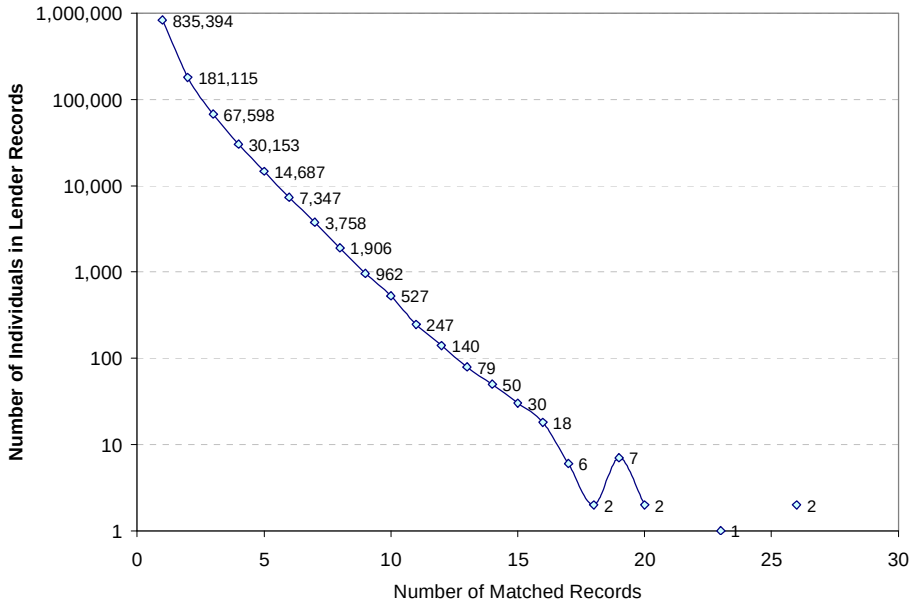
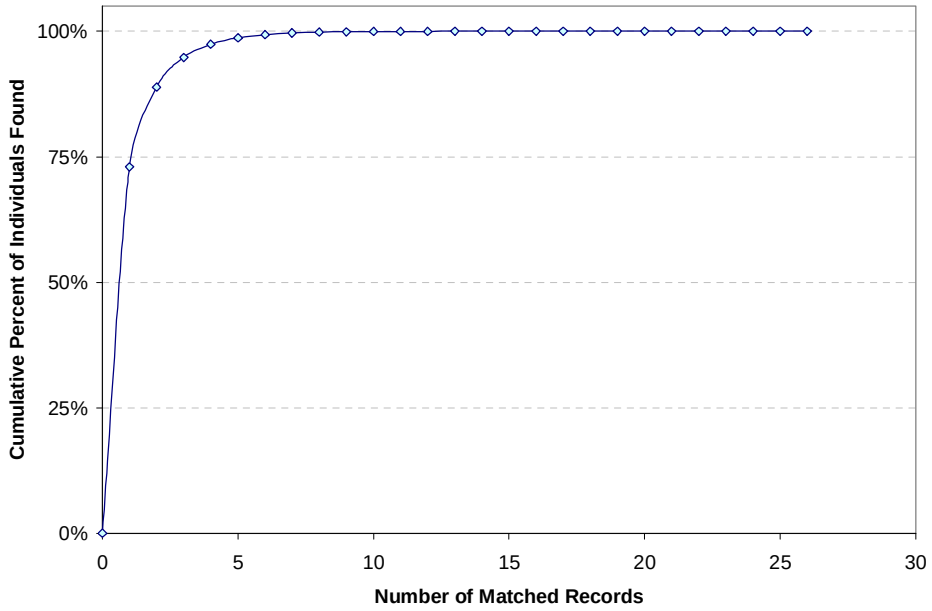


Chart 2: Cumulative Percentage of Individuals Found by Number of Matched Records Each Had



Lender Survey

During the client database phase of data collection, each licensee was required to provide the name, telephone contact number, and e-mail address for the individual who would be both authorized and responsible for providing detailed information about their company and the company's activities as a deferred deposit transaction agency in the State of California. After all data were reviewed and cleaned, a total of 409 agencies had provided valid e-mail addresses; the remaining agencies either had no e-mail access or were contacted to obtain a valid e-mail address.

Working with Department project managers, AMPG and Analytic Focus developed a survey instrument designed to assess the activities and practices of each licensee over the established analysis period of April 15, 2006 through September 11, 2007. On November 1, 2007, all licensees who had provided the information required during the first phase of data collection were e-mailed a survey worksheet to be used to complete the on-line survey. Between November 1, 2007 and the scheduled on-line survey launch date of November 5, 2007, AMPG fielded questions regarding worksheet completion, contacted licensees whose e-mail invitation was returned "undeliverable" or who had provided incomplete e-mail address information.
The on-line survey was launched on Monday, November 5, 2007 and remained open for data submission until Wednesday, November 28, 2007. Of the 417 licensed deferred deposit transaction lenders who submitted data during the client database stage of data collection:

- 344 (82%) submitted completed surveys;
- 25 (6%) reported that they were not conducting business at the time of the study; and
- 48 (12%) did not respond to the lender survey

The survey instrument addressed:

- Number(s) of applications accepted during the 18 month study period and the average approval rate for new accounts;
- Customer recruitment and retention practices;
- Application rejection rates and reasons for denying clients accounts;
- Loan default rates and methods of collection
- The assessment and collection of fees associated with late, delinquent and return item accounts;
- Annual expenses associated with delinquent account collections and methods of resolving late and delinquent accounts; and
- Communication of fees and interest rate calculations with current and potential customers

A copy of the final survey instrument with response frequencies is presented in **Appendix C**.

PAYDAY LOAN LICENSEES AND LOCATION INFORMATION

In California, there are 447 corporations licensed to conduct business. These 447 corporations represent 2,413 payday loan locations throughout the State. Of the 447 licensed DDT lenders:

- Two-hundred and forty-seven, (61%) are firms that operate only one location.
- Less than a third (12%) of licensees have more than five locations.
- The five licensees with more than 100 locations represent only one percent of all licensed corporations, but issue more than 40% of all loans in the State.

Number of Locations	Total	Percent Total
Only 1 location	274	61%
2 - 5	124	28%
6 - 20	34	8%
21 - 50	7	2%
51 - 100	3	1%
More than 100	5	1%
Total	**447**	**100%**

**Total does not add to 100% due to rounding*

- With 166 payday loan stores, Los Angeles has two times as many payday loan locations as any other city in the State.

- Of the fifty-eight counties in the State, forty-nine have at least one payday loan location.

LICENSEE MARKET SHARE AND LENDING PRACTICES

Of the 388 licensees who indicated that they were actively providing loans during the study period:

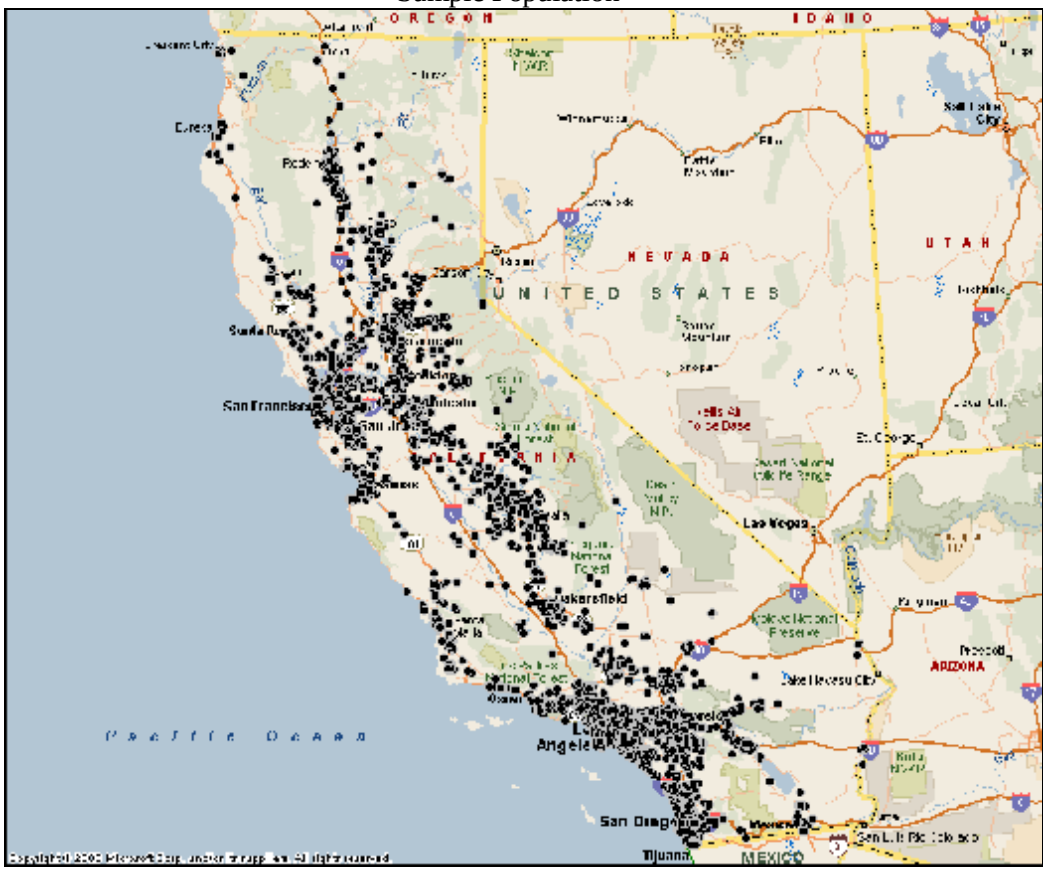
- One-third of all accounts enumerated in the state are maintained by three licensees.
- Two thirds (66%) of all accounts maintained during the study period were originated by 12 (3%) of all active licensees.
- One licensee represents 15% of all accounts maintained in the state and 12% of all payday loan locations.

LICENSEE_ID	Total Accounts	Percent of Total Accounts	Cumulative Percent	Group
9081288	250,130	14.7%	14.7%	1
9081646	159,372	9.4%	24.1%	1
9081314	151,121	8.9%	32.9%	1
9081084	98,991	5.8%	38.8%	2
9081036	90,656	5.3%	44.1%	2
9081759	81,026	4.8%	48.9%	2
9081081	79,636	4.7%	53.5%	2
9081749	55,278	3.2%	56.8%	2
9081315	52,516	3.1%	59.9%	2
9081407	41,580	2.4%	62.3%	2
9081070	34,798	2.0%	64.4%	2
9081270	32,713	1.9%	66.3%	2
All Others	573,866	33.7%	100.0%	3
Total	1,701,683	100.0%	100.0%	--

Customer Survey

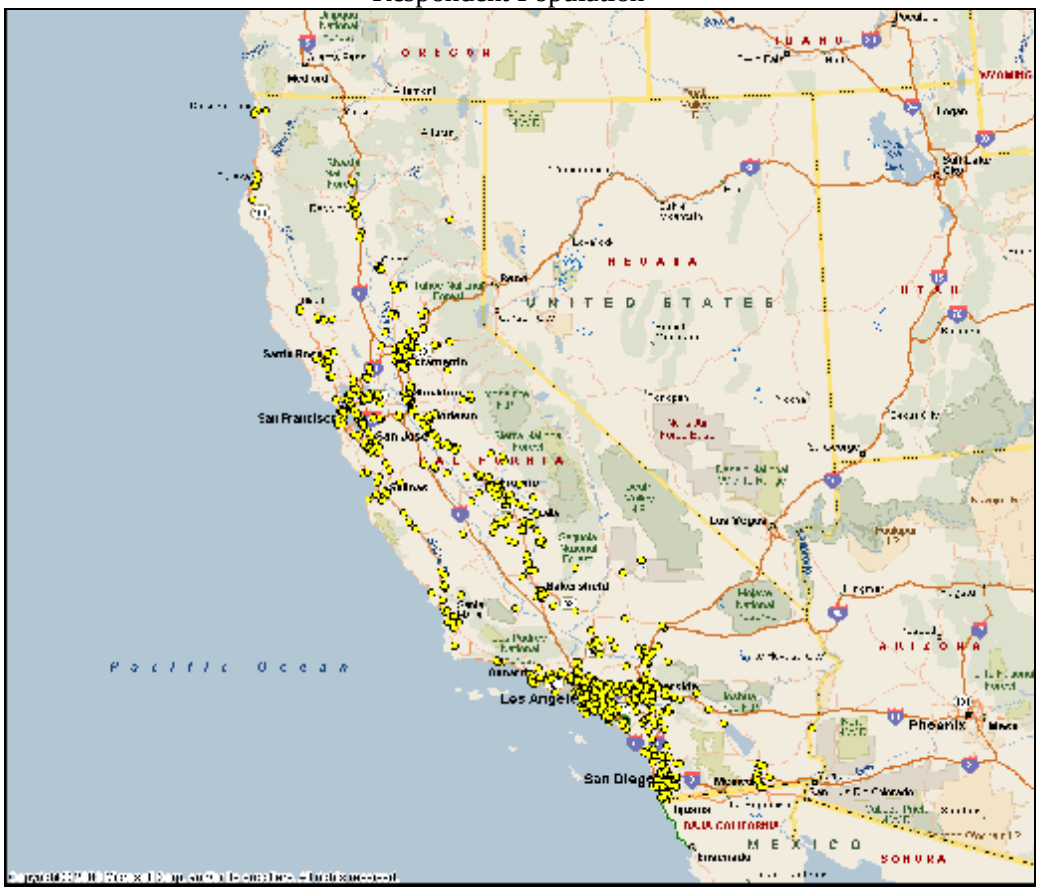
Using the customer data provided by licensees, a sample was selected that would yield results that accurately represented the borrowing population of the State. More than 18,000 payday loan customers were included in a sample of possible respondents with a goal of completing 1,494 completed surveys. The map below presents the locations of the final sample. The map presents a graphic display of where borrowers are located throughout the State.

Sample Population



The map presented on the following page presents the graphic presentation of where actual survey respondents were located throughout the State.

Respondent Population



Instrument Development

In conjunction with the Department of Corporations and with input from advisory committee members, a 15-minute telephone survey was developed and administered between November 17, 2007 and December 17, 2007. The survey addressed:

- Reasons for using payday lending as a form of credit;
- Understanding of interest rates and fees associated with long and short term borrowing;
- Uses of borrowed funds;
- History and activity with multiple payday loan locations/companies; and
- Personal experiences with lenders.

A copy of the final survey instrument with response frequencies is presented in **Appendix D**.

The study required that the contractor conduct a blind study so that respondents would not know that the study was specifically targeted at payday loan customers. In order to address this requirement introductory questions were asked about recent purchases and methods used for financing purchases.

In an effort to address the diverse population of the State, the survey was translated into Spanish and Chinese and administered in the respondent's primary home language when they were identified as a specific language respondent.

Focus Groups

To expand upon the data collected in the customer survey, focus groups were conducted throughout the state in five key areas. The five key areas were selected to address the unique urban, rural, suburban, cross border, agricultural and military populations of the State. The five targeted areas were:

- The Southern California border area - San Diego;
- The Southern California metropolitan area - Los Angeles;
- The Central California area - Fresno;
- The Northern California area - Sacramento; and
- The Northern California border area – Redding

Participants for each group were invited based on their indication during the telephone survey that they would be willing to participate in a discussion group held in their area for a $40.00 incentive and light refreshments.

The moderator's guide for the focus groups was developed using the data from a mid-study download of telephone survey responses. Discussion topics included:

- Experiences and emotions associated with customers' first loans;
- Frequency of borrowing;
- Personal perspectives and feelings attached to payday lending;
- Activities and practices of individuals who borrowed from more than one payday loan facility at the same time;
- Long-term borrowing and perspectives about repeat borrowing; and
- Receptiveness to alternate options on repayment

A copy of the final focus group moderator's guide is presented in **Appendix E**.

California Department of Corporations 2007 Payday Loan Study

Lender Study

Deferred Deposit Transaction Lenders

Locations

In California, there are 447 corporations licensed to conduct business as deferred deposit transaction agencies. These 447 corporations represent 2,413 payday loan locations throughout the state. Of the 447 licensed DDT lenders:

- 247 (61%) are firms that operate only one location.
- 211 (60%) are firms that have been in operation for five years or less

Table 2: Number of Locations per licensee

Number of Locations	Total	Percent Total
Only 1 location	274	61%
2 - 5	124	28%
6 - 20	34	8%
21 - 50	7	2%
51 - 100	3	1%
More than 100	5	1%
Total	**447**	**100%**

Of those reporting lenders who were able to provide information on the number of years their company had been in business, more than half (60%) of active licenses have been in business in the State of California for five years or less.

Table 3: Number of Years in Business

Years in Business	Total	Percent Total
Less than a year	24	7%
One Year	50	14%
Two - Five Years	137	39%
Six - Ten Years	93	26%
11 - 15	19	5%
16 - 20	11	3%
More than 20	20	6%
Total	**354**	**100%**

Of the fifty-eight counties located in the State, forty-nine have at least one payday loan service location. Los Angeles County, the most populated County in the State has more than three times as many payday loan locations as any other County in the State. **Table 4** below lists the cities with the largest number of locations (20 or more):

Table 4: Cities with the Largest Number of Payday Loan Locations

City	Number of Payday Loan Locations
Los Angeles	166
Sacramento	81
Fresno	79
San Diego	79
Bakersfield	52
San Jose	46
San Francisco	42
Riverside	33
Anaheim	32
Santa Ana	31
Stockton	29
Modesto	28
San Bernardino	25
Pomona	22
Van Nuys	22
Oakland	21
Visalia	20

Table 5 presented on the following pages presents the number of payday loan locations in each county and the percentage representation of the total State market. **Appendix F** presents these statistics with a location map for each county and the most recent State population statistics for each county.

Table 5: Number of Payday Loan Locations by County

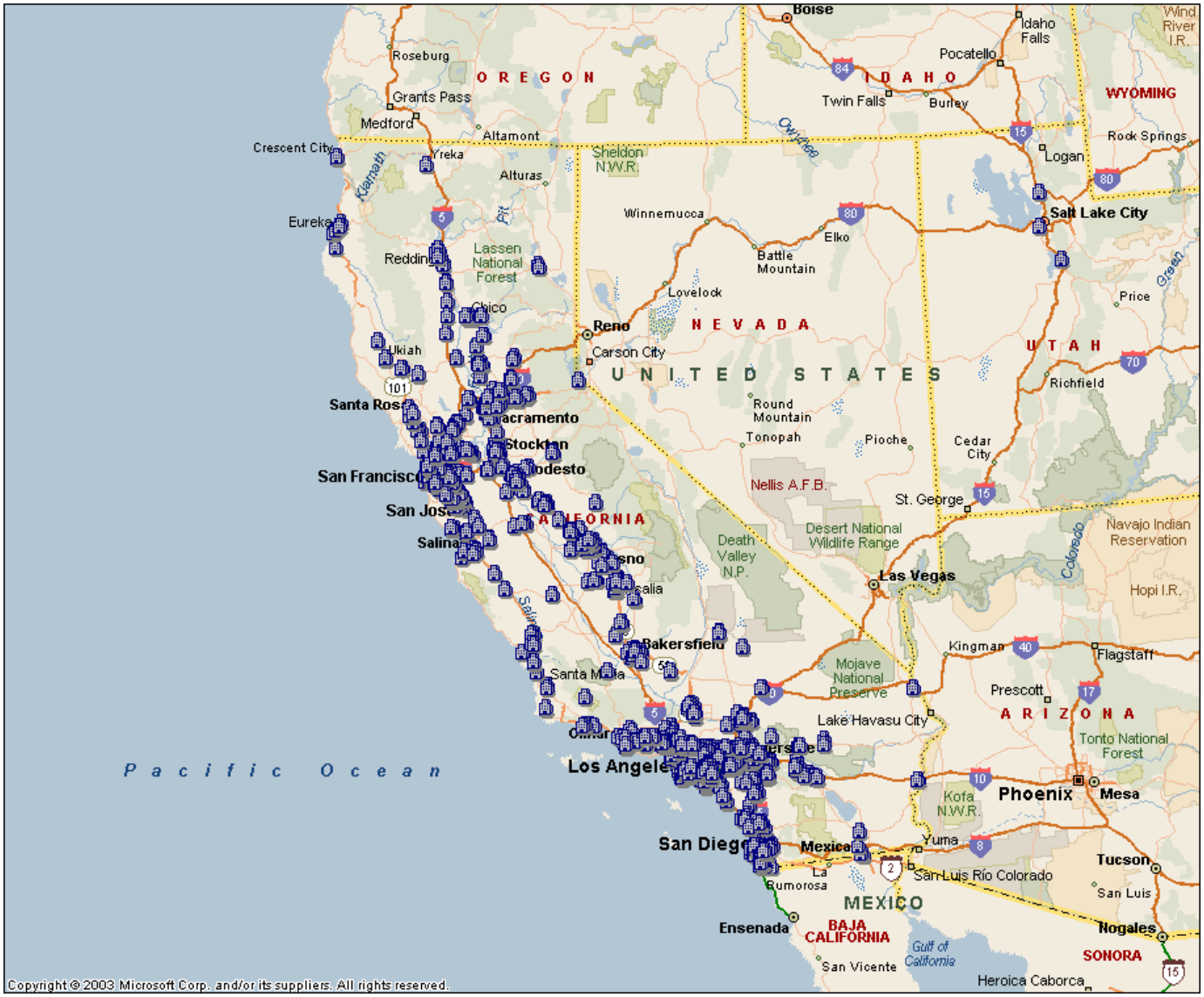
County	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations
Los Angeles	665	28%
San Diego	194	8%
Orange	188	8%
San Bernardino	153	6%
Sacramento	140	6%
Riverside	127	5%
Fresno	108	5%
Alameda	88	4%
Santa Clara	81	3%
Kern	73	3%
San Joaquin	61	3%
Ventura	47	2%
San Francisco	42	2%
Tulare	40	2%
Stanislaus	39	2%
Butte	32	1%
Contra Costa	28	1%
Merced	26	1%
San Luis Obispo	26	1%
Shasta	25	1%
Sonoma	24	1%
Solano	23	1%
Monterey	21	1%

County	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations
San Mateo	16	1%
Madera	13	1%
Santa Barbara	13	1%
Kings	11	0%
Yolo	8	0%
Imperial	7	0%
Nevada	7	0%
Placer	7	0%
El Dorado	6	0%
Humboldt	6	0%
Mendocino	6	0%
Sutter	6	0%
Lake	5	0%
Amador	4	0%
San Benito	4	0%
Santa Cruz	4	0%
Glenn	3	0%
Lassen	3	0%
Marin	3	0%
Napa	3	0%
Tuolumne	3	0%
Colusa	2	0%
Del Norte	2	0%
Siskiyou	2	0%
Tehama	2	0%
Trinity	1	0%
Alpine	0	0%

County	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations
Calaveras	0	0%
Inyo	0	0%
Mariposa	0	0%
Modoc	0	0%
Mono	0	0%
Plumas	0	0%
Sierra	0	0%
Yuba	0	0%

The map on the following page is a graphic presentation of where each of the 2,398 payday loan locations are throughout the state.

Figure 1: California Payday Loan Locations



Customer Recruiting and Retention

When asked what methods of advertisement were used to attract new clients, 70% of all reporting licensees indicated that they were listed in the "local telephone directory". **Table 6** presents the breakdown of advertising methods as reported by licensees.

Table 6: Methods of Advertising
n=358

Method of Advertising	Total	Percent Total
Local telephone directory	249	70%
Local paper	105	29%
Internet directories	96	27%
Direct Mail	84	23%
None	41	11%
Television	27	8%
Radio	24	7%
Internet (side bard/paid space)	21	6%
Flyers/Door Hangers	18	5%
In Store/on building	17	5%
Billboards	16	4%
Word of mouth	9	3%
Internet (Pop up)	8	2%
Major periodicals/News Papers	7	2%
Business Cards	2	1%

To recruit new customers, many licensees offer referral incentives of cash or gifts. When asked if any incentive was offered to customers for referrals, 148 (41%) of responding licensees indicated that they offered some type of bonus to customers who referred other customers to their location(s) who ultimately become customers. Of those who indicated that they offered cash bonuses, more than a third (46%) offer $10.00 or less, 30% offer between $20.00 and $25.00 and less than 4% offer $50.00 or more. **Table 7** presented on the following page presents the referral amounts offered by licensees who offer cash bonuses.

" [The amount] depends on number [of new clients] referred but between $20 to $40."

Table 7: Amount of Referral Bonus Offered
n=135

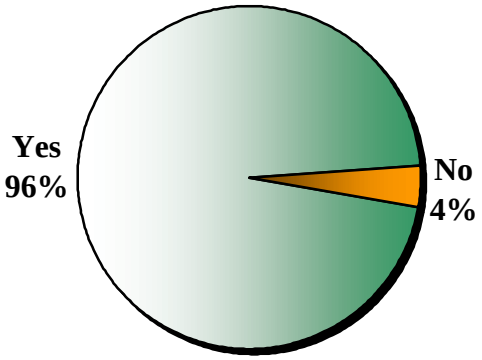
Referral Amount	Total	Percent Total
$5.00	14	10%
$10.00	49	36%
$15.00	11	8%
$20.00	33	24%
$25.00	8	6%
$26.00 - $49.00	15	11%
$50.00	4	4%
More than $50	1	1%
Total	**135**	**100%**

Other types of rewards for new customer referrals include a percentage off of the next loan's fees, gift certificates, raffle tickets for monthly prizes or gifts such as watches or sunglasses.

Client Screening and Account Management

As presented in **Figure 2**, (96%) of the 358 reporting licensees indicated that potential clients were required to have some type of income to qualify for a loan.

Figure 2: Percentages of Licensees Who Require Borrowers to Have an Expected Income to Qualify for a Loan
n=358



Of those who noted that potential clients needed to have some type of income to qualify for a loan, 331 (93%) noted that potential borrowers had to show proof of their income in order to obtain the loan.

When asked what types of checks borrowers were offering as a source of income, most licensees gave loans to customers who have a regularly scheduled form of income, such as a payroll check, retirement check or various types of government issued payments (General Relief, Social Security, Disability). The following table presents these findings.

Table 8: Types of Income Accepted for Loan Approval
n=358

Types of Income Accepted	Total	Percent Total
Payroll Check	300	84%
Government Assistance Check (General Relief/Social Security)	241	67%
Retirement Check	209	58%
Disability Check	143	40%
Annuity/Structured Settlement	63	18%
Personal Check	49	14%
Unemployment	4	1%
Self Employment	3	1%

Although all clients are required to have and show proof of an active checking account, only 5% of licensees require that borrowers have the qualifying income deposited directly into their checking account.

When asked if borrowers or potential borrows could use personal collateral such as a car title, to obtain a loan, all licensees indicated that the only form of payment or collateral accepted was a check to cover the principal amount borrowed and the fee for the loan.

In determining loan eligibility and maximum loan amounts, licensees open new accounts and reissue loans based primarily on the amount of income expected, individual account histories with clients and a review of each client's overall credit worthiness. Credit reviews may include reviews of accounts with other DDT lenders, Teletrack reports, and bank statement activity.

As presented in **Table 9**, over half (56%) of licensees indicated that for returning clients, the history with the borrower is the major factor on which maximum amounts are determined.

Table 9: Factors for Determining Loan Amounts
n=358

Determining Factor	Total	Percent Total
Past History with Borrower	200	56%
Specific Check - Payroll Check	147	41%
Specific Check - Government Assistance (General Relief/SSI)	98	27%
Total Income	95	27%
Retirement Check	78	22%
Check Type Expected	57	16%
Disability	56	16%
Annuity/Structured Settlement	25	7%
Bank Statement/Account History	17	5%
Personal Check	14	4%
Credit/Teletrack Report	14	4%
Overall Risk Assessment	13	4%
Loans with Other Companies	10	3%

"No loans are rejected, we do not take the application if the customer does not have all of the required documentation"

Rejected Loans

From the quote on the left, it is obvious that different lenders have very different ideas about what constitutes a loan rejection. Some lenders reject loans before the application is even accepted; others reject loans after an application has been considered.

Of the 354 licensees who responded to the question "*In the past 18 months, how many loans has your company declined to make, where your company rejected the application (rather than it being withdrawn by the customer)*"

- 124 (35%) noted that they do not track rejected loan applications or the reasons for rejected loans;
- Five percent reported that they had not rejected any loans in the 18 month period preceding the study

On average, each location rejected 188 loans over the 18 month study period, or about ten applications per month. However, this number varied significantly, with licensees with fewer locations rejecting fewer applications than licensees with more locations. Licensees with 11 or more locations denied 36% more applications on average per month than did single location licensees. This may indicate that larger, more established firms have in place mechanisms to make them more cautious in their lending (or alternatively that these mechanisms helped make them the larger lenders in this arena).

Figure 3 presents the significant differences between these three groups. **Table 10** presented on the following page gives a complete breakdown of refusals by each group.

Figure 3: Average Number of Denied Loans per Location

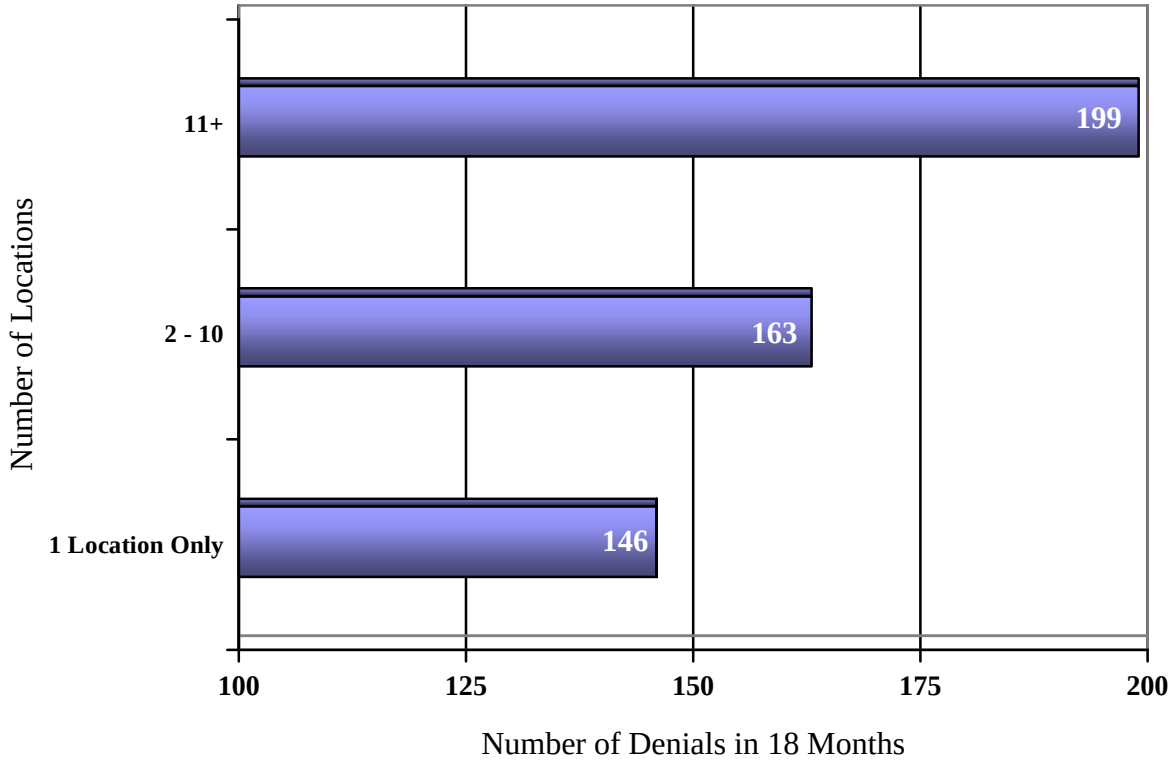


Table 10: Average Number of Rejected Loans by Lender Size

Number of Locations	Number of Licensees Reporting	Total number of locations Represented	Total Number of Refusals Reported	Average number of Refusals per Location Over 18 months
Only 1 location	127	127	18,580	146
2-10	70	237	38,627	163
11+	12	1,027	204,270	199
Total	209	1,391	261,477	188

When asked to identify what percent of loans were rejected for reasons such as a negative experience with the customer, insufficient proof of income, poor banking history and other key features, 22% of lenders indicated that they do not track rejection rates or the reasons loans are rejected. For those who recorded the reasons loans were rejected:

- 70% indicated that less than half of their rejections were due to past negative experience with the customer.
- 3% indicated that that more than half of their rejections were due to the borrower not being able to prove that they had sufficient income to cover the loan.
- 67% indicated that up to half of their rejections were because borrowers have too much outstanding debt with other lenders.
- Only 3% of reporting lenders indicated that poor banking history was a major reason for rejections

"We don't have a minimum; a customer can come in and borrow any amount as long as they pay the fee"

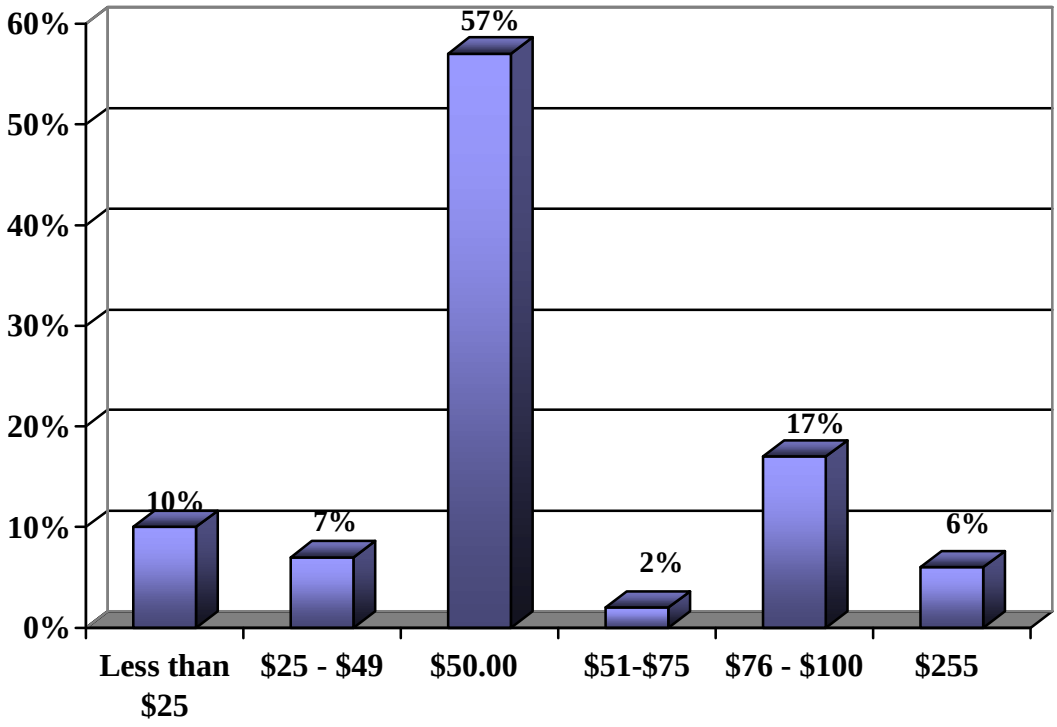
Lending Activities

Loan Limits

The Financial Code that governs deferred deposit lending states that borrowers can receive a check with a "maximum face amount of $300" with a fee not to exceed 15% of the face of the check. When asked what the minimum and maximum amounts customers could borrow (principal only):

- 57% of respondents indicated that $50.00 was the smallest amount any customer could borrow;
- 10% indicated that customers could borrow less than $25.00; and
- Twenty lenders (6%) responded that the minimum principal amount that could be borrowed was $255.00

Figure 4: Minimum Loan Amount Given by Lenders
n=342

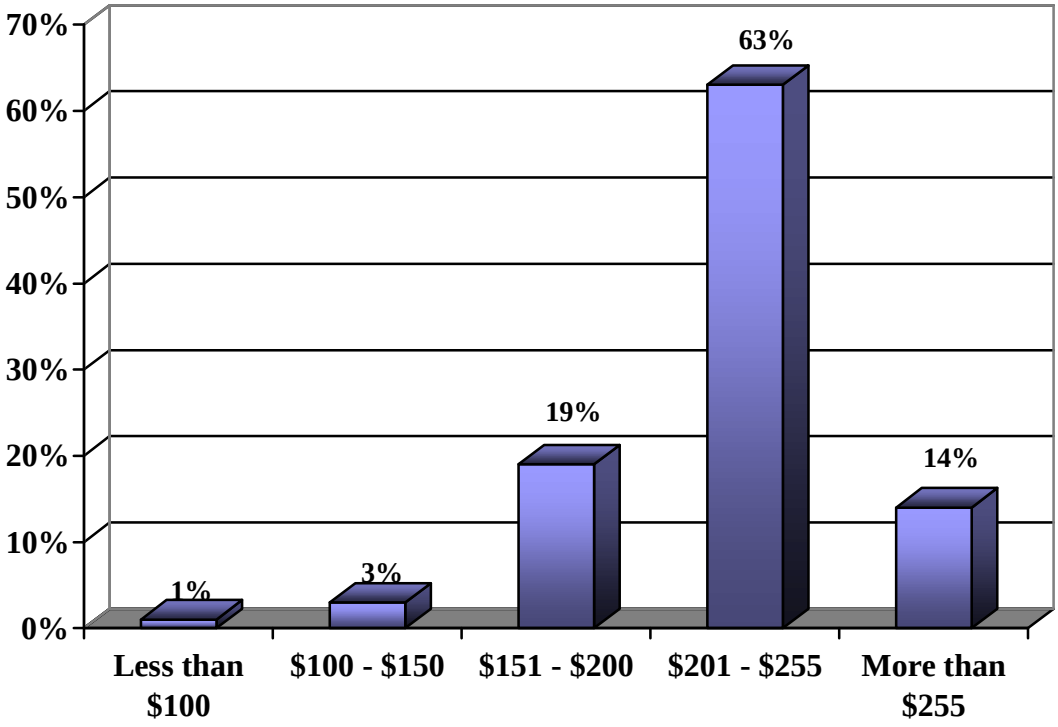


When asked about maximum loan amounts, 75% of lenders indicated that the maximum amount that could be borrowed at one time was $255.00.

Less than a third (14%) of lenders would lend between $256.00 and $275.00 which indicates that the maximum fee paid by most borrowers ranges between $25.00 and $45.00.

Just under two-thirds of all reporting lenders indicated that, on average, the loan amount borrowed was between $201 and $255.

Figure 5: Average Loan Amount Given by Lenders
n=321



Repeat Customers

Lenders report that almost half (48%) of their business comes from customers who had obtained between 2 and 9 loans during the 18 month study period.

Figure 6 presents the percentage of lenders' business based on the number of loans customers had taken in the 18 months prior to the study.

Figure 6: Percent of Repeat Customers by Number of Loans Taken

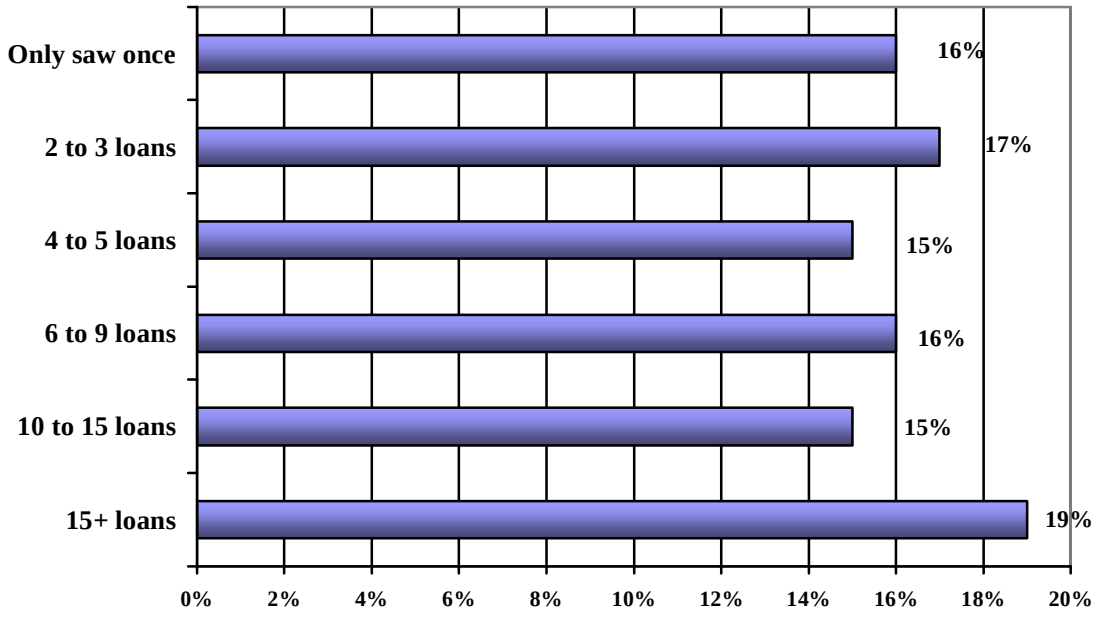


Table 11 below shows that :

- More than 70% of lenders report that more than half of the loans issued in the 18 months preceding the survey were paid back on time as agreed.
- Less than ten percent of responding licensees report a default rate greater than 25%

Table 11: Percent of "Good Pays" Reported by Lenders

Percentage of "Good Pays"	Total Reporting	Total Percent
Less than 10%	6	2%
10% - 25%	18	5%
26% - 50%	57	16%
51% - 75%	96	28%
76% - 100%	169	49%
Total	346	100%

"We consider a loan defaulted after all attempts to collect have failed"

Depending upon the income source, we reduce the amount due by 1/3rd payment and provide due dates of subsequent pay dates from one week to one month for each third payment.

"If they are having so much difficulty repaying the loan, we do not want to add to their financial hardship."

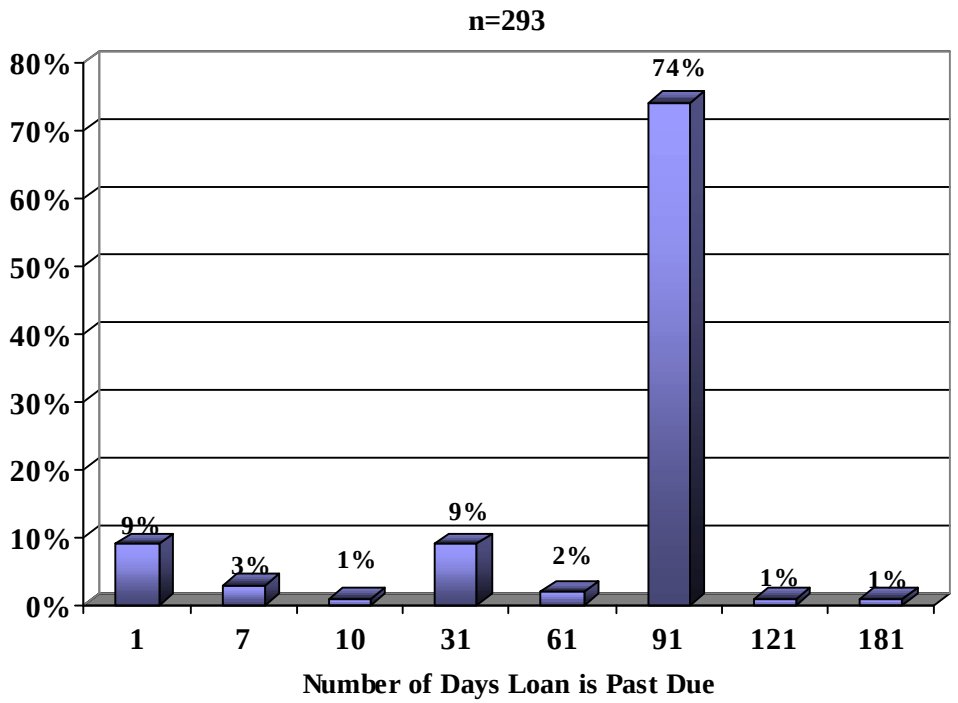
Delinquent Loan and Collection Practices

- Two -thirds (66%) of all lenders have some definition of default that is used to gauge loan activity and delinquent accounts.

Of those who have a definition of what a delinquent loan is, almost three-quarters (74%) consider a defaulted loan as one that has been delinquent for 90 or 91 days and no arrangements have been made with the lender to pay back the loan.

The figure below presents the number of days past due for the 293 lenders who provided definitions of defaulted loans:

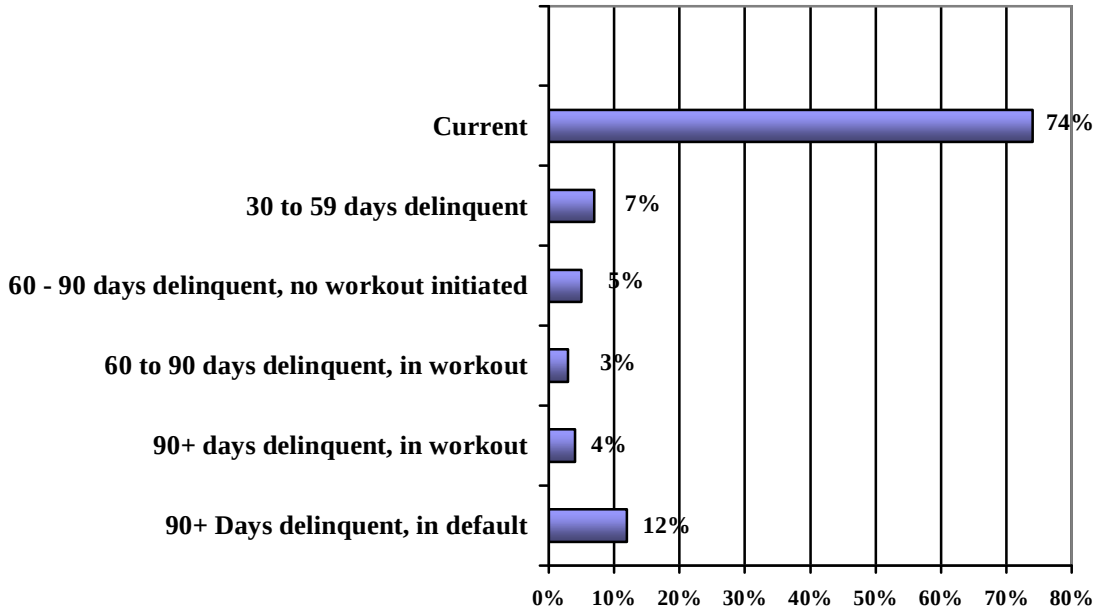
Figure 7: Lenders' Definition of Default



Delinquent loans are handled differently by each lender based on several factors that include the lenders relationship with the customer, circumstance(s) that may have caused delinquencies, and the amount of the delinquent loan. Most lenders with less than 20 locations indicated that they make every effort to work with the borrower to settle the debt before adverse actions are taken.

In reviewing the status of loans in an average month, licensees reported that 74% of their loans were "current" and in good standing and that at least nine percent of delinquent loans were loans where the customers had entered into some type of payment arrangement. The figure below presents the loan status of accounts in an "average month" as defined by lenders.

Figure 8: Percent of Outstanding Loans in an Average Month



Bad Debt and Operational Cost

When handling bad debt, most lenders charge off the debt after collection attempts by both internal and external sources have been made.

Table 12: Method of Handling Defaulted Loans

Method of Handling Defaulted Loans	Total	Percent Total
Written off as Bad debt/Charged off	257	72%
Forwarded to external collections company, but ownership of debt retained	171	48%
Reported to Credit Bureaus	67	19%
Handled by corporate/internal council	32	9%
Handled by corporate/internal collections	13	4%
Small Claims Court	12	3%
Sold to collections agencies/no judgment	10	3%
Total	**358**	**158%**

*Total equals more than 100% due to multiple responses by lenders

Overall, lenders reported over $129 million in bad debt. This included unpaid principal, unpaid loan fees and unpaid NSF fees. However due to several inconsistencies in reporting, where licensees with only one location reported losses in excess of $1.6 million dollars, averages based on lender size are not conclusive.

Based on licensees' reports, the majority of losses are due to borrowers not paying back the Principal and Fees associated with loans.

Table 13 presents the total losses reported by licensees in the major categories reported.

Table 13: Total Losses Reported by Licensees Over Past 18 Months

Category	Reported Losses	Percent of Losses
Unpaid Loan Balances (Principal)	$ 110,326,867.31	85%
Unpaid interest	$ 14,098,209.17	11%
Unpaid NSF Fees	$ 4,632,005.66	4%
Collection/court	$ 221,085.00	0%
Bank Fees	$ 19,985.00	0%
Other	$ 13,001.00	0%
Total	$ 129,311,153.14	100%

"If they bounce a check, we only charge them the $15.00 for the return check fee, but we are willing to work with them to get the loan paid off"

FC 23036 (b) A licensee may allow an extension of time, or a payment plan, for repayment of an existing deferred deposit transaction but may not charge any additional fee or charge of any kind in conjunction with the extension or payment plan."

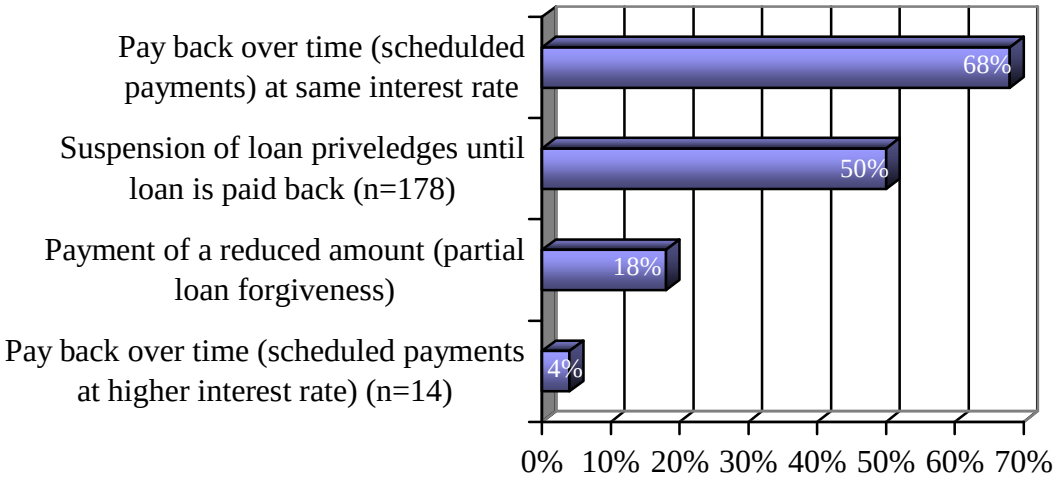
Repayment Options for Delinquent Loans

For borrowers who do not payback loans as agreed, many lenders allow borrowers to pay back loans over time or at a reduced rate. Of the 356 lenders who responded, 87% indicated that they offer arrangements where borrowers are allowed to pay back funds at an agreed upon rate or payment schedule.

Overall, lenders report that about 20% of loans issued during the period preceding the 18 month study period required some type of arrangement.

When asked what types of arrangements were offered, more than two-thirds of respondents indicated that they allowed delinquent borrowers to pay back their loans over time with no additional fees or charges.

Figure 9: Types of Workout Arrangements Offered



When asked if a fee was charged to enter into a work out arrangement, 100% of respondents reported that there was no fee assessed to make a payment arrangement agreement.

Non-Sufficient Funds

When asked what percent of loans made during the 18 month study period involved checks that were returned for Non-Sufficient Funds (NSF):

- 22% of those who responded reported that less than 10% of their loan transactions are returned because the borrower did not have sufficient funds available to cover the face value of the check.
- 17% report that between a quarter and one-half of their transactions are returned NSF; and
- Less than 10% report a return rate larger than 50%.

Table 14: Percent of Loans that Involved Insufficient Funds
n=209

Percentage of Returned Checks	Total Lenders	Total Percent
Less Than 10%	45	22%
10%	27	13%
11 - 25%	82	39%
26% - 50%	36	17%
51% - 75%	16	8%
More than 75%	3	1%
Totals	**209**	**100%**

To avoid future returned check occurrences with customers, 52% of lenders require that customers repay loans in cash only. Four percent revoke or reduce borrowers loan privileges while 34% take no measures at all to prevent future returned checks.

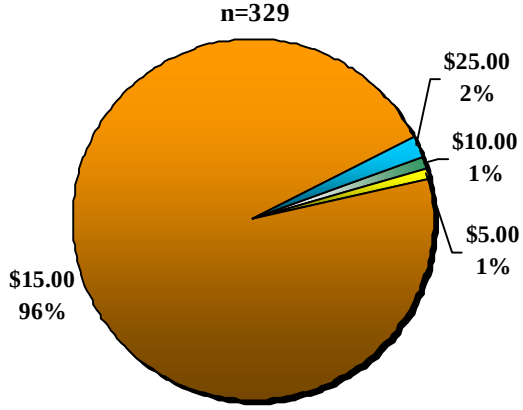
Many lenders report that once a relationship is built with the borrower, a simple reminder call or warning prevents customers from continually bouncing checks. Rather than depositing the checks on the day loans are due, customers are allowed to bring in cash and their check is returned to them.

- Out of 358 respondents only 17 (5%) do not charge NSF fees.

Figure 10: Return Check Fees Charged

Those who collect returned check fees and reported a returned check fee amount:

2	(1%) charge	$ 5.00
3	(1%) charge	$10.00
317	(96%) charge	$15.00
7	(2%) charge	$25.00



FC 23036 (e) A fee not to exceed fifteen dollars ($15) may be charged for the return of a dishonored check by a depositary institution in a deferred deposit transaction.

Customer Notice:
Payday advances should be used for short-term financial needs only, not as a long-term financial solution. Customers with credit difficulties should seek credit counseling.

Responsible Lending Information

Lenders can make available information on responsible borrowing practices at each of their locations. Considered the "customer notice" by the Community Financial Services Association of America (CFSA), in its Best Practices Guidelines, the notice is to be used to inform customers that payday loans are not solutions to credit challenges, but are to be used in emergency situations only.

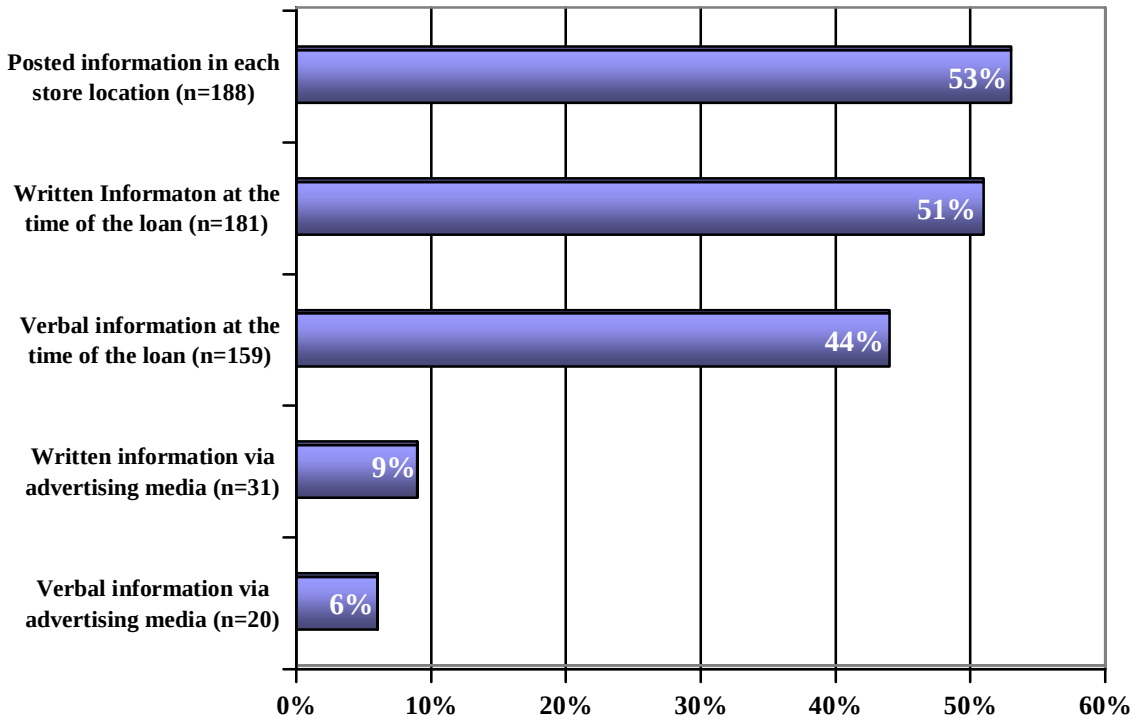
When asked if responsible borrowing information was provided, 260 (73%) of the 357 respondents indicated that they provided the suggested material.

Table 15: Number of Lenders Who Provide "responsible borrowing" Information to Customers
n=357

Yes	260	72.6%
No	97	27.1%

Of those who provided the information, most posted the information in each store location or provided written material at the time of the loan.

Figure 11: Type(s) of Responsible Borrowing Information Provided to Customers



California Department of Corporations 2007 Payday Loan Study

Customer Study

Deferred Deposit Transaction Customers

Major Purchases and Borrowing (blinding questions)

Before questions about payday loans were broached, some basic questions were asked about behavior in terms of everyday purchases of "big-ticket" items – those items that are expensive and may have implications in terms of long-term debt. Respondents were asked if they had made any "major" purchases in the previous 18 months, to gauge spending habits, types of credit used and sought, and to "blind" the survey so that the respondent did not know the study was being conducted specifically with payday loan customers.

Less than 5% of respondents indicated that they had recently purchased a home.

Overall, 26% of respondents had purchased an automobile during the 18 month period preceding the study and over a third had purchased "big ticket" items for entertainment purposes (stereo, television, game system). Although the majority (54%) of respondents had made no major purchases during the study period, of those who did 45% had made more than one major purchase. **Tables 16** and **17** present the distribution of purchases made by respondents and statistics of how many major purchases had been made overall.

Table 16: Recent Purchases by Payday Borrowers (unweighted)

Purchase?	House	Car	Appliance	Stereo	Game
No	1,451	1,108	1,267	1,227	1,247
Yes	43	386	227	267	247
Total	1,494	1,494	1,494	1,494	1,494
Percent Purchased	2.9%	25.8%	15.2%	17.9%	16.5%

Table 17: Multiplicity of Purchases by PayDay Borrowers (weighted)

	Frequency	Percent
None	799	53.5
One	384	25.7
Two	181	12.1
Three	100	6.7
Four	29	1.9
Five	2	0.1
Total	1,494	100.0

After identifying the type and number of major purchases obtained, respondents were asked about how they paid for their purchases. Respondents were asked whether they had paid cash (or used a credit card, which was treated as similar to a cash purchase), arranged financing, or obtained a loan. If the purchaser arranged financing or obtained a loan, the purchaser was asked how financing was obtained.

- More than half of all respondents who stated that they had purchased a home, vehicle or major appliance indicated that they had made some type of cash down payment and either arranged financing or got a loan.

- 55% of respondents who had obtained financing reported that they had financed their purchase with the dealer or store where the item was purchased.

- The second most used method of financing was through a bank or credit union (30%).

- Of those who had purchased "non-essential" items such as stereos, televisions and gaming systems, 14% had either arranged for financing or got a loan to make the purchase.

Tables 18 and 19 present the distribution of financing sources as reported by respondents and the sources of funding for individuals who had borrowed the money needed to complete their purchase.

Table 18: Sources of Financing for Purchasers Who Arranged for Financing for Purchase

Arranged for Partial or Total Financing for Purchase	Frequency	Percent	Percent Based on Responses
Dealer or store	140	9.4	54.8
Bank	56	3.7	21.9
Credit Union	21	1.4	8.0
Another type of finance company	28	1.9	10.9
Other - please specify	9	0.6	3.5
Do not know/cannot remember	2	0.1	0.8
Subtotal	256	17.1	100.0
Missing	1,238	82.9	
Total	1,494	100.0	

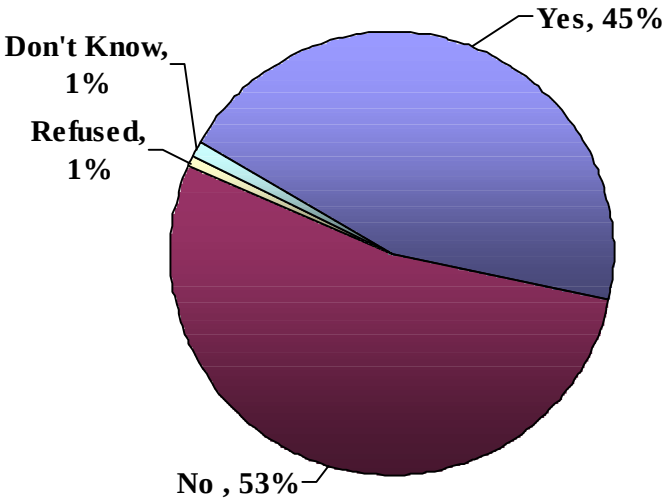
Table 19: Sources of Lending for Purchasers Who Arranged for Loans for Purchase

Arranged for a Loan	Frequency	Percent	Percent Based on Responses
Dealer or store	27	1.8	27.3
Bank	36	2.4	36.1
Credit Union	12	0.8	11.7
Another type of finance company Payday lender	8	0.5	7.7
Another type of finance company Not a payday lender	9	0.6	9.1
Refused	4	0.3	3.9
Do not know/cannot remember	4	0.3	4.2
Subtotal	100	6.7	100.0
Missing	1,394	93.3	
Total	1,494	100.0	

Payday Loan Verification Responses

Although all 1,494 individuals who participated in the study had obtained a payday loan during the 18 month period that preceded the study, less than half (45%) admitted to haveing taken one.

Figure 12: Verification of Payday Lending Activities with Borrowers n=1,494



Many of those who said they had not obtained a payday loan had made multiple big-ticket purchases. However, a larger proportion of respondents who said they made no purchases did not admit to taking a payday loan. Table 20 shows the distribution of these counts. Since all respondents were individuals who had taken payday loans, it is possible that those who both denied taking loans and indicated that they had made no major purchases are more reluctant to discuss purchases and other financial information.

Table 20: Number of Purchases By Whether (Admitted) Obtained a Loan

	Obtain Payday Loan?				
Number of Purchases Made	**Yes**	**No**	**Refused**	**Do not know**	**Total**
None	39.7	58.1	1.0	1.1	100.0
One	53.5	45.2	0.5	0.8	100.0
Two	49.2	50.3		0.6	100.0
Three	49.0	48.0	1.0	2.0	100.0
Four	60.7	39.3			100.0
Five	100.0				100.0
Total	45.5	52.7	0.7	1.0	100.0

In reviewing the demographics associated with the loan verification question, we find that:

- The higher the income stated, the more likely the respondent was to say that he/she not taken a payday loan;
- Younger respondents were less likely to admit to having taken a payday loan; and
- Hispanics were much less likely to admit to having a payday loan compared to Caucasians and Blacks.

Tables 21 – 22 present the response rates for each group based on their response to the verification question

Table 21: Income by Whether (Admitted) Obtained a Loan

	Obtain Payday Loan?				
Income	**Yes**	**No**	**Refused**	**Do not know**	**Total**
Under $10,000	34.4	64.6		1.0	100.0
$10,000 to $19,999	50.9	48.6		0.6	100.0
$20,000 to $29,999	54.1	45.5		0.5	100.0
$30,000 to $39,999	54.9	45.1			100.0
$40,000 to $49,999	47.2	49.4		3.4	100.0
$50,000 to $59,999	49.2	49.2	0.8	0.8	100.0
$60,000 to $69,999	38.2	60.3		1.5	100.0
$70,000 to $79,999	47.1	51.0		2.0	100.0
$80,000 to $89,999	32.3	67.7			100.0
$90,000 to $99,999	42.9	57.1			100.0
$100,000 and over	40.6	59.4			100.0
Refused	31.8	62.8	4.1	1.2	100.0
Do not know/cannot remember	37.5	62.5			100.0
Total	45.5	52.7	0.7	1.0	100.0

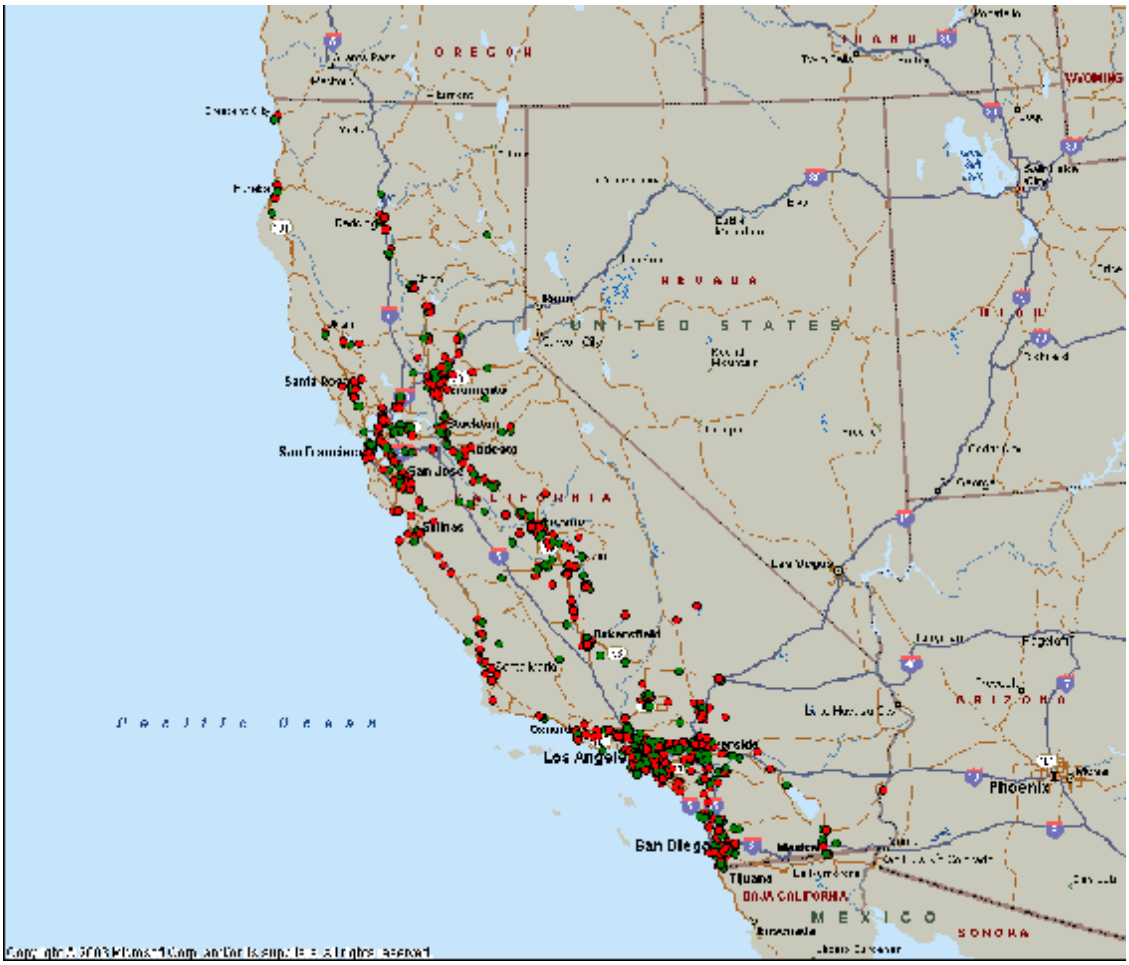
Table 22: Age by Whether (Admitted) Obtained a Loan

	Obtain Payday Loan?				
Age	**Yes**	**No**	**Refused**	**Do not know**	**Total**
LESS THAN 18		100.0			100.0
18 – 24	39.7	59.6		0.7	100.0
25 – 34	42.7	56.8	0.3	0.3	100.0
35 – 44	43.9	53.5	0.6	2.0	100.0
45 – 54	49.6	48.6	0.7	1.1	100.0
55 – 64	54.0	44.4		1.6	100.0
65 – 74	47.8	52.2			100.0
75+	13.6	81.8	4.5		100.0
Refused	49.3	43.7	7.0		100.0
Do not know/cannot remember	66.7	33.3			100.0
Total	45.5	52.7	0.7	1.0	100.0

Table 23: Race\ethnicity by Whether (Admitted) Obtained a Loan

	Obtain Payday Loan?				
Race \ ethnicity	**Yes**	**No**	**Refused**	**Do not know**	**Total**
Caucasian	50.9	47.3	0.4	1.5	100.0
Hispanic/Latino	37.1	61.0	0.7	1.1	100.0
Black or African American	48.7	50.2	0.7	0.4	100.0
Asian	55.3	44.7			100.0
American Indian/Aleut	48.4	51.6			100.0
Hawaiian or Pacific Islander	60.0	40.0			100.0
Other (Specify)	60.6	39.4			100.0
Refused	30.4	56.5	13.0		100.0
Total	45.5	52.7	0.7	1.0	100.0

The following map presents a graphic display of respondents and their response to the verification question. Green dots represent respondents who reported that they had in fact taken a payday loan during the previous 18 months. Red dots represent those who said they had not taken a loan.



"I've only been to the one location. They know me there and are very friendly."

Sample Weighting

In the loan verification screening questions if a respondent indicated that he/she had not taken a payday loan, the respondent was not asked any questions regarding payday loan experiences. Because of this, a large number of individuals are missing from the responses on the payday loan questions, and non-response in this area varies by demographic variables in the survey. To adjust for non-response bias, the responses from people who said they had a payday loan were reweighted to represent the total population of borrowers. The following sections present findings for both the actual sample surveyed and the weighted numbers that represent the total population.

Loan Companies Used and Introductory Experiences

Respondents were asked how many different lenders they used and how frequently they went to get a payday loan. However, it was also possible to link respondents back to their records on the files obtained from licensees. As presented in **Table 24**, 51% of respondents used a single location for obtaining a loan. Of those who had used more than one location, a smaller proportion (44%) had visited only two locations and 56% had used more than two.

Table 24: Number of Different Lending Companies Used

Number	Population – all accounts from Lenders		Sample – Subset Selected who Responded	
Accounts	Individual Accounts	Percent	Respondents	Percent
1	860,711	75%	758	51%
2	166,671	15%	323	22%
3	62,651	5%	180	12%
4	27,714	2%	105	7%
5	13,288	1%	54	4%
6	6,606	1%	26	2%
7	3,228	0%	19	1%
8	1,604	0%	16	1%
9	744	0%	5	0%
10	417	0%	3	0%
11	165	0%	2	0%
12	112	0%	2	0%
13	60	0%	1	0%
14	23	0%		
15	16	0%		
16	13	0%		
17	2	0%		
18	3	0%		
19	1	0%		
20+	3	0%		
Total	1,144,032	100%	1,494	100%

In an effort to understand how borrowers chose the lender they used, respondents were asked to identify all the sources they used to find information about lenders; some respondents gave as many as three sources. Overall, "Saw a pay-day location and went in" was the way the majority of respondents (24.4%) found out about the lender they used. "Word of mouth/Referred by a friend or relative" (21.7%) were almost equally mentioned first among respondents when asked how they found out about the lender. Although most lenders advertise in the local directory (Local Phone Directory 70%) only 5% of respondents reported using the local telephone directory as a method of finding a payday loan location.

Table 25: How Respondent Found Out About the Payday Lender

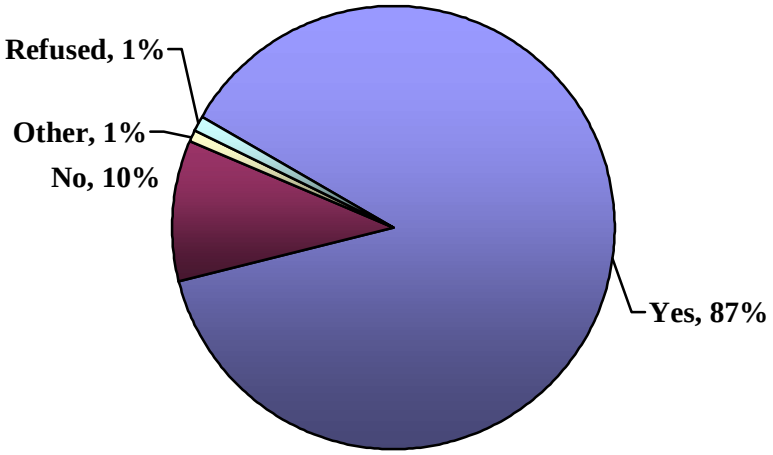
How Respondent Found Out About Payday Lender	First Mention		Second Mention		Third Mention	
	Fre-quency	Percent	Fre-quency	Percent	Fre-quency	Percent
Saw a pay-day location and went in	164	24.1	8	1.1	1	0.1
Word of mouth / Referred by friend or relative	147	21.7	13	1.9	3	0.4
TV Advertisement	114	16.8				
Other - please specify	76	11.2	9	1.3		
Found in the local telephone directory	36	5.3	2	0.3		
Saw it as an Internet pop up	34	5.0	7	1.0	1	0.2
Billboard	32	4.8	7	1.0		
Local paper advertisement	24	3.5				
Looked up the company on the Internet	17	2.4	4	0.6		
Received mail advertisement	9	1.3	2	0.2		
Radio Advertisement	7	1.0	6	1.0		
Received direct mailing from a specific location	3	0.4				
Major periodical / news paper	2	0.3				
Refused	6	0.9	57	8.4		
Do not know/cannot remember	8	1.2				
Total	679	100.0				

"They are everywhere, you can't miss them."

Sources of Income

To identify what monies were being used to repay loans, respondents were asked questions about the income they received, the frequency of payment and the types of income received. Most borrowers (87%) have a regular income and receive a regular pay check.

Figure 13: Respondents Who Receive a Regular Income



**Total does not add to 100% due to rounding*

The largest number of respondents (36%) are paid "every other week" while more than a quarter (27%) receive payment only once a month. With more than 70% of the payday loan population reporting that they receive a payroll check from a job the indication is that a large portion of borrowers are employed by agencies where payroll payments are made once a month. When analyzing the types of checks received, slightly more than a tenth (11%) reported receiving Government assistance checks (General Relief/Social Security) where payments are made at the beginning of each month. In focus group discussions, individuals who received SSI and other monthly disbursements indicated great difficulty managing funds in a manner that would cover all of their monthly expenditures and noted that payday loans were the way of "making it to the end of the month".

The tables on the following page present the frequency of income received and the types of income received.

Table 26: Frequency of Paycheck or Regular Income for Respondent

Frequency of Paycheck or Regular Income	Frequency	Percent
Weekly	88	13.0
Every other week	213	31.3
Twice a month	112	16.4
Once a month	158	23.3
Other - please specify	3	0.5
Refused	18	2.7
Do not know/cannot remember	8	1.1
Subtotal	600	88.3
Not Asked	79	11.7
Total	679	100.0

Table 27: Source of Paycheck or Regular Income for Respondent

	First Mention		Second Mention		Third Mention	
Types of Income Received	Frequency	Percent	Frequency	Percent	Frequency	Percer
Payroll check from a job	501	73.7				
Government assistance check (General Relief/Social Security)	72	10.6	12	1.8		
Retirement Check	20	2.9	12	1.8		
Annuity/structured settlement	2	0.3				
Disability	33	4.9	11	1.6	4	0.5
Other - please specify	12	1.7	4	0.6		
None	13	2.0				
Refused	24	3.5				
Do not know/cannot remember	2	0.3				
Total	679	100.0				

Borrowing Activities

To understand the borrowing behaviors of payday loan customers, several questions were asked about the amounts borrowed, reasons for borrowing and how frequent loans were obtained.

Table 28 shows that:

- Overall, 50% of borrowers indicated that they usually took payday loans to pay other bills.
- Twenty-two percent indicated that they used the funds to cover household needs such as groceries; and
- Although almost all advertising linked to payday lending stresses that borrowers should only borrow in emergency situations, only 10% indicated that they borrow only in emergency situations.

Table 28: Uses of the Payday Loan Cited by Borrowers

	First Mention		All mentions	
Use for a Payday Loan	**Frequency**	**Percent**	**Frequency**	**Percent**
Pay other bills	341	50.2	411	47.7
Groceries / necessary household goods	151	22.3	151	17.6
Only emergency situations	70	10.3	119	13.8
Other - please specify	52	7.7	68	7.9
Car repairs	13	1.8	32	3.7
Pay for doctor / dentist / medical services	18	2.6	30	3.4
Buy appliances / TV / DVD / Other consumer goods	5	0.7	15	1.7
To pay off other loans	6	0.9	12	1.3
Refused	19	2.8	19	2.2
Do not know/cannot remember	4	0.6	4	0.5
Total	679	100.0	862	100.0

Respondents could list multiple uses of their payday loan. The first mention in a question of this type is typically considered the most important ("top of mind") and so is tabulated separately. However, some respondents had more than one use that they mentioned, and so additional uses are tabulated on the right side of Table 28.

When asked what other options were considered as sources of financial assistance before the payday loan was taken, almost four out of every 10 respondents (37%) indicated that "No other option was considered". Table 29 shows that after "no option", 27% of respondents indicated that they considered borrowing the money they needed from family or friends before they took the loan.

Table 29: Other Sources for Loans Considered Before Going to Payday Lender

Other Options for Obtaining Money	Frequency	Percent
Borrow money from family/friends	187	27.5
Wait until next payday	69	10.2
Do not know/cannot remember	43	6.3
Other - please specify	36	5.3
Pawn Shop	25	3.7
Borrow money from a bank	24	3.6
Refused	23	3.3
Borrow money from employer	18	2.6
Total	**679**	**100.0**

Amounts Borrowed

Respondents were asked about the smallest and largest amounts that they borrowed. The following tables present what the full responses were, but in some cases it is obvious that a loan amount reported wasn't possible. At the same time, some of the largest amounts reported were also out of line for a payday loan as the Financial Code that governs the payday loan industry states that the face value of any check cannot exceed $300.00. Tables 30 and 31present the percentile distributions for the full range of responses, as well as mean values.

Means were recalculated for the smallest and largest amounts borrowed, with the bottom and top one percent eliminated from the calculation (a truncated mean). The standard error of the mean was also calculated on the truncated mean and used to calculate a 95% confidence level.

Table 30: Largest and Smallest Loan Reports

		Percentiles									
	Minimum	1	5	10	25	50	75	90	95	99	Maximum
Smallest Loan	$2	$40	$50	$50	$100	$150	$250	$300	$300	$500	$2,600
Largest Loan	$30	$100	$150	$200	$250	$255	$300	$354	$653	$2,500	$8,000

Table 31: Largest and Smallest Loan Truncations

						95% Confidence Interval	
	N	Mean	Std. Deviation	Truncated Mean	Std. Error	Lower Bound	Upper Bound
Smallest Loan	647	$177.54	$200.73	$161.98	$25.99	$111.04	$212.92
Largest Loan	644	$334.62	$446.07	$317.57	$14.50	$289.15	$345.98

When analyzing the individual responses of respondents, 45% indicated that the smallest amount borrowed was $100 or less and 57% indicated that the maximum amount they had borrowed was the maximum amount allowed ($255).

"I got the loan, but it was not enough to get what I needed so I still ended up short on my bills."

Borrowers were asked whether the amounts they borrowed were the amounts needed, or above or below the minimum or maximum required by the lenders. Over 60% of respondents indicated that the amount they borrowed was what they needed when reporting the minimum amount borrowed (79%) and the maximum amount borrowed (63%).

When reporting maximum amounts borrowed, if the amount borrowed was not the amount needed, respondents were asked if the amount borrowed was the most the lender would loan them.

- Almost a third, (32%) of respondents indicated that the maximum amount they borrowed was the most the lender would loan them.

These respondents were asked identify the source or sources used to obtain the remaining money needed and most either borrowed the money from family or friends or reported that they did not get the rest of the money needed.

Tables 32 and 33 present the responses to the questions of need vs. amount borrowed and in the cases where the need exceeded the amount borrowed, how respondents obtained the additional funds.

Table 32: Whether the Amount Borrowed Was the Amount Needed or the Minimum \Maximum Required by the Lender

Amount Needed or Minimum Required?	Frequency	Percent
It was the amount I needed	535	78.8
The lender required I borrow at least that much	126	18.6
Refused	7	1.1
Do not know / cannot remember	10	1.5
Total	**679**	**100.0**

Table 33: Whether the Amount Borrowed Was the Amount Needed or the Minimum \ Maximum Required by the Lender

Amount Needed or Maximum Allowed?	Frequency	Percent
It was the amount I needed	430	63.3
It was the most the lender would loan me	219	32.2
The lender offered me more than I needed	17	2.5
Refused	10	1.5
Do not know / cannot remember	4	0.6
Total	**679**	**100.0**

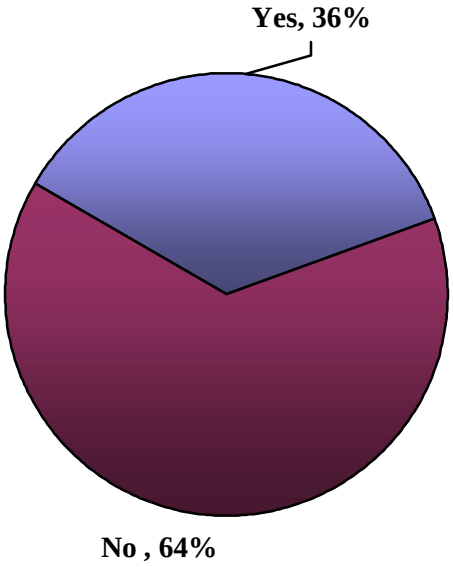
Table 34: Source of the Rest of Money Needed if Borrower Needed More

Source for Rest of Money Needed	Frequency	Percent
Borrowed the money from family/friends	54	8.0
I did not get the rest of the money I needed	51	7.5
Waited until the next payday	35	5.1
Went to another payday lender	23	3.3
Other - please specify	20	2.9
Borrowed the money from a bank	5	0.8
Went to a pawn shop	5	0.7
Used a credit card	3	0.5
Borrowed the money from employer	3	0.4
Used overdraft protection or overdrew my checking account	1	0.2
Took a cash advance from a credit card	1	0.1
Refused	7	1.1
Do not know/cannot remember	11	1.6
Total	219	32.2

Experience with Borrowing from More than One Site

Although only 10% of respondents reported that they "went to another payday lender" when one location could not meet their need, the chart below shows that 36% indicated that they had obtained a loan from more than one payday loan location at the same time.

Figure 14: Borrowers Who Have Used More Than One Payday Location



"My loan was due and I could not pay it and a friend told me to just go to another company because they did not track loans between companies."

When asked why they had obtained more than one loan, **Table 35** shows that

- 73% said that they needed more money than one location would loan them at one time.
- 12% percent indicated that they needed more money before the loan with the first company could be paid off; and
- 11% percent said that they used one loan to pay off another

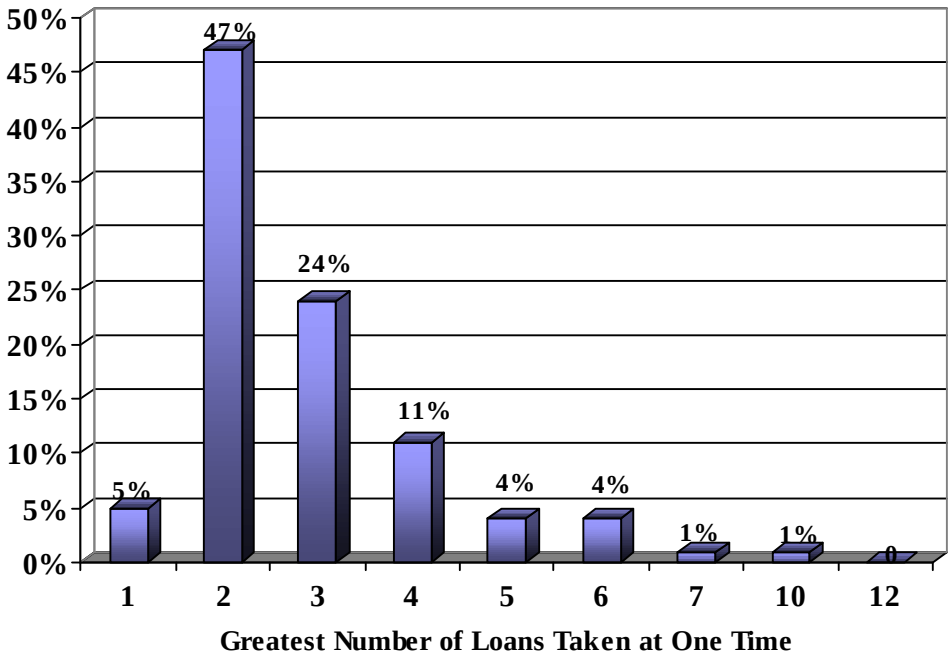
Table 35: Reason for Using More Than One Payday lender

Reason for using more than one payday lender	Total Responded	Total Percent
Needed more money than one store could loan at one time.	184	73%
Needed more money before the first payday loan could be repaid	31	12%
Needed the money to pay off another payday loan	27	11%
Other	10	4%
Total	252	100%

Figure 15 shows that of those who had taken more than one loan at a time:

- 47% reported that the maximum number of loans they had taken at one time was two;
- 35% said that they had taken between three and four loans at the same time.
- Ten respondents said that they had taken up to six loans at the same time and;
- The maximum number of loans reported at the same time was 12.

Figure 15: Largest Number of Loans Taken at One Time
n=226



Calculating APR on a deferred deposit transaction:

Finance Charge ÷ Amount Financed ÷ Number of Loan Days x 365 Days in a Year x 100 (for conversion to a percentage rate) = APR

"I don't know what the interest rate is on what I get, I just know I pay $45 each time I take the max. They tell me how much I pay if I take less than the max, but I don't know how it's calculated."

Understanding the Cost of Borrowing

Section 23035(d)(2) of the California Financial Code states that lenders clearly and conspicuously post, "The schedule of all charges and fees to be charged on those deferred deposit transactions with an example of all charges and fees that would be charged on at least a one-hundred-dollar ($100) and a two-hundred-dollar ($200) deferred deposit transaction, payable in 14 days and 30 days, respectively, giving the corresponding annual percentage rate." The February 2007 Deferred Deposit Originator Bulletin states that the purpose of using annual percentage rate (APR) is to both calculate the total cost of borrowing and make it easier to compare lenders and loan options.

To understand if customers had a true understanding of the cost of the money they were borrowing and how they were made aware of fees and APR's, respondents were asked about the last payday loan obtained, the amount of the loan, the interest rate or APR associated with that loan, and their knowledge and understanding of the fees that were charged.

As was observed in earlier questions regarding minimum and maximum loan amounts borrowed, some respondents were confused and reported values outside a reasonable range for responses.

The truncated mean was computed by eliminating values at the ends of the distribution of values reported, those that were below a reasonable amount to borrow (e.g. $2) or those above a reasonable amount to borrow (above $2,600). By truncating only the bottom and top one percent of responses, a reasonable average loan amount of about $251 can be calculated plus or minus approximately $17 for a 95 percent confidence interval around this value.

Respondents were also asked about fees and interest rates associated with the loans they had recently taken. These amounts also showed some unusual responses, especially with respect to interest rates where many respondents declined to answer and many others seemed to not know what the interest rate was. This uncertainty was also reflected in the focus groups conducted with a subset of respondents where respondents could articulate the total amount of the fee that was paid on the loan (e.g. $45.00 in fees on $255 borrowed), but did not know what the interest rate was.

For fees, the bottom and top one percent were truncated in the calculation of the mean, as before, but there was little change in the mean since, for the most part, fees were reported quite accurately. Interest rates, however, were extreme in their range. The bottom one percent of reported interest rates were truncated as well as any interest rate reported above 100%. Note also that only 165 respondents answered the interest rate question, even though this was asked of all respondents who had a payday loan.

The full distribution (in percentiles) of responses for questions regarding the last loan amounts, fees on the last loan and interest rates on the last loan are presented on the following pages along with the mean, truncated mean, standard error of the mean, and a 95% confidence interval around this mean.

Last Loan Amount

	Minimum	Percentiles 1	5	10	25	50	75	90	95	99	Maximum
Last Loan Amount	$2	$50	$100	$100	$200	$255	$260	$300	$350	$2,551	$92,508

	N	Mean	Std. Deviation	Truncated Mean	Std. Error	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Last Loan Amount	647	$719.13	$6,317.95	$250.98	$8.49	$234.34	$267.62

Fees on Last Loan Taken

	Minimum	Percentiles 1	5	10	25	50	75	90	95	99	Maximum
Fees on Last Loan	$1	$1	$2	$4	$25	$44	$45	$50	$75	$100	$100

	N	Mean	Std. Deviation	Truncated Mean	Std. Error	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Fees on Last Loan	555	$36.59	$20.60	$36.77	$0.70	$35.39	$38.15

Interest Rate on Last Loan Taken

		Percentiles									
	Minimum	**1**	**5**	**10**	**25**	**50**	**75**	**90**	**95**	**99**	**Maximum**
Interest Rate on Last Loan	1.0%	1.0%	1.8%	2.2%	12.0%	35.0%	54.5%	370.7%	400.0%	601.3%	649.0%

						95% Confidence Interval	
	N	**Mean**	**Std. Deviation**	**Truncated Mean**	**Std. Error**	**Lower Bound**	**Upper Bound**
Interest Rate on Last Loan	165	86.2%	134.3%	28.1%	2.0%	24.1%	32.1%

When asked if they were aware of the fees on the loan they were taking before they took the loan, 92% of respondents said that they were aware of the fees.

When asked how they were made aware of the fees, 49% of respondents indicated that the lender told them either before or after the fees were asked about at the time the loan was taken. **Table 36** below shows that more than a third (36%) reported seeing the fee schedule posted within the loan location and less than five percent of respondents reported finding out about the fees by conducting their own research by either calling or looking on the internet.

Table 36: How Respondents Knew about Fees Prior to Taking Payday Loan n=611

	First Mention		All Mentions	
How Learned about the Fee	**Frequency**	**Percent**	**Frequency**	**Percent**
Payday lender told them, does not indicate they asked for it	255	37.6	255	37.3
It was posted on a board on the wall	199	29.3	249	36.4
Payday lender told them in response to their asking	67	9.9	82	12.0
Other - please specify	31	4.6	38	5.6
Talked with friends, family	15	2.2	21	3.0
Knew from previous loans made	14	2.1	17	2.5
Did research on the internet	10	1.4	13	1.9
Called lender in advance	7	1.0	9	1.4
I did not know what the fees were before I took the loan	3	0.5		
Refused	3	0.5		
Do not know/cannot remember	7	1.0		
Subtotal	611	90.0		

In addressing respondents knowledge of Annual Percentage Rates (APR), borrowers were asked if they knew how the fee they were paying would be calculated as an APR if the loan they were taking was a "regular" loan such as one taken from a bank or finance company. Sixty-eight percent of the 679 individuals asked indicated that they were aware of APR calculation.

Again, when asked how they were made aware of the interest rate, the majority of respondents reported that the lender told them directly either before or after they had asked about the APR connected to the loan.

Table 37: How Respondents Knew about Interest Rates Prior to Taking Payday Loan

	First Mention		All Mentions	
How Learned about the Interest Rate	**Frequency**	**Percent**	**Frequency**	**Percent**
Payday lender told them, does not indicate they asked	174	25.7	174	37.1
Payday lender told them in response to their asking	59	8.7	72	15.4
Called lender in advance	7	1.0	7	1.6
Did research on the internet	7	1.1	9	1.9
Talked with friends, family	4	0.7	6	1.4
Knew from previous loans made	8	1.2	14	3.0
Other - please specify	25	3.7	29	6.2
It was posted on a board on the wall	129	19.0	157	33.5
I did not know the interest rate before I took the loan	12	1.8		
Refused	1	0.2		
Do not know/cannot remember	29	4.3		
Subtotal	457	67.3		

The final questions in this section asked if the respondent had ever decided not to take a payday loan because of the fees or the interest rate, and if so, what alternatives they they used.

Less than 30% had ever decided not to take the loan because of the fee or interest rate associated with the loan. Table 38 on the following page shows that for those who decided to explore other options "Borrowed money from family/friends" was the alternative source most reported.

Table 38: Had Respondent Decided Not to Take a Payday Loan Because of Fees or Interest

Decided Not to Take Payday Loan because of Interest or Fee	Frequency	Percent
Yes	181	26.7
No	476	70.2
Refused	6	0.9
Do not know/cannot remember	15	2.2
Total	679	100.0

Table 39: If Payday Loan Not Taken, What Alternative was Used

	First Mention		All Mentions	
Options Used if Decided Not to Take a Payday Loan	Frequency	Percent	Frequency	Percent
Pawn Shop	7	1.0	7	3.9
Borrow money from family/friends	83	12.2	84	47.5
Borrow money from employer	4	0.6	7	4.1
Borrow money from a bank	4	0.5	6	3.2
Wait until next payday	47	6.9	66	37.5
Other - please specify	3	0.4	7	3.8
None - I have never used another option	31	4.5		
Refused	3	0.4		
Do not know/cannot remember	1	0.1		
Subtotal	181	26.7		
Missing	498	73.3		
Total	679	100.0		

Delinquent Loans, Late Fees and Payment Arrangements

The Deferred Deposit Transaction Law is very specific on what fees and actions may be taken with borrowers who are either delinquent on a loan or present checks that are returned for Non-Sufficient Funds.

The last section of the questionnaire asked how frequently a borrower had been late with a payday loan payment and what the consequences were for being late or for paying with a not sufficient funds (NSF) check. Again, some of the respondents were overly exuberant in their response, as the number of late fees they reported (50 or 60) was greater than the largest number of loans any person in the population had during the last 18 months.

Although the Financial Code governing the management of payday loans prohibits the assessment of any fee other than a returned check fee, **Table 40** below shows that:

- Even though 75% of respondents report never having paid a late fee on a payday loan, 104 respondents reported having paid late fees on a loan.
- Of those 104 individuals who reported paying a fee, the majority reported paying $15.00 which is the allowable fee for returned checks.

This indicates that when fees were assessed, respondents may not understand that they are not being charged a late fee, but only the fee on returned check items.

Table 40: Respondent Reports of Frequency of Having to Pay a Late Fee

Times Had to Pay a Late Fee	Frequency	Percent
0	510	75.1
1	57	8.4
2	26	3.8
3	11	1.7
4	1	0.1
5	3	0.5
6	1	0.2
18	1	0.1
50	2	0.3
60	2	0.2
Subtotal	613	90.3
Missing	66	9.7
Total	679	100.0

Table 41: Respondent Reports of Size of Largest Late Fee Paid

Largest Late Fee That Respondent Had to Pay	Frequency	Percent
$1.00	2	0.2
$1.25	1	0.1
$1.75	2	0.3
$2.80	1	0.1
$3.89	1	0.1
$5.00	2	0.3
$5.25	2	0.2
$9.00	1	0.1
$10.00	2	0.2
$12.00	3	0.5
$12.45	1	0.2
$14.00	1	0.1
$15.00	33	4.9
$20.00	5	0.7
$25.00	6	0.8
$30.00	2	0.2
$35.00	3	0.4
$39.00	1	0.2
$40.00	3	0.4
$45.00	1	0.1
$50.00	6	0.8
$55.00	3	0.4
$60.00	1	0.2
$70.00	1	0.1
$80.00	2	0.2
$100.00	6	0.8
Subtotal	86	12.7
Missing	593	87.3
Total	679	100.0

Similarly, respondents were asked how frequently they had had an NSF fee and what the largest amount was that they had paid. Less than 2% of all respondents reported having to pay an NSF fee. Of those who did, most reported paying between $15.00 and $25.00 dollars in NSF fees when asked what was the largest amount they had paid in NSF Fees.

Table 42: Respondent Reports of Frequency They Had to Pay an NSF Fee
n=79

Times Paid an NSF Fee	Frequency	Percent
0	12	1.8
1	31	4.6
2	16	2.4
3	9	1.3
4	2	0.3
5	5	0.8
6	1	0.1
8	1	0.1
10	1	0.1
34	1	0.1

Table 43: Respondent Reports of Size of Largest NSF Fee Paid
n=72

Largest NSF Fee That Respondent Had to Pay	Frequency	Percent
$1.75	2	0.3
$3.00	1	0.1
$5.25	1	0.2
$12.00	1	0.2
$15.00	13	1.9
$16.00	1	0.1
$20.00	2	0.3
$22.00	2	0.3
$25.00	16	2.3
$26.00	2	0.4
$30.00	7	1.1
$32.00	2	0.4
$34.00	1	0.2
$35.00	9	1.4
$35.05	3	0.4
$45.00	2	0.2
$50.00	1	0.1
$60.00	2	0.2
$75.00	1	0.1
$90.00	2	0.3
$100.00	1	0.2

FC SECTION 23035-23038 (b) A customer who enters into a deferred deposit transaction and offers a personal check to a licensee pursuant to an agreement shall not be subject to any criminal penalty for the failure to comply with the terms of that agreement.."

For respondents who had paid with an NSF check, they were asked if they had ever been threatened with legal action, and if they had been, what action was threatened.

- Less than 20% reported ever having been threatened with legal action because of NSF activity with a lender

Table 44: Respondent Reports of Whether Threatened with Legal Action because of an NSF Payment
n=87

Threatened with Legal Action?	Frequency	Percent
Yes	17	2.5
No	68	9.9
Refused	1	0.2
Do not know/cannot remember	1	0.2

Of those who had been threatened with any type of legal action, "Criminal Action" was the most frequent response.

Table 45: Types of Threatened Action Reported
n=18

Types of Actions Threatened	Frequency	Percent
Criminal prosecution	9	1.3
Garnishment of wages	1	0.1
NSF collection fees	1	0.1
Transfer account to a collection agency	1	0.1
Other - please specify	5	0.7
Do not know/cannot remember	1	0.1

Respondents were asked whether they had had to make payback arrangements for late loans, and if so what they were. As part of the payback arrangements, the borrowers were also asked if they had to pay a fee as part of the payback arrangement, and if so, how much.

Of those who reported having to make payment arrangements to pay back loans, the majority reported that they paid back the loan over time or were allowed to pay a smaller amount.

Table 46: Types of Pay Back Arrangements for Late Payments
n=109

Types of Payment Arrangements	Frequency	Percent of Total Population of Borrowers
Pay back over time (scheduled payments)	64	9.4
Payment of a lower amount	12	1.7
Suspension of loan privileges until loan was paid back	4	0.6
Other - please specify	23	3.4
Refused	3	0.4
Do not know/cannot remember	3	0.4

Most reported that they did not have to pay a fee to enter into the payback arrangement, but 3% of respondents reported that they had.

Table 47: Respondent Reports of Having to Pay Fees as Part of Pay Back Arrangement
n=108

Pay a Fee for Late Loan	Frequency	Percent
Yes	25	3.7
No	77	11.3
Refused	1	0.1
Do not know/cannot remember	5	0.8

Table 48: Respondent Reports of Amount of Fee Paid as Part of Pay Back Arrangement
n=14

Fee Paid for Late Payment Arrangement	Frequency	Percent
$5.25	2	0.3
$12.00	2	0.4
$15.00	5	0.8
$30.00	1	0.1
$35.00	1	0.1
$50.00	2	0.3
$75.00	1	0.1

Respondent Demographics

A number of demographic questions were asked in the survey. When looking at the loans obtained by borrowers, the demographic characteristics of the borrowers are summarized in the tables below. All 1,494 respondents were asked these questions and their answers represent the best information available on the characteristics of borrowers.

Table 49: Gender of Borrowers

Gender	Unweighted Frequency	Percent	Weighted Frequency	Percent
Male	601	40.2	684,896	40.2
Female	893	59.8	1,016,787	59.8
Total	1,494	100	1,701,683	100.0

Table 50: Race and Ethnicity of Borrowers

Race\Ethnicity	Unweighted Frequency	Percent	Weighted Frequency	Percent
Caucasian	533	35.7	603,473	35.5
Hispanic	541	36.2	619,000	36.4
Black	275	18.4	313,490	18.4
Asian	38	2.5	43,416	2.6
American Indian	31	2.1	34,917	2.1
Hawaiian or Pacific Islander	20	1.3	23,003	1.4
Other	31	2.2	35,576	2.1
Refused	23	1.5	26,460	1.6
Total	1,494	100	1,701,683	100.0

Table 51: Age of Borrowers

Age	Unweighted Frequency	Percent	Weighted Frequency	Percent
LESS THAN 18	3	0.2	3,587	0.2
18 - 24	137	9.1	155,656	9.1
25 - 34	368	24.6	418,667	24.6
35 - 44	353	23.6	401,791	23.6
45 - 54	280	18.7	318,785	18.7
55 - 64	189	12.7	215,806	12.7
65 - 74	68	4.5	77,008	4.5
75+	22	1.5	25,211	1.5
Refused	72	4.8	81,551	4.8
Do not know/cannot remember	3	0.2	3,619	0.2
Total	1,494	100.0	1,701,683	100.0

Table 52: Education of Borrowers

Education	Unweighted Frequency	Percent	Weighted Frequency	Percent
Less than High School graduate	145	9.7	164,766	9.7
High school graduate / GED	500	33.5	569,763	33.5
Some college	437	29.3	498,101	29.3
College graduate	272	18.2	309,388	18.2
Post graduate degree	51	3.4	57,724	3.4
Trade/business school graduate	22	1.5	25,585	1.5
Refused	63	4.2	71,927	4.2
Do not know/cannot remember	4	0.3	4,429	0.3
Total	1,494	100.0	1,701,683	100.0

Table 53: Reported Income of Borrowers

Income	Unweighted Frequency	Percent	Weighted Frequency	Percent
Under $10,000	96	6.4	109,365	6.4
$10,000 to $19,999	174	11.6	197,703	11.6
$20,000 to $29,999	219	14.7	249,596	14.7
$30,000 to $39,999	233	15.6	265,213	15.6
$40,000 to $49,999	177	11.8	201,251	11.8
$50,000 to $59,999	118	7.9	134,727	7.9
$60,000 to $69,999	68	4.6	77,920	4.6
$70,000 to $79,999	50	3.4	57,304	3.4
$80,000 to $89,999	31	2.1	35,331	2.1
$90,000 to $99,999	14	1.0	16,375	1.0
$100,000 and over	32	2.1	36,009	2.1
Refused	242	16.2	275,368	16.2
Do not know/cannot remember	40	2.7	45,522	2.7
Total	1,494	100.0	1,701,683	100.0

Table 54: Occupation of Borrowers

Occupation	Unweighted Frequency	Percent	Weighted Frequency	Percent
Unemployed	122	8.2	139,376	8.2
Retired	136	9.1	154,812	9.1
Business and financial operations occupations/banking	64	4.3	73,160	4.3
Computer technology	16	1.1	18,396	1.1
Engineering occupations	41	2.7	46,565	2.7
Casino and gamming professions	10	0.7	11,450	0.7
Community and social	14	1.0	16,498	1.0
Legal	17	1.1	19,292	1.1
Education	71	4.7	80,421	4.7
Arts, design, entertainment, sports, and media	15	1.0	17,127	1.0
Healthcare	103	6.9	117,311	6.9
Law Enforcement/Security	30	2.0	34,013	2.0
Food preparation and serving related occupations	50	3.3	56,469	3.3
Building and grounds cleaning/maintenance occupations	17	1.1	19,568	1.1
Personal care and service occupations - baby, senior ca...	32	2.2	36,866	2.2
Sales and related occupations	91	6.1	103,980	6.1
Office and administrative support/Secretary services	78	5.2	88,550	5.2
Farming, fishing, and forestry occupations	6	0.4	6,626	0.4
Construction and contracting	30	2.0	34,539	2.0
Maintenance, and repair services	35	2.4	40,295	2.4
Factory/Manufacturing	31	2.1	35,408	2.1
Transportation - Freight/trucking	32	2.1	36,385	2.1
Transportation - Bus, taxi, shuttle driver	15	1.0	17,045	1.0
Active Military	7	0.5	8,220	0.5
Student	38	2.6	43,555	2.6
Homemaker	45	3.0	50,804	3.0
Other - please specify	210	14.1	239,261	14.1
Refused	137	9.1	155,690	9.1
Total	1,494	100.0	1,701,683	100.0

Deferred Deposit Transaction Customers – Focus Groups

"At first I was afraid to come, I did not know what this was about"

"I really need the $40.00, I have NSF fees that need to be covered"

"I'm on a fixed income, it's impossible to make it on what they give us"

In order to further explore issues raised in the telephone survey, respondents from various areas of the State were invited to participate in a discussion group to talk about their experiences with payday loan companies and as payday loan customers. Over 60 participants were invited to attend one of five focus groups with the promise of a $40.00 cash incentive for participation and a light meal. Despite high commitment rates from telephone survey respondents, most focus groups had less than a 20% participation rate. Of those who attended the focus groups, many expressed concern and hesitation in attending due to the nature of the discussion topic.

Table 55: Focus Group Response Rates

Focus Group Location	Respondents Invited	Respondents Participating	Response Rate
Los Angeles	13	3	23%
Fresno	10	7	70%
Redding	15	2	13%
Sacramento	17	2	12%
San Diego	12	2	17%
Total	**67**	**16**	**24%**

Participant Demographics:

Gender
Male: 6
Female: 10

Ethnicity
Caucasian 8
Hispanic 4
African American 3
Native American 1

Employment Status
Employed 8
Disabled 3
Retired 1
Unemployed 4

Payday Loan Status
Currently Borrowing 12
No open Payday Loans 4

Although reported as a physical location customer in the initial customer download, one respondent indicated that she had only taken payday loans on line but was allowed to participate in the discussion as topics applied to her experiences.

Histories as Payday Loan Customers

When asked how long they had been payday customers, 5 of the 16 said that they had been payday loan customers for more than two years. Three indicated that they had been "on and off" customers for more than five years while the remaining eight indicated that they had just begun borrowing in 2007.

Payday Loan Activities – Introductory Experiences

"This guy who I worked with needed [to borrow] money. I told him I did not have any and he said he knew where I could get some."

When asked what prompted their first use of a payday loan, almost all respondents reported that they had a financial emergency that could not be covered by their normal form of income and that the payday loan was to be a one-time experience. In two cases, respondent's first payday loan experience was a result of a friend or relative who could not qualify asking for help.

"My car broke down and I did not have enough money to fix it, so a friend at work told me about the place across the street from the job."

"I was in school at the time and in between careers. I could not pay all of my bills and figured that this was a good way to get me over."

"My daughter needed help and she does not have a checking account, so I took out the loan for her."

"When I first started taking them, I worked for the State and we only got paid once a month. It was hard to make it to the end of the month on what I made so I'd go in once in the middle of the month to get enough to make it to the end of the month."

"They are addictive!"

When asked how they found out about payday lending, 12 of the 16 respondents indicated that they had heard about payday loans from a friend or relative who had taken a loan before.

When specifically asked if the first payday loan was taken with the intent of only taking one, and never returning, every respondent indicated that he or she only intended to take the payday loan for the emergency/situation at hand. Thirteen of the 16 respondents indicated that they immediately took out another loan for the same amount or larger when they went to pay back the first loan.

"I was just going to take the one, but when the loan was due, I needed another one because I was still short"

"It was easy the first time, but man-o-man when you try to get out, you get stuck on a merry-go-round"

"I just took the one for the amount I needed, but when I went back, I ended up getting another one and for more this time"

"I realized it was a way to float me through until I finished school so I kept going back."

When asked how they felt when they took the first payday loan, three of the 16 respondents reported having negative feelings about the experience.

"I felt mad that I had to be taking a loan cause I couldn't pay my bills."

"I was embarrassed, but when I got to the place and saw everyone else, it was not such a big deal any more."

"It took me a while to actually decide to go in, I felt bad about having to go to one of those places."

Others expressed a feeling of relief that the issue that caused the need for a payday loan was handled, but that the feeling of relief was immediately followed by anxiety due to the creation of a new obligation.

"I felt good that I could get my car fixed, but had to figure out how I was going to pay back the loan"

"I was happy that I could pay my bills. It was really a relief"

"Between my husband and me, we have about five a month. He takes one, I take one, he takes one for his daughter and I take one for my daughter."

Payday Loan Activities – Repetitive Borrowing

Understanding that everyone had taken at least one loan in the 18 months prior to the study, the discussion addressed repetitive borrowing and respondents' experiences with payday loan companies.

Of the 16 respondents who participated in the focus groups, only one had taken just one loan and never borrowed again.

"I took the first loan for a car repair and paid it back. When I needed money again for another emergency, I could not borrow the amount I needed so I never went back"

Participants were asked how many loans they had taken in the past year and a half. Again, all but one respondent had taken multiple loans with some responding more than 50.

Number of Loans Taken in the Past 18 Months	
Less than 10	1
10 – 15	3
15 – 20	6
More than 20	4
More than could be remembered	2

"I take two loans a month with two different companies, what does that equal?"

"I come from a strong Latino family. I'd rather ask a stranger to borrow the money than ask my family member. My family usually looks to me for help."

With all but one participant having an extensive record of repetitive borrowing, we asked what made participants choose payday lending rather than other forms of credit such as banks or credit cards. All participants noted that their individual credit histories could not qualify them for traditional loans and that loans from other sources such as family members were unobtainable since many were in positions where family members needed financial assistance as well or that the subject of financial need among family members was not one that was easily approached.

"I'd ask my boyfriend for it [money] sometimes, but after a while I got tired of his attitude."

When asked about using credit cards as options, 8 of the 16 respondents indicated that credit cards were a form of credit that was often used.

"I get mad when I think about how much money I've spent paying $45.00 twice a month for all of this time. But I need the money at the time and figure I just have to pay it."

Payday Loan Activities – Understanding the Cost

In an effort to gauge if participants understood how much they were spending in fees over time when they were continuously borrowing, we asked if participants understood the "cost" of the money they were borrowing. Without fail, every respondent understood that overtime, the fee associated with the loan they were taking, exceeded the total amount they were borrowing but also stated that when the funds were needed, the long term or short term costs were not factors in their final decision.

"At one point, my cousin who told me about it [payday lending] was paying about $700 a month in fees. That's ridiculous!"

Most agreed that they did not like having to pay so much in fees over time, but admitted that the need for the funds to meet essential needs outweighed the cost of the money that was borrowed.

"Yeah, I know I'm paying a lot of money each month in fees, but I'm stuck because I owe so much."

"***When you get paid once a month like I do on SSI, you don't think about it when the money runs out, you just get the loan and wait for your next check"***

"At one point, I ended up getting another payday loan just to pay the fees because I needed to keep more of the money."

Payday Loan Activities – Experiences with Lenders

To find out how borrowers determine how much money they are going to borrow on each loan, participants were asked if they told the lender how much they needed to see if they qualified for a specific loan amount or if they simply asked how much they could borrow. In every case, respondents indicated that from their first experience they knew how much they could borrow and determined how much they wanted from there.

"Sometimes I get in line and say I'm only going to get just enough to take care of what I need, and by the time I get to the window, I just get the max."

"I read how much I could get on the board and asked for that [amount]."

Several participants said that after one or two experiences with the same lender, it was understood how much was being borrowed without discussion.

"***Once they know ya', they just ask if you are getting the same amount and you just write the check"***

"I just always get the max now. Sometimes I don't use it all, but I like to have cash in my pocket"

Those who had been told about payday lending from friends and family already knew how much could be borrowed before they took their first loan and went in to the lender with a set amount in mind.

"I already knew how much I could get, a lady at work told me about it"

When asked if they'd ever decided to get a small loan and ended up taking a larger amount than needed, almost every participant indicated that they had done so at least once or twice.

"I tried to work my way down by taking a little less each time, but one time I really needed more and ended up at the max again"

"I mean, you tell yourself you are only going to get this amount, but it's just so much easier to say yes to the max and get it over with"

"I bounced a check once and they were nice about it. They let me come in and pay the loan and the bounced check fee in two payments"

Even though most of the participants had taken multiple loans from various locations, only two had ever been rejected for a loan. One because there was an outstanding loan with the company and the other was due to lack of proper contact/home information.

In discussing instances where loans had not been paid as agreed or when checks had been returned NSF, most participants indicated that their lenders were very amenable to making payment arrangements. Most felt that repayment arrangements and issues were handled fairly, however two participants were very displeased with some of the collection practices used by the lenders they had used.

"They've called and harassed my grandma' and my sister. Sometimes the people who would call were so nasty to me, I just hung up on them…they can wait"

"They act like it's their own personal money that I borrowed. I don't like the way they talk to me"

Of all participants, only two had been sent to collection and both indicated that the collections agents began calling about two months after the loans were initially taken.

Payday Loan Activities – Borrowing from Multiple Locations

Three of every four participants indicated that they had taken multiple loans from several locations at the same time. The remaining participants either did not know that although illegal, multiple loans could be taken at the same time or were afraid to take more than one loan out at a time because they had been told by their lender that they could not have more than one loan outstanding at a time.

"Before they changed the law you could get more at one time, now I have to go to more than one place to get what I need."

Of those who had taken multiple loans:

Four had taken up to two loans at one time;
Five had taken up to three loans at one time;
Two had taken up to five loans at one time; and
One had taken up to seven loans at one time

When asked why they went to more than one location to obtain a loan, answers varied from one location not being able to lend enough to having to borrow from one company to pay off another company.

"I use the money I get from the first one to pay off the loan for the second one"

"I blow a lot of money and sometimes I need the extra money to cover the things in the house"

"On the day when my loans were due, I would map out my route and catch the bus from place to place to pay them back…it would take the whole day. It was like another job."

"I'd gotten it down to just two loans (from five), but my wife got laid off and we needed the extra money"

Several respondents indicated that when faced with a decision of which lender to pay back if multiple loans were due, they "let one go", meaning the decision was made to default on a loan and not pay it back.

Of the four participants who were not actively borrowing, three had been borrowers at multiple locations. When asked how they were able to pay off all of their loans and not return the answers varied.

"Some I paid off, others I just let go and never went back. They called for a while, but it just ended up on my credit or something"

"I just decided to not take the loan again until I eventually got down to just the one. It was hard, but I was tired of paying so much money in fees."

"When I get my income tax check next year, I'll probably pay one or two off and see how much I have left for the others."

For multiple location borrowers, "exit" strategies and ways of limiting the number of loans was addressed. Of those who had thought of a way to get down to a fewer number of loans, none felt they were able to begin the process of loan elimination at the time of the discussions.

"I'd like to get rid of all of my loans, but right now, I don't have a way of paying them all off."

"I just got a new job. My friend and I were living in a hotel and that [taking multiple loans] is how we were paying for it."

Other Credit Options

Of the 16 borrowers who participated in the discussions:

All had a department store credit card or account
All had an open checking account, but only four had savings accounts
All had a major credit card (not a debit card)
Two had car notes where payments were still due
Two had open student loan accounts.
One had a pre-tax loan with H and R Block; and
None were home owners

When asked what other options are considered before a payday loan is taken, most said that they considered nothing else as an option.

"The pawn shop already has all of my stuff. This is the only way I make it through the month"

"I can't ask family cause' most of them don't have it. I'd rather just go to the payday place rather than have a family loan hanging over my head anyway."

"Short of going out and robbing a bank, there ain't no other option for me and I ain't committing no crime!"

"If I had to, I guess I could budget better."

For those who had used or thought of using other credit options, the ease and anonymity of borrowing from payday lenders was more appealing than going to pawn shops or family in addition to the ability to quickly turn around loan balances.

For those who were actively borrowing, the question was posed "If payday loans were not available at all, who would you go to about obtaining the funds you need?:

Four respondents said that they would have to budget better
Two said that they would try to make due with what they earned until they got paid again
Six said they did not know what they would do

"My mom and dad get me to take the loan and I buy stuff for them."

"This is a slippery slope, I would not recommend it to anyone."

"I impulse buy! ...I can't go into Wal-Mart by myself because I'll buy stuff for my grand daughter and it's really not needed."

Payday Loan Activities – Borrowing as a Family Culture

To understand how payday loans are used in the home, participants were asked if any member of their household had taken one or more payday loans in the past year. Only one participant indicated that an immediate family member was actively borrowing from payday lenders and it was in an effort to assist their daughter with financial needs. However, several respondents noted that they had taken loans for others including family members, co-workers and friends because the other individual could not qualify on their own.

When asked if they would recommend payday loans to others, most indicated that they would provide the information about payday lending, but would also provide cautions to the "addictive", "repetitive", and "vicious" cycle that can be a part of the payday lending experience.

Receptiveness to Alternate Payment Plans

In order to gauge borrower's perceptions of alternate payback options, we asked participants how they felt about the option of a payday loan system where loans could be paid off over a longer period of time, with limited ability to borrow more while the loan was outstanding. Out of 16 participants, only three felt that a longer payback option was a viable option. Most indicated that the attraction to payday lending is the ability to obtain cash on a frequently without having to make long-term payments.

"***That idea would not work for me, because I need the money between checks"***

"It's a good idea, but I would still end up going to more than one loan place to get the money I needed"

Attitudes Toward Payday Lending

Participants were asked how they saw their use of payday loans. Most indicated that they currently used the funds to purchase essentials and maintain their household between pay periods, but reiterated that the initial purpose for taking the loan was to fill an emergency need.

When asked about their feelings about taking payday loans now vs. their feelings when they first took a loan, many said they felt trapped or stuck in a situation they could not get out of.

"It's real easy to get one, but almost impossible to get out of this if you don't make a lot of money"

"It feels real good when you first get the money in your hand, but once you use it, you begin to stress trying to figure out how you are going to pay it back when it's due"

Given the hypothetical situation where all bills were met with their current monthly income, but no cash was available until the next pay period; rural and farm area

"It did help me, but at the same time, you know you're not going to get ahead when you get your paycheck."

participants indicated that they would be content knowing all bills were paid and would not take a payday loan if it was not needed. Participants who were from urban areas indicated that they did not like the idea of having no cash in their pocket and would take the pay day loan to have cash available although all of their house and personal needs had been met.

"I can't go without money in my pocket! I'd take the loan just to make sure I could do something if I wanted to"

In closing, respondents were asked if they felt that the ability to take a payday loan was a help to them and their family and to explain why. Every respondent except for one responded that they felt it was a help because it was a resource they could use in an emergency that was quick and easy to get. However, each also indicated that the stress and pressure associated with due dates and payback schedules added to the stress of not having the money in the first place.

"***You're cool that first day that you get the $200, but every day is a stress after that."***

"There's this time period of having no worries and it relieves everything, but when it comes to the day before it's like man, you gotta pay it back."

CONCLUSIONS

Although the overwhelming majority of lenders operate according to the guidelines established in the Financial Code that governs payday lending, there is an immediate need for the establishment of a real time information network that allows lenders to identify borrowers who have more than one account and/or more than one open loan at any given period. Findings show that more than two thirds of borrowers have engaged in multiple site borrowing, which by their own account creates a situation where deferred deposit transaction activities no longer provide a solution to short term financial challenges, but becomes an additional factor in their monthly debt issues. Although most borrowers report turning to payday lenders as a one-time solution to an immediate financial need, most report that the establishment of a payday loan account opens the door to a repetitive cycle of borrowing that is difficult if not impossible to end.

Although all lenders report that they provide responsible borrowing information to their clients when loans are made, additional efforts to inform borrowers of long-term borrowing costs may be needed to assist in the prevention of payday loan abuse and industry losses associated with unpaid loans.

APPENDIX A – Department of Corporations Information Request Letter

STATE OF CALIFORNIA -- BUSINESS, TRANSPORTATION AND HOUSING AGENCY ARNOLD SCHWARZENEGGER, *Governor*
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

Los Angeles, California

IN REPLY REFER TO:
FILE NO: _____

September 11, 2007

TO: ALL CALIFORNIA DERRED DEPOSIT TRANSACTION LAW LICENSEES

Re: Requirement to Submit Customer Information for Payday Loan Study

The Department of Corporations (Department) has contracted with Applied Management and Planning Group (AMPG) to conduct a study under the California Deferred Deposit Transaction Law. In order to complete the study, the Department is requiring each licensee to provide customer information to AMPG.

Each licensee is required to submit the names, addresses and telephone numbers of all the individuals who obtained payday loans from *April 15, 2006 to the present*. Each licensee will be required to submit the customer information over the Internet via a secure website. The username and password for each individual licensee with detailed instructions for submitting the customer data over the Internet are enclosed with this letter. Collection of the customer data will commence on September 17, 2007 and will conclude on October 1, 2007. Licensees will not be able to submit customer data prior to September 17, 2007. *The licenses of those licensees that fail to submit the customer data by the close of business on October 1, 2007 will be revoked in accordance with the provisions of California Financial Code 23052.*

As part of the study, AMPG plans to conduct a survey of the licensees. In addition to the customer information discussed above, each licensee will be required to provide the name and telephone number of a responsible person who is able to answer questions accurately and completely and is authorized to act on behalf of the company.

To assist the licensees in submitting the data required for the study, detailed support documentation is available at http://www.paydayloanstudy.org and a toll-free support line at 1-888-763-1250 has been established for technical assistance. The licensees are encouraged to read all of the instructions and Frequently Asked Questions prior to calling the toll free support line for assistance. Those licensees that do not maintain customer information electronically and are not able to transmit the customer data over the Internet to the secure website are requested to contact Special Administrator Steven C. Thompson in the Los Angeles office at (213) 576-7610 prior to September 17, 2007 for instructions.

Payday Loan Study

September 11, 2007
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Under Financial Code Section 23057, the Department is required to submit a report to the Governor and the Legislature on its implementation of this law. The report must contain specified information including, but not limited to, the demand for deferred deposit transactions ("payday loans") in addition to other information the commissioner deems necessary. The study being conducted by AMPG will provide information that will be used to supplement the required report.

AMPG will be acting as an agent for the Department. Therefore, you will be required to provide the customer information to AMPG in accordance with Financial Code Section 23057 which provides, in part:

"As the Commissioner conducts this study, licensees shall be required to supply all information the Commissioner deems necessary."

Further, the Commissioner's authority to require the licensees to submit customer information under Financial Code section 23057 satisfies the requirements of Section 4056 (b) (7) to permit the release of that information under SB1.

Should you have any questions, please contact Steven Thompson at (213) 576-7610.

Sincerely,

Preston DuFauchard
California Corporations Commissioner

By_____
Steven C. Thompson
Special Administrator
(213) 576-7610

APPENDIX B – Licensee Response Statistics

Licensee ID	Number of Locations	Customers	Percentage of clients
9081288	302	250,130	14.7%
9081646	189	159,372	9.4%
9081314	189	151,121	8.9%
9081084	83	98,991	5.8%
9081036	201	90,656	5.3%
9081759	75	81,026	4.8%
9081081	123	79,636	4.7%
9081749	1	55,278	3.2%
9081315	12	52,516	3.1%
9081407	46	41,580	2.4%
9081070	56	34,798	2.0%
9081270	18	32,713	1.9%
9081450	39	30,547	1.8%
9081674	1	28,112	1.7%
9081784	18	27,324	1.6%
9081171	15	23,943	1.4%
9081054	33	22,690	1.3%
9081202	14	20,725	1.2%
9081481	9	18,322	1.1%
9081237	19	16,473	1.0%
9081228	25	16,355	1.0%
9081217	10	15,136	0.9%
9081168	6	13,156	0.8%
9081266	5	12,868	0.8%
9081268	4	12,290	0.7%
9081131	13	12,074	0.7%
9081045	10	11,924	0.7%
9081532	22	10,061	0.6%
9081294	20	9,367	0.6%
9081442	10	9,030	0.5%
9081432	10	8,165	0.5%
9081436	7	7,818	0.5%
9081272	14	7,005	0.4%
9081034	3	5,435	0.3%
9081238	8	5,412	0.3%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081218	4	5,403	0.3%
9081214	5	4,749	0.3%
9081435	4	4,494	0.3%
9081149	5	4,347	0.3%
9081025	8	4,291	0.3%
9081166	2	4,158	0.2%
9081221	2	4,143	0.2%
9081220	3	4,040	0.2%
9081526	6	3,653	0.2%
9081216	2	3,576	0.2%
9081225	7	3,485	0.2%
9081282	20	3,401	0.2%
9081082	8	3,370	0.2%
9081208	4	3,306	0.2%
9081157	5	3,165	0.2%
9081040	2	2,717	0.2%
9081458	8	2,662	0.2%
9081274	5	2,622	0.2%
9081215	2	2,612	0.2%
9081222	3	2,562	0.2%
9081267	2	2,562	0.2%
9081536	23	2,326	0.1%
9081055	8	2,185	0.1%
9081300	2	2,160	0.1%
9081295	4	2,110	0.1%
9081604	1	2,104	0.1%
9081539	2	2,094	0.1%
9081687	3	2,086	0.1%
9081430	5	2,038	0.1%
9081298	1	1,990	0.1%
9081308	4	1,891	0.1%
9081188	2	1,886	0.1%
9081158	6	1,852	0.1%
9081293	12	1,831	0.1%
9081356	2	1,828	0.1%
9081059	11	1,814	0.1%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081126	2	1,799	0.1%
9081347	2	1,799	0.1%
9081774	1	1,762	0.1%
9081780	1	1,592	0.1%
9081027	2	1,546	0.1%
9081219	1	1,546	0.1%
9081585	7	1,541	0.1%
9081494	3	1,512	0.1%
9081406	3	1,492	0.1%
9081810	3	1,472	0.1%
9081572	2	1,470	0.1%
9081420	3	1,457	0.1%
9081079	3	1,437	0.1%
9081689	2	1,407	0.1%
9081073	8	1,323	0.1%
9081127	3	1,306	0.1%
9081506	3	1,296	0.1%
9081448	3	1,276	0.1%
9081120	1	1,262	0.1%
9081212	1	1,171	0.1%
9081538	1	1,166	0.1%
9081686	1	1,124	0.1%
9081662	1	1,117	0.1%
9081240	2	1,064	0.1%
9081185	1	1,025	0.1%
9081533	4	1,016	0.1%
9081642	1	999	0.1%
9081634	4	989	0.1%
9081447	1	985	0.1%
9081495	2	957	0.1%
9081035	2	955	0.1%
9081650	2	948	0.1%
9081304	1	945	0.1%
9081446	1	942	0.1%
9081302	2	935	0.1%
9081297	3	931	0.1%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081111	1	904	0.1%
9081474	2	898	0.1%
9081277	1	894	0.1%
9081721	3	893	0.1%
9081259	4	887	0.1%
9081174	1	865	0.1%
9081172	3	863	0.1%
9081562	3	860	0.1%
9081249	3	839	0.0%
9081187	3	833	0.0%
9081319	1	832	0.0%
9081345	1	815	0.0%
9081391	1	798	0.0%
9081387	2	770	0.0%
9081231	1	734	0.0%
9081317	2	690	0.0%
9081541	1	671	0.0%
9081513	1	666	0.0%
9081334	1	663	0.0%
9081750	2	659	0.0%
9081596	2	654	0.0%
9081453	1	638	0.0%
9081787	3	636	0.0%
9081704	1	633	0.0%
9081724	2	633	0.0%
9081327	3	631	0.0%
9081740	1	631	0.0%
9081056	3	622	0.0%
9081623	1	618	0.0%
9081736	1	615	0.0%
9081358	1	613	0.0%
9081505	2	610	0.0%
9081742	2	598	0.0%
9081501	4	594	0.0%
9081087	1	590	0.0%
9081044	1	578	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081021	1	573	0.0%
9081574	2	573	0.0%
9081039	1	567	0.0%
9081388	1	566	0.0%
9081378	1	558	0.0%
9081486	2	557	0.0%
9081692	1	557	0.0%
9081086	1	555	0.0%
9081726	1	549	0.0%
9081080	1	546	0.0%
9081521	4	527	0.0%
9081385	1	511	0.0%
9081328	2	505	0.0%
9081710	3	504	0.0%
9081766	1	504	0.0%
9081655	2	495	0.0%
9081262	8	492	0.0%
9081666	3	490	0.0%
9081090	1	489	0.0%
9081092	1	488	0.0%
9081065	2	487	0.0%
9081713	1	483	0.0%
9081441	3	479	0.0%
9081523	1	476	0.0%
9081645	2	465	0.0%
9081625	1	451	0.0%
9081803	1	443	0.0%
9081077	4	436	0.0%
9081739	1	429	0.0%
9081463	1	428	0.0%
9081676	1	427	0.0%
9081279	1	425	0.0%
9081555	2	422	0.0%
9081475	4	421	0.0%
9081241	1	412	0.0%
9081607	1	407	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081714	1	406	0.0%
9081554	1	404	0.0%
9081690	3	404	0.0%
9081103	1	401	0.0%
9081383	1	400	0.0%
9081307	1	399	0.0%
9081629	1	397	0.0%
9081024	1	393	0.0%
9081758	1	391	0.0%
9081386	1	386	0.0%
9081110	7	375	0.0%
9081283	1	374	0.0%
9081318	2	374	0.0%
9081145	1	372	0.0%
9081299	1	372	0.0%
9081728	1	372	0.0%
9081366	1	368	0.0%
9081553	2	366	0.0%
9081796	1	364	0.0%
9081487	3	363	0.0%
9081186	1	362	0.0%
9081738	1	361	0.0%
9081009	1	360	0.0%
9081243	1	360	0.0%
9081394	1	357	0.0%
9081703	1	357	0.0%
9081685	1	353	0.0%
9081256	1	352	0.0%
9081121	1	348	0.0%
9081660	1	348	0.0%
9081626	1	340	0.0%
9081712	1	336	0.0%
9081167	1	332	0.0%
9081829	1	330	0.0%
9081326	1	322	0.0%
9081465	1	308	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081654	1	304	0.0%
9081038	1	301	0.0%
9081707	1	300	0.0%
9081405	1	295	0.0%
9081733	1	294	0.0%
9081757	1	292	0.0%
9081588	1	290	0.0%
9081614	1	287	0.0%
9081748	1	283	0.0%
9081331	1	277	0.0%
9081232	2	274	0.0%
9081374	1	268	0.0%
9081601	1	267	0.0%
9081701	1	266	0.0%
9081681	1	261	0.0%
9081624	1	258	0.0%
9081630	2	256	0.0%
9081064	3	254	0.0%
9081229	1	246	0.0%
9081112	1	243	0.0%
9081522	1	243	0.0%
9081047	1	242	0.0%
9081125	19	242	0.0%
9081651	1	239	0.0%
9081368	1	237	0.0%
9081384	1	234	0.0%
9081459	4	231	0.0%
9081015	1	228	0.0%
9081631	1	227	0.0%
9081285	1	225	0.0%
9081679	1	225	0.0%
9081002	1	221	0.0%
9081621	1	221	0.0%
9081637	11	221	0.0%
9081269	4	220	0.0%
9081247	1	219	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081349	1	213	0.0%
9081454	1	211	0.0%
9081565	1	209	0.0%
9081638	2	208	0.0%
9081744	1	205	0.0%
9081456	1	199	0.0%
9081755	1	196	0.0%
9081037	1	195	0.0%
9081783	1	194	0.0%
9081606	2	192	0.0%
9081332	1	190	0.0%
9081128	2	189	0.0%
9081063	1	188	0.0%
9081030	1	185	0.0%
9081085	1	183	0.0%
9081661	1	182	0.0%
9081731	1	179	0.0%
9081017	1	178	0.0%
9081597	1	178	0.0%
9081698	1	177	0.0%
9081193	1	174	0.0%
9081546	1	169	0.0%
9081711	1	167	0.0%
9081333	2	165	0.0%
9081496	1	165	0.0%
9081516	1	165	0.0%
9081639	2	164	0.0%
9081752	2	164	0.0%
9081730	2	161	0.0%
9081812	1	160	0.0%
9081022	1	158	0.0%
9081765	1	157	0.0%
9081117	1	154	0.0%
9081477	1	150	0.0%
9081804	1	146	0.0%
9081116	1	143	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081287	2	141	0.0%
9081019	2	139	0.0%
9081792	1	139	0.0%
9081737	1	137	0.0%
9081253	1	135	0.0%
9081139	1	133	0.0%
9081226	1	133	0.0%
9081664	1	129	0.0%
9081824	3	129	0.0%
9081509	1	127	0.0%
9081104	1	126	0.0%
9081142	1	123	0.0%
9081499	1	123	0.0%
9081196	1	122	0.0%
9081561	1	119	0.0%
9081031	3	116	0.0%
9081162	1	116	0.0%
9081375	3	114	0.0%
9081727	1	114	0.0%
9081322	1	112	0.0%
9081119	1	110	0.0%
9081132	1	109	0.0%
9081735	1	108	0.0%
9081321	1	106	0.0%
9081427	1	106	0.0%
9081659	1	106	0.0%
9081814	1	104	0.0%
9081791	1	101	0.0%
9081301	1	99	0.0%
9081635	1	99	0.0%
9081582	1	95	0.0%
9081705	2	92	0.0%
9081449	4	91	0.0%
9081230	2	89	0.0%
9081281	1	89	0.0%
9081702	1	88	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081675	3	86	0.0%
9081837	1	86	0.0%
9081154	1	85	0.0%
9081182	6	85	0.0%
9081504	1	85	0.0%
9081548	1	85	0.0%
9081761	2	84	0.0%
9081769	1	84	0.0%
9081051	1	82	0.0%
9081049	1	80	0.0%
9081053	3	80	0.0%
9081306	1	80	0.0%
9081817	1	80	0.0%
9081109	1	79	0.0%
9081762	1	79	0.0%
9081669	1	78	0.0%
9081808	1	78	0.0%
9081775	1	75	0.0%
9081155	2	74	0.0%
9081801	1	74	0.0%
9081805	1	70	0.0%
9081612	1	69	0.0%
9081042	1	68	0.0%
9081647	4	68	0.0%
9081754	1	62	0.0%
9081673	1	60	0.0%
9081205	1	59	0.0%
9081648	1	59	0.0%
9081255	1	58	0.0%
9081200	2	55	0.0%
9081580	1	55	0.0%
9081093	1	53	0.0%
9081708	1	52	0.0%
9081543	1	50	0.0%
9081451	1	48	0.0%
9081043	1	47	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081398	2	47	0.0%
9081566	2	44	0.0%
9081591	1	43	0.0%
9081718	1	42	0.0%
9081527	1	41	0.0%
9081794	1	41	0.0%
9081734	1	40	0.0%
9081746	1	39	0.0%
9081818	1	39	0.0%
9081658	1	38	0.0%
9081768	1	38	0.0%
9081700	1	36	0.0%
9081819	1	35	0.0%
9081815	1	33	0.0%
9081790	1	31	0.0%
9081568	1	28	0.0%
9081590	1	28	0.0%
9081632	1	28	0.0%
9081741	1	28	0.0%
9081544	1	27	0.0%
9081242	1	26	0.0%
9081821	1	22	0.0%
9081517	1	21	0.0%
9081537	1	16	0.0%
9081083	2	14	0.0%
9081789	3	13	0.0%
9081745	21	10	0.0%
9081498	1	9	0.0%
9081684	1	8	0.0%
9081389	1	4	0.0%
9081811	1	3	0.0%
9081006	1	Not Reported	0.0%
9081033	4	Not Reported	0.0%
9081074	2	No Business Activity	0.0%
9081138	1	Not Reported	0.0%
9081245	2	Not Reported	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081250	2	Not Reported	0.0%
9081278	1	No Business Activity	0.0%
9081284	2	Not Reported	0.0%
9081335	1	Not Reported	0.0%
9081350	1	Not Reported	0.0%
9081351	1	Not Reported	0.0%
9081421	1	Not Reported	0.0%
9081461	2	Not Reported	0.0%
9081473	1	Not Reported	0.0%
9081508	2	-	0.0%
9081511	2	Not Reported	0.0%
9081518	2	No Business Activity	0.0%
9081569	1	Not Reported	0.0%
9081571	1	Not Reported	0.0%
9081573	4	Not Reported	0.0%
9081579	1	Not Reported	0.0%
9081594	1	Not Reported	0.0%
9081600	1	Not Reported	0.0%
9081615	1	Not Reported	0.0%
9081656	1	No Business Activity	0.0%
9081680	1	No Business Activity	0.0%
9081694	1	Not Reported	0.0%
9081716	1	Not Reported	0.0%
9081719	1	Not Reported	0.0%
9081720	3	No Business Activity	0.0%
9081747	1	Not Reported	0.0%
9081751	1	No Business Activity	0.0%
9081756	1	-	0.0%
9081760	1	Not Reported	0.0%
9081770	1	Not Reported	0.0%
9081773	1	Not Reported	0.0%
9081776	1	No Business Activity	0.0%
9081781	1	Not Reported	0.0%
9081788	1	Not Reported	0.0%
9081797	3	No Business Activity	0.0%
9081798	1	No Business Activity	0.0%

Licensee ID	Number of Locations	Customers	Percentage of clients
9081799	1	No Business Activity	0.0%
9081800	1	No Business Activity	0.0%
9081809	1	No Business Activity	0.0%
9081816	1	No Business Activity	0.0%
9081820	1	No Business Activity	0.0%
9081822	1	Not Reported	0.0%
9081823	1	No Business Activity	0.0%
9081826	1	No Business Activity	0.0%
9081827	1	No Business Activity	0.0%
9081828	1	No Business Activity	0.0%
9081830	1	No Business Activity	0.0%
9081832	1	No Business Activity	0.0%
9081833	1	No Business Activity	0.0%
9081834	1	No Business Activity	0.0%
9081835	1	No Business Activity	0.0%
9081851	1	No Business Activity	0.0%
Total	2,413	1,703,105	100.0%

APPENDIX C – Lender Survey

Department of Corporations

Payday Lender
Lender Survey

Dear Lender:

The Department of Corporations (Department) has contracted with Applied Management and Planning Group (AMPG) to conduct a study under the California Deferred Deposit Transaction Law. In order to complete the study, a survey of both licensees and payday loan customers is being conducted. The attached survey is designed to provide general information about California's payday loan industry, the basic service activities of the companies licensed to conduct payday loan services and some of the operational statistics that may be unique to the California market.

We recognize that in order to provide the most current information, you may need to allot specific time or resources to research some of your answers. To encourage the best responses possible, we are allowing each lending agency the opportunity to connect to our secure on-line survey and provide the answers electronically. Please complete the attached survey prior to logging in and use it as a worksheet when entering your answers. If you have any questions about connecting to our site, please feel free to contact Maisha N. Hudson at mhudson@ampgconsulting.com

Please be sure to complete the worksheet before you go on line to enter your answers. Do no mail the survey to any office or individual! The survey is to be completed on-line only.

On Monday, November 5, 2007, you will receive an e-mail that will direct you to the survey website. Please complete the survey by Friday, November 16, 2007.

If you complete this worksheet, it will be easy to cut and paste your open ended answers into the on-line survey. The survey should not take more than 15 – 25 minutes to complete on line.

Thank you.

SUBMISSION VERIFICATION (to be filed out on-line only)

In order to verify both the authorized licensee and the submitting authority, please provide the following:

License number _____

Official Company name (as presented on your license) _____

Reporting authorized company representative First and last name _____

Reporting authorized company representative's title _____

Reporting authorized company representative's e-mail _____

Reporting authorized company representative's phone number _____

Reporting authorized company representative's fax number _____

1. What year did your company begin operating in the State of California? (n=357)

— — — —

1B. What methods of advertisement does your agency use to obtain clients? (CHECK ALL THAT APPLY)

Local telephone directory	(n=249)	70%
Local paper advertisement (Penny Saver, LA Weekly, etc.)	(n=105)	29%
Internet based telephone directories (witepages.com, yellopages.com)	(n=96)	27%
Direct mail advertisement	(n=84)	24%
TV Advertisement	(n=27)	8%
Radio Advertisement	(n=24)	7%
Internet advertising (side bar/paid placement on other websites)	(n=21)	6%
Flyers/Door Hangers	(n=18)	5%
In Store/ On Building Signs	(n=17)	5%
Billboards	(n= 16)	5%
Word of Mouth/ Referrals	(n=9)	3%
Internet advertising "Pop ups based on website or search types	(n=8)	2%
Major periodical/news paper (Times, La Opinion, etc.)	(n=7)	2%
Business Cards	(n= 2)	1%
No Advertisement	(n=41)	12%

1C. Does your company offer customer referral bonuses to your current customers? (n= 358)

q$_1$ Yes 41%

q$_2$ No 59%

1D. How much of a bonus is offered (n=148)

q$_1$ A specific dollar amount of _____

q$_2$ A percentage off of their next loan of _____

q$_3$ Other, please specify_____

<u>In the following questions, the past 18 months is defined as April 1, 2006 through September 2007.</u>

2. In the past 18 months, how many applications for loans has your company received?

— — — , — — —

3. In the past 18 months, how many loans has your company originated?

___ ___ ___ , ___ ___ ___

4. Does your company have a requirement that borrowers have some type of check or payment expected to be able to get a loan? (n=358)

q$_1$ Yes 96%
q$_2$ No 4%

5. Does your company have a requirement that borrowers present some type of documentation for the check or payment to be able to get a loan? (n=343)

q$_1$ Yes 93%
q$_2$ No 3%

6. What types of checks are customers allowed to borrow against? (CHECK ALL THAT APPLY)

Payroll check	(n=300)	84%
Government assistance check (General Relief/Social Security)	(n=241)	67%
Retirement Check	(n=209)	58%
Disability	(n=143)	40%
Annuity/structured settlement	(n=63)	18%
Personal Checks	(n=49)	14%
Unemployment Checks	(n=4)	1%
Self Employed	(n=3)	1%

7. Are borrowers required to have direct deposit in order to get a loan? (n=357)

q$_1$ Yes 5%
q$_2$ No 95%

8. Can borrowers use other types of collateral, such as a car title, to obtain a loan? (n=357)

q$_1$ Yes 0%
q$_2$ No 100%

9. What is the maximum amount that can be borrowed at any one of your locations?

$ _ _ _ , _ _ _

Please explain if necessary _____

_____

10. Does the maximum amount differ according to type of borrower, characteristics of the borrower, type of collateral offered (as in check anticipated), or other values? (Please check all that apply)

Past History with borrower	(n=200)	56%
Payroll check	(n=147)	41%
Government assistance check (General Relief/Social Security)	(n=98)	27%
Income	(n=95)	27%
Retirement Check	(n=78)	22%
Type of collateral offered, non-check (such as car title)	(n=57)	16%
Disability	(n=56)	16%
Annuity/structured settlement	(n=25)	7%
Bank Statement / Account History	(n=17)	5%
Credit Report/ Teletrack Report	(n=17)	5%
Personal Checks	(n=14)	4%
Risk Assessment/ Application Overview	(n=13)	4%
Loans with other companies	(n=10)	3%

11. What is the minimum amount that can be borrowed at any one of your sites?
$ _ _ _ , _ _ _

Please explain if necessary

_____

_____

12. In the past 18 months, what is the average loan amount for all loans made
$ _ _ _ , _ _ _

13. In the past 18 months, how many loans has your company declined to make, where your company rejected the application (rather than it being withdrawn by the customer)?

__ __ __ , __ __ __

14. For the loan applications rejected by your company, please give the percentages associated with each primary reason for rejection?

__ __ %Past negative experience with specific borrower rejected
__ __ %Insufficient indication of incoming income to repay debt
__ __ % Borrower has too much outstanding debt with other lenders
__ __ % Borrower couldn't supply sufficient information on where they lived / worked
__ __ % Other, please specify
100 % Total rejected loans

The following questions have to do with treatment of delinquencies.

20. Does your company have a definition for the term "default"? (n=358)
   - **q**$_1$ Yes 66%
   - **q**$_2$ No 34%

21. What is your company's definition for the term "default"? (n=170)
   - **q**$_1$ Delinquent 90 days, no workout
   - **q**$_2$ Delinquent other term of days, no workout, specify # of days __ __ __
   - **q**$_3$ Other, please specify_____

   _____

COMMENT A: Since your company does not have a definition for "default", in the following questions, please assume that DEFAULT = DELINQUENT 90 DAYS, NO WORKOUT.

22. In the past 18 months, what percent of your outstanding loans in an average month are:

__ __ %	New loans – less than 30 days old
__ __ %	Current
__ __ %	30 to 59 days delinquent
__ __ %	60 to 90 days delinquent, no workout initiated
__ __ %	60 to 90 days delinquent, in workout
__ __ %	90+ days delinquent, in workout
__ __ %	90+ days delinquent, in default
100 %	*Total loans*

23. For loans declared in default, does your company attempt collections, charge the loans off, or engage in other practices? Please check all that apply:

Written off as bad debt; recategorized as different type of asset than outstanding loan (n=245)	68%
Forwarded to external (3rd party) collections company, but ownership of debt retained (n=171)	48%
Handled by corporate/internal collections department (n=153)	43%
Reported to credit bureaus (n=67)	19%
Handled by corporate/internal council (n=32)	9%
Charge Off (n=12)	3%
Small Claims Court (n=12)	3%
Sold to collections agencies after a court judgment? (n=10)	3%

Please explain if necessary _____

24. If your company seeks to collect after declaring default, what is average rate of recovery on the defaulted loans:

__ __ cents on the dollar for collections (internal or 3rd party)
__ __ cents on sold judgments
q 99 Other, don't collect after default, please explain _____
_____

The following questions have to do with repeat customers.

25. In the last 18 months, what percentage of customers have repeatedly obtained a loan from your company at the same or at multiple locations:

__ __ % Only saw once
__ __ % 2 to 3 loans
__ __ % 4 to 5 loans
__ __ % 6 to 9 loans
__ __ % 10 to 15 loans
__ __ % 15+ loans
100 % Total loans

26. In the last 18 months, what percentage of customers have obtained a loan and paid back within the time frame you specified, with no delinquencies, no returned checks, no workouts, or other problems?

__ __ % Customers with no issues who paid back in specified time frame

27. Does your company allow a borrower to obtain a second loan if he\she has an outstanding loan? (n=357)

Yes, but only if the outstanding loan is less than 60 days delinquent	96%
Yes, other restrictions	3%
Yes, but only if the outstanding loan is current	1%
No	0%

The following questions have to do with loan payback issues.

28. Does your company offer "workout" arrangements for loans that are delinquent? (n=356)

q 1 Yes 87%
q 2 No 13%

29. What types of workout arrangements do you offer? (Check all that apply)

Pay back over time (scheduled payments) at same interest rate (n=245)	68%
Suspension of loan privileges until loan was paid back (n=178)	50%
Payment of a reduced amount (partial loan forgiveness) (n=64)	18%
Pay back over time (scheduled payments) at higher interest rate (n=14)	4%

Please explain if necessary

_____

30. Is there a fee or finance charge assessed when a loan goes to workout? (n=356)

q$_1$ Yes 1%
q$_2$ No 99%

31. What is the fee for workout arrangements?

$ _ _ _ . _ _ fixed fee regardless of loan value
or _ _ cents per dollar outstanding loan balance

32. In the past 18 months, what percentage of loans have required some type of workout?

__ __ % of loans require a workout

33. Do you charge a return check charge for checks that have been returned insufficient funds
or NSF? (n=357)

q$_1$ Yes 95%
q$_2$ No 5%

34. How much is the fee for returned checks?

$ _ _ _ . _ _ fixed fee regardless of loan value
or _ _ cents per dollar outstanding loan balance

35.In the past 18 months, what percentage of loans have had one or more payments involving insufficient funds?
__ __ % of loans have had one or more payments that have insufficient funds checks

36. If a customer attempts to pay down an outstanding balance and their check is returned for insufficient funds, does your company have a policy to avoid future NSF checks?

Yes, customer can only pay with cashiers check or cash	(n=186)	52%
Revoke /Reduce Loan Privileges	(n=15)	4%
No	(n=123)	34%

37. Over the past 18 months, how much in gross losses has your company realized due to:

$ _ _ _ , _ _ _ , _ _ _ Unpaid loan balances
$ _ _ _ , _ _ _ , _ _ _ Unpaid interest on outstanding loan balances
$ _ _ _ , _ _ _ , _ _ _ Unpaid NSF fees
$ _ _ _ , _ _ _ , _ _ _ Other, please specify _____

38. Over the past 18 months, how much has your company paid in expenses on bad debts for:

$ _ _ _ , _ _ _ , _ _ _ Collections
$ _ _ _ , _ _ _ , _ _ _ Attorney fees and court fees
$ _ _ _ , _ _ _ , _ _ _ Other collection related expenses, please specify _____

39. Do you provide any "responsible borrowing" information to your customers? (n=357)

q$_1$ Yes 73%
q$_2$ No 27%

40. What type(s) of information do you provide to your customers? (check all that apply)

Posted information in each of our store locations	(n=188)	53%
Written information at the time of the loan	(n=181)	51%
Verbal information at the time of the loan	(n=159)	44%
Written information via advertising media	(n=31)	9%
Verbal information via advertising media	(n=20)	6%

THANK YOU FOR YOUR INFORMATION

APPENDIX D – Customer Survey

Department of Corporations
Consumer Finances Survey

Screener

Hello, my name is _____, with Interviewing Service of America.
May I speak with ___first and last name of customer_____?

q 1 Speaking
CONTINUE WITH INTRODUCTION
q 2 "May I ask who's calling/Who's speaking?" CONTINUE WITH INTRODUCTION
q 3 Not in
CONTINUE TO S1
q 4 Does not live here THANK AND TERMINATE
q 5 No person at this number by that name. THANK AND TERMINATE

S1. Is there a better time to call___first and last name of customer_____?
q 1 Yes, record time _____
q 2 No
THANK AND TERMINATE

INTRODUCTION
Mr./Ms._____Last Name_____, we are conducting a random survey with individuals in your area about consumer finances. I am not trying to sell you anything; this survey is for research purposes only and we would appreciate your input. Please know that all of your answers are confidential and your name will not be used in any report. May I please have a few moments of your time to complete the survey?
q 1 Yes
CONTINUE TO QUESTION 1
q 2 No
THANK AND TERMINATE

Respondent Gender:(n=1494)
q 1 Male 40%
q 2 Female 60%

D.6. What is your ethnicity? (READ IF RESPONDENT HESITATES OR IF YOU NEED CLARIFICATION) (INPUT ONE RESPONSE ONLY) (n=1494)

q 1 Caucasian	36%
q 2 Hispanic/Latino	36%
q 3 Black or African American	18%
q 4 Asian	3%
q 5 American Indian / Aleut	2%
q 6 Hawaiian or Pacific Islander	1%
q 7 Other (Specify)	2%
q 8 Refused (DO NOT READ)	2%
q 9 Don't know (DO NOT READ)	0%

QUESTIONNAIRE

Our first couple of questions have to do with large purchases that people make, such as a house or a car, and the decisions they make that lead up to the purchase:

1. In the last 18 months, since April of last year, have you purchased any of the following items:

Item (n=1494)	Yes	No	Don't Know	Refused
House	3%	97%		0%
New/Used car or motorcycle	26%	74%	0%	0%
Major Appliance	15%	85%	0%	0%
Entertainment System (home or car stereo/television)	18%	82%		0
Game System (PS2\3, Xbox, Wii)	17%	83%	0%	0%

	Method for Payment				
		Made cash down payment and:			
Item (n=1494)	Paid Cash (includes credit/debit cards DO NOT READ	Arranged Financing	Got Loan	Don't Know	Refused
House (n=44)	16%	34%	48%	2%	
New/Used car or motorcycle (n=389)	32%	51%	16%	0%	1%
Major Appliance (n=226)	84%	11%	3%	1%	1%
Entertainment System (home or car stereo/television) (n=268)	90%	7%		3%	

Game System (PS2\3, Xbox, Wii) (n=249)	92%	5%	2%	1%	0%

IF NO TO 1, 2, 3, 4 AND 5 SKIP TO Q5

2. For each of the items that you indicated that you purchased, we'd like to ask how you made the purchase. For each item, I will ask if you paid cash, made a down payment and arranged financing at the store or dealer, or made a down payment and got an outside loan: {For items checked in question 1, repeat question 2}

{If F2 checked, ask Q3; if F2 not checked, go to Q.4 }

3. In the previous question, you indicated you arranged partial or total financing for your purchase. Did you arrange financing with the dealer or store where you made your purchase, with a bank, with a credit union, or with another kind of finance company? (n=257)

q $_1$ Dealer or store	55%
q $_2$ Bank	22%
q $_3$ Credit Union	8%
q $_4$ Another type of finance company	11%
q $_5$ Other, please specify	4%
q $_{99}$ Don't Know	1%

{If F3 checked, ask Q4; if F3 not checked, go to Q.5 }

4. In the previous \ an earlier question, you indicated you arranged for a loan for your purchase. Did you arrange for the loan with the dealer or store where you made your purchase, with a bank, with a credit union, or with another kind of finance company? (n=101)

q $_1$ Dealer or store	28%
q $_2$ Bank	36%
q $_3$ Credit Union	12%
q $_4$ Another type of finance company – payday lender	8%
q $_5$ Another type of finance company – not a payday lender	9%
q $_{99}$ Don't Know	4%
q $_8$ Refused	4%

INTERVIEWER: IF "ANOTHER TYPE OF FINANCE COMPANY", CLARIFY: "Was that other type of finance company a payday lender, or not a payday lender"?

5. Within the last 18 months, have you obtained a payday loan from a payday lending company? (n=1494)

q $_1$ Yes	45%
q $_2$ No	53%
q $_8$ Refused	1%
q $_9$ Don't Know	1%

6. What companies have you used? (CHECK ALL THAT APPLY FROM LENDER LIST) (Any others? Repeat until respondent says no) (n= 679)

q_1	$QUICK CHECK$	0%
q_2	1-2-3 CASH & ADVANCE	0%
q_3	1-STOP BUSINESS CENTER, INC.	0%
q_4	234 GROUP, INC.	0%
q_7	A ADVANCE PAYROLL	0%
q_8	A PLUS FINANCIAL LLC	0%
q_9	A TO Z CHECK CASHING	0%
q_{10}	A-1 CHECK CASHING	0%
q_{11}	A-1 CHECK CASHING & PAYDAY CASH ADVANCE	0%
q_{12}	A-1 CHECK CASHING OF ANDERSON	0%
q_{17}	A-1 CHECK CASHING OF OROVILLE	0%
q_{18}	A-1 CHECK CASHING OF PARADISE	0%
q_{21}	A-1 PAYDAY ADVANCE	0%
q_{23}	AA EZ PAY	0%
q_{24}	AAA CASH ADVANCE	0%
q_{26}	AAA FINANCIAL MANAGEMENT & RESOURCES LLC	0%
q_{29}	ACE AMERICA`S CASH EXPRESS	0%
q_{30}	ACE CASH EXPRESS	0%
q_{31}	ACE PAYDAY ADVANCE & CHECK CASHING	0%
q_{33}	ADVANCE AMERICA, CASH ADVANCE CENTERS OF CALIFORNIA	0%
q_{34}	ADVANCE CASH	0%
q_{36}	ADVANCE CHECK CASHING	0%
q_{38}	ADVANCE PAY USA	0%
q_{39}	ADVANCE PAYDAY	0%
q_{41}	ADVANCE TIL PAYDAY	0%
q_{43}	ADVANCE TO GO	0%
q_{48}	AMERICAN CASH ADVANCE	0%
q_{54}	AMERICASH PAYDAY LOAN CENTER	0%
q_{72}	BV CASH ADVANCE	0%
q_{75}	CALIFORNIA BUDGET FINANCE	0%
q_{76}	CALIFORNIA CASH ADVANCE	0%
q_{77}	CALIFORNIA CHECK CASHING STORES	3%
q_{78}	CALIFORNIA PAYDAY ADVANCE	0%
q_{79}	CALIFORNIA PAYDAY LOAN AND CHECK CASHING	0%
q_{84}	CASH & GO	0%
q_{85}	CASH 1	0%
q_{86}	CASH 1 ADVANCE	0%
q_{88}	CASH 4 CHECKS	0%
q_{91}	CASH ADVANCE CALIFORNIA	0%
q_{92}	CASH AMERICA NET OF CALIFORNIA, LLC	0%
q_{93}	CASH AMERICA PAYDAY ADVANCE	0%
q_{98}	CASH CALIFORNIA LLC	0%
q_{99}	CASH CENTRAL	0%

q 106	CASH EXPRESS 4 LESS	0%
q 110	CASH MART	0%
q 112	CASH MAX	0%
q 114	CASH N GO	0%
q 116	CASH N RUN	0%
q 122	CASH PLUS	0%

Continued

6. What companies have you used? (CHECK ALL THAT APPLY FROM LENDER LIST) (Any others? Repeat until respondent says no) (n= 679)

q 132	CASH TO GO, INC.	0%
q 141	CC CALIFORNIA CASH	0%
q 142	CHECK & CASH	0%
q 143	CHECK `N GO	7%
q 144	CHECK 2 CASH	0%
q 146	CHECK ADVANCE OF SAN DIEGO, LLC	0%
q 149	CHECK CASHERS	0%
q 150	CHECK CASHING NETWORK	0%
q 151	CHECK CASHING PLUS MAIL CENTER	0%
q 152	CHECK CENTER	0%
q 153	CHECK CONNECTION/FURNITURE CONNECTION	0%
q 157	CHECK INTO CASH	3%
q 163	CHECK-MATE	0%
q 164	CHECKPOINT CHECK CASHING	0%
q 165	CHECKS CASHED	0%
q 166	CHECKS CASHED AND MORE	0%
q 169	CHECKS FOR CASH	0%
q 170	CHECKS TO CASH	0%
q 171	CHECKS-N-ADVANCE	0%
q 177	CNG FINANCIAL MANAGEMENT INC.	0%
q 185	CONTINENTAL CURRENCY SERVICES, INC.	0%
q 198	DOLLAR SMART MONEY CENTERS	0%
q 199	DOLLAR SMART, DOLLAR $MART, DOLLAR SMART MONEY	0%
q 200	DOLLARSMART MONEY CENTERS, LLC	0%
q 212	EASY CASH ADVANCE AND CHECK CASHING	0%
q 219	EMPIRE MEDIA ADVANCE	0%
q 221	EXPRESS CASH & LOAN, INC.	0%
q 230	FAST CASH INC.	0%
q 232	FASTBUCKS	0%
q 237	FFI PAYDAY LOANS	0%
q 249	HICAL FINANCIAL GROUP, LLC	0%
q 268	KING CASH ADVANCE	0%
q 270	L. A. CASH ADVANCE	0%
q 275	LOAN MART	0%
q 300	MONEY MART	0%
q 306	MONEYTREE	5%

q 317 NIX CHECK CASHING	0%
q 318 NO HASSLE CHECK CASHING, INC.	0%
q 326 PACIFIC CASH ADVANCE, L.L.C.	0%
q 327 PACIFIC CHECK CASHING	0%
q 329 PAY DAY FINANCIAL	0%
q 330 PAYCHECK XPRE$$	0%
q 331 PAYDAY 2 PAYDAY INC.	0%
q 332 PAYDAY ADVANCE & CHECK CASHING	0%
q 333 PAYDAY ADVANCE EXPRESS, INC.	0%
q 334 PAYDAY ADVANCE, LLC	0%
q 335 PAYDAY CASH, INC.	0%
q 337 PAYDAY CHECK CASHING & ADVANCE	0%
q 339 PAYDAY LOAN CORPORATION	0%
q 341 PAYDAY NOW	0%
q 343 PAYDAY ONE OF CALIFORNIA, LLC	0%
q 344 PAYDAY PLUS	0%
q 349 PAYDAY TODAY, INC.	0%
q 350 PAYDAY YOUR WAY, INC.	0%
q 351 PAYDAYNOW	0%
q 352 PAYLESS LOANS	0%
q 385 S & H CHECK CASHING	0%
q 388 S J ENTERPRISES/CASH STOP	0%
q 400 SERVIMAX	0%
q 407 SPEED CHECK CASHING	0%
q 408 SPEEDY CASH	0%
q 420 SUPERIOR CHECK CASHING	0%
q 430 THRIFTY CHECK CASHING CO.	0%
q 436 U.S.A. CHECK CASHING	0%
q 440 UNITED CHECK CASHING	0%
q 443 USA CASH SERVICES	0%
q 451 WEST COAST CASH	0%
q 455 WESTERN CHECK CASHERS, INC.	0%
q 459 WORLD CHECK CASHING	0%
q 777 Other	6%
q 888 Refused	4%
q 999 Don't Know	0%

6.A How did you find out about payday the lender that you used? (n=679)
(DO NOT READ LIST)(CHECK ALL THAT APPLY)
(Any others? Repeat until respondent says no)

q 1 TV Advertisement	16%
q 2 Radio Advertisement	1%
q 3 Received mail advertisement	2%
q 4 Found in the local telephone directory	5%

q $_{5}$ Billboard	5%
q $_{6}$ Major periodical/news paper (Times, La Opinion, etc.)	0%
q $_{7}$ Local paper advertisement (Penny Saver, LA Weekly, etc.)	3%
q $_{8}$ Saw a pay-day location and went in	25%
q $_{9}$ Received direct mailing from a specific location	0%
q $_{10}$ Looked up the company on the Internet	2%
q $_{11}$ Saw it as an Internet "Pop up"	5%
q $_{12}$ Word of mouth/referred by a friend or relative	22%
q $_{13}$ Other, please specify	12%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	1%

8. About how often do you get a payday loan? (READ LIST) (INPUT ONE RESPONSE ONLY) (n=679)

q $_1$ Weekly	2%
q $_2$ Once every other week	9%
q $_3$ Between 2 and 3 times a month	8%
q $_4$ About once a month	28%
q $_5$ About once every two or three months	14%
q $_6$ About once every six months	14%
q $_7$ About once a year	18%
q $_8$ Every pay check	1%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	4%

9. Do you receive a regular paycheck or other form of regular income? (n=679)

q $_1$ Yes	87%
q $_2$ No; Retired, Student, Housewife, Not employed	10%
q $_5$ Other, please specify	2%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	0%

10. How often do you receive a paycheck or other form of regular income? (n=603)

q $_1$ Weekly	15%
q $_2$ Every other week	36%
q $_3$ Twice a month	19%
q $_4$ Once a month	27%
q $_5$ Other, please specify	1%
q $_{88}$ Refused	2%
q $_{99}$ Don't know/can't remember	1%

12. Which of the following types of income do you receive? (READ RESPONSES) (CHECK ALL THAT APPLY) (Any others? Repeat until respondent says no) (n=679)

q $_1$ Payroll check from a job	73%
q $_2$ Government assistance check (General Relief/Social Security)	11%
q $_3$ Retirement Check	3%
q $_4$ Annuity/structured settlement	0%
q $_5$ Disability	6%
q $_6$ Other, Please specify	2%
q $_7$ None	2%
q $_{88}$ Refused	3%
q $_{99}$ Don't know/can't remember	0%

14. What is the smallest amount you've ever borrowed on a payday loan? (n=653)

$2.00	0%
$23.00	0%

$25.00	0%
$30.00	0%
$40.00	0%
$50.00	11%
$55.00	0%
$60.00	1%
$70.00	0%
$75.00	1%
$80.00	0%
$88.00	0%
$100.00	32%
$110.00	0%
$125.00	1%
$130.00	0%
$150.00	10%
$155.00	0%
$175.00	0%
$180.00	0%
$200.00	11%
$230.00	0%
$240.00	0%
$245.00	0%
$250.00	6%
$255.00	11%
$260.00	0%
$289.00	0%
$294.00	0%
$300.00	9%
$350.00	0%
$355.00	0%
$500.00	0%
$525.00	0%
$2000.00	0%
$2500.00	0%
$2600.00	0%

q $_{88}$ Refused
q $_{99}$ Don't know/can't remember

15. Was that the amount you needed or did the lender require you to borrow a minimum amount? (n=679)

q $_{1}$ It was the amount I needed	79%
q $_{2}$ The lender required that I borrow at least that much.	19%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	2%

16. What is the largest amount you've ever borrowed on a payday loan? (n=646)

$30.00	0%
$50.00	0%
$100.00	4%
$110.00	0%
$150.00	2%
$170.00	0%
$175.00	0%
$180.00	0%
$200.00	9%
$220.00	0%
$225.00	0%
$230.00	0%
$235.00	0%
$240.00	0%
$245.00	0%
$250.00	13%
$255.00	30%
$260.00	2%
$270.00	0%
$289.00	0%
$295.00	0%
$299.00	0%
$300.00	25%
$350.00	1%
$355.00	1%
$380.00	0%
$400.00	1%
$500.00	3%
$580.00	0%
$600.00	0%
$700.00	0%
$750.00	0%
$800.00	0%
$850.00	0%
$900.00	0%
$950.00	0%
$1000.00	1%
$1100.00	0%
$1200.00	0%
$1300.00	0%
$1475.00	0%
$1500.00	1%
$2500.00	0%
$2600.00	0%

$2670.00	0%
$3000.00	0%
$3600.00	0%
$8000.00	0%

q 88 Refused **q** 99 Don't know/can't remember

17. Was that the amount you needed or was that the most the lender would lend you? (n=679)

q 1 It was the amount I needed	62%
q 2 It was the most the lender would loan me	34%
q 3 The lender offered me more than I needed/ The Lender told me I could borrow more	3%
q 88 Refused	2%
q 99 Don't know/can't remember	0%

18. How did you get the rest of the money you needed?
(DO NOT READ RESPONSES) (CHECK ALL THAT APPLY) (n=230)

q 1 Went to a pawn shop	2%
q 2 Borrowed the money from family/friends	23%
q 3 Borrowed the money from employer	1%
q 4 Borrowed the money from a bank	3%
q 5 Waited until the next payday	16%
q 6 Used a credit card	1%
q 7 Took a cash advance from a credit card	0%
q 8 Used overdraft protection or overdrew my checking account	1%
q 9 Went to another payday lender	10%
q 55 Other, please specify	9%
q 11 I did not get the rest of the money I needed	25%
q 88 Refused	4%
q 99 Don't know/can't remember	4%

19. In general, what do you usually use a payday loan for?(DO NOT READ RESPONSES) (CHECK ALL THAT APPLY) (Any others? Repeat until respondent says no) (n=679)

q 1 Groceries / necessary household goods	23%
q 2 Pay for doctor / dentist / medical services	3%
q 3 Pay other bills	50%
q 4 Only emergency situations	10%
q 5 Buy appliances / TV / DVD / Other consumer goods	1%
q 6 To pay off other loans	1%
q 7 Other, Please specify	8%
q 8 Car repairs	2%
q 88 Refused	3%
q 99 Don't know/can't remember	1%

21. What other options do you consider for obtaining money before you go to a payday loan company? (n=679)
(DO NOT READ RESPONSES) (CHECK ALL THAT APPLY)
(Any others? Repeat until respondent says no)

q $_1$ Pawn Shop	4%
q $_2$ Borrow money from family/friends	28%
q $_3$ Borrow money from employer	2%
q $_4$ Borrow money from a bank	4%
q $_5$ Wait until next payday	10%
q $_6$ Other, Please specify	6%
q $_7$ No other options considered	38%
q $_8$ Refused	3%
q $_9$ Don't know/can't remember	6%

23. Have you ever had more than one payday loan from different store locations or companies at the same time? (n=679)

q $_1$ Yes	36%
q $_2$ No	62%
q $_{88}$ Refused	2%
q $_{99}$ Don't know/can't remember	1%

24. Was that because you …(n=242)
(READ LIST)(CHECK ALL THAT APPLY)

q $_1$ Needed more money than one store could loan you at one time	76%
q $_2$ Needed more money before the first pay loan could be repaid	9%
q $_3$ Needed the money to pay off another pay day loan	8%
q $_{66}$ Other, please specify	4%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	2%

25. What is the greatest number of payday loans that you've taken at the same time from different companies? (n=226)

1	5%
2	47%
3	24%
4	11%
5	4%
6	4%
7	1%
10	1%
12	0%
100	2%

q $_{88}$ Refused

q $_{99}$ Don't know/can't remember

EXPERIENCE WITH PAYDAY LOANS

Now, I'd like to ask you a few questions about your specific experiences with borrowing from payday loan companies.

26a. How much did you borrow on your last payday loan? (n=623)

32. What was the total in fees that you paid on the last payday loan you took?

$ __ __ . __ __ **q** 88 Refused

q 99 Don't know/can't remember

29. Were you aware of the fee associated with the payday loan you were taking ***before*** you accepted the loan? (n=679)

q 1 Yes	92%
q 2 No	7%
q 88 Refused	1%
q 99 Don't know/can't remember	1%

33. How did you learn about what the fee was before you took the payday loan? (n=622)

(DO NOT READ RESPONSES) (CHECK ALL THAT APPLY)

(Any others? Repeat until respondent says no)

q 1 Payday lender told them, doesn't indicate they asked for information	42%
q 2 Payday lender told them in response to their asking a question at lender	11%
q 3 Called lender in advance	1%
q 4 Did research on the internet	2%
q 5 Talked with friends, family	2%
q 6 Knew from previous loans made	3%
q 7 Other, specify	5%
q 9 I didn't know what the fees were before I took the loan	1%
q 10 It was posted on the board/a board on the wall	31%
q 88 Refused	0%
q 99 Other, specify	1%

26b. Before you took your last payday loan, were you aware of how the fee you were paying would be calculated as an Annual Percentage Rate or interest rate if this were a traditional or "regular" loan.
IF ASKED WHAT A TRADITIONAL OR REGULAR LOAN: Such as a loan from a bank or finance company" (n=679)

q $_{1}$ Yes	68%
q $_{2}$ No	26%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	5%

27. What was the calculated APR or Interest rate on the last payday loan you obtained?
__ __ . __ __ % **q** $_{88}$ Refused
q $_{99}$ Don't know/can't remember

30. How did you learn about what the APR or interest rate would equal before you took the payday loan? (n=460)
(DO NOT READ RESPONSES) (CHECK ALL THAT APPLY)
(Any others? Repeat until respondent says no)

q $_{1}$ Payday lender told them, doesn't indicate they asked for information	38%
q $_{2}$ Payday lender told them in response to their asking a question at lender	13%
q $_{3}$ Called lender in advance	2%
q $_{4}$ Did research on the internet	2%
q $_{5}$ Talked with friends, family	1%
q $_{6}$ Knew from previous loans made	2%
q $_{7}$ Other, specify	6%
q $_{9}$ I didn't know the interest rate before I took the loan	3%
q $_{10}$ It was posted on the board/a board on the wall	27%
q $_{88}$ Refused	0%
q $_{99}$ Don't know	7%

34. Did the interest rate or fee ever make you decide not to take a payday loan? (n=679)

q $_{1}$ Yes	26%
q $_{2}$ No	71%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	2%

35. Which of these options did you actually use instead of obtaining a payday loan at that time? (n=179)
(READ RESPONSES) (CHECK ALL THAT APPLY)
(Any others? Repeat until respondent says no)

q 1 Pawn Shop	5%
q 2 Borrow money from family/friends	47%
q 3 Borrow money from employer	2%
q 4 Borrow money from a bank	2%
q 5 Wait until next payday	26%
q 6 Other, Please specify	1%
q 7 None – I've never used another option rather than obtaining a payday loan	16%
q 88 Refused	1%
q 99 Don't know/can't remember	0%

38. About how many times in the last 18 months have you had to pay a late fee on a payday loan that was not paid back on time, or as agreed in your contract ?

q 1 Have never had a late fee.
SKIP TO QUESTION 40

q 99 Don't know/can't remember
SKIP TO QUESTION 40

39. What was the largest late fee that you've had to pay? (ENTER RANGE OR AMOUNT IF GIVEN)

$ __ __ . __ __ **q** 88 Refused

q 99 Don't know/can't remember

40. Have you ever had to pay an non-sufficient funds (NSF) fee to a payday lender because a check bounced? (n=679)

q 1 Yes	13%
q 2 No	84%
q 88 Refused	2%
q 99 Don't know/can't remember	1%

41. About how many times in the last 18 months have you had to pay an NSF fee to a payday lender on a loan?_____ | __

q 1 Have never had to pay an NSF fee. SKIP TO QUESTION 43

q 99 Don't know/can't remember SKIP TO QUESTION 43

42. What was the largest fee for non-sufficient funds that you've had to pay?
(ENTER RANGE OR AMOUNT IF GIVEN)

$ __ __ . __ __

q 88 Refused

q 99 Don't know/can't remember

43. In that case, did the payday lender ever threaten you with legal action because the check did not clear? (n=90)

q $_1$ Yes	21%
q $_2$ No	77%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	1%

44. What action was threatened? (CHECK ALL THAT APPLY) DO NOT READ LIST (n=19)

q $_1$ Criminal prosecution	47%
q $_2$ Garnishment of wages	5%
q $_3$ NSF collection fees	5%
q $_4$ Negative reporting to credit bureaus	0%
q $_5$ Transfer account to a collection agency	5%
q $_6$ Other, Please specify	32%
q $_9$ Don't know/ can't remember	5%

45. Have you ever had to make payment arrangements to pay back a payday loan that was not paid back on time, or as agreed in your contract ? (n=679)

q $_1$ Yes	17%
q $_2$ No	81%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	1%

46. In that case, What type of arrangements were made? (DO NOT READ RESPONSES) (CHECK ALL THAT APPLY) (Any others? Repeat until respondent says no) (n=113)

q $_1$ Pay back over time (scheduled payments)	62%
q $_2$ Payment of a lower amount	8%
q $_3$ Suspension of loan privileges until loan was paid back	4%
q $_4$ Other, Please specify	21%
q $_{88}$ Refused	3%
q $_{99}$ Don't know/can't remember	3%

47. Did you have to pay a fee in order to enter into a payment agreement for the loan that was not paid back on time, or as agreed in your contract ? (n=113)

q $_1$ Yes	20%
q $_2$ No	74%
q $_{88}$ Refused	1%
q $_{99}$ Don't know/can't remember	5%

48. Have you ever been contacted by a bill collector as a result of an unpaid payday loan? (n=679)

q $_{1}$ Yes	9%
q $_{2}$ No	89%
q $_{88}$ Refused	2%
q $_{99}$ Don't know/can't remember	1%

49. Have you ever had a small claims action filed against you as a result of an unpaid payday loan? (n=679)

q $_{1}$ Yes	1%
q $_{2}$ No	95%
q $_{88}$ Refused	2%
q $_{99}$ Don't know/ can't remember	1%

50. Were treble damages requested?
If needed: Treble damages are the fees that can be charged on a bounced check which is up to three times the amount of the face value of the check. (n=8)

q $_{1}$ Yes	13%
q $_{2}$ No	88%

DEMOGRAPHICS – These last few questions are to help us better analyze the data

D.1. What is the 5-digit zip code where you live? __ / __ /__ /__ /__

q 88 Refused **q** 99 Don't know/can't remember (IF NUMBER GIVEN, SKIP TO D.3)

D.2. What city do you live in, in California?

_____

q 88 Refused
q 99 Don't know/can't remember

D.3. How old are you? (If Respondent does not give you a number, ask: Can you tell me which of the following ranges would be correct and READ RESPONSES)

(n = 1494)

q 1 LESS THAN 18	0%
q 2 18 – 24	9%
q 3 25 – 34	24%
q 4 35 – 44	24%
q 5 45 – 54	19%
q 6 55 – 64	13%
q 7 65 – 74	5%
q 8 75 +	2%
q 88 Refused	5%
q 99 Don't Know	0%

D.4. What is the last grade of school you completed? (READ RESPONSES) (INPUT ONE RESPONSE ONLY)

(n = 1494)

q 1 Less than High School graduate	10%
q 2 High school graduate / GED	34%
q 3 Some college	29%
q 4 College graduate	18%
q 5 Post graduate degree(Masters / Ph.D. / Professional degree)	3%
q 6 Trade/business school Graduate	2%
q 88 Refused	4%
q 99 Don't know/can't remember	0%

D.5. Please stop me when I reach the category which contains your yearly household income:
(READ RESPONSES) (INPUT ONE RESPONSE ONLY) (n=1494)

q $_{1}$ Under $10,000	7%
q $_{2}$ $10,000 to $19,999	12%
q $_{3}$ $20,000 to $29,999	15%
q $_{4}$ $30,000 to $39,999	15%
q $_{5}$ $40,000 to $49,999	12%
q $_{6}$ $50,000 to $59,999	8%
q $_{7}$ $60,000 to $69,999	4%
q $_{8}$ $70,000 to $79,999	3%
q $_{9}$ $80,000 to $89,999	2%
q $_{10}$ $90,000 to $99,999	1%
q $_{11}$ $100,000 and over	2%
q $_{88}$ Refused (DO NOT READ)	16%
q $_{99}$ Don't know (DO NOT READ)	3%

D.8 What is the language that is primarily spoken in your home? (n=1494)

English	95%
Spanish	5%

D.9 What is your occupation? (DO NOT READ LIST)(CHECK ONLY ONE)

q $_{1}$ Unemployed	8%
q $_{2}$ Retired	9%
q $_{3}$ Business and financial operations occupations/banking	4%
q $_{4}$ Computer technology	1%
q $_{5}$ Engineering occupations	2%
q $_{6}$ Casino and gamming professions	1%
q $_{7}$ Community and social	1%
q $_{8}$ Legal	1%
q $_{9}$ Education	5%
q $_{10}$ Arts, design, entertainment, sports, and media	1%
q $_{11}$ Healthcare	7%
q $_{12}$ Law Enforcement/Security	2%
q $_{13}$ Food preparation and serving related occupations (includes fast food or hotel service)	3%
q $_{14}$ Building and grounds cleaning/maintenance occupations	1%
q $_{15}$ Personal care and service occupations (baby, senior care, housekeeping)	2%
q $_{16}$ Sales and related occupations	6%
q $_{17}$ Office and administrative support/Secretary services	5%
q $_{18}$ Farming, fishing, and forestry occupations	0%
q $_{19}$ Construction and contracting	2%
q $_{20}$ Maintenance, and repair services	2%
q $_{21}$ Factory/Manufacturing	2%
q $_{22}$ Transportation – Freight/trucking	2%
q $_{23}$ Transportation – Bus, taxi, shuttle driver	1%
q $_{24}$ Active Military	1%
q $_{24}$ student	3%
q $_{24}$ Homemaker	3%
q $_{66}$ Other, Please specify	14%
q $_{88}$ Refused (DO NOT READ)	9%

FOCUS GROUP RECRUITMENT

E.1. To gain a better understanding of some of the experiences of borrowers, we will be holding discussion groups in your area that last about and hour and a half. Would you be willing to participate in one of these discussion groups if you were being paid $40 and provided a light meal?

q$_1$ Yes CONTINUE **q**$_2$ Unsure CONTINUE
q$_3$ No PROCEED TO THANK YOU

We are currently setting up the participation list, and need to make sure we have the correct information for you.

E.2. Is the number I've called you at today the best contact number for you?

q$_1$ Yes THANK RESPONDENT – END INTERVIEW **q**$_2$ No PROCEED TO QUESTION E.3

E.3. What is the best number to reach you?_____
(IF REFUSES ALTERNATE PHONE NUMBER, RECODE E.1. AS "NO")

THOSE ARE ALL OF THE QUESTIONS WE HAVE, THANK YOU VERY MUCH FOR YOUR TIME!

APPENDIX E – Focus Group Moderators Guide

Department of Corporations
Customer Survey – Moderators Guide

INTRODUCTION: - 5 min.

Good evening everyone, my name is _____. I am from the Applied Management & Planning Group (AMPG), an independent research and consulting firm located in Los Angeles. We invited you here because during the telephone survey stage of a finance industry study, you each indicated that you'd taken at least one payday loan in the last 18 months. As a second part of our research we are conducting meetings throughout the state to find out more about peoples' experiences with Payday lending companies. We're very glad that you are here and look forward to your feedback and input.

We will talk over a few issues tonight. We want to better understand your experience as a payday loan customer, your reasons for using payday loans as a resource, and your reactions to experiences with payday lending and payday lenders. Nothing you say here will affect your ability to continue as a payday loan customer or any activity that you may participant in as a payday loan customer.

My job is to give each of you enough information so that you can contribute to the discussion. I will try to answer your questions, and any I cannot answer I will write down and try to answer at the end of our discussion. Representatives of my client may join us behind that one-way mirror. They will be hidden from view so as not to distract us from our discussion.

GROUND RULES: - 5 Min.

Before we start the discussion, I want to go over a few things, kind of like our ground rules for the evening.

1. First, all of your answers will remain confidential. Your names will not be linked to your comments in any of our reports.

2. We are not trying to reach agreement, but are trying to gather an understanding of you and your experiences as a payday loan customer. You are not expected to influence others' opinions or to always agree with other people's ideas, and experiences. We expect that others' opinions and experiences may be different from your own. There are no "right" or "wrong" answers. We welcome everyone's opinion.

3. It is okay to say, "I don't know."

4. Since this discussion is really about your experiences as a payday loan client, we ask that you do not share the name of payday Loan Company you've had experiences with unless specifically asked to do so.

5. Tonight's discussion is being audiotaped to help us correctly recall the discussion. We also have people from our staff taking notes. For the sake of the note-takers, please let someone finish speaking before you begin.

6. In appreciation for your time, you will receive $40 at the end of the discussion.

7. The discussion will last up to an hour and a half, and to keep things moving, there will be no breaks. However, you can leave to use the restroom at anytime. (EXPLAIN WHERE THE RESTROOM IS LOCATED)

8. Do you have any questions before we begin?

PARTICIPANT INTRODUCTIONS: 10 min.

1. Let's have each of you start by introducing yourself by your first name only. Also, please tell us about how long you've been a payday loan customer, no matter with what company.

AFTER INTRODUCTIONS:
I want to make it clear that our discussion here tonight should focus only on payday lending companies that you've physically been to, to take our a loan. This discussion is not about on-line lenders or other loan companies such as Cash Call or a bank. From this point on—unless I say otherwise—let's just understand that those are loans and loan companies we are talking about.

PAYDAY LENDING ACTIVITY – Introductory Experience

For a start, let's talk about your first experience with payday loans.

1. I'd like for each of you to tell me how you first heard about payday lending.

2. Now, I'd like for you to think back to your first payday loan. What made you choose to take a payday loan as an answer to your financial needs?

3. When you took your first payday loan, did you use the funds only for what you intended to borrow the money for, or did you use the money to cover more than one need?

4. When you took the loan, did you plan to take just that one loan and never go back or did you feel that you would immediately renew the loan (take out another)?

5. For that first loan, how did having to take a payday loan make you feel? *If needed:* Were you relieved that you were able to fill your need, was it frustrating or embarrassing that you had to go to a payday loan company?

PAYDAY LENDING ACTIVITY – Repetitive Borrowing

6. Earlier we asked if when you took your first loan, you intended to only take that one. ___ _____ Said yes, For (For those who intended only to take the one loan) Were you able to stick to taking just that one loan or did you immediately take out another loan when you paid the first one back? Or did you find a need later and decide to go back to the payday loan company for another loan?

7. We know that everyone in the room has taken at least one payday loan. Is there anyone who has taken out five or more loans over the past year and a half? (count hands). If none, how about 3 or 4?

8. *For each who has taken more than one loan, ask* About how many loans have you taken over the last year and a half?

9. Why do you chose to go to payday lending companies rather than use other forms of credit such as banks or credit cards?

PAYDAY LENDING ACTIVITY – Understanding the cost

10. When you take a loan, do you understand what the long term cost to you is for repetitive borrowing?
    (Explain if needed. "Each time you take a loan it cost X number of dollars. Between 35 and 45 if you take the max, do you understand what that equals over time if you are a repetitive borrower?)

    If yes, ask for explanations

11. Does this cost ever affect your decision to take the loan?
    If yes, why?
    If no, why?

12. Do you feel the fee or cost of the loan is worth the money your are borrowing?
    If yes, why?
    If no, why?

PAYDAY LENDING ACTIVITY – Experiences with Payday lenders

13. In general, when you go to in to make a loan, do you tell the lender(s) how much you need and you find out from that point what you qualify for or do you ask how much you can borrow at one time?

14. How many people just borrow the max regardless of your need?
    Why do you borrow the max?

15. Has anyone ever asked for an amount smaller than the max and ended up taking more than you needed?
    Why did you take more than you needed?

16. Has anyone ever been turned down for a loan? For what reasons?

Now, I'd like to talk about instances where a loan was not paid as agreed or there were challenges completing the transactions.

17. Has anyone ever had a bounced check or a loan that was not paid as agreed/on time?

18. For those who said yes, how did the lender go about addressing the issue?

19. Did you feel that the way the issue was resolved was fair or where there difficulties in resolving your debt?

20. *Has anyone ever had to arrange a payment agreement that allowed you to pay the money back over time or for some type of fee?*
    What was the arrangement? What if any was the fee?

21. Has anyone ever been sent to collections as a result of an unpaid loan?
    About how long was it between the time you took the loan and the time that the collections company contacted you?

22. Overall, would you consider your experience(s) with the lenders you've borrowed from a positive one or a negative one?
    Why? Probe for explanations for specific instances.

PAYDAY LENDING ACTIVITY – Multiple Location Use

23. In our survey, we found that some payday loan customers have taken loans from more than one company, by show of hands, how many of you have gone to more than one payday Loan Company to obtain a loan in the past year and a half? For example, you've had a loan at Pay-day-today, Pay Quick Now and/or Pay you quickly all at the same time.

24. By show of hands, how many people have accounts at more than one payday lending location with in the same company? (Give example if needed.)

    Probe for those who raise their hand: How many accounts do you have at different locations for that company?

25. By show of hands, how many people have accounts at more than one payday lending location with different companies? (Give example if needed.)

    Probe for those who raise their hand: How many accounts do you have at different companies?

26. Please tell me some of the reasons why you may have chosen to use more than one payday Loan Company at the same time?

27. When you take multiple loans, how do you manage paying back multiple lenders when loans are due on the same day or close to one another?

28. Have you ever been in a situation where one or more loans could not be paid back when you've borrowed from multiple lenders? If so what happened?

OTHER CREDIT OPTIONS

29. How many of you have:
    A department store credit card or account?
    A checking/Savings account? (validation question, all should have checking. If not ask how they use payday loan companies)
    A major credit card?
    A car with a note still open (paying car notes)?
    A house note paid to a mortgage company(not rent)?
    Any other kinds of loans (student, Home equity line of credit, etc.)

In the survey you took on the phone, we asked about some of your other options, we'd like to talk about what options you have and how you use them.

30. Before you take a payday loan, do you consider other options for obtaining the money or do you use it as the last resort?

31. For those who have used or thought of using other credit options, why have you continued to use payday lending as a source for finances?

32. If payday loans were not available at all, how would you go about obtaining the funds you need?

33. For payday lending, would you be interested in an option where you could pay the loan off over a longer period of time, like 2 to 4 months?

PAYDAY LENDING ACTIVITY – As a Culture

34. How many of you have family members that live within your household who have taken one or more than one payday loan in the last year?

35. About how often would you say that they take payday loans?

36. When your family members take loans, is it to help the household maintain or is it primarily for personal needs?

ATTITUDES TOWARD PAYDAY LENDING - Overall

37. When you take a payday loan, do you take them more so to supplement your normal income (get you over the hump) or are they used for emergency purposes only?

38. When you have to take a payday loan, how do you feel? Does it make you feel relieved that the resource is there, do you think about the money you are spending to get the loan, or is problem/issue resolution the primary focus?

39. Do you feel that having the ability to take a payday loan is a help to you and your family? If so why, if not why?

APPENDIX F – Distribution of Payday Loan Locations by County

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Los Angeles	9,519,338	665	28%	
San Diego	2,813,833	194	8%	
Orange	2,846,289	188	8%	
San Bernardino	1,709,434	153	6%	
Sacramento	1,223,499	140	6%	
Riverside	1,545,387	127	5%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Fresno	799,407	108	5%	
Alameda	1,443,741	88	4%	
Santa Clara	1,682,585	81	3%	
Kern	661,645	73	3%	
San Joaquin	563,598	61	3%	
Ventura	753,197	47	2%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
San Francisco	776,733	42	2%	
Tulare	368,021	40	2%	
Stanislaus	446,997	39	2%	
Butte	203,171	32	1%	
Contra Costa	948,816	28	1%	
San Luis Obispo	246,681	26	1%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Merced	210,554	26	1%	
Shasta	163,256	25	1%	
Sonoma	458,614	24	1%	
Solano	394,542	23	1%	
Monterey	401,762	21	1%	
San Mateo	707,161	16	1%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Santa Barbara	399,347	13	1%	
Madera	123,109	13	1%	
Kings	129,461	11	0%	
Yolo	168,660	8	0%	
Placer	307,004	7	0%	
Imperial	142,361	7	0%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Nevada	92,033	7	0%	
El Dorado	156,299	6	0%	
Humboldt	126,518	6	0%	
Mendocino	86,265	6	0%	
Sutter	78,930	6	0%	
Lake	58,309	5	0%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Santa Cruz	255,602	4	0%	
San Benito	53,234	4	0%	
Amador	35,100	4	0%	
Marin	247,289	3	0%	
Napa	124,279	3	0%	
Tuolumne	54,501	3	0%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Lassen	33,828	3	0%	
Glenn	26,453	3	0%	
Tehama	56,039	2	0%	
Siskiyou	44,301	2	0%	
Del Norte	27,507	2	0%	
Colusa	18,804	2	0%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Trinity	13,022	1	0%	
Yuba	71,938	0	0%	
Calaveras	40,554	0	0%	
Plumas	20,824	0	0%	
Inyo	17,945	0	0%	
Mariposa	17,130	0	0%	

County	Population	Number of Payday Loan Locations	Percentage of Statewide Payday Loan Locations	County Location
Mono	12,853	0	0%	
Modoc	9,449	0	0%	
Sierra	3,555	0	0%	
Alpine	1,208	0	0%	