



EXHIBIT 3
DATE 2-15-05
HB 494

February 15, 2005

TO: Chairman Jim Keane and Members of the House Business and Labor Committee

FROM: Alex Ward, Associate State Director, AARP Montana

RE: Support of HB 494 Deferred Deposit Loans

Mr. Chairman and members of the Committee, I am Alex Ward, Associate State Director for AARP Montana. AARP is a non-profit, non-partisan organization with 143,000 members in Montana.

We offer support for HB 494. In fact, it is very similar to model legislation suggested by our national AARP office on deferred deposit lending. While payday loans are sometimes the only source of ready cash available for those with modest incomes or impaired credit, they present serious concerns. The national AARP office recently surveyed 230 payday lenders in 20 states and found the average annual percentage rate was 474 percent. It is apparent how these loans quickly become "debt treadmills" that only make people's financial problems worse.

In a AARP Montana survey on consumer fraud, we found over three quarters of the respondents supported legislation that requires payday lenders to display fees, disclose annual percentage rates, prohibits triple-digit annual interest rates, and requires lenders to make available reasonable loan terms.

We know that deferred deposit loan abuses hurt our lower and rural seniors. Please give HB 494 your favorable consideration.