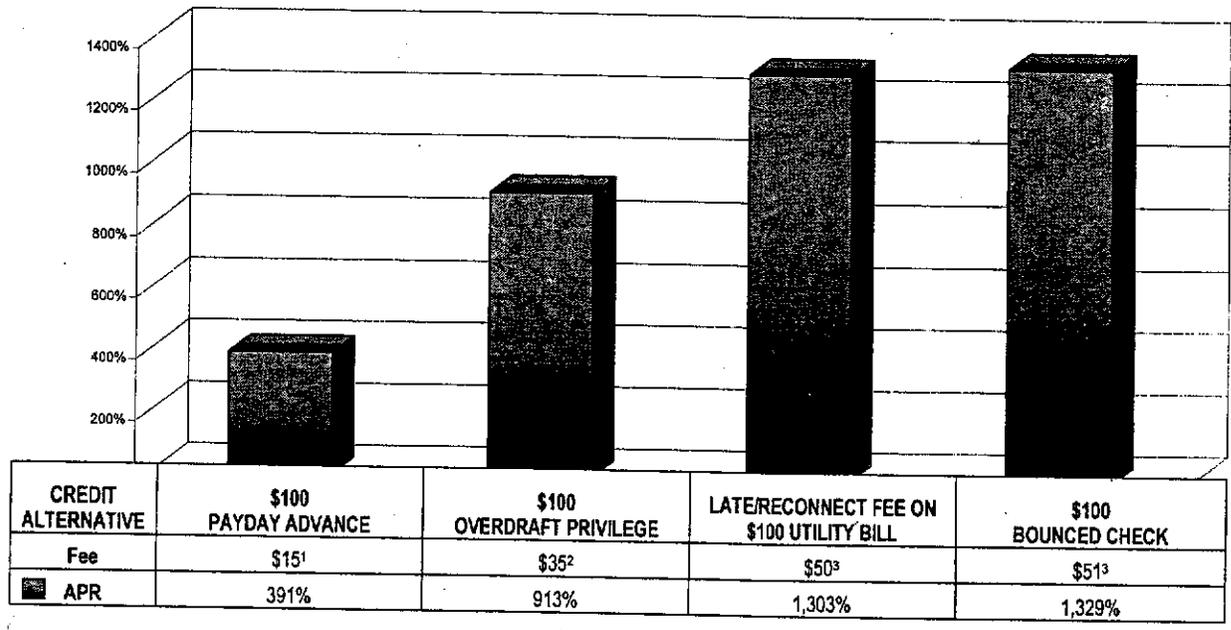


APR Comparisons On Payday Advance Alternatives
 14-Day Term



¹ Typical payday advance fee.
² The New York Times, "Banks Encourage Overdrafts, Reaping Profit", January 22, 2003, reported that new overdraft protection programs charge flat fees up to \$35 for each overdraft.
³ CFSA, Payday Advance: A Cost Effective Alternative, A 2003 Industry Survey of Payday Advance Customers' Alternatives for Short-Term Credit, 2003. Nationally, the average NSF fee assessed in 2,243 banks in 858 cities was \$26. The average returned check merchant fee of 2,282 major merchants in 814 cities was \$25. 1,110 utility company locations were surveyed across 537 cities and charged an average \$11 in late fees and \$39 in reconnect fees.

LEGISLATIVE TESTIMONY
On
HB 494
Revising the Deferred Deposit Law

Submitted by: Riley Johnson
For
Community Financial Services Association

Mr. Chairman and members of the House Business Committee, for the record I am Riley Johnson, coming before you today on behalf of the Community Financial Services Association, a national association of deferred deposit lending organizations with individual retail outlets all across this country, including several dozen stores right here in Montana. With me today are representatives of two of our members, Natasha Fooman with Advance America, and Lauren Hosie with Check into Cash. Together they have 12 deferred deposit stores within Montana. They are here this morning to answer any questions you might have from a national perspective.

Mr. Chairman, I feel the opponents preceding me have highlighted significant points on this issue with which we totally agree. I have just one point I would like to contribute.

A 36% interest rate cap would put the deferred deposit industry out of business. I know you all have heard that threat before on other bills. This is not a threat. It is a fact.

Most of you know me as a champion for small business in Montana. That I am. I am comfortable representing small business because I have owned and operated 13 small businesses over the past 35 years here in Montana. And, I tell you with all honesty, HB 494 will put some 109 small businesses and over 500 employees out of work.

Let me explain why.

At a 36% APR, the fee on a \$100 deferred deposit loan would mean that we would receive \$1.38, or less than 10 cents per

day, on a typical 14-day loan. Now, there are various amounts of lending that goes on in different stores because of location, traffic and size of a community. But my members have some stores that hold up to 500 checks per month and others that will hold up to 1000 plus checks per month. So, at 500 checks per month, which translates to 17 checks per day, we would have a gross income of \$23.46. Double that for larger stores and you have a gross income of \$46.92 per day. I know of no small business anywhere that can survive on this kind of gross income and still pay salaries, rent, utilities, supplies, equipment and taxes and have money left over for a profit.

Now the proponents might argue that we would make over \$1.38 per 14-day loan because there is a \$5 administration fee allowed under Montana law. Okay, so now we have a gross income of \$108.46 per day in that small store. Again, that is not enough to provide a service to our customers and your constituents. A niche market that is indeed needed and used here in Montana.

Yes, this bill will close down an industry.

And, Mr. Chairman, I want to note that I am passing out a chart that is redundant to materials passed out by previous opponents, but I think it is important to read the footnotes on my chart and understand from where those figures we are purporting come.

Thank you Mr. Chairman. I will be happy to answer any questions from the committee.

**DEBBIE WHITBECK
CASH ADVANTAGE EMPLOYEE**

1005 N Last Chance Gulch
Helena, Mt. 59601
406-457-9111
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February 14, 2005

Montana Legislative Session 2005

To The Powers That Be,

I have been an employee of this Deferred Deposit Lending Institution since 2000. As an employee, I have reached the highest level of wages; I have ever reached, working in my home town of Helena.

Without a college or trade school degree, I don't see myself making the wages I am currently earning, at another job in Helena, if you vote to allow HB 494 to go through.

With this job, I have been able to pay off some long overdue bills, and establish some credit, to the benefit of my family. If you pass this bill, will you be able to guarantee me a job, with the same wages, as soon as you have assured the loss of my current job? I will have to give up everything I have worked for. The home my family has waited so long to have. The security of being able to pay my bills.

I am not sure you understand what it is like to struggle for years, as a parent and a wife, while making a pittance as a wage? This job has taken some of the struggle out of our lives. I need this job! Please, think of all the families who will be left without the security of a job, if you pass this bill. Don't vote to unemploy the families of the Montana communities who have Deferred Deposit Lending Institutions.

Debbie Whitbeck

Helena, Mt. 59601