

Theodore R. Kulongoski
Governor



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Governor promotes consumer-friendly payday loan alternatives
New hotline and website to help consumers avoid high interest loans

Portland, Oregon — Governor Kulongoski today announced a new consumer campaign — including a 1-800 hotline and web site — promoting payday loan alternatives and encouraging working Oregonians to avoid these high-interest loans.

"We've made real progress protecting hard-working Oregonians from high cost payday loans," said the Governor. "But these new tools will help get this important message out — there are better alternatives for consumers than payday loans charging up to 500 percent interest."

In April, Governor Kulongoski signed legislation establishing reasonable limits on payday lending charges to protect consumers from excessive price gouging. The law takes effect until July 2007.

Today's new tools offer consumers good information and options to avoid spiraling debt. By calling 1-800-SAFENET or searching for credit unions at www.211info.org, consumers can find information about payday loan products offered by Oregon credit unions with significantly lower interest rates and fees. The Web site and 1-800 number can match consumers with credit unions they are eligible to join that offer the payday loan alternatives.

The 800 number and the Web site are maintained by SafeNet, which provides information to consumers about a wide variety of health and human services. The Department of Consumer & Business Services (DCBS) and the Credit Union Association of Oregon are partnering with SafeNet to provide this new information to consumers about payday loan alternatives.

Many credit unions began launching their products two years ago, after Governor Kulongoski and DCBS asked them to offer consumers a less-expensive option for short-

term loans. With interest rates often more than 500 percent, payday loans create financial burdens and credit problems for consumers.

As an alternative, credit unions average a \$3 cost to the consumer for a 30-day, \$200 loan. If that consumer went to a payday lender for the same loan, the cost would be between \$60 and \$85.

"I appreciate the Governor's leadership in protecting vulnerable consumers. And we are extremely pleased that Oregon's credit unions are providing financially strapped consumers real options," said DCBS Director Cory Streisinger. "Our research shows many Oregon consumers have multiple payday loans and often extend the payback period, which means they are paying an exorbitant amount of money in interest rates and fees. We applaud credit unions for working with us to offer consumers a better choice."

Consumers will save more than money when borrowing from credit unions, said Gene Poitras, president of the Credit Union Association of Oregon.

"Credit unions care about the financial well-being of their members and can work with borrowers to help them get out of debt," he said, adding that credit unions also can help consumers by offering financial education resources to avoid payday loans.

DCBS has produced fliers and posters for credit unions and other organizations to promote these payday loan alternatives. For copies, call DCBS at (503) 947-7897. In addition, a public education announcement about the alternatives — sponsored by DCBS and the Credit Union Association — will begin airing in early August on television and radio stations throughout Oregon.

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