

## Definitions

Term	Definition
Payday Loan	Also called a “cash advance” or “deferred deposit advance,” a <i>payday loan</i> is a loan of up to \$750 that must be repaid in two weeks. When taking out a payday loan, borrowers must provide the lender with a post-dated check in the amount of the loan plus the fees.
Small Dollar Loan	In Alaska, the Small Loans Act applies to most loans under \$25,000. This paper refers to all loans under \$25,000 as small loans, which may include some products not covered by the Small Loans Act, such as payday loans and retail installment loans.
Principal	The <i>principal</i> of a loan is the amount initially borrowed.
Interest	<i>Interest</i> is the cost of the loan, it is the amount that the borrower must pay the lender in order to receive the principal. This can take the form of a percentage charged monthly or yearly, or in the form of fees.
Compounding	<p><i>Compounding</i> is when you pay interest on top of interest. Compounding happens when unpaid interest becomes part of the principal of the loan and then new interest charges are calculated based on the principal plus the interest.</p> <p>For example, suppose you borrowed \$1000 in principal and the interest was 15% every two weeks.</p> <p>If you didn't make any payment after two weeks, then you'd need to pay another 15% interest. But now you'd need to pay 15% of \$1150, which is \$172.50. So now you'd owe \$1,322.50. Thanks to compounding, you owe an additional \$22.50.</p>
APR	<p><i>APR</i> stands for Annual Percentage Rate. APR is the standard way to measure the true interest rate of loans.</p> <p>Crucially, APR includes both interest and fees in order to calculate the true cost of the loan. APR is calculated on an annual basis so that loans can be compared on an apples-to-apples basis.</p> <p>The standard statutory definition of APR is contained in the Truth in Lending Act § 107 (15 USC 1606).</p>
Rate Cap / Usury Law	<p>A <i>rate cap</i> is a legal limit on the amount of interest that lenders can charge.</p> <p>Laws that establish rate caps are called <i>usury laws</i>.</p>
Term	The loan <i>term</i> is how long the borrower has to repay.

	<p>Payday loans have a term of two-weeks.</p>
Roll-over	<p>A loan roll-over is when the loan is extended for another term. When payday loans are rolled-over, the lender may charge new fees. These new fees are on top of the old fees (the fees compound).</p> <p>Technically, payday loans can only be rolled-over twice. But lenders are free to offer “new” loans, which are functionally the same as a rolled-over loan.</p>
Security	<p>The security for a loan is something that the borrower provides to the lender, which the lender can keep in the event that the borrower fails to repay the loan.</p> <p>For example, in a typical mortgage, the house is security for the loan.</p>
Unsecured loan	<p>An <i>unsecured loan</i> is a loan that is not attached to a specific piece of property. For example, credit cards are typically unsecured.</p> <p>In a secured loan, the lender can repossess the security when the borrower fails to pay the loan.</p> <p>Payday loans are sometimes called “unsecured loans” but they are actually secured by a post-dated check or direct access to a bank account.</p>
Loan default	<p>Generally, a <i>default</i> happens when the borrower cannot repay the loan.</p> <p>Typically, a default should be more than missing a single payment. But what counts as default depends on the specific terms of the loan agreement and what is allowed by statute.</p> <p>When a borrower defaults, the lender obtains legal rights over the security and may also sue the borrower in court.</p>
Small Claims Court	<p><i>Small claims court</i> is meant to be more accessible to folks without lawyers and for cases in which relatively small dollar amounts are at stake.</p> <p>Payday lenders typically use small claims courts to recover from borrowers who default.</p>
Wage Seizure	<p>Also called “wage garnishment,” a <i>wage seizure</i> is when the court authorizes the lender to take a percentage of the borrower’s wages out of each paycheck.</p> <p>Other sources of income, like the Permanent Fund Dividend, can also be seized.</p>
Repossession	<p>Also called “repo,” a <i>repossession</i> is when a court authorizes a lender to take the borrower’s property, such as a house or a car.</p>

<p>Default Judgment</p>	<p>When one party to a lawsuit fails to appear in court, the court may award a <i>default judgment</i> to the other party.</p> <p>In other words, if you don't show up in court, the other side wins automatically.</p> <p>In a default judgment, the other party isn't generally required to prove any part of their claim. For example, they aren't required to prove the amount you owe them or even that you owed it.</p> <p>The vast majority (over 75%) of payday and debt collection cases result in a default judgment against the borrower. See: Appendix D, below.</p>
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## Appendixes

### *Appendix A: List of Deferred Deposit Advance Licensees*

Current as of February 1, 2023.

Company Name	State of Incorporation
Alaska Fast Cash LLC	<i>Alaska</i>
Cash America, Inc. of Alaska	Texas
CCF of Alaska, LLC	Ohio
CCO Alaska, Inc.	Utah
Colem Inc. dba Alaska Check Cashing	<i>Alaska</i>
Juno Payday Loans LLC	<i>Alaska</i>
Monetary Management of California, Inc.	Pennsylvania
Mucho Frio, Inc.	Washington
Possible Financial Inc.	Washington
SCIL, INC.	Ohio

#### Notes:

- This list combines businesses with multiple licensees. Businesses need a license for each location at which they make loans, including websites and apps.
- Alaska Fast Cash has two additional company names, one for Anchorage and another for Fairbanks. This table combined them into one entry, but they may be separate entities.
- Since May 2022, two out-of-state companies have surrendered their licenses and are not listed above: CNU of Alaska, LLC (an Illinois corporation), and Loan by Phone of Alaska, LLC (a Tennessee corporation). And one company has obtained a new license, Possible Financial, Inc (a Washington corporation), which is listed above.
- In January 2023, Cash America reported to the Division of Banking and Securities that they are no longer making payday loans in Alaska.


Source: Alaska Division of Banking and Securities

Appendix E: Posted Prices at Anchorage Area Payday Loan Stores

**Cash Til Payday® Loans**  
 Each CASH TIL PAYDAY® loan is subject to a finance charge as listed below.

Loan Amount	Total	Fee	14 Day APR <sup>1</sup>	30 Day APR <sup>2</sup>
\$100	\$120	\$20	521.4%	243.3%
\$200	\$235	\$35	496.3%	212.9%
\$300	\$350	\$50	434.5%	202.8%
\$400	\$465	\$65	423.7%	187.7%
\$500	\$580	\$80	417.1%	184.7%

• Loans From \$100 to \$500.<sup>3</sup>  
 • Term: 14 to 32 Days.<sup>4</sup>  
 • One Easy Payment.  
 • \$15 Returned-Item Fee.



**Alaska Check Cashing Deferred Deposit Rate Chart**

Amount Financed	14 Day Loan	Origination Fee	Finance Charge	Total of Payments	Annual Percentage Rate (APR)	30 Day Loan	Annual Percentage Rate
\$100	14 Day Loan	\$5.00	\$15.00	\$120.00	521.429%	30 Days	243.333%
\$200	14 Day Loan	\$5.00	\$30.00	\$235.00	456.250%	30 Days	212.817%
\$300	14 Day Loan	\$5.00	\$45.00	\$350.00	434.524%	30 Days	202.778%
\$400	14 Day Loan	\$5.00	\$60.00	\$465.00	423.661%	30 Days	187.708%
\$500	14 Day Loan	\$5.00	\$75.00	\$580.00	417.148%	30 Days	184.667%

Pictures taken in January 2023