

Name: _____

Date: _____

Activity 3: Federal Trade Commission Resource Transcripts

Payday Loan Video Transcript

John's truck broke down and he needed money quickly to get it fixed. He couldn't get a loan, and his credit card was maxed out. So John went to a payday lender. To get his \$500 in cash, he had to give the lender a check for \$575: \$500 to repay the loan and \$75 for a fee. John didn't have the money in his account right then, but it didn't matter. The lender would hold the check for two weeks, until the loan was due.

But, after two weeks, John didn't have enough money to pay back the loan. So he paid the lender \$75 more to rollover his loan. That means he got 2 more weeks to repay the loan. And, two weeks later, the same thing happened. John paid another \$75. That bought another two weeks to pay back the loan. It took John 12 weeks - that's 3 months - to save enough money to repay the original \$500 loan. In the end, John paid \$1,025 when he only needed \$500. That was a really expensive loan.

Payday Loan Public Service Announcement Transcript

MALE: Need cash fast? If you're thinking about getting a payday loan, you may want to think again. Companies selling these loans often charge high fees and interest rates, making the loans VERY expensive. BEFORE you get a payday loan, consider other ways to borrow money. Ask yourself:

FEMALE: Can I get a loan from a bank or credit union? Can I get more time to pay my bills by talking with creditors or a credit counselor? Do I have any money saved that I can use? Can I borrow money from family or friends? Can I use a credit card instead?

MALE: And don't stop there – compare the costs between your options. Ask the companies:

FEMALE: What's the annual percentage rate? What are the fees? How soon must I repay the money? What happens if I can't repay?

MALE: So if you need some cash in a flash, remember – you may have options besides EXPENSIVE payday loans. Check out ftc.gov to learn more.

A tip from the Federal Trade Commission, the nation's consumer protection agency.

Source: Federal Trade Commission, retrieved from <http://www.consumer.ftc.gov/media/video-0078-payday-lending> and <http://www.consumer.ftc.gov/media/audio-0057-payday-loans>