



EXODUS

LENDING

Payday Loan Alternatives

Negotiate with Your Creditors

Good fit if you have: Poor to Excellent Credit

If you are not able to pay all of your bills on time, contact the people you owe to work out a more favorable repayment plan. Be upfront and honest about your situation. You might be surprised how willing companies are to negotiate. Most would rather work with you than risk not getting paid at all.

Borrow from Friends or Family

Good fit if you have: Poor to Excellent Credit

Talking about finances with friends and family can be tough. You may be reluctant to disclose your financial situation or feel awkward asking for help, but these are the people who love you best and want you to succeed.

Local Organizations and Nonprofits

Good fit if you have: Poor to Excellent Credit

If you are facing an emergency expense, check to see if there are any community organizations that may be able to help. Community organizations can help with energy assistance, rental assistance, and many other needs. United Way of Minnesota can help refer you to resources in your area. Just dial 211 on your phone.

Use a Low-Interest Credit Card

Good fit if you have: Excellent Credit

If you are facing an immediate emergency need and have a good credit score, using credit to cover your bills is an option. Most credit cards have an annual percentage rate (APR) of 10%-25%, and some may be higher, however even a 35% APR is much better than the average APR of a payday loan: 300%.

Get a Personal Loan from your Bank or Credit Union

Good fit if you have: Average to Excellent Credit

Personal loans are a better option than payday loans because you pay them back in installments over time. Please note this option is only beneficial if you are able to qualify for a low APR. Check with your financial institution to see what kind of personal loans they offer.

Get a Payday Alternative Loan (PAL) from a Federal Credit Union

Good fit if you have: Average to Good Credit

Payday Alternative Loans or PAL's are a specific type of small-dollar loan that can be obtained from a federal credit union. They range from \$200 to \$1000 and there is typically an application fee. To qualify for a PAL you do not need to have good credit, but you do need to be a member of the credit union for at least one month. APRs vary by institution.

Borrow from a Peer to Peer Service

Good fit if you have: Poor to Good Credit

If poor credit prevents you from obtaining a loan or credit from an institution, you might consider a peer to peer lending group. These groups typically have less stringent qualifications for loans. Again, please be aware that some of these groups may have APRs in the 30-36% range. ALWAYS ask about the fees and APR before obtaining a loan from any lender.

Alternatives to Avoid

Online Personal Loans

Many online lenders promise fast cash to help you meet your bills, but end up charging APRs of 400% or more. A good guideline is if the lender doesn't require a credit score or background check - stay away. These lenders are not interested in your ability to repay the loan and are most likely predatory institutions. Remember ALWAYS check the APR!

Title Loans

Title loans are loans that require you to use your car title as collateral. They are illegal in Minnesota, but some residents obtain them from other states. Just like payday loans, they have extremely high interest rates, along with the added risk of your car being repossessed if you cannot pay.