APR Fees

APR Formula:

100 X 365/D X (C/L -1) =APR Where: D = number of days of loan
C = total cost of loan
L = amount of loan

Typical Payday Loan example:

Client borrows $100 for 2 weeks (14 days) with a fee of $17.

100 X 365/14 X (117/100 – 1) = APR
2607.14 X .17 = **443.21 % APR**
Total cost to client = $117.00

Client borrows $100 for 2 weeks (14 days) with a fee of $75.
100 X 365/14 X (175/100 – 1) = APR
2607.14 X .75 = **1,955.35 % APR**
Total cost to client = $175.00

Typical Bank Overdraft example (*NSF's are really payday loans by banks & credit unions)***:**

If a bank customer overdrafts their account by $100 they can be charged an initial $35+ Overdraft fee for the first day, and an Extended Overdrawn fee of $35 on the sixth day.
100 X 365/6 X (170/100 – 1) = APR
6083.33 X .70 = **4,258.33 % APR**
Total cost to client = $175.00

If that same overdraft is for only $10 (some bank's *minimum*); very common.

100 X 365/6 X (80/10 – 1) = APR
6083.33 X 7.0 = **42,583.31 % APR**
Total cost to client = $80.00

According to The CFPB, PEW and The Consumerist, when the state of Georgia outlawed payday loans the banks netted 1.4 billion dollars more in overdraft fees the next year.

Typical Late Fee example:

Using a common Water District bill as an example. If you are one day late paying yourwater bill of $17.59 a $5 fee is charged.

100 X 365/1 X (22.59/17.59 – 1) = APR
36500 X .28 = **10,220.00 % APR**
Total cost to client = $22.59