

EXPRESS LOANS

Certificate Code: AAR823



823 Regent Avenue West
Winnipeg, MB R2C 3A7
(204) 224-3271

Express Loan Certificate

Date Issued: Current Date

Certificate for: Your Name

\$10,250.00

Amount: -----*Ten Thousand Two Hundred and Fifty Dollars*-----XX/100 dollars

AAR Financial
823 Regent Avenue West
Winnipeg, MB R2C 3A7
(204) 224-3271

MEMO Express Loan

Non-negotiable

PER: Deepak Kalra

0000001234 00345 678 10 002 345 6

IN MY MAIL!

823 Regent Avenue West
Winnipeg, MB R2C 3A7
(204) 224-3271

Offer Amount: \$10,250.00

You could use this certificate to get **\$10,250.00 today!**

All we need to do is verify your information

Dear: *Your Name*

If you need money, there's good news! You are invited to apply for a \$10,250.00* loan from AAR Financial. And you could get your cheque as soon as today. Just bring the certificate above into our office.

Come in today and you could get a cheque on the spot

You can get your money the same day your loan agreement is finalized!

Use the money immediately... the way you want¹

Pay off credit cards and give yourself some financial breathing room. (Chances are, you'll save on interest.) Or cover unexpected expenses. It's completely up to you!

Bring in your certificate anytime:

823 Regent Avenue West, Winnipeg

Since you're already invited to apply, there's no need to wait.

To save time, just call us at **204-224-3271** and we'll take your application over the phone. Then stop by the address above to pick up your cheque.

Sincerely,

Deepak Kalra

Deepak Kalra
Branch Manager





Sunny Freeman [Become a fan](#)
sunny.freeman@huffingtonpost.com

Borrow \$10,000, Owe \$25,000: The Face Of Predatory Lending In Canada

Posted: 07/31/2015 8:16 am EDT | Updated: 07/31/2015 11:59 am EDT

Donna Borden believes she was the victim of predatory lending, but she refuses to play that role any longer.

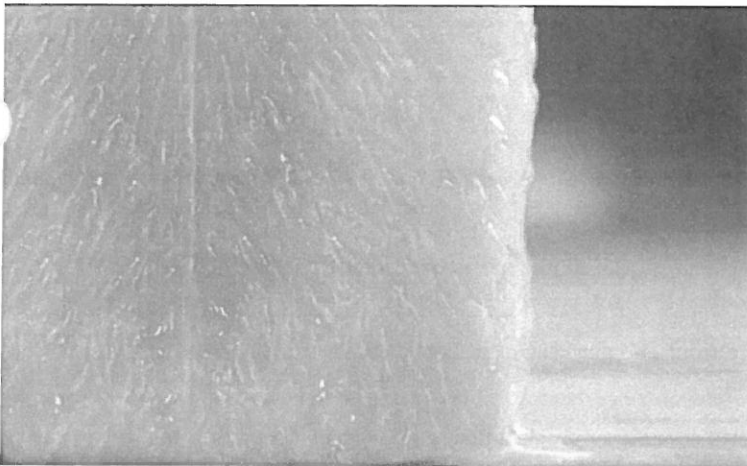
She had already paid \$25,000 on a subprime, \$10,000 loan when Borden says she decided enough was enough. Fed up, she stopped paying and started fighting.

“These people got balls,” she said in an interview at the Toronto office of the Association of Community Organizations for Reform Now (ACORN), an anti-poverty group where she runs a campaign against predatory lending.

-Advertisement-

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“As far as I’m concerned, I’ve paid this debt off.”

The 52-year-old single mom said she took out the initial loan from CitiFinancial Canada, Inc. in June 2005. It seemed like a quick and easy way to pay off some of the \$20,000 she owed to various creditors.

Working two jobs and watching the bills pile up, Borden said she thought the loan would make life easier and help to buoy her financial situation. Instead, it sank her further into a cycle of debt.

New forms of lenders are lining up to benefit from Canada's credit boom, charging high interest rates to the riskiest of borrowers. The shadow lending market is growing faster than it can be regulated, leaving the most indebted Canadians vulnerable to what activists describe as predatory lending practices. [Borrower Beware](#) will examine who these borrowers are, why they're forced to turn to the shadow lending market and how Canada can do better.

Because of her credit history, Borden couldn't qualify for a line of credit from a bank, which typically charges less than 10 per cent interest. She was forced to turn to the alternative lending market, where lenders operate outside of regulated financial institutions. She settled for a 28.99 per cent interest rate.

Years later, when Borden got fed up with the interest she was being charged, she tried to file a complaint with Ontario's Ministry of Government and Consumer Services. It told her those kinds of loans fall outside their jurisdiction, she said, because only payday loans of less than \$1,500 are covered by provincial legislation.

While the province plays "an important role" in making sure consumers are protected, "the federal government has exclusive legislative authority to deal with interest," a ministry spokeswoman told Huffington Post Canada.

Meanwhile, a spokeswoman from the federal Financial Consumer Agency of Canada said "non-bank lender practices would not fall under federal jurisdiction, but provincial or territorial jurisdiction."

There is no clear oversight of these kinds of lenders as the market for high-interest instalment loans — a type of subprime, short-term loan — has proliferated in Canada in recent years with fringe lenders seeing big opportunities in the unregulated space — the wild west of lending.

Instalment loans can carry interest rates sometimes reaching 59.9 per cent, just short of the 60 per cent legal limit in Canada. Some providers advertise interest rates closer to 30 per cent but then impose other fees that drive the overall cost up, according to ACORN.

Fringe lenders argue that they provide a necessary service to a segment of the population that would otherwise be excluded from borrowing by the big banks, and that they must charge higher interest rates and finance fees to offset the higher risk of default from borrowers, like Borden, who have checkered credit histories.



In this image from Google Street View, three short-term lenders can be seen on one short stretch of Toronto's Yonge Street: Cash Money, easyfinancial and Money Direct.

Instalment loans were one of the two main drivers of consumer debt growth in the most recent quarter (the other being auto loans), according to [Equifax's latest report](#).

Their use is a growing problem among Canadian debtors, rising from one per cent of insolvent clients two years ago to five per cent, according to the [most recent study](#) by Hoyes, Michalos & Associates.

Bankruptcy trustee Doug Hoyes believes that instalment loans are an even bigger problem than payday loans, because customers are paying high interest on a larger sum for a longer term. Unlike payday loans, he adds, instalment loans are unregulated, so there is little information available to study issues such as compliance and impact on people and the economy.

As technology evolves, more and more players are entering the space, some offering a loan at the touch of your mobile phone and others touting the merits of [peer-to-peer lending](#), making it easier than ever for high-risk borrowers to take on more debt. The change is so rapid that it is difficult for individuals and regulators to keep pace with how lenders operate and the terms they require.

Institutions like easyfinancial and Money Mart have a growing presence in the instalment loan space. Easyfinancial's advertised interest rate is 46.9 per cent, while Money Mart's is 59.9 per cent — rates that ACORN said are boldly close to the 60 per cent legal limit.

Easyfinancial Services Ltd., which recently bought out payday lender Cash Store, is rapidly expanding across the country, and many of its 147 locations are situated in low-income neighbourhoods where payday lenders tend to operate.

Easyfinancial's parent company, easyhome, has recently acknowledged that it benefits from operating in a lightly regulated field, telling shareholders in its annual report that regulatory changes could affect its bottom line.

The Ontario government launched a review of its oversight of alternative financial services — including instalment loans — last month. It is considering greater regulation of alternative sources of lending, with areas of focus including requirements for uniform disclosure of pricing, price regulation and a new licensing regimen.

Some consumers, the [report noted](#), may be at risk "if they do not have enough information to make a decision, are pressured into making a decision, or are making a decision from a limited number of choices."



Short-term lenders like the Cash Store, recently purchased by easyfinancial, typically set up shop in low-income neighbourhoods.

Borden owed some \$35,000 by the time she entered a debt-management program in 2008, according to documents she provided. She also provided documentation showing that the terms of her loan were changed four times. She remembers a whirlwind of renegotiations, confusing ledgers and new signatures. Each time the loan was renewed, the principal amount, cost of borrowing, monthly fee and account number were changed. She said she signed the documents and consent to the new terms.

"I'm not an accountant. I don't know what the hell they did," she said, admitting that she signed the new agreement even though she didn't understand it.

Feeling that the lender took advantage of her confusion to give her unfavourable terms on her loan, Borden wanted to make a complaint. But she realized there was no authority to protect her and other Canadians who take out instalment loans.

"I was mistaken in thinking 'This is Canada. If they were doing something wrong, I could file a complaint — they would have to be accountable.' But then I find out later that they're not.

"They're bulletproof. You can't complain about them," Borden said. "It's an unregulated field, so they pretty much can do what they want."

CitiFinancial told HuffPost Canada it was familiar with Borden's case but could not comment on the specifics.

But the company disputes that fees and costs constitute interest. It says Borden's claim that the actual interest rate was close to the 60 per cent level is factually inaccurate and that all of its interest rates fall well within the statutory limits.

After entering credit counselling in 2008, Borden worked two jobs seven days a week to pay off her creditors and, by 2012, had paid off most of them — all of them, that is, except for the instalment lender, the only creditor that refused to waive the interest fee, although it did lower it to 15.99 per cent, according to her documents.

She then paid another \$9,000 to the lender through the debt repayment program and still felt like there was no end in sight. She gave up.

"Finally, I said, 'You know what? Shove it! I'm not paying you another penny. Take me to court; I've had enough,'" she recalled.

And they did. Citi sold her debt to a third-party debt buyer called Razor Capital, a firm that buys debts for pennies on the dollar and earns money on the portion paid back. It has filed hundreds of lawsuits to recoup funds from indebted Canadians. Debt buyers are a thriving industry in the U.S. and are growing increasingly common in Canada.

A statement of claim filed in court against Borden by Razor shows the company sued her for another \$9,417 plus 18 per cent interest.

Turning to legal aid, Borden said she was advised that filing a statement of defence might help. She borrowed \$144 from her son to file it, an amount she believes is prohibitively high for some debtors.

In her statement of defence, Borden disputed almost all of the claims against her, saying her balance owed to CitiFinancial was actually closer to \$2,000 and that the agreed upon interest rate was 15.99 per cent. Borden said in her statement she would repay \$2,000 in a reasonable repayment schedule.

Borden figures her defence worked. More than a year later, she hasn't heard from Razor.

