Amid the ongoing COVID-19 crisis, you may be feeling more cash-strapped than ever before and wondering how you’ll pay the rent or keep your lights on. More than likely, you’ve also seen a billboard sign from a company offering “Fast Cash!” car title loans. As you stare at your mounting bills and worry about how to stay afloat, it dawns on you that such a loan may be the best solution to your financial troubles. Many consumers turn to car title loans in times of crisis only to find out later that these small-dollar loans spell big trouble. Let’s take a close look at what car title loans are and why you should look elsewhere for solutions to your current financial uncertainty.

Why You Should Avoid Car Title Loans

If you're feeling overwhelmed and would like to discuss your options, call our Consumer Hotline at (866) 33-WATCH or (866) 339-2824, or contact us online.

What Are Car Title Loans?
A "car title" loan (also referred to as a "title pawn") is one in which a borrower gives the title to their vehicle to the lender to hold as collateral in exchange for cash. If the borrower fails to repay the loan, the lender may repossess the vehicle.

Why Do These Small-Dollar Loans Often Spell Big Trouble for Consumers?
Car title loans carry punishingly high interest rates that often make it difficult for consumers to repay the loans. While Georgia law caps interest rates on most small-dollar loans at 60%, title loan companies exploit a legal loophole that allows car titles to be “pawned” at interest rates as high as 300%. To make matters worse, when consumers can’t pay back costly title loans, they may lose their vehicles. In an effort to avoid losing their vehicles, borrowers often roll the original title loan into a new title loan, a process that sends many borrowers down a never-ending rabbit hole. In short, title loans worsen the financial uncertainty of already cash-strapped families and trap many borrowers in a cycle of debt.

If You Need Emergency Financial Assistance, What Other Options Should You Explore?
- Contact your local United Way by dialing 2-1-1 to find out about financial assistance in your area.
- Take a look at COVID-19: Information and Resources for Consumers, a guide that provides information about managing expenses related to housing, power bills, and more.
- Consider contacting a local nonprofit that provides financial counseling and/or loans for financially distressed individuals:
  - In Athens: The Ark's Opportunity Loan program is designed not only to help families experiencing a financial emergency but also to increase the borrower's credit score.
  - In Atlanta: On the Rise offers financial counseling and access to financial products for Westside residents.