

APR FOR PAWN TRANSACTIONS

The Annual Percentage Rate (APR) as required by the Truth-In-Lending Act (TILA) for pawn transactions is calculated by multiplying the monthly pawnshop fee by 12 months, or symbolically:

$$\text{(Monthly Pawnshop Rate)} * 12 \text{ months}$$

For example, a one-month pawn at 25% has an APR of:

$$25\% * 12 = 300\%$$

A one-month pawn at 20% has an APR of:

$$20\% * 12 = 240\%$$

See Reg. Z, Appendix J(b)(5)(vi).