

# PAYDAY LENDING - BORROWER RIGHTS AND RESPONSIBILITIES

**Contact the Department of Financial Institutions:** If you have questions about payday lending or have a complaint against a payday lender, please contact the Department of Financial Institutions toll free at (800) RING DFI (1-800-746-4334). You may file a complaint on the Internet at <http://dfi.wa.gov/cs/complaint.htm>, by mail to Department of Financial Institutions Attn: Complaints, P.O. Box 41200, Olympia, Washington 98504, or by fax to the Department of Financial Institutions, (360) 596-3868.

YOUR LOGO  
HERE

Company Name  
Street Address  
Address 2  
City, ST ZIP Code

## YOUR RIGHTS AND RESPONSIBILITIES

This pamphlet is designed to advise you of some changes to the law and of your rights and responsibilities in connection with obtaining a payday loan in the State of Washington under Chapter 31.45 RCW after January 1, 2010.

You are responsible for evaluating whether a payday loan is right for you. A payday loan is not intended to meet long-term financial needs. You should use a payday loan only to meet occasional or unusual short-term cash needs.

**ELIGIBILITY:** Washington law prohibits a lender from making a payday loan to you if:

1. You currently have one or more outstanding payday loans totaling \$700 or equaling 30% of your gross monthly income, whichever is less;
2. You currently have an installment plan to pay off a previous payday loan;
3. You have taken out 8 loans in the last 12 months; or
4. You are in default on another payday loan.

**DATABASE CHECK:** Beginning January 1, 2010, before making a payday loan to you, your payday lender is required by Washington law to access a database that

contains detailed information about payday loans made to Washington residents by all lenders licensed to do business in Washington. Information in the database will determine whether you are eligible for a payday loan. If you are not eligible for a payday loan, the lender will provide you with the toll free telephone number of the database provider, so you can call and find out the specific reason for your loan denial.

**FEES:** The payday lender is permitted to charge you a **fee** of \$15 per hundred dollars loaned up to \$500 and \$10 per hundred dollars for loan amounts from \$500 to \$700.

If you receive your loan proceeds in the form of a check from the payday lender, the payday lender cannot charge you a fee for cashing their check.

**LENGTH OF LOAN:** Under Washington law, your **loan term** must be at least eight days and no more than forty-five days, unless you enter into an installment plan.

The payday lender cannot refinance, renew, extend, or pay off your payday loan with the proceeds of a new loan.

**INSTALLMENT PLAN:** Under Washington law if you notify your payday lender, on or before the date your loan is due, that you are **unable to pay** the loan when it is due,

they are required to notify you that you are eligible for an **installment plan**. If your loan is \$400 or less, you must pay off the loan in 90 days; if your loan is over \$400, you must pay off the loan in 180 days. Your payday lender may not charge you any additional fees to enter into an installment plan. Your payday lender must either return your original check or ACH authorization to you when you enter into an installment plan or destroy it if you instruct them to do so. Your lender may charge you \$25.00 if you default during the installment plan.

**CANCELLATION:** You have the **right to cancel** your loan at any time prior to the close of business on the next day the lender is open following the date your loan is made by paying the payday lender the amount advanced to you. If you cancel your loan or repay it in full, the payday lender must return or destroy the check or ACH authorization you gave as security for the loan.

**COLLECTION:** In collecting or attempting to **collect a payday loan**, the lender may not harass or intimidate you. The lender is restricted from contacting you or your spouse more than 3 times in a single week. The lender may not contact you at home between the hours of 9 p.m. and 7:30 a.m.

If you feel that you have been harassed by a payday lender during their attempt to collect on your loan, contact the Department of Financial Institutions to file a complaint.

If you cannot or do not repay the loan but do not notify your payday lender on or before the day the loan is due, the lender is permitted to charge you \$25 for a returned check fee. If the payday lender seeks and obtains a judgment against you as a result of your returned check, the lender may obtain the cost of collection but may not collect attorney's fees.

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