

What is a payday loan?

A payday loan is a short term, high cost loan that can, but not always be secured by authorization to your bank account. The authorization could be a paper check or electronic transfer. Payday loans are also referred to as “cash advance loans”, “delayed deposit loans” and “deferred presentment loans.”

THINGS YOU SHOULD KNOW ABOUT A PAYDAY LOAN.

- ❖ Payday lenders are required to be licensed as a Small Loan Lender by the Banking Department.
- ❖ The lender cannot collect interest in advance.
- ❖ The lender cannot add interest owed to your outstanding balance for the purpose of charging interest on interest.
- ❖ The lender cannot collect charges or fees, other than interest.
- ❖ You may cancel the transaction before the end of the next business day by returning the money borrowed to the lender.
- ❖ A lender cannot allow you to owe more than \$500 in principal.
- ❖ Payday loans cannot be refinanced, renewed, or extended.

WARNING:

You are responsible for evaluating whether a payday loan is right for you. Payday loans are not intended to meet your long-term financial needs. The long-term use of payday loans may cause financial hardship.

ABOUT THE BANKING DEPARTMENT

The NH Banking Department is responsible for the general supervision of all New Hampshire state chartered financial institutions. These institutions include commercial banks, fiduciary trust companies, mutual savings banks, guaranty savings banks, co-operative banks, merchant banks, and credit unions. The Department is also charged with the licensing and supervision of non-bank mortgage lenders, brokers and originators, money transmitters, mortgage loan servicers, retail sellers, sales finance companies, small loan lenders and debt adjusters.

State laws mandate that the Department conduct examinations of each financial institution and licensed lender and broker to ensure compliance with state and federal laws and regulations.



NH BANKING DEPARTMENT

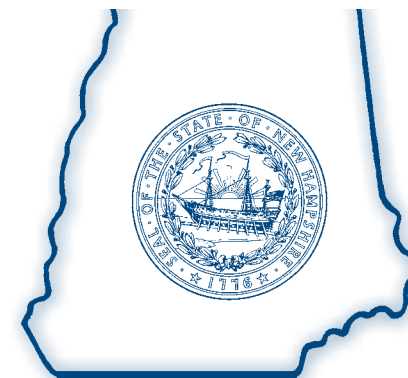
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Payday Loans in New Hampshire



New Hampshire
Banking Department

Protecting the Public Interest



NEW HAMPSHIRE
BANKING DEPARTMENT

FREQUENTLY ASKED QUESTIONS

Q. *How do I know if the lender I am borrowing from is properly licensed?*

A. The Banking Department maintains a list of all lenders that are licensed to offer payday loans on its website, www.nh.gov/banking. If you cannot access the list, or have questions, please call the department at 1-800-437-5991.

Q. *What can I do if I have a problem with the lender or the loan I received?*

A. You may file a complaint with the Banking Department if you believe that the lender has violated laws or the contract agreement that you signed. The complaint must be in writing. The lender will receive a copy of your complaint, and is required by law to address your issues within certain time frames. Filing a complaint may not relieve you of your obligation to pay any money owed.

Q. *What can I expect in a payday loan?*

A. You will be required to sign a written contract that will detail the amount of money you borrowed, the interest charged, the annual percentage rate, and repayment terms. You are entitled to a copy of the agreement. The lender may require you to provide documented proof of income such as a paystub. They may ask you to provide a paper check or authorization for the lender to withdraw funds from your bank account as security for the loan. You are agreeing to allow the lender to withdraw money from your bank account on a certain date.

Q. *What happens if I cannot repay the loan when it is due?*

A. Talk to your lender and advise them of your situation.

Q. *Can I be arrested if I do not repay my loan?*

A. No, the lender cannot have you arrested, or threaten to have you arrested if you do not repay the loan. However, the lender may sue you for any money owed. Failure to repay the loan may be reported to the Credit Reporting Agencies.

Q. *Can the lender deny me a loan if I am receiving any public assistance?*

A. No, the Equal Credit Opportunity Act states that a lender cannot deny a loan if you are receiving public assistance, provided you can repay the loan.

Q. *Can the lender require me to set up automatic payments from my bank account?*

A. No, the Electronic Funds Transfer Act prohibits a financial institution from requiring a consumer's repayment by preauthorized electronic fund transfer.

QUESTIONS YOU SHOULD ASK YOURSELF BEFORE YOU ACCEPT A PAYDAY LOAN.

- ◆ Do I really need this loan?
- ◆ Will I be able to repay the loan when it is due?

BE SURE TO UNDERSTAND YOUR LOAN BEFORE YOU AGREE TO IT.

READ THE CONTRACT CAREFULLY.

ASK THE LENDER QUESTIONS IF YOU DO NOT UNDERSTAND ANY PORTION OF THE CONTRACT.

YOU ARE ENTERING INTO A LEGAL AGREEMENT TO REPAY ANY MONEY YOU BORROW INCLUDING INTEREST.

NEVER SIGN A CONTRACT THAT CONTAINS BLANK SPACES.

Please Note:

- ❖ If you have a problem with the loan and you want the department to assist you, it is very important that you deal only with licensed lenders in New Hampshire.
- ❖ If the lender is not licensed with the Department we will be able to take enforcement action against the company for licensing failure; but our ability to intervene with the lender on your behalf can be difficult and may not result in a satisfactory solution on your individual loan.

If you have any questions or wish to file a complaint, please call the

**Banking Department toll-free at
1-800-437-5991.**