

BORROWER RIGHTS AND RESPONSIBILITIES

PAYDAY LENDING IN THE STATE OF OKLAHOMA

In General:

Please take the time to carefully review the information contained in this pamphlet. It is designed to advise you of your rights and responsibilities in connection with obtaining a payday loan in Oklahoma under the Deferred Deposit Lending Act. ***Due to the short-term nature of high-rate, payday loans, these services are not intended to be used by consumers who need to borrow money for a longer period of time. REMEMBER THAT PAYDAY LOANS ARE NOT AN EFFECTIVE SOLUTION FOR LONG-TERM MONETARY NEEDS!***

You are responsible for evaluating whether a payday loan is right for you. Alternatives may include, among other things, less expensive short-term financing from a bank, savings & loan or credit union, family or friends, a cash advance on a credit card, a checking account with overdraft protection, a supervised loan, a pawn transaction, or a loan repayable over several months.

Notice from Lender:

The lender is required to provide you with a clear and conspicuous printed notice advising you that a payday loan is not intended to meet long-term financial needs, and that you should use a payday loan only

to meet occasional or unusual short-term cash needs.

Limitations on Security Interest:

The lender cannot require you to provide more than one check as security for any payday loan. The check cannot be postdated. The lender cannot require you to provide any security for your payday loan other than a check payable to the lender. The lender may not require you to provide a guaranty from another person.

\$500 Maximum/12 Day Minimum Term:

The lender cannot have loans (either single or in the aggregate) outstanding to you at any one time in the principal amount of more than \$500. By law, the specified due date of your loan must be at least 12 days after the date that money is advanced to you.

Fees, Charges, and Interest:

The lender must provide full disclosure of the annual percentage rate (APR). The lender is permitted to charge you interest in the form of a fee not exceeding 15% of the first three hundred dollars (\$300) plus 10% of the next two hundred dollars (\$200) advanced to you (i.e.: \$15 for \$100 loan, \$30 for \$200 loan, \$45 for \$300 loan, \$55 for \$400 loan, \$65 for \$500 loan). As of July 1, 2004 the lender may also charge the actual fee for “database verification”. For example: if the lender advances you \$300 for 12 days, the lender may charge you up to \$45 as a fee for obtaining the loan plus a 46¢ database service charge (an Annual

Percentage Rate of 460.92%). Other than the specific fees and costs discussed in the section of this pamphlet entitled “**Failure to Repay**”, (see next page), no additional amounts may be directly or indirectly charged, contracted for, collected, received, or recovered by the lender.

You will receive your loan proceeds in the form of either cash or a check from the lender. The lender cannot charge you a fee for cashing their loan proceeds check, or for cashing a loan proceeds check from any other deferred deposit lender. Similarly, a check casher affiliated with the lender cannot charge you a fee for cashing the lender's check.

Written Agreement:

The lender must provide you with a written loan contract or agreement, which must be signed by both you and an authorized representative of the lender. The loan agreement is a binding, legal document, which requires you to repay the loan.

Make sure you read the entire loan agreement/contract carefully before signing and dating it. The lender must provide you with a duplicate original of the loan agreement at the time of your loan transaction.

Other Businesses:

A lender is prohibited by statute, from selling you any type of insurance coverage.

Right to Cancel:

Without penalty of any kind, you have the right to cancel your loan in writing at any time prior to 5:00 p.m. on the next day the lender is open following the date your loan is made by paying the lender the amount advanced to you in cash, certified check, cashiers check, money order or, if the lender is equipped to handle such payments, by using a credit or debit card.

No Renewals:

A lender may not enter into a renewal of a deferred deposit loan transaction. You may not have more than two (2) unpaid payday loans at any one time.

Payment Option:

If you enter into a deferred deposit loan and three consecutive loans, you have the right to pay off the fourth loan and each consecutive loan thereafter in 4 equal payments. You must make your request for the repayment plan either orally or in writing, **prior** to the due date of the loan.

The lender may charge a processing fee of 10% of the principal amount of the loan, not to exceed more than \$15.00. This fee will usually be required to be paid at the time you enter into the repayment plan. You will be required to sign a **new (repayment plan)** agreement disclosing 4 equal payments with one payment due on each of the next four dates on which you receive regular wages or compensation from an employer. The definition of “consecutive loan” means a new deferred deposit loan that **any lender**

enters into with a debtor no later than 7 days after the date on which a **previous** deferred deposit loan made to the same debtor is paid in full. Example: You take out a loan with Lender “A” and then repay that loan. Within 7 days you take out another loan with Lender “A” or any other lender and then repay that loan. That loan would be counted as your **first** “consecutive loan”. Within 7 days you take out another loan with Lender “A” or any other lender and then repay that loan. This loan would be counted as your **second** “consecutive loan”. Within 7 days you take out another loan with Lender “A” or any other lender and then repay that loan. This loan would be counted as your **third** “consecutive loan”. You are now eligible to request the right to repay **this (third consecutive)** loan in 4 equal payments. **Remember** the request for the “4 payment plan” must be **prior to the due date of the loan**. If you choose to utilize the 4-payment plan, you may not enter into any other deferred deposit loans during the repayment plan or for 15 days following completion of the plan. If you decide not to enter into the “4 payment plan” on your **third** “consecutive loan” you will still have the option to do so on any other “consecutive loan” thereafter.

Fifth Loan Waiting Period:

After you have entered into a fifth consecutive deferred deposit loan with **(the same Lender or a different Lender)** you will not be eligible to make another loan until the fifth consecutive loan has been paid in full and then that Lender or any other

Lender is required by law to wait until 8:00 a.m. of their second business day before they can make you another loan.

Failure to Repay:

Pay back your loan! Know when your payment is due, and be sure to repay your loan on time and in full. You are responsible for having sufficient funds in your checking account on the due date of your loan so that your check does not bounce when the lender deposits it.

The lender must conform to the Federal Fair Debt Collection Practices Act. The lender is prohibited from threatening or beginning criminal proceedings against you, if a check you provide to the lender bounces. If you cannot or do not repay the loan, the lender is permitted to contract for and collect a dishonored instrument charge (nsf), not exceed twenty-five dollars (\$25), as a result of your check being returned due to your account being closed by you, or containing insufficient funds, or if you stop payment on your check.

Legal Action Against Lender:

Losses suffered as the result of the lender's violation of the Deferred Deposit Lending Act may also be pursued under the Oklahoma Consumer Protection Act which, in some cases, permits consumers to recover actual and punitive damages. **You do not have to give your lender electronic access to your bank account, and you may ask your lender to delete this section of your**

loan agreement. A lender may not require automatic bank account withdrawal (ACH) as a condition of the loan agreement.

Debt Management/Credit Counseling:

Debt management companies can provide assistance to consumers who need help reorganizing their debts. In addition, consumer credit counseling services can provide valuable financial education and budgeting advice. They can work with consumers and their creditors to coordinate repayment agreements and to help make their finances more manageable. To obtain a list of such companies, consult the business section of your phone book or contact the Oklahoma Department of Consumer Credit at 1.800.448.4904 or on the Internet at <http://www.okdocc.state.ok.us>.

DEFERRED DEPOSIT LENDING ACT

Authored by:

Senator Angela Monson

Representative Bill Nations

First Session of the 49th Legislature – 2003

Complaints and Contacting the Oklahoma Department of Consumer Credit:

For assistance with any complaints you may have against a payday lender, please contact the Oklahoma Department of Consumer Credit toll-free at 1-800-448-4904 or on the Internet at <http://www.okdocc.state.ok.us>.

If you have any questions about payday lending or want additional information, you may contact the Oklahoma Department of

Consumer Credit at 1-800-448-4904 or on the Internet at <http://www.okdocc.state.ok.us>.

Oklahoma Department of Consumer Credit

Donald K. Hardin, Administrator
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Oklahoma City, OK 73105
Voice 405-521-3653
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Office hours: 8:00 a.m. – 4:30 p.m.