

## Q What else do I need to know?

**A** If you repay any amount of your loan before it's due, you should receive a partial refund of the interest charged for the loan (but you will not get a refund of the origination fee).

When you apply for payday loans, lenders must give you a written statement that clearly explains what happens if you default or are late with your payments.

You should not give a payday lender your bank account PIN or other personal banking information.

Your contract with a payday lender *should not* include:

- Any agreement on your part releasing the lender from any liability in connection with the loan.
- Any requirement that you waive your rights to be heard in court or through arbitration.
- Any consent by you, as a consumer, giving up your authority to seek legal action against the lender.
- Authorization for the lender to garnish your wages (“wage assignment”).

You should always read the loan agreement and ask questions about the loan before you sign the agreement.

## Q Where can I get more information about other resources?

- A**
- To locate a consumer-credit counseling service near you, call 800-388-2227 or visit [www.nfcc.org](http://www.nfcc.org).
  - Contact your local credit union, bank, or conventional consumer finance lender to see what short-term loans they offer.
  - Veterans and their immediate family may be eligible for the Oregon Veterans' Emergency Financial Assistance Program (OVEFAP), call 800-828-8801 or visit [www.oregon.gov/ODVA/VeteransEmergencyFinancialAssistance.shtml](http://www.oregon.gov/ODVA/VeteransEmergencyFinancialAssistance.shtml).
  - For legal advice on issues or disputes involving a payday loan, you should contact a lawyer.

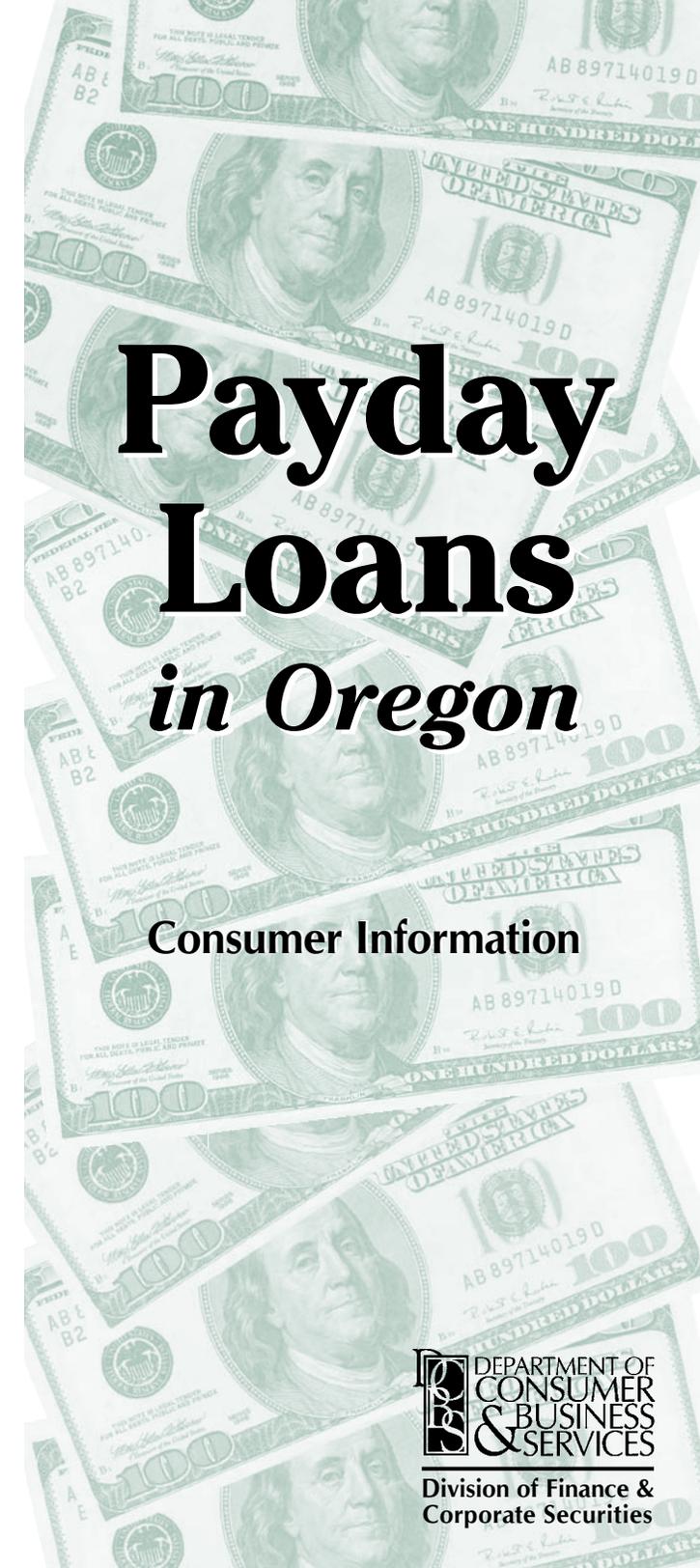
## Q Who should I contact to file a complaint?

**A** To file a complaint contact the Oregon Division of Finance and Corporate Securities (DFCS) by phone, 503-378-4140, or toll-free, 866-814-9710 or go to [www.dfcs.oregon.gov/filecomplaint.html](http://www.dfcs.oregon.gov/filecomplaint.html).

Send mail to:  
Department of Consumer & Business Services  
Division of Finance & Corporate Securities  
P.O. Box 14480  
Salem, OR 97309-0405

### Division of Finance & Corporate Securities mission:

To encourage a wide range of financial services, products, and information for Oregonians, delivered in a safe, sound, equitable, and fraud-free manner.



# Payday Loans in Oregon

## Consumer Information

***Need cash because of an unexpected emergency? If you're thinking about a "payday" loan, read this important information before you make a decision.***

### **Q What are payday loans?**

**A** Payday loans are small, short-term loans provided by companies that must be licensed in Oregon. These loans must be for a minimum of 31 days, and are usually not longer than 60 days. These loans may also be called cash advance loans, post-dated-check loans, check advance loans, or deferred presentment loans.

### **Q How does a payday loan work?**

**A** Generally, you give the payday lender a personal check payable to the lender. In return, you receive cash (minus the allowable lender fees). Another way is to authorize the lender to make an automatic withdrawal from your bank account for the money you've borrowed. Although the loan must be for a minimum of 31 days, you may pay it off earlier, such as when you receive a paycheck. The lender may cash (redeem) your check or the lender may make an electronic withdrawal from your bank account when your payday loan is due.

### **Q What is the cost of a payday loan?**

**A** As of July 1, 2007, the State of Oregon limits the fees that may be charged for payday loans. Lenders may charge an interest rate up to 36 percent per annum\*. They may also charge a one-time loan origination fee for a new loan of up to 10 percent of the amount borrowed, up to a maximum of \$30. A lender may not charge you any other fee or interest charge in addition to this interest and origination fee to get the loan. If a lender renews your loan, they cannot charge any additional origination fees.

\* The annual percentage rate (APR) — the total of all interest and fees calculated on an annual basis — will be **153.77 percent** if the lender charges the maximum interest rate and the maximum origination fees allowed.

*Example: If you borrow \$300 for 31 days, the maximum cost of the loan (the fee you pay the lender) will be \$39.17 — \$9.17 in interest for 31 days for the term of the loan and \$30 in origination fees.*

### **Q What other fees or charges can a lender charge?**

**A** A lender may charge one \$20 fee for a bounced check (also known as a dishonored or non-sufficient funds check), regardless of how many checks you give the lender for the loan. Lenders may charge you for fees their financial institutions charge them for your bounced checks. Lenders may also collect any amounts awarded by a court for the collection of an unpaid loan. Lenders may not attempt to recover damages or attorney fees from you for a bounced check.

### **Q What if I can't repay the loan when it is due? Can I renew or roll over my loan?**

**A** The new law allows a lender to renew an existing payday loan up to two times after the first loan is made. However, the law does not require lenders to renew loans. Lenders are allowed to charge interest on the renewal, but they may not charge any additional origination fees. You could also ask your lender about re-payment by installments — an agreement between you and the lender that requires you to repay what you have borrowed in small payments on specific dates.

### **Q How often can I get a new loan?**

**A** As of July 1, 2007, lenders may not make a new payday loan to you on the day the loan expires or during the six days before and the six days after the date on which a payday loan expires. If you pay off a loan early, you may not get another loan from a licensed Oregon payday lender until seven days after the loan is paid.

### **Q Are payday loans subject to consumer protection laws?**

**A** Yes, the Federal Truth-in-Lending Act requires lenders to disclose the annual percentage rate (APR). The APR is the total cost of the credit ex-

tended to you, expressed as a yearly rate. Oregon law also requires that lenders clearly post the APR for a payday loan in their office where you can easily see it. If a lender declines your loan request, the lender must still comply with the Equal Credit Opportunity Act (ECOA), which requires the lender to provide you with a written notice of the reason for their decision. This notice is known as an "Adverse Action Notice."

### **Q Are there any protections if I get a loan from an Internet payday lender?**

**A** Oregon law requires Internet lenders to be licensed by the state, just like lenders physically located in Oregon. Do not provide any personal information on a payday loan Web site of an *unlicensed* lender. (Such as your name, Social Security number, home address, place of employment, or checking account numbers.)

To find out which companies are licensed to make payday loans in Oregon or to get a list of registered nonprofit organizations that offer financial counseling services, contact the Oregon Division of Finance and Corporate Securities (DFCS) by telephone, 503-378-4140, or toll-free, 866-814-9710 or go to <http://www.dfcs.oregon.gov/cf/search.html>.

### **Q Are there options other than payday loans if I need cash right away?**

**A** You can contact your creditor or service company and arrange to make bill payments. You can also use what is called a debt consolidating agency to arrange debt repayment. A debt consolidating agency works with all of your creditors to arrange for options for repayment. A list of licensed debt consolidation agencies is listed at [www.dfcs.oregon.gov/dca/agents.html](http://www.dfcs.oregon.gov/dca/agents.html) or you can call 503-378-4140. You may be able to request an advance from your employer. Also, many credit unions or banks provide small short-term loans or overdraft protection.