

PAYDAY LENDING - BORROWER RIGHTS AND RESPONSIBILITIES

This information 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 beginning 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. You will provide the lender with your social security number, or equivalent identification number, and gross monthly income information and the database will determine whether you are eligible for a payday loan, and if so, for what amount. 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 for loans up to and including \$500 and \$10 per hundred dollars loaned for loan amounts over \$500 and up to and including \$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 your next pay date or the pay date after that if your first pay date is within 7 days of the date the loan is made. The loan term cannot be longer than forty-five days, unless you enter into an installment plan or otherwise agree to a longer loan term.

The payday lender cannot make a loan to you to 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, the installment plan is at least 90 days; if your loan is over \$400, the installment plan is at least 180 days. Your payday lender may not charge you a fee to enter into an installment plan. Your payday lender must either return your original check or destroy it if you instruct them to do so. The original ACH authorization is deemed void when you enter into an installment plan. The lender may accept new checks or ACH authorizations consistent with the terms of the installment plan. Your lender may charge you \$25.00 if you default during the installment plan.

LOAN CANCELLATION: You have the right to rescind 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 rescind your loan or repay it in full, the payday lender must return or destroy the check you provided them as security for the loan. If you gave an ACH authorization, that authorization is void if you rescind your loan.

COLLECTION: When 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 one week and 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 do not repay the loan by the time the loan is due, the lender is permitted to charge you a one-time fee of \$25 for a returned check fee if they deposited your check and it was returned unpaid. If the payday lender 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 if the collection is conducted under Title 62A.

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 (877) RING DFI (1-877-746-4334) or 360-902-8700. 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, or by delivery to 150 Israel Road SW, Tumwater, Washington, 98501.