

## A Borrower's Guide to Changes in the New Payday Loan Law – Your Rights

- **NOTE: Some payday lenders are now offering “lines of credit” or loans secured by your vehicle title as an alternative to a payday loan. DO NOT agree to one of these loans. They are totally unregulated and dangerous. None of the following laws apply to these loans.**
1. **The Payday Lender must give you at least two pay periods to repay your loan.**
    - a. If you are paid weekly or more often, the payday lender must give you at least 14 days to repay your loan.
    - b. If you are paid every two weeks, your **minimum** loan term is 28 days.
    - c. If you are paid twice a month, your **minimum** loan term is 31 days.
    - d. If you are paid monthly or use your monthly benefit payments to get your loan, your **minimum** loan term is 62 days.
  2. **A payday lender cannot loan to you if you already have an unpaid loan from any payday lender.**
  3. **A payday lender may not threaten you with criminal prosecution for not paying your payday loan and the new law added penalties for payday lenders that violate this law.**
  4. **Payday lenders may not abuse or harass you if you don't pay your loan back.**
  5. **A payday lender may not make you a loan on the same day that you paid a previous loan.**
  6. **Internet payday loans are illegal and unenforceable.**
  7. **Payday lenders may not loan to members of the military or their immediate family.**
  8. **You have the right to an extended payment plan and the lenders must tell you about this right.**
    - a. You must be given at least 60 days to repay the amount you owe in at least four equal installments.
    - b. You only have the right to demand this once every 12 months.
  9. **If you request a 5th loan in a 6-month period, you must be given the option of:**
    - a. Paying the loan as usual and then no payday lender may make you a loan for at least 45 days.
    - b. Getting an Extended Term Loan, where you can pay **at least** four equal payments of the amount you owe over a term of **at least** 60 days. After you pay off the extended term loan, no payday lender may make you a loan for at least 90 days.
  10. **You have the right to make partial payments on your loan.**

**The Virginia Partnership to Encourage Responsible Lending (VaPERL)**

Please call us for more information or advice: **1-866-830-4551**

or visit our website: [www.virginiafairloans.org](http://www.virginiafairloans.org)

*Have you been caught in the debt trap of payday loans?*

*Find yourself rolling over loans every pay period?*

*Do you spend hours trying to figure out a way to pay them off?*

You are not alone. To share your story to help prevent others from predatory lenders, call 1-866-830-4551.

**See the reverse side for tips to getting out from the payday debt trap**

Use the following techniques to finally climb out of the debt trap:

1. **STOP GETTING PAYDAY LOANS: Do not rollover or “reloan”.**
2. **CLOSE YOUR BANK ACCOUNT:** So the payday lender doesn't try to cash your check or use electronic authorization to debit your account when the payday lender realizes you are not going to get another loan or you will miss a payment on your line of credit. You can open another account at the same bank, but it is safer to go to another bank or credit union. If you do not close your bank account, the payday lender may make repeated attempts to debit your account and the bank may charge repeated fees. Other checks you have written may not be honored, causing other problems. If the bank closes your account due to repeated overdrafts, you may be placed on a list that will make it hard to get another checking account for five years.
3. **You cannot go to jail for writing a check to the payday lender that bounces.** In fact, it is illegal under Virginia law to even threaten to prosecute someone for bouncing a check to a payday lender. **Call 1-866-830-4551** if you are threatened.
4. If you can't repay the loan when it is due, contact the lender and try to make arrangements to pay it back in installments. **Do not get talked into another loan.** It might be better to get a credit counselor (find a trustworthy one at: [www.debtadvice.org](http://www.debtadvice.org)) or someone else to call on your behalf.
5. **BORROW FROM A TRUSTED SOURCE:** Try to get a one-time loan from another source to repay the loan. For example: your credit union, a friend, family member, your employer, or your church.
6. **TAKE OR AVOID LEGAL ACTION:** The payday lender may sue you if you don't repay the loan. Get legal advice about what happens when you are sued or find out if your case may warrant legal action on your part. Call **1866-830-4551** for help.

**GET INVOLVED: You are not alone.** Nearly 440,000 Virginians got a payday loan in 2008, and 70% of those borrowers took out more than one, close to 20% of whom took out more than thirteen loans!

The Virginia Partnership to Encourage Responsible Lending (VaPERL) seeks to restrict predatory practices used by lenders in Virginia via legislative reform and education. To get more information or request to join our listserv, check out our website at [www.VirginiaFairLoans.org](http://www.VirginiaFairLoans.org), or contact us at **1-866-830-4551**.