

Your Protection under Federal Law

Generally, the Federal Truth and Lending Act treats payday loans like other types of credit:

- The lender must disclose the cost of the loan
- The lender must disclose the finance charge (a dollar amount)
- The lender must disclose the annual percentage rate (APR- the cost of the credit on a yearly basis)
- The lender must put these and other terms of the loan in writing before you sign for the loan

If you believe a lender has violated the Truth in Lending Act, file a complaint with the Federal Trade Commission toll free, 1-877-FTC-HELP/ 1-877-382-4357 or use the complaint form at www.ftc.gov.

You can also submit a complaint with the Consumer Financial Protection Bureau (CFPB) at www.consumerfinance.gov/complaint/ or by calling 1-855-411-CFPB (2372).



If you believe a lender has violated the Maryland Consumer Loan Law, file a complaint with the Office of the Commissioner of Financial Regulation.

CONSUMER SERVICES UNIT:
410-230-6077 or toll free 888-784-0136

To submit an inquiry or complaint, visit:
dllr.maryland.gov/finance/consumers/paydayloans.shtml

MARYLAND DEPARTMENT OF LABOR

Office of the Commissioner of Financial Regulation
Maryland Department of Labor, Licensing & Regulation
500 N. Calvert Street, Suite 402, Baltimore, MD 21202
Main Phone: 410-230-6100
General Email: DLFRFinReg-DLLR@maryland.gov
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Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Antonio P. Salazar, Commissioner

“PAYDAY” LOANS

What You Need to Know as a Maryland Consumer



OFFICE OF THE COMMISSIONER
OF FINANCIAL REGULATION

Maryland Department of Labor,
Licensing and Regulation

Think carefully about the consumer loans you may take.



What is a **“PAYDAY”** Loan?

A payday loan is a term used to describe a short-term, high-interest loan, sometimes referred to as a “cash advance”, regardless of whether payment of the loan is linked to a borrower’s payday. The high cost of these short-term loans can sometimes trap consumers into a cycle of debt. These loans are advertised through the radio, television, the internet, and direct mail.

Businesses that offer payday loans suggest that these loans assist consumers with:

- Temporary cash needs
- Financial emergencies
- Short-term borrowing needs

Your Protection under MD Law

Under Maryland law, **MOST** lenders are required to be licensed by the Commissioner of Financial Regulation. Interest rates are restricted depending on the loan size.

Subject to certain exceptions, under Maryland law, a person is prohibited from lending \$25,000 or less if the person charges or receives a greater rate of interest than authorized by the laws of this State (see Md.Code Ann., Com. Law II §12-314).

Something as simple as cashing a post-dated check can be a loan under Maryland law (see Md. Code Ann., Fin. Inst. §12-102(b)).

FIRST \$1,000 OF A LOAN \$2,000 OR LESS:

Maximum interest rate allowed by law is 2.75 percent per month or an annual interest rate of 33 percent.

NEXT \$1,000 OF A \$2,000 LOAN:

Maximum interest rate allowed by law is 2 percent per month or an annual interest rate of 24 percent.

LOANS GREATER THAN \$2,000:

For loans greater than \$2,000, the maximum interest rate allowed by law is 2 percent per month or an annual interest rate of 24 percent on the entire amount of the loan.

Suggestions to Avoid Needing a Payday Loan

Before you are late in making a bill payment, speak with your creditor and ask about making payment arrangements if you know you are falling behind. If you are in debt, a debt management services (“DMS”) provider may be able to help by negotiating with creditors on your behalf.

There are a number of assistance programs available to help families make ends meet in a crisis. Available state programs can be found by visiting www.benefits.gov.

The high cost of payday loans can eat away at your paychecks and make it likely you will need to borrow again. Tips to finding less expensive money include shopping for a credit offer with the lowest cost and considering a small loan from a credit union or your local bank.

Two nonprofit credit counseling agencies that have services for consumers in debt are Guidewell Financial Solutions (CCCS of Maryland and Delaware) 1-800-642-2227 and National Credit Counseling Service: 1-800-388-2227.