

Consider Other Options!



- Delay purchasing expensive items until you have more money saved.
- Borrow money from a family member or friend.
- Apply for a credit card.
- Ask your employer for an advance on your paycheck.
- Build an emergency savings
- Seek out good credit counseling at www.debtadvice.org or 301-589-5600

If a Payday Loan is Your Only Option, Choose Wisely

- Compare lenders for the lowest fees. Some credit unions offer cheaper payday loans with more time to repay.
- Borrow only what you can afford to repay with your next paycheck.
- Know when your payment is due, and pay the loan on time and in full.
- Avoid borrowing from more than one lender at a time.

Whom to Call



If a payday lender has violated ANY of your rights, please contact: **Department of Corporations** Client Resource Center: **1-866-ASK-CORP (275-2677)** or make a complaint online at: <http://www.corp.ca.gov/comp/fsdinst.htm>

If a lender is harassing you to repay your loan, contact the California Attorney General at 1-800-952-5225 or the Federal Trade Commission at 1-877-FTC-HELP (382-4357).

Military borrowers can seek financial advice from Military One Source at 1-800-464-8107.

Tell Us Your Story

To share your story and help warn others, or for more copies of this brochure please contact:

California Reinvestment Coalition

www.calreinvest.org

474 Valencia Street, Suite 110

San Francisco, CA 94103

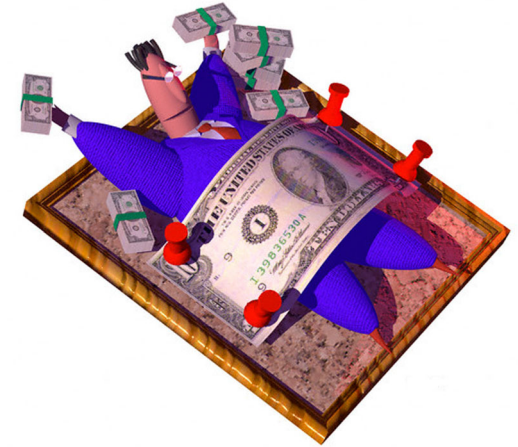
(415) 864-3980

(415) 864-3981 (fax)

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The California Reinvestment Coalition advocates for the right of low-income communities and communities of color to have fair and equal access to banking and other financial services. CRC has a membership of more than 240 nonprofit organizations and public agencies across the State.

Don't Get Trapped By



Payday Loans!

Avoid High Fees,
458% APR or higher



Payday Lenders Target:



- Working Poor
- People of Color
- Military Personnel
- Single Parents
- Immigrants

How Payday Loans Work:

Payday loans are short-term cash loans based on a personal check written by a borrower. A lender holds the check until the borrower's next payday when the loan and a finance charge must be paid all together.

What You Pay:

- You write a \$300 check
- You get \$255 in cash
- In 2 weeks the lender cashes your check
- Interest paid: \$45
- APR: 459%

***Note: You can also return and pay with cash to reclaim your check before it is deposited.**

Beware!
These Loans
are Addictive



Payday loans are intended to be taken out for emergencies, but many struggle to pay the loan back and have to keep borrowing more money, taking out loan after loan. People become trapped in a cycle of debt from which they cannot escape.

Studies show borrowers take out an average of 10 to 13 loans per year from a single lender, and some may even have loans from other payday lenders at the same time.

Know Your Rights When Dealing with Payday Lenders!!!

- In California, **the maximum legal amount of a payday loan is \$300**, which includes the fee.
- **The fee for a payday loan should not exceed 15 percent of the face value of your check.**
- Lenders are required to publicly display the cost of the loan with both the finance charge and the Annual Percentage Rate (APR).
- It is against the law for a payday lender to offer you more than one payday loan at a time.
- If the check you wrote for the payday loan bounces, both the lender and your bank will charge you a fee.
- **It is illegal for the lender to charge you more than \$15 for a bounced check.**
- **A payday lender cannot send you to jail** or press criminal charges against you for a bounced check. A lender can take you to small claims court to collect on a delinquent loan.
- The lender can't resubmit a bounced check to your bank more than three times.
- You can ask to extend the due date or make payments on an existing payday loan. The lender cannot charge you extra.
- **The lender cannot require you to purchase other goods/ services** to get a payday loan.
- If the lender spoke to you in a language other than English, then your loan documents should be in that same language.