



## Understanding Deferred Deposit “Payday” Loans



### What is a Deferred Deposit Loan (DDL) ?

- Deferred Deposit Loans are small, unsecured loans.
- Loans are for 12-45 days and are repaid on the borrower's payday.
- DDL Lenders were allowed into Oklahoma in 2003 and are heavily regulated.
- No more than two (2) loans at a time are allowed per person and loans are tracked by a state database.
- Loans may be for a maximum of \$500.

### Other Options

Keep in mind that payday loans are not an effective solution for long term monetary needs. Listed below are some possible alternatives:

- Contact a local credit union or bank for a small loan.
- Ask for a pay advance from your employer.
- Consider a loan from family or friends. Get the terms of the loan in writing.
- Use a credit card advance but pay close attention to the cost.
- Request additional time to pay the bill from your creditors instead of taking a payday loan.
- Look into overdraft protection on your bank account
- Seek credit counseling.

### How does one get a DDL?

Customers give the loan company a non-postdated check at the time of the loan. The lender then holds the check and cashes it on a pre-determined date. Customers must sign a written loan contract with the lender promising to pay back the loan.

### Having trouble making it from one payday to the next ?

If you find yourself relying on payday loans more than a few times, you may need a longer term financial solution. While payday loans may be convenient, they can be costly. Payday loans should only be used for emergencies and short-term financial problems. The fees associated with them really adds up over time. Instead of relying on payday loans on a regular basis, here are some tips to help you develop a lasting fix to money problems.

- 1. Review your income:** Is there a possibility of increasing it by working more hours or a part-time job? Could others in your household contribute financially?
- 2. Examine payroll deductions:** Are there expenses being taken out of your check that could be reduced until your financial crisis passes?
- 3. Look at your living expenses:** Are there any areas where you can cut back? Could average utility billing help you manage your money better? Have you explored ways to save money on food costs? Are any hobbies such as gambling taking a bite out of your budget?
- 4. Sell some stuff:** Selling items or services can be a great way to come up with some extra cash. Garage sales and online auctions can be big money makers.
- 5. Get debt details:** Write down everything that you owe and add up how much you are paying each month. Is there anything that will be paid off soon or that you could pay off with extra cash to free up more funds each month?
- 6. Track your spending:** Most people do not have a good idea of how much they are spending every month. Write down everything that you spend and then look for ways to reduce spending.
- 7. Check your credit:** Is there something on your credit report that is keeping you from getting lower interest loans? Get a free copy at [www.annualcreditreport.com](http://www.annualcreditreport.com).

## Borrower Rights & Responsibilities



When you take out a loan, it is important to understand your rights and responsibilities. Below is a summary. For the full text, visit [www.cccsok.org](http://www.cccsok.org)

### **Fees, Charges, and Interest:**

The lender must provide full disclosure of the annual percentage rate (APR) of your loan.

You will receive your loan proceeds in the form of either cash or a check from the lender. The lender cannot charge you a fee for cashing their loan proceeds check, or for cashing a loan proceeds check from any other deferred deposit lender.

### **Right to Cancel:**

Without penalty of any kind, you have the right to cancel your loan in writing at any time prior to 5:00 p.m. on the business day after your loan is made.

### **No Renewals:**

A lender may not enter into a renewal of a deferred deposit loan transaction.

### **Payment Options:**

If you enter into a deferred deposit loan and three consecutive loans, you have the right to pay off the fourth loan and each consecutive loan thereafter over your next 4 paydays. Ask your lender for a payment plan.

### **Fifth Loan Waiting Period:**

After you have entered into a fifth consecutive deferred deposit loan with (the same Lender or a different Lender) you will not be eligible for another loan until that loan has been paid in full.

### **Failure to Repay:**

Pay back your loan! Know when your payment is due, and be sure to repay your loan on time and in full. You are responsible for having sufficient funds in your checking account on the due date of your loan so that your check does not bounce when the lender deposits it. While lenders are not allowed to file criminal charges against you for a bogus check, you could be sued in small claims court if you do not pay it back.

### **Debt Management/Credit Counseling**

Debt management companies can provide assistance to consumers who need help reorganizing their debts. In addition, Consumer Credit Counseling Service of Central OK can provide valuable financial education and budgeting advice. Contact them at (405)789-2227 or 1(800)364-2227 [www.cccsok.org](http://www.cccsok.org)

## Borrower Rights & Responsibilities

You are responsible for evaluating whether a payday loan is right for you. However, it is important to know that instead of borrowing money, there are many community programs exist that may help you. Please consider the alternatives listed below:

- If you need help paying with your rent, mortgage, utility payments, or prescriptions you may contact a **Community Action Agency** (CAA) in your area at 405-494-1495 or [www.okacaa.org](http://www.okacaa.org).
- If you need help with food, you may contact **Angel Food Ministries** at 1-877-366-3646 or [www.angelfoodministries.com](http://www.angelfoodministries.com) or your local food bank.
- **Consumer Credit Counseling Service**—provides ideas about how to manage your finances longer term, such as budgeting and expense tracking. You can gain the skills and education necessary to make a permanent change in your life. CCCS can also help you if you have a delinquent mortgage. For assistance, call 405-789-2227 or go to [www.cccsok.org](http://www.cccsok.org).
- For most needs, **the United Way** is here to help you. Agencies can help with food, shelter, health, counseling, and family support. Call (405)236-8441 or visit [www.unitedwayokc.org](http://www.unitedwayokc.org)
- For referrals to all community service organizations, contact **2-1-1**. It's a referral source to help you get the assistance you need. Just dial 2-1-1 on your phone or visit [www.211oklahoma.org](http://www.211oklahoma.org).

