

I got my payday loan on the Internet, not in a store. Is that legal?

Internet lenders are required to have a license from the New Hampshire Banking Department. To find out if your Internet payday lender is licensed, call the N.H. Banking Department at (603) 271-3561, or visit its website at <http://www.nh.gov/banking/>. The website has a list of licensed lenders.

I found out that my Internet payday lender has a license. What does that mean?

If your payday loan is from an Internet lender with a license, you should treat it just like you would treat a payday loan from a store.

I found out that my Internet payday lender does not have a license. What does that mean?

It is illegal for an Internet payday lender to make a loan to a person in N.H. unless the lender has a license from the N.H. Banking Department. If you have a loan from an Internet payday lender without a license, you should contact your bank to request a stop payment (see above). You should also contact the N.H. Banking Department at (603) 271-3561 to file a complaint. The Banking Department may be able to get some of your money back for you.

How to reach us:
www.nhla.org

Claremont Branch Office
24 Opera House Square, Suite 206
Claremont, NH 03743
1-800-562-3994 • (603) 542-8795

Concord Branch Office
117 North State Street
Concord, NH 03301
1-800-921-1115 • (603)223-9750

Littleton Branch Office
271 Main Street
Littleton, NH 03561
1-800-548-1886 • (603) 444-8000

Manchester Branch Office
1361 Elm Street, Suite 307
Manchester, NH 03101
1-800-562-3174 • (603) 668-2900

Nashua Branch Office
21 East Pearl Street, Suite 2
Nashua, NH 03060
1-800-517-0577 • (603) 598-3800

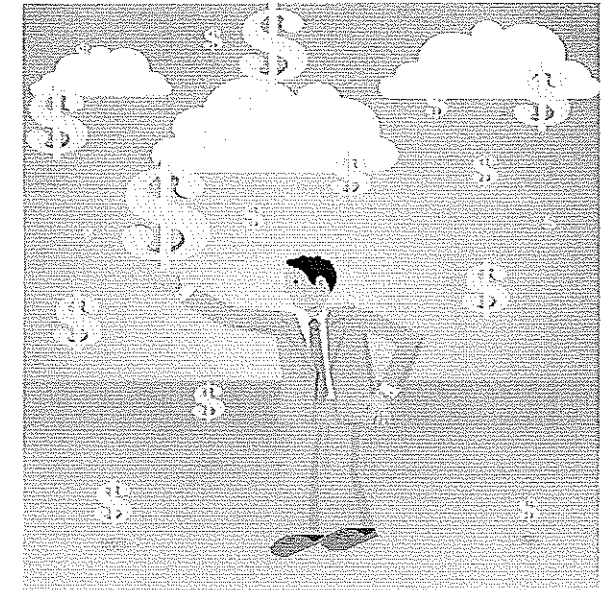
Portsmouth Branch Office
154 High Street
Portsmouth, NH 03801
1-800-334-3135 • (603) 431-7411

Senior Citizens Law Project Advice Line
1-888-353-9944 or (603) 624-6000

TTY: 1-800-634-8989 • (603)206-2299

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Payday Loans Questions & Answers



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What's a payday loan?

Payday loans are small loans that you have to pay back after a short time. To get a payday loan, you usually have to leave a check or your bank account number with the lender. If you don't pay your payday loan back, the lender cashes your check or takes the money out of your bank account.

Many people have a hard time paying back payday loans because the interest rates are really high. Sometimes payday loans make it hard for people to pay for their other expenses.

I have a payday loan from a store in N.H., and I can't afford to pay it back unless I take out another loan. What can I do?

You can make a repayment plan with the lender. Ask a store employee if you can freeze the amount of the loan (in other words, stop interest from being added) and repay the loan over several weeks or months. You should only agree to payments that you can afford.

If you can't make any payments at this time, you can "default" on the loan – see the next question.

The store will give me a repayment plan, but the payments are too high for me. What can I do?

Sometimes people have to choose between paying back a payday loan and paying for things that they need, such as rent, food, medicine, or clothing.

If you are in this situation, you can "default" on the loan. "Default" means that you don't pay the loan back.

To stop the lender from cashing your check or taking money out of your bank account, you must do a "stop payment." Contact your bank and ask for a stop payment against any debit of any size, paper or electronic, by the payday lender. Your bank will probably charge a fee – usually \$25 – for the stop payment.

If you want to make payments to the lender after you have defaulted, contact the store directly.

What will happen if I default?

If you default, the payday lender will try to cash your check or take money out of your account. If you have asked your bank for a stop payment, the lender will not get any money. Next, the payday lender will usually add a \$25 bounced check fee to your account balance.

After you have defaulted, the lender may do any of the following things:

- (1) contact you about making payments;
- (2) send your account to a debt collector;
- (3) report you to a credit bureau or check-tracking system; and/or
- (4) take you to court to collect the balance on your loan.

It is legal for a payday lender to take you to court, but many payday lenders don't do it. If a lender does take you to court, you will have a chance to tell the judge that you don't have enough money to pay the loan back, or that you should pay it back over time instead of all at once.

My only income is from Social Security/TANF/APTD. Do I have special rights?

Yes! Certain public benefits, including Social Security, TANF, and APTD, are protected from collection by law. You can ask the judge to let you not make payments because your only income is from these benefits. Don't let a payday lender pressure you into payments if your only income is from these benefits. Call NHLA if you have questions about your income from public benefits and the court process.

Will I get in trouble for writing a bad check if I stop payment?

It is against the law for a payday lender to threaten you with criminal prosecution, or to cause a criminal prosecution to start. The likelihood of criminal prosecution for stopping payment on a check to a payday lender is very low.

Can payday lenders charge as much interest as they want?

As of January 1, 2009, payday lenders may not charge more than 36 percent annual percentage rate ("APR"). Until December 31, 2008, payday lenders can charge as much interest as they want. Remember that a "payday loan" is a specific kind of loan. If you're not sure whether your loan is a payday loan, call the N.H. Banking Department at (603) 271-3561.