

SHORT-TERM LENDING IN THE COMMONWEALTH OF VIRGINIA BORROWER RIGHTS AND RESPONSIBILITIES

Please take the time to carefully review the information contained in this pamphlet. It is designed to advise you of your rights and responsibilities in connection with obtaining a short-term loan in Virginia under Chapter 18 (§ [6.2-1800](#) et seq.) of Title 6.2 of the Code of Virginia. If you have any questions about short-term lending or want additional information, you may contact the Virginia State Corporation Commission's Bureau of Financial Institutions toll-free at (800) 552-7945 or at scc.virginia.gov.

In General: You are responsible for evaluating whether a short-term loan is right for you. Alternatives may include among other things less expensive short-term financing from another financial institution, family, friends, or a cash advance on a credit card.

Advertisements: A lender is prohibited from sending you an envelope or other written material that gives the false impression that it is an official communication from a governmental entity, unless it is required by the United States Postal Service.

Information from Lender: Virginia law prohibits the lender from providing you with any false, misleading, or deceptive information.

Short-Term Lending Database: Before making a short-term loan to you, a lender is required by Virginia law to access a database that will inform the lender whether you are eligible for a short-term loan. The Bureau of Financial Institutions is unable to advise you of your eligibility for a short-term loan. If you are ineligible, the lender will provide you with the toll-free telephone number of the database provider, which you can use to find out the specific reason for your ineligibility. To enable the lender to check the database, you will be required to provide the lender with a signed and dated loan application and the original or a copy of your current driver's license or identification card issued by a state driver's licensing authority (e.g., Department of Motor Vehicles for the Commonwealth of Virginia).

Verification of Income: Before making a short-term loan to you, a lender must make a reasonable attempt to verify and document your income.

Prohibition on Loans to Members of the Military and their Spouses and Dependents: Virginia law prohibits lenders from making short-term loans to members of the military services of the United States as well as their spouses and dependents. If you are a regular or reserve member of the United States Army, Navy, Marine Corps, Air Force, Coast Guard, or National Guard serving on active duty under a call or order that does not specify a period of 30 days or fewer, the lender is prohibited from making a short-term loan to you. The lender is also prohibited from making a loan to you if (i) you are married to such a member, (ii) you are less than 18 years old and the son or daughter of such a member, or (iii) more than one-half of your financial support for the past 180 days was provided by such a member.

Limitations on Security Interest / Obtaining PINs: The lender may require you to provide one or more checks as security for your short-term loan. The check or checks must be dated no

earlier than the date of the first required loan payment shown in your loan agreement. The lender cannot require you to provide any security for your short-term loan other than one or more checks payable to the lender. The lender also cannot obtain any agreement from you that gives the lender or a third party the authority to prepare a check that is drawn upon your deposit account. Additionally, the lender is prohibited from obtaining or receiving a personal identification number (PIN) for a credit card, prepaid card, debit card, or any other type of card in connection with your loan.

One Loan at a Time / \$2,500 Maximum: Virginia law prohibits you from having more than one short-term loan outstanding at any one time. If you have a short-term loan or a motor vehicle title loan from any lender that is licensed to make these types of loans, then you are prohibited from obtaining a short-term loan. The maximum loan amount is \$2,500.

Loan Term: Under Virginia law, your loan term cannot be more than 24 months. Your loan term also cannot be less than four months unless your total monthly payment will not exceed the greater of (i) 5.0% of your verified gross monthly income or (ii) 6.0% of your verified net monthly income.

Fees, Charges, and Interest: Your loan is payable in substantially equal installments of principal, fees, and interest combined. The lender is permitted to charge you (i) interest at a simple annual rate not to exceed 36%; and (ii) a monthly maintenance fee that does not exceed the lesser of \$25 or 8.0% of your originally contracted loan amount, provided that the maintenance fee is not added to your loan balance on which interest is charged. For example, if the lender advances you \$500 and your loan is repayable in five substantially equal monthly installments, the lender may charge you interest totaling \$45.90 and monthly maintenance fees totaling \$125 for a combined total cost of \$170.90. If the lender advances you \$1,000 and your loan is repayable in 10 substantially equal monthly installments, the lender may charge you interest totaling \$172.30 and monthly maintenance fees totaling \$250 for a combined total cost of \$422.30. Other than the specific fees and costs discussed in this section and the section of this pamphlet entitled "Failure to Repay" (see below), no additional amounts may be directly or indirectly charged, contracted for, collected, received, or recovered by the lender. Note that if your originally contracted loan amount is \$1,500 or less, the lender cannot charge or receive from you a total amount of fees and charges greater than 50% of your loan amount. If your loan amount is more than \$1,500, the total amount of fees and charges cannot exceed 60% of your loan amount.

In addition to interest and the monthly maintenance fee, the lender may charge you a deposit item return fee for the actual amount incurred by the lender, not to exceed \$25, if your check or electronic payment is returned unpaid because the account on which it was drawn was closed by you or contained insufficient funds, or you stopped payment on the check or electronic payment. If you make a payment more than seven calendar days after its due date, the lender may also impose a late charge of up to 5.0% of the amount of the payment, but not to exceed \$20. 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 check. Similarly, an affiliate of the lender or a person in the lender's office cannot charge you a fee for cashing the lender's check.

The fees, charges, and interest mentioned in this section may not be charged, collected, or received unless they are included in your written loan agreement.

Written Agreement: The lender must provide you with a written loan agreement, which must be signed by both you and an authorized representative of the lender. The loan agreement is a binding, legal document that requires you to repay the loan. Make sure you read the entire loan agreement carefully before signing and dating it. The lender must provide you with a copy of the signed loan agreement at the time of your loan transaction. If any provision of your loan agreement violates Chapter 18 (§ [6.2-1800](#) et seq.) of Title 6.2 of the Code of Virginia, the provision will not be enforceable against you.

Loans for Other Products & Services: You are prohibited from using any of the money from your short-term loan to purchase any other product or service sold (i) at the lender's business location, or (ii) on or through the lender's website or mobile application.

Right to Cancel or Rescind: You have the right to cancel or rescind your short-term loan at any time prior to 5 p.m. of the third business day immediately following the day you entered into the loan agreement by returning the loan proceeds check or paying the lender the amount advanced to you in cash, certified check, cashier's check, money order or, if the lender is equipped to handle such payments, by using a credit card, prepaid card, debit card, or the Automated Clearing House system. If you timely cancel or rescind your loan, the lender must mark your original loan agreement with the word "canceled" and return it to you along with any check that you provided as security for the loan.

Payments and Prepayments: The lender is required to accept any loan payment that you or another person acting on your behalf make provided that the payment is in the form of cash, certified check, cashier's check, money order or, if the lender is equipped to handle such payments, by use of a credit card, prepaid card, debit card, or the Automated Clearing House system. The lender is required to credit your loan account on the date that the lender receives your payment. You have the right to receive dated receipts for each payment made along with a statement of the balance remaining on your loan. If you have authorized electronic payments for your loan, you have the right to remove your authorization at any time. If the lender presents your check, negotiable order of withdrawal, share draft, or other negotiable instrument for payment and it is dishonored for any reason and returned to the lender, then the lender is prohibited from presenting it for payment again unless the lender obtains a new written authorization from you to present the previously returned item. Similarly, if the lender attempts on two consecutive occasions to transfer or withdraw funds electronically from your account and both attempts fail, then the lender is prohibited from making an additional attempt unless the lender obtains a new written authorization from you to transfer or withdraw funds electronically from your account. You also have the right to prepay your loan in full before its maturity date without penalty by paying the lender in cash, certified check, cashier's check, money order or, if the lender is equipped to handle such payments, by use of a credit card, prepaid card, debit card, or the Automated Clearing House system, the remaining outstanding balance as well as any accrued and unpaid interest and fees. If you prepay your loan in full or your loan is refinanced with another short-term loan, the lender must refund to you a prorated portion of fees and charges, except for any deposit item return fees and late charges, based on a ratio of the number

of days the loan was outstanding and the number of days for which the loan was originally contracted. The lender must provide you with the refund in the form of cash or a business check as soon as reasonably possible but no later than two business days after receiving payment from you.

Lender to Return Original Loan Agreement: Upon repayment of your loan in full, the lender must mark your original loan agreement with the word "paid" or "canceled" and return it to you.

Lender to Return Security Check: If your loan is secured by a check and you cancel or rescind your loan (see "Right to Cancel or Rescind" above) or repay it in full, the lender must immediately return the check you gave as security for the loan.

Failure to Repay: Pay back your loan! Know when your payments are due and be sure to repay your loan on time and in full. If you fail to make a payment on your loan in accordance with your loan agreement, the loan agreement may permit the lender to terminate your loan in advance of the maturity date and demand repayment of the entire outstanding balance along with prorated interest and fees earned up to the date of termination. However, at least 10 days after your payment was due, the lender must provide you with written notice that it is terminating your loan.

In collecting or attempting to collect a short-term loan, the lender is required to comply with the restrictions and prohibitions applicable to debt collectors contained in the Fair Debt Collection Practices Act, 15 USC § 1692 et seq., regarding harassment or abuse, false or misleading misrepresentations, and unfair practices in collections. The lender is also prohibited from threatening or beginning criminal proceedings against you if a check you provide to the lender bounces or if you fail to pay any amount owed according to your loan agreement.

If you default on your loan, the lender may bring a civil action against you 60 days or more after the date that you default. During this 60-day period the lender may voluntarily enter into a repayment arrangement with you.

Legal Action Against Lender: You have the right to bring a civil action against the lender if you suffer a loss as a result of the lender violating any provision of Chapter 18 (§ [6.2-1800](#) et seq.) of Title 6.2 of the Code of Virginia. If you are successful in your civil action, you have the right to be reimbursed for reasonable attorney's fees, expert witness fees, and court costs you have incurred in connection with your civil action. Losses suffered as the result of the lender's violation of Chapter 18 of Title 6.2 of the Code of Virginia may also be pursued under the Virginia Consumer Protection Act (§ [59.1-196](#) et seq. of the Code of Virginia), which in some cases permits consumers to recover actual and punitive damages.

Complaints and Contacting the Bureau of Financial Institutions: For assistance with any complaints you may have against a short-term lender, please contact the Bureau of Financial Institutions toll free at (800) 552-7945 or at scc.virginia.gov. Complaints must be filed in writing with the Bureau of Financial Institutions and include copies of supporting documentation.