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FOR IMMEDIATE RELEASE

DFI 2008 PAYDAY LENDING DATA INDICATES A DECREASE IN THE NUMBER OF COMPANIES - BUT AN INCREASE IN USE - SINCE 2007

DFI wants consumers who use payday loans to understand potential impact of new laws

OLYMPIA – The Washington State Department of Financial Institutions (DFI) has released the 2008 Payday Lending Report online: <http://www.dfi.wa.gov/cs/pdf/2008-payday-lending-report.pdf>.

The 2008 figures -- submitted by 34 companies making up 90 percent of the state's loans measured in dollar value -- show an increase in both the number of loans and the amount of money loaned. The number of loans made to military personnel dropped, however. On Oct. 1, 2007, a 36 percent annual percentage rate cap took effect for all loans made to military borrowers. The Talent-Nelson Amendment of the John Warner National Defense Authorization Act of 2007 mandated the cap. Due to this cap, the majority of the payday lenders in Washington State have ceased lending to military borrowers. The number of military borrowers has decreased 92 percent, from 11,650 in 2006, to 868 in 2008.

If you use payday loans, you should be aware that the Washington State Legislature passed two new payday lending laws this year – one of which will have significant impact on how you use payday loans. DFI wants you to know how these changes may impact your financial life.

Some of the biggest changes stem from [ESHB 1709, Chapter 510 Laws of 2009](#) that will go into effect Jan. 1, 2010:

- Limits the total loan(s) amount to \$700 or 30% of the borrower's gross monthly income, whichever is less.
- Limits the number of loans a borrower can take to eight (8) in a 12-month period.
- Creates a single database for all payday loan companies to enter borrower data, thereby preventing lenders from making larger loans or more loans than is legally allowed.
- Replaces the previous payment plan with an installment plan for borrowers who can not pay back their loan as agreed. The installment plan is available at the borrower's request at any time before their loan is due. The installment plan provides a longer payback time with no additional fees.
- New loans may not be made to borrowers in default or in an installment plan on existing loans.

“It is our hope that this law will help DFI protect consumers while making sure access to these short-term loans continue for those who may not have borrowing alternatives,” Scott Jarvis, Director of DFI said.

The other law, [SB 5164, Chapter 13 Laws of 2009](#), became effective July 26, 2009. In the past, when a payday loan company collected its own debts it was not subject to Washington’s collection agency practices act which has many protections for consumers. This law protects consumers from harassing or intimidating behavior when payday loan companies collect their own debts.

Before taking a payday loan DFI urges consumers to [verify the licensing](#) status of any payday lender they’re considering taking a loan from. (Go to www.dfi.wa.gov and click on “verify a license” to enter the payday lender information into the database query form.) All payday lenders offering services to Washington residents — including Internet payday lenders — are required by state law to be licensed by DFI before doing business in our state. Some online payday lenders offer services that are not legal in Washington State.

Make sure you have the information you need to make sound decisions for your financial future. DFI offers information and assistance for consumers and our licensees in a variety of ways – listservs, Web sites, Twitter, LinkedIn, YouTube and more.

- Call us toll-free at 1.877.RING.DFI.
- En Español at 1.888.976.4422 and online at www.dfi.wa.gov.
- Be sure to check out our financial education clearinghouse of resources and information at www.dfi.wa.gov/financial-education.
- Follow us and find other financial education professionals at www.twitter.com/FinEd4All and www.twitter.com/DFIConsumers.
- Stay up to date with the latest in financial education with our blog at www.finlit.blogspot.com
- www.youtube.com/user/WADFI.
- If you’re thinking about buying a house, or own a house and are considering refinancing or are facing foreclosure, visit www.homeownership.wa.gov.

Visit our Web site. Get to know what we do and how we can help you. Call us if you have questions or need assistance. We’re here for you!

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About DFI www.dfi.wa.gov ▪ 360.902.8700 ▪ 877.RINGDFI (746.4334)

The Washington State Department of Financial Institutions regulates a variety of financial service providers such as banks, credit unions, mortgage brokers, consumer loan companies, payday lenders and securities brokers and dealers. The department also works to improve financial education throughout Washington through its outreach programs and online clearinghouse www.dfi.wa.gov/financial-education. In addition to posting information about licensees and administrative actions, DFI uses the Web and social media to provide financial education information: www.twitter.com/FinEd4All ▪ www.twitter.com/DFIConsumers ▪ www.finlit.blogspot.com ▪ www.youtube.com/user/WADFI ▪ www.homeownership.wa.gov

About Consumer Services www.dfi.wa.gov/cs ▪ 360.902.8703 ▪ 877.RINGDFI (746.4334)

The mission of the Division of Consumer Services is to protect consumers from illegal and fraudulent lending practices. The division accomplishes its mission through licensing, licensee examinations, investigations, and enforcing selected state and federal statutes and rules. Consumer Services regulates the business activities of consumer loan companies, mortgage brokers, money transmitters and currency exchangers, as well as check cashers and sellers, also known as "payday lenders." The Division is entirely self-supporting, with funding provided by licensing, auditing, and policing of regulated businesses and individuals. No money is received from the state General Fund or other public revenue source.