

Consumer Loans on the Internet

The Alabama State Banking Department issues the following Consumer Alert to Alabama borrowers:

Many companies offering short-term consumer loans, including payday loans, over the Internet are not licensed with us to do business in Alabama. If you borrow money from an unlicensed payday lender, or other unlicensed lender who offers consumer loans over the Internet, please be aware that the Alabama State Banking Department may have limited ability to assist you with problems that arise regarding your loan.

The Department has become aware of the difficulties Alabamians have experienced with unlicensed online lenders who have threatened borrowers in debt collection calls with arrest and lawsuits. Fraudulent online lenders have also demanded upfront fees or piled on undisclosed and inflated loan fees and have continued to withdraw payments from consumers' accounts in excess of the loan debt. The Department warns Alabamians to be cautious about who they contract for an online consumer loan.

Unlicensed payday lenders are subject to criminal penalties and are not entitled to keep any fees collected. (Ala Code 5-18A-1 *et seq.*). However, not all consumer loans made over the internet are "payday loans." You are encouraged to read the terms and conditions of the loan in question and consult with your own attorney.

It has come to the attention of the Department that a number of lenders offering online payday and installment consumer loans in Alabama are subdivisions of, or affiliated with, federally-recognized Indian tribes. As a result, such lenders may not be subject to the jurisdiction of the Alabama State Banking Department.

If you have borrowed money from an online payday lender and need assistance, please consider the following steps:

FILING A COMPLAINT AGAINST A PAYDAY LENDER

FEDERAL GOVERNMENT

To file a complaint against a tribal-run payday lender, please contact the Federal Trade Commission online at www.ftc.gov, or contact the federal Consumer Financial Protection Bureau at www.consumerfinance.gov.

STATE OF ALABAMA

To file a complaint against a payday lender conducting business with Alabama consumers download a printable form here: <http://banking.alabama.gov/complaint.aspx>
To speak with the Consumer Services staff call (334) 242-3452, or toll free at 1-866-465-2279.

FINDING A LENDER LICENSED IN ALABAMA

The Department cautions against using the services of any payday or consumer installment lender not licensed by the Alabama State Banking Department. To find out which entities are licensed to make consumer loans in Alabama, go to the Department's website at http://banking.alabama.gov/licensee_search.aspx . To verify the license for an individual mortgage loan originator ("MLO") go to the NMLS Consumer Access, which is also available on our website at: <https://www.nmlsconsumeraccess.org/> Or you may call (334) 242-3452, or email the Department at Consumer.Lending@banking.alabama.gov and we will verify whether the lender in question is licensed.

KNOW YOUR RIGHTS UNDER ALABAMA'S PAYDAY LOAN ACT

The Alabama Deferred Presentment Services Act, which regulates payday loans in Alabama, was enacted in June 2003 to help protect consumers from abuse. For example, payday lenders cannot prosecute or threaten to put you in jail for taking a bad check. Payday lenders must offer you a FREE extended repayment plan of four equal monthly payments before suing you to collect a defaulted payday loan. The maximum loan amount for a payday loan is \$500 and the maximum fee is 17.5% per loan. The term for a payday loan must be between 10 and 31 days. Payday lenders must also provide you a copy of the loan before you sign it. Please read it carefully. You may read the text of Alabama's Consumer Lending laws on our website here:
http://banking.alabama.gov/bol_law.aspx