



STATE CORPORATION COMMISSION BUREAU OF FINANCIAL INSTITUTIONS

Quick Facts about Virginia Payday Loans

Chapter 18 of Title 6.2 of the Code of Virginia contains the statutes regarding payday loans made to Virginia residents. Below are highlights of the law. A comprehensive summary for payday loan borrowers can be found in the "Borrower Rights and Responsibilities"

- One payday loan at a time per borrower
- Database used to track and determine eligibility
- Due date based on two times your pay cycle (if you get paid once a week, you will have two weeks to repay the loan)
- Fees, charges & interest:
 - Interest – a maximum simple annual rate of up to 36%
 - Loan Fee – up to 20% of the amount of the loan (maximum of \$100 loan fee on a \$500 loan)
 - Verification Fee – up to \$5.00 (database fee)
- Payday loan shall not be made on the same day one is paid in full
- Extended Payment Plan may be available on payday loans (conditions apply, see your payday lender for questions)
- Extended Term Loan may be available on a 5th payday loan in a 180 day period (conditions apply, see your payday lender for questions)

Payday Loan Example

This example is based on the maximum fees permitted by Virginia law for a "payday loan" as defined under Virginia law. In this example the consumer is paid twice a month.

A lender signs a contract with a borrower, agreeing to take the borrower's personal check as collateral for a cash advance. The lender agrees to not deposit the check until the date the loan is due, yet pays cash immediately to the borrower. Let's say you want to borrow \$300 until you get your next paycheck. The payday loan term must be at least twice as long as your pay cycle, so assuming you are paid on a semimonthly basis, the loan term would be 31 days. You write a check to the payday lender for \$374.30 (36% interest for 31 days = \$9.30 interest, plus a loan fee of 20% of \$300 = \$60 loan fee, plus \$5.00 verification fee = \$374.30) and you get \$300 cash in return. The \$74.30 interest and fees that you pay on the loan calculates to an Annual Percentage Rate (APR) of 287.61%.