New WA Payday Loan Limits Take Effect Jan. 1

Local News

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SEATTLE - Washington's new state laws to curb payday loan abuse are equally tough on both short-term borrowers a

Deb Bortner is director of consumer services for the
Washington State Department of Financial Institutions (DFI)
, the agency that licenses payday lenders. She says the goal is to keep people from getting stuck in an expensive cycl

"What we've seen is there are people - a very small number of people - who actually take out one a week. The law say

Other states have passed caps on payday loan interest rates, but Bortner says Washington lawmakers took a different

"When people do get in trouble and they can't pay back a loan, they can tell their lender, on or before it's due, 'I can't p

She says the installment plan gives the borrower 90 days to pay back a loan of $400 or less and 180 days for larger amounts. The new law also sets out specific rules for when and how often a lender can contact a borrower who is behind on payments.

According to Bortner, payday lenders do not like the new law because they make more money by rolling over one loan into another. However, with more than $1 billion in short-term loans made per year across the state, she says lawmakers decided both lenders and borrowers needed some limits.

The *DFI* web site contains an explanation of the new laws and offers the ability to verify whether a lender is licensed, at www.dfi.wa.gov.