

DEFERRED DEPOSIT LOANS

AND

MONTANA CONSUMERS



Montana consumers should take special care when buying or engaging in Deferred Deposit lending transactions.

Montana law protects consumers who enter into short-term, high rate loans with lenders from abuses that occur in the credit market place. Consumers should be aware of their rights and responsibilities when engaging in a deferred deposit lending transaction.

To protect yourself, follow these guidelines:

1. Contact the Division of Banking and Financial Institutions of the Department of Administration at 406-841-2920 to determine if the lender is licensed by the Division.
2. Contact the Division of Banking and Financial Institutions at 406-841-2920 if you experience a problem with your deferred deposit loan. The Banking Division does provide a process for filing consumer complaints. Upon request Banking Division will mail, fax or email you the complaint form. The complaint form is also available on the Banking Division's website at <http://www.banking.mt.gov>.
3. Review the written agreement between the lender and you to make sure that the following information is included:
 - a. the name, address and phone number of the lender making the deferred deposit loan and the signature, initial or other written means of identifying the individual employee who signs the agreement on behalf of the lender;
 - b. an itemization of the fees to be paid by the consumer;
 - c. a clear description of the consumer's payment obligations under the loan;

- d. a statement providing an opportunity to rescind the agreement through 5:00 pm the first business day after execution of the transaction; and
- e. a statement in at least 14 point bold type face immediately preceding the signature of the consumer that provides “**you cannot be prosecuted in criminal court for collection of this loan**”.

A lender may not charge fees unless authorized by law.

1. A lender may not charge a fee for each deferred deposit loan entered into with a consumer that exceeds 25% of the principal amount of the loan.
2. If there are insufficient funds to pay a check or authorization for electronic deduction on the date of the presentment, a lender may charge a fee not to exceed \$30.00. Only one fee may be collected with respect to a particular check even if it has been redeposited and returned more than once. This fee is the lender’s exclusive charge for late payment.

PROHIBITED ACTS OF LENDER

A lender cannot:

1. Engage in deferred deposit lending unless the Division has first issued a valid license.
2. Threaten to use or use a criminal process to collect on a loan made to a consumer in this state or any civil process to collect the payment of deferred deposit loans not generally available to creditors to collect on loans in default.
3. Alter the date or **any other** information on a check or authorization for electronic deduction received from a consumer.
4. Charge or collect more fees than those allowed by Montana Law.
5. Engage in unfair, deceptive or fraudulent practices in the making or collecting of a deferred deposit loan.
6. Engage in other acts that are prohibited under Montana’s Deferred Deposit Loan Act.

REMEMBER:

Always ask to review and understand the written loan agreement before signing the agreement. Seek advice of someone trustworthy and knowledgeable. Contact a consumer credit counselor, attorney, or financial advisor.