

## KNOW THE FACTS ABOUT CHECK-CASHING FEES.

In Delaware, places that are authorized to cash checks can only charge you a fee of four dollars or two percent of the value of the check—whichever is greater. That's the law. Some check-cashing agencies try to charge higher rates for check-cashing services. Don't pay more than the law says you should be charged! By knowing the law, you can make smart decisions about your money.



Here is a list of legal check-cashing fees:

Check amount	2% fee	\$4 flat rate	Fee you should be charged*
\$100	\$2	\$4	\$4
\$250	\$5	\$4	\$5
\$500	\$10	\$4	\$10
\$1,000	\$20	\$4	\$20

\*These are examples only. If any business charges you more than the fees listed in this chart, please call the Office of the State Bank Commissioner.

## KNOW THE FACTS ABOUT PAYDAY LOANS.

When a company loans you money and you promise to pay it back with your paycheck, it can end up costing you a lot more money than you think. Payday loans are also called cash advance loans or paycheck advance loans. You write a personal check made payable to the person or company who is loaning you the money for the amount you want to borrow plus a fee. The lender gives you the money, and you are told the number of weeks you have to repay the money. Payday loans are very expensive, especially if you decide to roll them over. Interest rates for payday loans, if adjusted to an annual rate, range from **350% to over 500%**! This is a very expensive way to borrow money.

Be careful. Consider a small loan from your credit union or loan company, an advance from your employer or a loan from a family member or friend before you get a payday loan. You may also want to ask your creditors for more time to pay your bills. Just be sure you know what that will cost you in additional finance charges before you agree to it.



## KNOW THE FACTS ABOUT CAR TITLE LOANS.

When you give your car title for a loan, it's just like giving anything else you may own to a pawnbroker for cash. The amount you can borrow is usually based on the value of your car. You must pay the loan back within a certain period of time, usually 30 to 90 days and usually at a very high interest rate, often **350% to 400%**! But the worst part is, if you don't pay the money back, you could lose your car and still owe the money for part or all of the loan. Consider a loan from a bank, a credit union or a family member before you give your car title to anyone for cash.



## KNOW THE FACTS ABOUT HIGH-COST MORTGAGE LOANS.

If you have a credit history that is less than perfect or if you've never borrowed money before or bought anything on credit, you may be offered this kind of loan. These loans may have higher interest rates since the company lending you the money is taking a risk because you have no "history"—or a poor history—of paying back loans.

But, it's estimated that almost half of the people who get high-cost loans could qualify for traditional mortgage loans (also called "prime borrowing"). Always ask the lender for the lowest rate offered on that day. If you are told you're not eligible for the best rate, ask why. Then shop around.

Below is a table of fixed-rate 30-year mortgages for a \$70,000 loan. Compare monthly payments and total payments of high-cost loans of 13% and 9% with a prime loan of 5%, and you can see the savings! This table does not reflect any fees, points, or the terms of the loan. Before signing a document, read the fine print, and ask for the HUD 1 so you understand the payment schedule and all the fees and costs included in the transaction.



Rate	Monthly Payment	Total Payment
13%	\$724	\$278,762
9%	\$563	\$202,765
5%	\$376	\$135,280

## OFFICE OF THE ATTORNEY GENERAL

The Office of the Attorney General's Consumer Protection Unit is part of the State Department of Justice's Fraud and Consumer Protection Division. It is responsible for the investigation of consumer complaints and the enforcement of consumer laws. It is also responsible for initiating both civil and criminal prosecution against violators of consumer protection laws.

Both businesses and consumers rely upon the Consumer Protection Unit for help with a variety of issues. The unit also provides informal mediation services in an effort to resolve disputes without litigation.

Another important responsibility of the Consumer Protection Unit is to provide community outreach and educational services on issues of public concern such as consumer scams and frauds. The unit also spreads the word about consumer protection by making presentations to consumer and civic groups.

## OFFICE OF THE STATE BANK COMMISSIONER.

The Office of the State Bank Commissioner of the State of Delaware serves the public interest by chartering and regulating state banks and trust companies, as well as licensing other businesses that provide financial services to consumers and examining them for compliance with state and federal laws. The licensed financial services businesses include hundreds of lenders, mortgage brokers, motor vehicle finance companies, check cashers, check sellers and money transmitters. The Office of the State Bank Commissioner protects consumers by responding to and resolving complaints against financial institutions and persons regulated by the office.

## Dear Consumer:

At some point almost everyone needs a loan. You may want to buy a house or a car, get tuition for school or pay bills. There are lots of options when you borrow money. Some are better than others.

The Attorney General's Consumer Protection Unit and the Office of the State Bank Commissioner want you to be a smart consumer. We're providing this information about the kinds of loans available—as well as the high cost of some of these transactions—to help you make the best decisions.

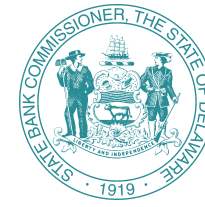
We want you to shop around and compare the fees each business charges before you sign your name. If you have questions, don't go ahead—please call our offices listed on the following page, and we'll be happy to give you our advice.



M. Jane Brady  
Attorney General  
of the State of  
Delaware



Robert A. Glen  
State Bank  
Commissioner



Please contact us for assistance or more information:

### Attorney General's Office Consumer Protection Unit

State Office Building  
820 N. French Street, 5th Floor  
Wilmington, DE 19801

102 W. Water Street, 3rd Floor  
Dover, DE 19904

114 E. Market Street  
Georgetown, DE 19947

1-800-220-5424 in Delaware  
(302) 577-8600 outside of Delaware  
[www.state.de.us/attgen](http://www.state.de.us/attgen)

### Office of the State Bank Commissioner

555 E. Loockerman Street  
Suite 210  
Dover, DE 19901  
(302) 739-4235

Wilmington Office  
(302) 577-6722  
[www.state.de.us/bank](http://www.state.de.us/bank)

For more information about home equity and mortgage loans, read our free brochure, "Don't Borrow Trouble." You can request a copy by calling **1-800-220-5424** or **(302) 739-4235**, or download it at [www.state.de.us/attgen](http://www.state.de.us/attgen).

# Do you need to borrow money?



## IT PAYS TO KNOW THE FACTS BEFORE YOU EVEN THINK ABOUT:

- Giving anyone money to cash your check
- Giving your car title for a cash loan
- Promising your paycheck for a cash loan
- Getting a loan to buy a house

