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PAYDAY LOANS

START YOUR APPLICATION



Maximum Loan Amounts and Loan Period

Arkansas payday lenders may not issue a loan of more than \$400 to a customer at any time. The lender can issue the loan for as few as six days or as many as 60 days. In Alabama, the payday lender cannot issue the consumer a loan of more than 500. The Alabama lender can offer the cash advance to a consumer for a minimum of 10 days or a maximum of 31 days.

Loan Extensions

Lenders may not offer rollovers to their customers in Arkansas. An **Alabama lender** can provide one rollover for its payday loan customer.

Finance Charges and Additional Fees

An Arkansas payday lender is allowed to charge a consumer a financing charge of up to 10 percent of the loan amount. The maximum additional fee that the lender can charge for such a loan is \$10. An Alabama lender can charge a consumer an interest rate of 17.5 percent. It can charge the person 3 percent per month after the first month, as well. The additional fees that an Alabama lender can charge are non-sufficient funds fees of \$30 and attorney's fees if it has to pursue a person to obtain payment. An Arkansas lender can charge the same fees.

Criminal Prosecution for Nonpayment

Payday lenders are limited in what they can do to person who does not pay his or her payday loan. Both Arkansas and Alabama lenders are restricted in terms of prosecuting someone for a crime. The only act that is allowable for lenders in both states to prosecute is a check that the borrower writes on a closed account. Writing a check on a closed account is a form of theft because account holders are fully aware of when their accounts are closed. Other forms of nonpayment are not criminal offenses, and payday lenders are not allowed to handle them as such.

Cooling Off Period

The cooling off period for a payday loan is a time period that the consumer has to wait before he or she can apply for a new loan after that person finishes paying for the first loan. The cooling off period protects the consumer from making hasty decisions in the heat of the moment. *Arkansas* lenders must make their customers wait for a few days before they open a new loan after they've closed an old loan. *Alabama* lenders must make their customers wait at least one business day after two previous loans have been paid before they can request another cash advance.

The above-stated regulations were put in place to protect consumers so that lenders cannot take advantage of them.

