Market Snapshot: Consumer use of State payday loan extended payment plans

Consumer Financial Protection Bureau

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1. Introduction[1]

1.1 Overview

Payday loans are a form of small-dollar, short-term consumer credit. This Snapshot describes the traditional "payday loan," a consumer loan in which the amount borrowed and fees are due in a single payment, typically on the borrower's next payday or other receipt of income.[2] The Bureau has previously reported that for storefront payday loans, the median payday loan amount was $350,[3] and that the typical fee of $15 per $100 borrowed for 14 days equates to an average annual percentage rate (APR) of 391 percent.[4] Under this definition, approximately 26 States permit payday lending.[5] The remaining States and the District of Columbia either prohibit payday lending or effectively prohibit the practice through APR caps.[6]

Consumers typically have several options on a payday loan's due date. They can repay in full, pay an additional fee to defer the loan due – commonly known as a rollover – if permitted by State law, or default.[7] An additional option for payday loan consumers in some States is an extended payment plan, sometimes referred to as an "offramp." In most States that have opted for this policy intervention, consumers may, with some limitations, elect extended payment plans to repay their outstanding payday loans in installments at no additional charge.

[1] This Snapshot was prepared by Laura Udis, Jack Sollows, and Andrew Babbitt.

[2] States use varying terminology to refer to "payday loans" such as deferred deposit or deferred presentment loans. The definition that this Snapshot uses to present data on payday loans is not intended as a legal definition of payday loans under State or federal law. This definition excludes States that have amended their payday lending laws to require minimum loan terms of two or more installments. This Snapshot does not cover those loans.

[3] Consumer Financial Protection Bureau, *Payday Loans and Deposit Advance Products: A White Paper of Initial Data Findings,* at 17 (2013), *available at* https://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf.

[4] *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 82 FR 54472, 54477 (Nov. 17, 2017) (2017 Payday Rule). The Bureau later revoked a portion of the 2017 Payday Rule. 85 FR 44382 (July 22, 2020). This Snapshot references the preamble to the 2017 Payday Rule for some background information about the market for payday loans.

[5] The following States are included in this category: Alabama, Alaska, California, Delaware, Florida, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Nevada, North Dakota, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, Wisconsin, and Wyoming.

[6] States that allow single-payment payday lending but cap rates at about 45 percent APR or less are not included in the list of payday-authorizing states, as payday lenders view those rates as effective bans and rarely operate in those jurisdictions.

[7] Some States refer to rollovers as "refinances" or "renewals," or use other equivalent terminology.

This Snapshot describes State payday loan extended payment plans and their use. It also compares extended payment plan usage rates to payday loan rollover and default rates. This Snapshot is believed to be the first study to compare State extended payment plans and usage rates.

Section 3.1 of this Snapshot includes a description of the features and approaches of State payday loan extended payment plans. Section 3.2.1 includes data on consumer extended payment plan usage rates and Section 3.2.2 is a comparison of rollover and default rates to extended payment plan usage rates.

1.2 Methodology

In this Snapshot, Bureau researchers reviewed State laws to compile the status of State extended payment plans for payday-authorizing States, as defined in Section 1.1. Using this definition, 16 of the 26 payday-authorizing jurisdictions address extended payment plans.[8]

Section 3.1 categorizes extended payment plans by common characteristics, including extended payment plan provisions for some States that previously allowed payday lending but now prohibit these loans due to recent State law changes to APRs, loan terms, or both.

Section 3.2, a detailed summary of extended payment plan usage data, is drawn solely from public reports that are compiled by State regulators. Less than half of the 16 States with laws addressing extended payment plans publish data on usage trends. Section 3.2 also compares extended payment plan usage rates to available rollover and default rates.

The extended payment plan usage rates included here are generally taken directly from the various State reports. If a State report includes raw data, the extended payment plan per-loan usage rate is calculated by dividing the number of extended payment plans in the State's reporting period (typically for a year) by the total number of payday loans for the same period. One State[9] reports usage rates on a per-consumer basis, calculated as the number of consumers who used an extended payment plan divided by the total number of payday loan users in the State. This Snapshot compares usage rates among States that use the per-loan formulation because meaningful inferences cannot be drawn between per-loan and per-consumer usage rates. Data from the single State reporting a per-consumer usage rate is therefore viewed in its

[8] State laws that provide extended payment plans, grace periods, or payment deferrals on installment loans are beyond the scope of this Snapshot.

[9] Utah, see Section 3.2.1 for more information.

own category. "Usage rate" throughout this Snapshot refers to the per-loan rate unless otherwise specified.

Where available, this Snapshot includes the most recent two or three years of extended payment plan data to track any usage rate differences occurring during the COVID-19 pandemic. State reports are typically published annually, but some are published every two years and the data typically lags by at least one year. In addition, State annual reports may cover a calendar or a fiscal year as defined by the State.

State laws vary in the precise language of extended payment plan availability. Thirteen States require extended payment plans by mandating that the "lender shall offer" an extended payment plan to consumers. The laws of three States specifically allow lenders the discretion to offer an extended payment plan to some or all consumers by indicating that a "lender may offer" such a plan (so-called permissive States). Other State laws are silent as to whether lenders may offer extended payment plans; these State laws and plans are outside the scope of this Snapshot. As an additional caveat, State data on extended payment plan usage rates do not differentiate between extended payment plans entered after one or more rollovers and those taken after a single loan.

Most State reports caution that their reports are derived from data provided by licensed payday lenders within that jurisdiction and are not independently verified or audited. This Snapshot therefore contains the same limitations. In addition, this Snapshot does not include data from extended payment plans offered under industry trade association best practices,[10] unless that data happens to be included as part of State data reporting requirements.

[10] For example, see *INFiN Best Practices*, *available at* https://infinalliance.org/common/Uploaded%20files/Industry%20Resources/INFiN-Best-Practices.pdf. Trade association members are required to follow their association's best practices. The Bureau's 2017 Payday Rule described some of these industry trade association best practices. *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 82 FR 54472, 54482 (Nov. 17, 2017).

2. Key findings

- Despite the prevalence of State laws providing for no-cost[11] extended payment plans, data show that rollover and default rates consistently exceed extended payment plan usage rates. The Bureau has observed that monetary incentives encourage lenders to promote higher-cost rollovers at the expense of extended payment plans.

- Eligibility requirements for extended payment plans vary and likely impact reported usage rates. For example, in Florida, a consumer must enroll in credit counseling to be eligible for an extended payment plan. In Washington State, a consumer may request an extended payment plan at any time and there are no limits on the number of plans a consumer may elect. Extended payment plan usage rates range from less than one percent in Florida to 13.4 percent in Washington State.

- Although payday loan volume declined during 2020 compared to 2019 by as much as 65 percent, coinciding with the COVID-19 pandemic,[12] extended payment plan usage rates generally rose during the same time period.

- State payday loan extended payment plan laws typically address several key provisions: number of installments, plan length, allowable fees, frequency of use, consumer eligibility, and disclosures.

- There is substantial variation in State extended payment plans, but typical features include: disclosure of the right to elect an extended payment plan at the time consumers enter into a payday loan agreement, the requirement that an extended payment plan be repaid in several installments, and that there be no additional fees charged for an extended payment plan.

- The Bureau is not aware of studies about consumer awareness of extended payments plans, including concerning the timing and effectiveness of plan disclosures.

[11] All but one State, Michigan, prohibit lenders from charging fees associated with extended payment plans.

[12] Veritec Solutions, Inc., *Update: COVID-19 Impact Study on Small-Dollar Lending* (June 18, 2021), *available at* https://www.veritecs.com/2021-update-covid-19-impact-study-on-small-dollar-lending/

3. Detailed findings

The following section provides details on 16 States with extended payment plan laws and available usage data.[13]

3.1 Extended payment plan laws

State extended payment plan laws typically address several key provisions including the minimum number of installments required in a plan; plan length; allowable fees; frequency of use; consumer eligibility; and disclosures.

Installments: A salient feature of extended payment plans is that they offer consumers the opportunity to repay a payday loan in multiple installments rather than in a single balloon payment. Nine States require that extended payment plans include a minimum of four installments,[14] while two States – Michigan and Washington – require that extended payment plans include a minimum of three installments. Alaska and Florida do not specify the number of required installments. Most States mandate that installments be structured in equal or substantially equal amounts.

Plan Length: Some States establish a minimum extended payment plan repayment term. Six States require a minimum repayment term of 60 days.[15] Washington requires a minimum term of 90 days. Michigan, South Carolina, and Wisconsin require that installment payment dates coincide with the consumer's pay or income schedule. Alabama requires that the four installments be monthly, creating a four-month repayment term.

[13] These States are Alabama, Alaska, California, Delaware, Florida, Idaho, Indiana, Louisiana, Michigan, Nevada, South Carolina, Utah, Washington, Wisconsin, and Wyoming. *See* ALA. CODE 5-18A-12c; ALASKA STAT. 06.50.550, 10 CAL. FINANCIAL CODE 23036(b); 5 DEL. CODE ANN. 2227(8) & 2235A(a)(2); FLA. STAT. 560.404(21)-(22); IDAHO CODE 28-46-414; IND. CODE 24-4.5-7-401; La. Stat. Ann. 9:3578.4.1; MICH. COMP. LAWS 487.2155 Sec. 35; NEV. REV. STAT. 604A.5026-5027; S.C. CODE ANN. 34-39-280; UTAH CODE ANN. 7-23-403(7); WASH. REV. CODE 31.45.084; WIS. STAT. 138.14(11g); and WYO. STAT. ANN. 40-14-366. Mississippi is the sixteenth State, but it is a discretionary state with no specific requirements for its extended payment plan. TIT. 5, PART. 3, CH.3 MISS. ADMIN. CODE, Rule 3.3(8).

[14] Alabama, Idaho, Indiana, Louisiana, Nevada, South Carolina, Utah, Wisconsin, and Wyoming

[15] Florida, Idaho, Indiana, Nevada, Utah, and Wyoming

Allowable fees: All States except Michigan require that extended payment plans be offered to consumers at no additional cost. Michigan's law allows lenders to charge consumers a fee to administer an extended payment plan; the fee is $18.69 through 2025. [16]

Frequency of use: Most States limit the frequency with which consumers may elect an extended payment plan to once in a 12-month period. [17] The remaining State laws are silent on extended payment plan frequency or require that a plan be offered when a consumer indicates they are unable to repay or prior to the lender instituting collection or legal action.

Consumer eligibility: In addition to the frequency of use restrictions, four States[18] allow consumers to take an extended payment plan only after they have reached a threshold of sequential loans or rollovers. There is substantial variation in eligibility requirements. For example, in Alabama, a consumer is eligible for an extended payment plan after one rollover, while a Michigan consumer is not eligible for an extended payment plan until after eight loans with the same lender in any 12-month period. In Florida, a consumer must enroll in credit counseling as a precondition to an extended payment plan; if the consumer completes the plan, the lender must pay half the cost of the credit counseling service.

Some states set payment requirements for extended payment plans. Alaska requires consumers to repay at least five percent of the outstanding loan balance when an extended payment plan is signed. Utah allows lenders to require an initial payment of 20 percent of the total loan amount due for a plan entered after default.

Disclosures: Seven States require lenders to disclose the availability of an extended payment plan prior to the consumer becoming contractually obligated on the loan. [19] In these States, the disclosure is typically included as part of the loan agreement, as a separate written disclosure, as a notice posted on the lender's premises, or as a combination of disclosures. Appendix A provides examples of two State disclosure approaches.

Eight States require lenders to notify consumers about extended payment plan availability upon default or at evidence of actual or potential financial distress. [20] In five States disclosure of extended payment plan availability, including notice by certified mail, is required before a

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[16] The fee was originally $15 and is subject to adjustment every five years based on the regional Consumer Price Index. MICH. COMP. LAWS 487.2155 Sec. 35; https://www.michigan.gov/documents/difs/Bulletin_2021-02-CF_713160_7.pdf

[17] Idaho, Louisiana, Nevada, South Carolina, Utah, Wisconsin, and Wyoming

[18] Alabama, Indiana, Michigan, and Utah

[19] Florida, Idaho, Louisiana, Michigan, South Carolina, Utah, and Wisconsin

[20] Alabama, Alaska, Florida, Indiana, Nevada, Utah, Washington, and Wisconsin

lender may pursue collection or legal actions. [21] In Washington, disclosure is required when a consumer alerts the lender that they will be or are unable to repay the loan. [22]

Table 1 summarizes State-required extended payment plan laws. It includes characteristics both of State-mandated and two lender-discretionary extended payment plan States (California and Delaware). [23]

TABLE 1: STATE EXTENDED PAYMENT PLAN REQUIREMENTS

Extended Payment Plans requirement	State count	State(s)
Installments		
Four or more	*9*	Alabama, Idaho, Indiana, Louisiana, Nevada, South Carolina, Utah, Wisconsin, Wyoming
Three or more	*2*	Michigan, Washington
Plan Length		
60-day+ minimum	*7*	Delaware, Florida, Idaho, Indiana, Nevada, Utah, Wyoming
Based on consumer pay or income schedule	*3*	Michigan, South Carolina, Wisconsin
Allowable Fees		
No fees allowed	*14*	Alabama, Alaska, California, Delaware, Florida, Idaho, Indiana, Louisiana, Nevada, South Carolina, Utah, Washington, Wisconsin, Wyoming
Additional fees allowed	*1*	Michigan
Frequency of use		
Once per 12-month period	*7*	Idaho, Louisiana, Nevada, South Carolina, Utah, Wisconsin, Wyoming
No time limit specified or on notice of inability to pay	*5*	Alabama, Alaska, Florida, Indiana, Washington

[21] Alabama, Alaska, Nevada, Utah, and Wisconsin. Nevada provides for both an extended payment plan option prior to the loan's due date and a repayment plan after default.

[22] WASH. REV. CODE 31.45.084

[23] Mississippi is not detailed here as it is a discretionary state with no specific requirements for its extended payment plan.

Extended Payment Plans requirement	State count	State(s)
Consumer eligibility		
Loan or rollover threshold	*5*	Alabama, Delaware, Indiana, Michigan, Utah
Credit counseling	*1*	Florida
Disclosure		
Loan Agreement	*9*	Alaska, Florida, Idaho, Indiana, Louisiana, Michigan, South Carolina, Utah, Wisconsin
Inability to Pay or Default	*7*	Alabama, Alaska, Florida, Nevada, Utah, Washington, Wisconsin

3.2 Analysis of State payday lending reports

3.2.1 Extended payment plan usage rates

According to a report from the contractor for the States that mandate payday loan databases, payday loan origination volume declined by as much as 65 percent during the COVID-19 pandemic, a trend attributed to federal Economic Impact Payments.[24] Among States with extended payment plans, five publish data on consumer use of extended payment plans from prior to the COVID-19 pandemic through calendar year 2020. Four of the five states showed an increase in usage rates, but rates overall are similar. Usage rates in Washington State increased by three percent while extended payment plan adoption in Utah declined slightly. Two States publish data for calendar year 2021, and the trends are very similar to those reported in 2020. This Snapshot also includes data from several States that previously published extended payment plan usage data but no longer do so. Some of these States no longer authorize payday lending.

All jurisdictions except Utah report a per-loan usage rate, calculated as the percentage of loans converted into extended payment plans. Utah reports a per-consumer usage rate, which refers to the percentage of payday loan borrowers who received an extended payment plan in the reporting period. To avoid interpretative issues, this Snapshot does not compare Utah's per-consumer usage rate to that of any other State.

[24] Veritec Solutions, Inc., *Update: COVID-19 Impact Study on Small-Dollar Lending* (June 18, 2021), *available at* https://www.veritecs.com/2021-update-covid-19-impact-study-on-small-dollar-lending/

The States that currently provide extended payment plans and report usage rate data are profiled in detail below:

California:[25] As noted above, California law gives lenders the discretion to offer consumers an extended payment plan and precludes the lender from charging any fee for the plan. In 2020, the State reported that 40 percent of lenders opted to provide consumers with a payment plan and three percent of payday loans were converted to extended payment plans. Because a lender is not required to offer a plan, California's reported usage rates are lower than comparable States in relative terms.

Florida:[26] As noted, Florida is unique by requiring that consumers must enroll in credit counseling in order to receive an extended payment plan (called a "grace period"). This eligibility prerequisite may explain why Florida's 0.40 percent usage rate is the lowest of the States that publish data.[27]

Utah:[28] Utah law restricts a consumer to one extended payment plan per 12-month period and is the only State in this Snapshot to report usage rates on a per-consumer basis. In 2020, 6.4 percent of all payday loan consumers converted a loan to an extended payment plan, though this figure cannot be directly compared to other jurisdictions due to the usage of a per-consumer rate.

Washington:[29] Washington places no restrictions on a consumer's use of extended payment plans after the consumer notifies the lender of inability to repay. In 2020, 13.4 percent of payday loans were converted to extended payment plans, the highest rate among States that report loan usage rates.

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[25] California Department of Financial Protection and Innovation, *Annual Reports of Payday Lending Activity Under the California Deferred Deposit Transaction Law* (2015-2020), *available at* https://dfpi.ca.gov/publications/payday-lenders-publications/

[26] Florida Office of Financial Regulation, *Florida Trends in Deferred Presentment* (2015, 2017-2020), reports on file with author.

[27] Unlike other states profiled in this section, Florida reports data from July 2020 to June 2021, not on a calendar year cycle. Any reference to 2021 related to Florida refers to that time period.

[28] Utah Department of Financial Institutions, *Report of the Commissioner of Financial Institutions, pg 130* (2021), *available at* https://dfi.utah.gov/wp-content/uploads/sites/29/2021/10/Annual.pdf. Reports from 2016-2020 on file with author.

[29] Washington State Department of Financial Institutions, *Payday Lending Report* (2015-2020), *available at* https://dfi.wa.gov/reports/payday-lending-reports.

Wisconsin:[30] Like Utah, Wisconsin law limits consumers to one extended payment plan per 12-month period. 2.0 percent of all loans were converted to extended payment plans in 2021.

Table 2 depicts extended payment plan usage rates using available data by State.

TABLE 2: EXTENDED PAYMENT PLAN USAGE RATES BY STATE

State	2021	2020	2019	2018	2017	2016	2015
California		3.0%	1.2%	1.0%	1.0%	0.6%	0.5%
Florida	0.4%	0.4%	0.4%	0.6%			0.4%
Washington		13.4%	10.2%	17.0%	16.1%	13.4%	12.4%
Wisconsin	2.0%	1.9%	1.6%	1.5%	1.1%	2.4%	2.0%
Utah[31]		6.4%	6.3%	7.9%	13.0%	8.5%	
Illinois[32]			1.5%	1.0%	1.0%	0.8%	0.8%
Oklahoma[33]				2.0%	2.1%		2.2%

Who Uses Extended Payment Plans? State data do not provide any demographic information on the consumers who use extended payment plans, whether by income, gender, racial background, or usage frequency by individual consumer.

3.2.2 Default and rollover rates in States with extended payment plans

If a consumer cannot repay a payday loan on the due date, they typically have three options: roll over the loan by paying a fee to extend the repayment date;[34] enter into a no-cost extended

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[30] Wisconsin Department of Financial Institutions, *Annual Report to the State Legislature: Payday Lending* (2015-2021), *available at* http://lrbdigital.legis.wisconsin.gov/digital/collection/p16831coll6/search/searchterm/Payday%20loans!Wisconsin%20Department%20of%20Financial%20Institutions/field/subjec!publis/mode/exact!exact/conn/and!and

[31] As noted, Utah reports a per-consumer usage rate and consequently, this Snapshot does not compare Utah's rate with information reported by any other states.

[32] In 2021, Illinois effectively prohibited payday lending when it implemented a 36% rate cap. The payday lending law continues to provide for extended payment plans in 815 ILL. COMP. STAT. 122/2-40. *See* https://www.idfpr.com/Forms/DFI/2021%2005%2013%20PLPA%20FAQs.pdf and Illinois Department of Financial and Professional Regulation, *Illinois Trends Report, Select Consumer Loan Products* (2015-2019), *available at* https://www.idfpr.com/DFI/CCD/ccd_main.asp.

[33] Oklahoma effectively prohibited payday lending when, as of August 2020, it required a minimum loan term of at least 60 days with amortizing equal periodic payments and changed the fee structure. Reports on file with author. OKLA. STAT. tit. 59, 3150.1 & 3150.10.

[34] Rollovers are described in the Bureau's 2017 Payday Rule, *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 82 FR 54472, 54478 (Nov. 17, 2017).

payment plan, if available; or default. Some States publish both extended payment plan usage rates and the percentage of loans that ended in default or that were rolled over. Some States, particularly those that prohibit rollovers, publish consumer loan frequency data. Extended payment plans may serve as substitutes for rollovers and defaults, and this Snapshot compares extended payment plan usage rates to these metrics.

Across States with available public information, payday loan rollover and default rates substantially exceed extended payment plan usage rates. In Washington State, the jurisdiction with the highest extended payment plan usage rate, the 2020 data show a payday loan default rate of 27 percent compared to a usage rate of 13.4 percent. In California and Florida, the share of consumers with 10 or more payday loans in the most recent reporting year substantially exceeded extended payment plan usage rates.

Table 3 compares rollover rates, default rates, the share of consumers with 10 or more payday loans, and usage rates.

TABLE 3: ROLLOVER, DEFAULT, REPEAT USAGE AND EXTENDED PAYMENT PLANS USAGE RATES BY STATE

State	Rollover Rate	Default Rate[35]	Share of consumers with 10+ loans	Extended Payment Plan Usage Rate
Washington (2020)		27.0%	5.0%[36]	13.4%
Wisconsin (2021)	16.4%	6.0%		2.0%
California (2020)			18.8%	3.0%
Florida (2021)			25.8%	0.4%
Idaho (2016)[37]	47.1%			1.3%
Colorado (2010)[38]	30.1%			4.5%

The Bureau is aware of several practices that may explain why default and rollover rates exceed extended payment plan usage rates. In 2009, when Colorado law authorized payday lending

35 In some States, default rate may include failure to complete an Extended Payment Plan.

36 Washington State limits payday borrowers to a maximum of eight loans in a 12-month period, so eight loans is the statistic used in this chart for that State.

37 Idaho Department of Finance, *Idaho Credit Code "Fast Facts"* (2016), *available at* https://www.finance.idaho.gov/who-we-regulate/consumer-credit/documents/idaho-credit-code-fast-facts-with-fiscal-annual-report-data-01012018.pdf

38 Administrator of the Colorado Consumer Credit Unit, *Colorado Payday Lending – Demographic and Statistical Information, July 2000 through December 2015* (2016), *available at* https://coag.gov/app/uploads/2019/06/ddlasummary2000-2015.pdf. Colorado is no longer a payday-authorizing State. See note 6, above.

and required lenders to offer extended payment plans after four or more consecutive payday loans, 18 percent of lenders implemented a cooling off period after the third consecutive loan to preclude consumers from reaching the four-loan threshold, and 43 percent imposed a cooling off period after consumers repaid the plans.[39] Indiana – a State that requires extended payment plans but does not publish usage rate data – specifically prohibits a lender from coercing or discouraging a consumer not to take a plan.[40] In 2019, South Carolina published a list of common payday loan examination citations, including violations of the State's extended payment plan law.[41]

In the 2017 Payday Rule, the Bureau stated that it "appears that lenders do little to affirmatively promote the use of off ramps…even when those are required by law," discouraging their use and making rollovers and reborrowing more likely, thus increasing net revenue.[42] The implication from industry commenters was that lenders had a monetary incentive to promote rollovers at the expense of extended payment plans. More recently, the Bureau's summarized examination findings in a *Supervisory Highlights* publication stated that payday lenders engaged in deceptive acts or practices by presenting fee-based rollover options to struggling borrowers while withholding information about contractually available no-cost repayment plan options.[43]

Consumers may not take advantage of extended payment plans because they are unaware of the existence of or benefits of these plans. Table 4 illustrates, for a hypothetical $300 payday loan with a $45 finance charge, how a consumer's amount owed to the lender changes depending on the decision to enter an extended payment plan or rollover the loan.[44]

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[39] Administrator of the Colorado Consumer Credit Unit, *Deferred Deposit Lenders Annual Report* (2009), *available at* https://coag.gov/app/uploads/2019/06/2009_ddl_composite.pdf.

[40] IND. CODE 24-4.5-7-401(4)(g)

[41] Office of the Commissioner of Consumer Finance, "Common Citations on Deferred Presentment Examinations," *available at* https://consumerfinance.sc.gov/sites/default/files/Documents/DP%20Citations%207-26-19.pdf.

[42] *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 82 FR 54472, 54563-64 (Nov. 17, 2017).

[43] The *Supervisory Highlights* refer to "refinance options." Consumer Financial Protection Bureau, *Supervisory Highlights*, (Issue 24, Summer 2021), *available at* https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-24_2021-06.pdf.

[44] This example was described in the 2017 Payday Rule. *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 82 FR 54472, 54578 (Nov. 17, 2017).

TABLE 4: RELATIVE COSTS FOR ROLLOVERS AND EXTENDED PAYMENT PLANS

Date	Amount owed/paid	Rollover	Extended Payment Plan
Loan origination: Day 1	**Amount owed/Total of payments**	**$345**	**$345**
Original loan due date: Day 14	Amount paid	$45	$86.25
Day 28	Amount paid	$45	$86.25
Day 42	Amount paid	$45	$86.25
Day 56	Amount paid	$45	$86.25
	Total additional charges paid	**$180**	**$0**
	Amount owed	**$345**	**$0**

Though the cost of a rollover appears lower at each decision point, the $45 rollover fee is not applied to the loan principal and the consumer's original loan amount (total of payments) remains unchanged. Conversely, though the extended payment plan installment amount is nearly double the cost of a rollover fee, each payment is applied to the underlying balance and the loan will fully amortize at the end of the plan. Several States have prohibited or limited rollovers due to their ability to persistently keep payday borrowers in debt.[45]

Additional data and research are needed to better understand the causal relationship between extended payment plan usage and adverse consequences such as rollovers and defaults, as well as consumer awareness of the financial benefits of extended payment plans. The Bureau will continue to monitor lender practices that discourage consumers from taking extended payment plans and take action as necessary.

[45] *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, 82 FR 54472, 54478 (Nov. 17, 2017).

APPENDIX A:

Examples of State extended payment plan disclosures

This Appendix provides two examples of State disclosures of a consumer's right to enter an extended payment plan.

Idaho

Idaho's payday lending disclosure law states: [46]

> Before disbursing funds pursuant to a payday loan, a payday lender shall provide written notice in not less than twelve (12) point bold type and in all capitalized letters to the borrower stating the following:
>
> 1. 'Payday loans are intended to address short-term, not long-term, financial needs.
> 2. You will be required to pay additional fees if the payday loan is renewed rather than paid in full when due.
> 3. You have the right to rescind the payday loan at no cost no later than the end of the next business day following the day on which the payday loan is made.
> 4. Payday loans may contain high-cost features, and borrowers should consider alternative lower-cost loans.
> 5. If you believe that the lender has violated the law, you may file a written complaint with the Idaho Department of Finance. Filing a complaint does not limit nor impair any rights you may have against the lender.
> 6. You have a one-time right during any consecutive twelve (12) month period to convert a payday loan into an extended payment plan.'

[46] IDAHO CODE 28-46-415(6).

Indiana[47]

Extended Payment Plan Disclosure

Borrower	
Lender	
Transaction Number	
Loan Date	

For the small loan identified by the transaction number listed above, the borrower is entitled to request repayment of the small loan pursuant to an extended payment plan, as provided in IC 24-4.5-7-401(3).

The Borrower request for the extended payment plan will be honored if the borrower is not in default on the loan.

If the borrower requests repayment under an extended payment plan:

- **The borrower will be permitted to repay the small loan in at least four (4) equal installments over a period of not less than sixty (60) days**
- **The lender may not assess any fee or charge on a borrower for entering into an extended payment plan**
- **The plan must be acknowledged in writing by both the borrower and the lender**
- **A borrower may not enter into another small loan transaction while engaged in an extended payment plan**
- **An extended payment plan is an extension of the outstanding small loan and may not be considered a new loan**

By signing below the borrower acknowledges receiving a copy of this disclosure.

Borrower Signature		Date	
Lender Representative		Date	

Extended Payment Plan: By signing below the borrower and lender agree that the outstanding small loan will be paid under the terms of the extended payment plan.

Borrower Signature		Date	
Lender Representative		Date	

Extended Payment Plan Schedule

Number of equal payments		Amount of each payment				
Due dates of payments						

DFI Model Disclosure Form – Extended Payment Plan May 10, 2007

47 Indiana Department of Financial Institutions, "Small Loan Extended Payment Plan Model Form" (May 10, 2007) *available at* https://www.in.gov/dfi/files/EPP_Form.pdf