

Small Dollar Loan Standards

These product standards are designed for small dollar consumer loans that are defined as installment loans of up to \$2,500 that carry a term of greater than 30 days. These standards are meant to be used by nonprofit lenders, CDFIs, credit unions, fintechs, and banks as guidance to design safe and affordable options to high-cost loans provided by alternative financial service companies.

Certified Standards

- 1) Max of 36% Annual Percentage Rate (APR), as defined by the Military Lending Act
- 2) Equal, amortizing installment payments instead of balloon payments
- 3) The lender clearly discloses the full cost of the loan, with all anticipated charges and payments included in the annual percentage rate (APR), and no allegedly voluntary payments such as “tips” or expedite fees are included

Self-Certified Standards

- 4) The lending decision is based on the borrower’s ability to repay the loan on agreed terms and follows applicable laws, regulations, and guidance
- 5) Loans do not rely solely on collateral for repayments
- 6) Qualifying and disqualifying factors are communicated before application
- 7) Customers can access their loan information, as well as customer service support, throughout the course of the loan