

MAKE SURE YOUR LOAN IS LEGITIMATE

There are an increasing number of commercial loans available to Vermont businesses. A number of commercial lenders offer "quick loans" or "EZ cash" via the internet (or use spam email, pop-up ads, or text messages). In some instances, the company may be soliciting commercial loans on behalf of a lender. Here in Vermont, commercial lenders and loan solicitors are required to be licensed, or otherwise exempt from licensure AND must clearly state rates, terms, and conditions. Below is information on how to protect yourself from illegal loans.

LENDER LICENSING

Unless it is a federally or state chartered entity, such as a bank or credit union, or a federal or state agency, a lender operating in Vermont should be licensed with the Department of Financial Regulation.* Additionally, companies soliciting loans on behalf of a lender should be licensed with the Department. You can check the licensure status of a lender or a loan solicitor online at NMLS Consumer Access.

If the lender or loan solicitor is unlicensed, you may file a complaint with the Department of Financial Regulation. Call 802-828-3307, 888-568-4547, or email DFR.BnkConsumer@vermont.gov (for security reasons, please specify "Unlicensed Lender complaints" in the subject line). *For additional exemptions from the lender licensing statute, see 8 V.S.A. §2201 (d), (h).

INTEREST RATES

Under Vermont law, commercial loans are not subject to Vermont's interest rate caps, and a commercial loan may charge any rate of interest that is negotiated between the parties. See 9 V.S.A. § 46.

However, the rate of charge must be clearly and fully disclosed. See 8 V.S.A. § 2225. A commercial lender also cannot mislead or deceive you about the rates, terms or conditions of the loan. Misleading or deceptive advertising around a loan is illegal. See 8 V.S.A. § 2226.

HOW TO ASSURE YOU'RE GETTING A LEGAL COMMERCIAL LOAN

Consider using local banks and credit unions first.

Make sure the lender is:

- licensed,
- a chartered bank or credit union,
- a state or federal agency,
- or otherwise exempt from licensing under 8 V.S.A. § 2201 (d), (h).

Make sure the interest rate, terms, and conditions are clearly disclosed.

Avoid potential predatory practices. Beware of:

- "Fast," "Pre-approved," "Easy" Loans
- "Affordable Payments"
- Unclear pricing and terms
- Additional fees incorporated into the payment structure
- Terms less than 90 days
- Lenders that want you to wire money prior to receiving your loan
- Lenders that guarantee loan approval but charge a fee in advance
- Consulting fees
- If you've been harmed by an unlicensed commercial lender, submit a complaint to CAP or to the Department of Financial Regulation at 888 568-4547 or DFR.BnkConsumer@vermont.gov.