

# Guide to payday loans

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Learn how payday loans work, what your legal rights are if you take out a payday loan, and safer and cheaper options to payday loans.

If you have poor credit, and need money right away, a payday loan might feel like a good solution because you can get one easily from a check casher or a pawn shop without them checking your credit. But beware.

Payday loans are so easy to get that you might think paying them back will also be easy. Many people get into the cycle of paying off one payday loan and immediately taking out a new one to cover other bills.

This cycle is hard to break. You could end up taking out several loans in a year because you end up taking out one at every payday to pay the last one back or to pay other bills. **You will end up paying far more in fees and costs than you ever meant to borrow.**

This consumer guide (<https://dfi.wa.gov/financial-education/information/payday-loans>) has more details about how payday loans work, and what legal rights you might have when you take out a payday loan, including how to make a complaint about a lender.

Before getting a payday loan, think about these cheaper alternatives:

- A personal line of credit at your bank.
- A credit card cash advance.
- Try to work out a payment plan with creditors. Utility companies, credit card companies, and landlords often will give you extra time to pay. It may cost less to pay late fees than to get a payday loan.
- Borrow from friends or relatives.
- Try to get help from religious institutions or social service agencies. Contact the Washington State Department of Social and Health Services (DSHS). (<https://www.dshs.wa.gov/>) You might be eligible for an emergency assistance program.
- Shop around. Banks, credit unions, and finance companies offer alternatives to payday loans, including small consumer loans.
- Check with your employer. They might have a program that lets you get an advance on your next paycheck.
- Contact a credit counselor (<https://www.justice.gov/ust/credit-counseling-debtor-education-information>). One can help you get out of debt and avoid a payday loan. Your bank or credit union might have in-house credit counseling.

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