ILLEGAL LENDING IN MARYLAND

This factsheet provides an overview of a topic, but it is not legal advice. Please consult an attorney about your particular situation.

In Maryland, there are consumer lending laws designed to protect those who take out a loan. Interest rates are restricted depending on the size of the loans. This means that certain short-term, high-interest loans such as payday loans or cash advances are illegal throughout the state, as borrowers can become trapped in cycles of debt.

Maryland's Basic Rules Around Interest Rates and Lending:

Loans within these amounts that charge more than the listed rate may be illegal under Maryland Law:

Loans of $1,000 or less:

The maximum interest rate allowed by law is 2.75% per month, or an annual interest rate of 33%.

Loans greater than $1,000 but less than $6,000:

For loans greater than $2,000 or less than $6,000, the maximum interest rate allowed by law is 2% per month, or an annual interest rate of 24%.

Loans greater than $6,000:

For loans greater than $6,000, the maximum rate allowed by law is *generally* 2% per month, or an annual interest rate of 24%, subject to certain exceptions.

Options if Your Lender is in Violation:

If you believe a lender has violated a Maryland consumer lending law, you can file a complaint with the Office of the Commissioner of Financial Regulation. To submit an inquiry or complaint, visit: **https://www.labor.maryland.gov/finance/consumers/comphow.shtml**

Customer Services Unit:

410-230-6077 or toll free 888-784-0136

If you suspect that you have already taken out one of these loans, you may be exempt from repayment. To determine if this applies to your loan, you should contact either a private attorney or Civil Justice, Inc. at **https://www.civiljusticeinc.org/get-help.**

TITLE LOANS: Like payday loans or cash advances, title loans are another type of high-interest, short-term loan, except where the borrower hands over the title of their automobile to the lender as collateral for the loan. Like payday loans or cash advances, title loans are illegal in the state of Maryland when their annual interest rate is greater than 33%.

WHERE MAY I ENCOUNTER ILLEGAL LOANS: Direct phone calls, texts, and social media are commonly used to target individuals for illegal lending. But those aren't the only places you might encounter one. For example, even though it's unlikely that you will be offered an illegal loan at one of the larger, more reputable, car dealerships, you certainly might at a smaller establishment, and auto loans are no exception.