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Understanding a Payday Loan by Jarrett Colt

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The economy is not performing well today; the signs were there for the few years as gold prices keep soaring to new highs. More and more working consumers are feeling the pressure from rising costs of living; their fixed monthly salaries are insufficient to make ends meet as before. As inflation creeps into the lives of consumers, many are digging deep into their personal funds and savings to carry on a reasonable quality of living; however, it can come to a time where the savings run dry which forces consumers to consider a payday loan.

Other terminology

A payday loan is called by many other names; it can be known as a cash advance loan; a short term loan; a workmanâ€™s loan; a fast cash loan. Regardless of how it is called, it is a simple cash loan that is taken out by working consumers who need a small amount of extra funds to tie them over temporarily.

A payday loan is a short term fast cash loan which is offered by special money lenders in the lending market. These special money lenders are known as payday loan lenders. They are specially approved by the state to offer short term fast cash loans to working consumers who meet certain borrowing conditions for a payday loan. These lenders must have a valid license to offer a payday loan. Hence, a payday loan is not to be offered by any money lender in the market as these are special cash advance loans approved by the state to help ease the financial difficulties of the working consumers.

Borrowing requirements

There are certain borrowing criteria which must be satisfied before one can get a payday loan; it is not for everybody. There are terms and conditions attached to a payday loan. The state has a lending legislature that is set up to protect the borrower and the lender. This lending legislature includes the borrowing criteria such as the borrower must be a citizen or state resident above 18 years old with a full time paying job. Some states or provinces have slightly different borrowing criteria like the borrower must have an active banking account to facilitate the loan processes.

These stringent borrowing criteria are to ensure that both parties of the payday loan deal would be protected against fraud and unfair practices. One can borrow as little as $100 and as much as $1500 depending on various factors of consideration by the payday loan lenders.

The working consumer can use the payday loan to settle any outstanding bills in between pay days.

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