

Responsible Lending and Borrowing Checklist

Use this checklist to help identify and evaluate responsible lending practices and decide whether to take out additional loans responsibly. Be cautious if there are more than 2 or 3 “No” answers to the following questions:

Key Loan Facts:

Lender	Loan Amount	Interest Rate	Total Cost	Monthly Payment	Your Debt Budget

Questions to consider about lenders and loans:

Yes	No	Has the lender explained the following loan details upfront and in writing? <ul style="list-style-type: none"> • Interest rate and APR • Total amount you will pay for the loan (including any fees & total interest) • Average monthly payment • Length of the loan • How often payments are due • What will happen if you are late on a loan payment
Yes	No	Do the loan company employees treat you with respect?
Yes	No	Are loan documents translated in your preferred language?
Yes	No	At the point of application, is the lender concerned with your ability to repay?
Yes	No	Are you asked for proof of income?
Yes	No	Are you asked how much you pay each month toward other loans?
Yes	No	Are you required to have a credit history? If so, is it reviewed?
Yes	No	Does the lender report your payments to credit agencies?

Questions to consider about you and your ability to afford the loan:

Yes	No	Do you feel comfortable with the loan application process (i.e. you are not being pressured to apply for the loan)?
Yes	No	Could you obtain a better interest rate for the loan if your credit score is higher?
Yes	No	Have you compared the total loan cost to other similar loans from other lenders?
Yes	No	Have you calculated your monthly debt budget, recommended at 15% of your income?
Yes	No	Do you have fewer than 4 outstanding loans?
Yes	No	Is the monthly payment for the loan less than 25% of your monthly debt budget?