

Pawnbrokers

When a consumer needs access to cash quickly and has collateral, utilizing a reputable pawnbroker may be a consideration. Pawnbrokers make it possible to get the cash you need immediately while still having the ability to redeem your property.

The NYS Consumer Protection Board provides these tips to inform and empower consumers.



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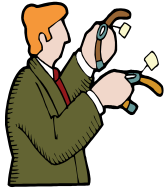
NYS CONSUMER PROTECTION BOARD

Advocating for and Empowering NY Consumers



5 Empire State Plaza, Suite 2101
Albany, New York 12223

www.nysconsumer.gov



WHAT IS A PAWNBROKER?

Pawnbrokers, also known as collateral loan brokers lend money to consumers in return for items of value that range from jewelry and electronics to household goods. This is one way for an individual to get cash quickly without a credit check. While most loans are for small amounts of money ranging from \$75 - \$100, the State regulates such transactions. Further, all collateral loan brokers must be licensed by the locality in which they operate. Moreover, these loans are governed by the federal Truth-in-Lending Law. ¹

¹ nationalpawnbrokers.org/faq.htm

WHAT ARE THE COSTS INVOLVED?

The maximum interest rate which may be charged for a loan by a pawnbroker in New York State is four percent (4%) per month. In addition to the interest, a service charge may be assessed. The maximum service charge for loans is as follows:

- ◆ \$4.00 may be charged for loans less than \$100.00.
- ◆ \$7.00 may be charged for loans between \$101.00 and \$500.00.
- ◆ \$10.00 may be charged for loans greater than \$500.00.



The maximum period of time for a loan is 15 months with a one-time allowable extension of an additional 15 months if agreed upon by both parties. However, under New York State law, the pawnbroker does not have to keep the item for more than four (4) months.

HOW THE PROCESS WORKS:



Upon receiving an item as a pledge, a pawnbroker must give the consumer a memorandum or pawn ticket containing a description of the item, the interest on the loan, and a notice of the consumer's rights. These rights involve all aspects of the transaction:

- ◆ The consumer has a right to pay back the loan and get back his/her property within a specified time frame.
- ◆ No pledge may be sold by a pawnbroker until that item has remained in their possession for at least four (4) months.
- ◆ No pledge may be sold unless written or printed notice of intention to sell with a statement of the article or articles to be sold has been first mailed to the pledgor at least thirty (30) days prior to the date of sale.
- ◆ If such item is purchased by the pawnbroker via a public auction, the consumer has an additional ten (10) days to redeem his/her pawn ticket and pay off the loan.
- ◆ The consumer may sell or transfer the pawn ticket which then gives the subsequent purchaser the right to redeem the property.
- ◆ If the consumer sells the pawn ticket to the pawnbroker, he/she may buy the ticket back within ten (10) days by paying the same price the pawnbroker paid for it. This type of transaction can only take place after at least ninety (90) days from the original loan date.
- ◆ If the article pledged is sold, any money in excess of the amount of the loan, interest and lawful expenses of the pawnbroker arranging for the sale must be paid to the holder of the pawn ticket.
- ◆ If the pawn ticket is lost, the pawnbroker must issue a second ticket if the consumer can give an exact description of the item. A fee may be charged to replace the lost claim ticket of one percent (1%) of the loan or \$5.00, whichever is greater.
- ◆ If there is a dispute about the interest rates or fees charged by a pawnbroker or a problem with the return of a pledged item, consumers should contact the local licensing authority where the pawnbroker is located.
- ◆ In NYC, consumers should contact the NYC Department of Consumer Affairs for any questions or complaints regarding collateral loan brokers.