LOANRIDGE
Loan Agreement Reading Checklist

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A Plain-English Reference Before You Sign, 2026

The six clauses to read carefully every time

1 **The TILA disclosure box**

On page 1 or 2, framed by a black border. Federally required summary of APR, finance charge, amount financed, total of payments, and payment schedule. If this is missing or hidden, that is a serious red flag.

2 **The promise to pay (promissory note)**

Identifies you, the lender (by legal name), the principal, and total owed. Look for joint-and-several language if a co-signer is involved; that phrase makes each signer individually liable for 100 percent.

3 **APR and finance charge**

APR is the all-in annualized cost (interest plus most fees). Finance charge is the dollar total of interest and fees over the full loan. Compare APRs across offers, not stated interest rates.

4 **Payment schedule and prepayment**

Confirm the first payment date works for your pay cycle. Look for "no prepayment penalty" (good) versus "minimum interest charge" or "rule of 78s" (unfavorable for early payoff).

5 **Late fees and definition of default**

Typically a flat fee or small percentage, kicking in after a 10 to 15 day grace period. Default is usually 30 to 60 days past due. Call the lender before a missed payment, not after, the leverage is much better.

6 **Arbitration and your rights**

Most agreements include mandatory arbitration and a class-action waiver. Some have a 30-day opt-out window (check the arbitration section). Federal rights (FDCPA, FCRA) cannot be waived by any agreement.

Questions to ask out loud before signing

1 **What is the APR, simple interest rate, and total finance charge?**

All three numbers should match the TILA disclosure box exactly.

2 **Is there a prepayment penalty?**

If yes, ask what it costs to pay off in months 6, 12, and 24.

3 **What counts as default and what is the grace period?**

Get the grace period (typically 10 to 15 days) and the default trigger (typically 30 to 60 days) in writing.

4 **How do you report to credit bureaus?**

Confirm which bureaus (Experian, Equifax, TransUnion) and how often, this affects credit-building strategy.

5 **Can the payment due date be shifted to align with my pay cycle?**

Most lenders accommodate a one-time shift if asked before signing.

6 **Is there an opt-out from arbitration?**

Some agreements include a 30-day opt-out window. The instructions are usually buried in the arbitration section.

7 **What is the hardship or deferral policy?**

Get the policy for job loss, medical emergencies, or temporary income drops in writing before signing, not after.

Authority resources

Truth in Lending Act:	consumerfinance.gov/rules-policy/regulations/1026/
Debt collection rights:	consumerfinance.gov/ask-cfpb/category-debt-collection/
FDCPA summary:	consumer.ftc.gov/articles/fair-debt-collection-practices-act
Complaint filing:	consumerfinance.gov/complaint/

Soft-pull pre-qualification available at loanridge.com/contact/