

Loans

Rules for loans are found on PHB 35. What that looks like may vary between campaign settings, but we recommend the system on this page.

Getting a loan

Loans can be taken anywhere with a [moneychanger](#).

No settlement will be capable of giving a single character a loan in excess of 1 gp per population. So a town of 2,000 could not give a loan larger than 2,000 gp to a single character.^{Ex}

Security

The moneychanger may want for some security (see the Interest section below). Security can be in the form of any wealth accepted as payment by a [trainer](#), including coin, gems, jewelry, or magic items.¹⁾

Obviously, in the case of using coin, gems, or jewelry for security, it is more of a proof of standing, since if a 2,000 gp security is put up for a 4,000 gp loan, the net result is that the moneychanger is in possession of none of that gold.²⁾ But the point is that the character has demonstrated that they are not some broke nobody.

In the cases of magic items, land, creatures, or slaves, such security does not need to be physically handed over to the moneychanger, but:

- The character must clearly demonstrate they are in possession of said security.
- The moneychanger must have some legal means to obtain the security if payments are not made, or if the character dies. A character signing a contract of security with the moneychanger and updating their [will](#) will do.

If a character does not make regular payments on their loan, the moneychanger may take action. For example, if no payments are made for a few months, the moneychanger may send a messenger to request payment, and if that doesn't work they may resort to mercenaries or in severe cases, assassins (if the cost of hiring one is worth the return on investment).

Interest

Interest compounds monthly, with a minimum of one time. Therefore, if a PC takes a loan out at 10% and repays it later that day, they still need to pay back 10% more than the loan.^{Ex}

The following table “bakes in” the assumed reputation gain of characters as they go up in level. Rates should be worsened for a character with a negative reputation.

To determine the interest rate of the loan, cross reference the character's highest class level with the amount of security they're posting against the loan:

| Character | 0% Security interest rate | 50% security interest rate | 100% security interest rate |
|---|--|--|-----------------------------|
| 1st level (not enough XP for 2nd level) | Unavailable | Unavailable, or 10% with positive reaction check | 10% |
| 1st level (enough XP for 2nd level) - 2nd level | Unavailable, or 10% with positive reaction check | 10% | 9% |
| 3rd - 4th level | 9% | 4.5% | 3.5% |
| 5th - 6th level | 8% | 4% | 3% |
| 7th - 8th level | 7% | 3.5% | 2.5% |
| 9th+ level ³⁾ | 6% | 3% | 2% |
| Name level | 5% | 2.5% | 1.5% |
| Owens stronghold | 4% ⁴⁾ | 2% | 1% |

DM's notes

When considering a loan system, your priorities should be:

1. "Providing" a way for PCs to spend their money (interest). Put another way, money sinks are usually great for the game.
2. Not overly restricting the advancement of low level characters.

It's important to keep starting gold meaningful by not giving free loans, but you also don't want to saddle new characters with a ton of debt they can't get out of. Characters can avoid debt by staying XP capped, but you may find that a lot of this has negative effects to the campaign as time goes on.

After the campaign has been going for a while, new players and characters will join. If it takes a long time for them to be able to get past the first few levels in order to join in on non-introductory adventures, the campaign may suffer for it. Either these low-level characters will face challenges too great, or the higher-level characters will need to be put on the backburner (or be played in low-level adventures and thereby accumulate more upkeep than they make in these "starter dungeons"). Whatever you choose, your loan system should not cripple your campaign advancement.

¹⁾

The sell value of the items should be considered, not their base value or XP value. For more info, see [selling treasure](#)

²⁾

2000 - 4000 = -2000

³⁾

If the character is name level by now, use that row instead.

⁴⁾

Based on PHB 35's rate for propertied characters.

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