

SUPPORT HB2468: The Fair Lending Act

Rep. Welch – Mah – Davidsmeyer – Welter – Davis, Sosnowski, Gordon-Booth, Bennett, Wehrli, Manley, Arroyo, Turner, Willis, Grant, Harris, Morgan, Moeller, Ammons, Carroll, West, Robinson, Ramirez, Ford, Smith, Buckner, Edly-Allen, Gabel, Gong-Gershowitz, Cassidy, Guzzardi, Halpin, Harper, Moylan, Costa Howard, Pappas, Stuart, Thapedi, Mayfield, Stava-Murray, Scherer, Greenwood, Meyers-Martin, Spain, Crespo

Auto title loans prey on Illinoisans with crippling interest rates as high as 360%. These loans trap consumers in debt, and cause thousands every year to lose their car, a critical source of transportation to school and work. In 2017, more than 61,000 Illinois families were stuck in auto title loans.ⁱ

What are Auto Title Loans?

Title loans are a kind of high-cost, small loans. They are secured by the title to the borrower's vehicle - meaning that if the borrower falls short on payments, the lender can repossess their car.

The Real Cost of Auto Title Loans

This is a loan taken out by Mark, a lifelong Chicagoan who retired after 42 years working for the Postal Service.ⁱ

Loan Amount: \$1,500

**Total Owed under Payment Plan:
\$9,165.60**

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small>	Amount Financed <small>The amount of credit provided to you or on your behalf.</small>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small>
304.17%	\$7,665.60	\$1,500.00	\$9,165.60
Your payment schedule will be:			
Number of Payments:		Amount of Payments:	When Payments Are Due:
24		\$381.90	Monthly beginning on [REDACTED]
<small>Security: You are giving a security interest in Your Motor Vehicle. Prepayment: If you pay off this loan early you will not have to pay a prepayment penalty. See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.</small>			
<small>Filing fees: \$0.00</small>			

Illinoisans Need a Fair Interest Rate

Illinois law does little to ensure that auto title loans are fair and affordable. Currently, there is no interest rate cap for title loans.

28 states, including our neighbors in Indiana and Michigan, cap interest rates at 36% or prohibit title lending altogether.ⁱⁱ It is time for Illinois to follow suit.

HB2468 will finally give consumers relief by making them subject to the same rules as installment loans, including a 36% interest rate cap.

Auto Title Loans Profit Off Illinoisans in Crisis

72% of Illinois title loan borrowers had incomes of less than \$30,000.ⁱ

Between 2014 and 2016, more than 26,000 Illinoisans lost their car because of title loans.

Questions: Contact Jody Blaylock, Heartland Alliance, at 904.563.0882 or jblaylock@heartlandalliance.org

The Following Organizations and Companies Support The Fair Lending Act:

AARP Illinois
AFL-CIO
Center for Changing Lives
Chicago Bar Association
Chicago Coalition for the Homeless
Chicago Jobs Council
Chicago Urban League
Citizen Action/Illinois
Coalition of Veterans Organizations
Community Organizing and Family Issues/POWER-PAC
Community Renewal Society
Consumer Federation of America
Englewood Community Connection Outreach Corp
Equal Voice Action
Fair Economy Illinois
The Financial Clinic
Heartland Alliance for Human Needs & Human Rights
Illinois Asset Building Group
Illinois Chapter of the National Association of Consumer Advocates
Illinois People's Action
Illinois Public Interest Research Group (IL PIRG)
Jane Addams Resource Corp
Kingdom Community Inc.
LISC Chicago
Local 881 UFCW
Navicore Solutions
North Lawndale Employment Network
Northwest Side Housing Center
Office of the Illinois Attorney General
Office of the Illinois State Treasurer
Partners in Community Building, Inc.
Project IRENE
Prosperity Now
Reimagine Illinois, SiX
Sargent Shriver National Center on Poverty Law
SEIU Healthcare
Somavida Pain Relief Center
Woodstock Institute
YWCA Metropolitan Chicago

ⁱ Illinois Trends Report. Illinois Department of Financial and Professional Regulation. June 2018.

ⁱⁱ Car Title Loan Regulation. Consumer Federation of America. November 2016.