

Support SB85: Fair Lending Act

Senator Lightford – Collins – Holmes – Peters – Bush, Murphy, Cunningham, Mulroe, Harris, Martinez, Fine

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 title loans.ⁱ

What are Title Loans?

Title loans are a type of high-cost, small-dollar loan. They are similar to payday loans, but are secured by the title to the borrower's automobile - meaning that if the borrower falls short on payments, the lender can seize and sell their car.

The Real Cost of Title Loans

These are real loans taken out by Mark, a lifelong Chicagoan who retired after 42 years working for the Postal Service.ⁱ

First Title Loan

Loan Amount: \$1,095
APR: 304.17%
Fees: \$5,595.96
Loan term: 24 months
Total Owed: \$6,690.96

Second Title Loan

Loan Amount: \$1,500
APR: 304.17%
Fees: \$7,665.60
Loan Term: 24 months
Total Owed: \$9,165.60

Total Borrowed:

\$2,595

Total Owed:

\$15,856.56

Illinoisans Need a Fair Interest Rate

Illinois law does little to ensure that 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.

SB85 will finally give consumers relief from title loans by:

- Instituting a 36% APR cap on title loans
- Establishing maximum loan term limits
- Creating protections in the event of a car repossession

Title Loans Profit Off Illinoisans in Crisis

These loans target low-income families in crisis. **72% of Illinois title loan borrowers had incomes of less than \$30,000.ⁱ**

With such high interest rates, the default rate on title loans is extraordinary – **50% in 2016.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
Center for Economic Progress
Center for Changing Lives
Chicago Coalition for the Homeless
Chicago Jobs Council
Chicago Urban League
Coalition of Veterans Organizations
Community Organizing and Family Issues/POWER-PAC
Community Renewal Society
Consumer Federation of America
Englewood Community Connection Outreach Corp
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)
Kingdom Community Inc.
LISC Chicago
Navicore Solutions
Noth Lawndale Employment Network
Northwest Side Housing Center
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.