

Consumer loan products in Illinois

Legislative and regulatory changes to restrict rates and address harmful practices

13-Day Payday Loans (PLRA)	Payday installment loans (PLRA)	Small consumer loans	Consumer installment loans	Automobile title loans
<p><u>Legislative Changes</u></p> <p>Terms: 13 days</p> <p>Rate cap: \$15.50 per \$100 borrowed</p> <p>Ability to repay: Loan amount cannot exceed 25% of gross monthly income (up to \$1000)</p> <p>Refinance restrictions: no borrower may take out a loan that results in > 45 days indebtedness</p> <p>Enforcement: Consumer reporting service collects data for enforcement</p>	<p><u>Legislative Changes</u></p> <p>Terms: 112-180 days (fully amortized)</p> <p>Rate cap: \$15.50 per \$100 borrowed</p> <p>Ability to repay: monthly indebtedness cannot exceed 22.5% gross monthly income</p> <p>Refinance restrictions: no borrower may take out a loan that results in > 180 days indebtedness</p> <p>Enforcement: Consumer reporting service collects data for enforcement</p>	<p><u>Legislative Changes</u></p> <p>Terms: at least 180 days</p> <p>Ability to repay: monthly indebtedness cannot exceed 22.5% gross monthly income</p> <p>Rate cap: 60-90%</p> <p>Refinance restrictions: no refinances before 75 days of repayment</p> <p>Enforcement: Consumer reporting service collects data for analysis</p>	<p><u>Legislative Changes</u></p> <p>Terms: no term restrictions</p> <p>Principal: any loan more than \$4,000</p> <p>Rate cap: 36%</p> <p>Enforcement: regulatory examination</p>	<p><u>Regulatory Changes</u></p> <p>Term: no minimum, payments must be substantially equal</p> <p>Principal: not to exceed \$4,000</p> <p>Ability to repay: fully amortized</p> <p>Rate cap: none</p> <p>Refinance restrictions: no refis unless principal is reduced by 20% , new balance cannot exceed original loan</p> <p>Enforcement: Consumer reporting service collects data for enforcement</p>

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Success of 2005 and 2010 Reforms: Legislative and regulatory changes to restrict rates and address harmful practices

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<p>Results of reforms</p> <p>Data collection: Five years of data currently available, improves ability to enforce protections and fine violators</p> <p>Market impact: Product market share declined from ~90% to less than 10%</p> <p>Companies that continued to offer product reduced average cost 39%</p>	<p>Results of reforms</p> <p>Data collection: detailed data will be available starting March 2011</p> <p>Market impact: At least one large payday installment lender was shown to refinance or “rollover” over 30 percent of the time.</p> <p>2010 reforms will ensure that any borrower who takes out a payday loan will be out of debt 180 days later</p>	<p>Results of reforms</p> <p>Data collection: detailed data will be available starting March 2011</p> <p>Market impact: 99% rate cap will reduce the cost of, or eliminate existing small consumer loans.</p> <p>Prohibited from holding license to make payday loans means that companies will not be able to flip borrowers between products</p>	<p>Results of reforms</p> <p>Data collection: none</p> <p>Market impact: establishes Illinois’ first 36% rate cap. Provides opportunity to expand to other products in the future</p> <p>Applies to larger personal lines of credit and check solicited loans</p>	<p>Results of reforms</p> <p>Data collection: two years of market data currently available, improves enforcement</p> <p>Market impact: Limits principal to \$4,000. Previously, 10% of loans exceeded this amount.</p> <p>Before rule change, 93% of auto title loans had balloon payments, balloon payments are now prohibited</p>