

The Predatory Loan Prevention Act:

Consumer Frequently Asked Questions as of April 28, 2021



On March 23, 2021, Governor JB Pritzker signed into law the Predatory Loan Prevention Act. The Act contains new protections for consumers in Illinois who borrow money or buy cars or other household goods on credit from certain types of lenders. This document describes some of the new protections.

When does the Predatory Loan Prevention Act apply?

The Predatory Loan Prevention Act (or "PLPA") applies if you borrow money or if you purchase goods or services on credit from a covered lender. The PLPA does not apply to commercial loans.

What are examples of loans covered by the PLPA?

The PLPA covers many types of consumer loans. Some examples are:

- payday loans
- pawn loans
- installment loans
- wage advance products
- retail installment contracts
- buy-here-pay-here agreements
- motor vehicle retail installment contracts
- title loans
- car loans
- income share agreements

Does the PLPA limit the cost of loans?

Yes. The PLPA does not permit loans with an Annual Percentage Rate over 36% ("PLPA APR") on covered loans that were made after the Governor signed the PLPA into law on March 23, 2021. The APR disclosed to you by the lender may be LOWER than the PLPA APR. The PLPA APR must be calculated based on the requirements set forth in the PLPA.

Any covered loan made by a covered lender with a PLPA APR over 36% is VOID. That means the lender may not collect, attempt to collect, or receive any principal, fee, interest, or charges related to the loan. You do not have to repay a covered loan made in Illinois that violates the PLPA's 36% rate cap.

Are all loans affordable after the Predatory Loan Prevention Act?

Not necessarily. Whether a loan is affordable will depend on your ability to repay the loan. If you take out a loan, you generally will have to pay back the principal with interest over a period of months or years. You should carefully consider the impact these payments will have on your ability to pay your bills and expenses in the future, and whether cheaper alternatives exist. For example, a three-year loan for \$1,000 at 36% APR may result in you paying \$1,648.80 or even more if you miss payments.

Are there exceptions to the PLPA?

Yes. The PLPA does not apply to: (1) commercial loans or (2) consumer loans made by banks, savings banks, savings and loan associations, credit unions, or insurance companies.

Are online lenders also required to provide rates below 36% APR?

Yes. The PLPA covers consumer loans made in Illinois using any medium, including the internet or telephone.

Where can I file a complaint if I think that I received a loan with an APR higher than 36% in violation of the PLPA?

If you believe a lender has violated the PLPA, you may contact:

- IDFPR ([Online Complaint Portal](#)) (312-814-5145).
- The Illinois Attorney General ([Online Complaint Portal](#)) (800-386-5438)
- A legal aid organization or a private attorney of your choice

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