

*****PRESS RELEASE*****

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Proposed Legislation Aims to End Predatory Car Title Lending Rates in Illinois

HEARTLAND ALLIANCE, LEGISLATORS AND CONSUMER COALITIONS INTRODUCE "FAIR LENDING ACT"

Springfield, Ill. February 13, 2018 - —In an effort to protect consumers from extreme auto title lending practices and triple-digit interest rates, Heartland Alliance, Senator Kimberly Lightford, Representative Christian Mitchell, and various consumer protection organizations today announced the [Fair Lending Act](#) (SB2843) at the Illinois State Capitol.

For too long, car title lending has trapped Illinoisans in loans with exorbitant interest rates and thousands of dollars in fees. Car title loans are like payday loans, but worse - the lender takes a borrower's car title as collateral, meaning that title lenders can seize and sell the borrower's car when someone can't afford the loan payments. This puts thousands of at risk of losing their car every year, a critical source of transportation to school and work.

This new legislation would cap car title loan interest rates at 36 percent, providing a long overdue safe guard for the people of Illinois. Additionally, the Fair Lending Act will establish maximum loan term limits, and create protections in the event of car repossession.

Billie Aschmeller, loan borrower and Illinois People's Action member, shared her personal experience with car title loans, recalling how a \$500 loan would end up costing her more than \$5000 due to a 304.17% interest rate.

"Someone has got to stand up. Someone has got to tell people what's going on and what the lending industry is doing to us," said Aschmeller. "They are profiting off the backs of poor people. It's predatory, plain and simple, and it's got to stop."

Without the Fair Lending Act, Illinois law does little to protect consumers from abusive car title lending, as title loans are excluded from the laws that provide protections for payday loans and other small loans. Senator Kimberly Lightford is introducing the Act this week and urges Illinois lawmakers to support the legislation and ensure their constituents are not gouged by triple-digit interest rates.

"With interest rates as high as 300 percent, car title loans are disastrous for families across this state," said Senator Kimberly Lightford. "It is beyond time that we ensure that car title lending is safe and affordable. I look forward to working with my colleagues on both sides of the aisle to advance the Fair Lending Act, which brings much-needed relief for consumers."

"The people of Illinois deserve a fair deal, and they are simply not getting that with predatory loans at a 188% interest rate that target our most vulnerable citizens," said Representative Mitchell. "This legislation is a big step forward in providing safe and affordable lending opportunities that help families get ahead instead of condemning them to a life of debt."

"Car title loans are so predatory that 28 states either prohibit them altogether, or at least cap the interest rates at 36 percent," said Jody Blaylock, Senior Policy Associate at Heartland Alliance. "It is unacceptable that we allow a \$500 loan turn into several thousands of dollars in debt. We are calling on lawmakers to stand with Illinois families and establish a reasonable interest rate cap for title loans."

A broad coalition of community organizations, anti-poverty nonprofits, faith leaders, veterans groups, and racial equity organizations support the Fair Lending Act.

[View the factsheet for details on the Fair Lending Act.](#)

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[Heartland Alliance for Human Needs and Human Rights](#) – Heartland Alliance, one of the world’s leading antipoverty organizations, works in communities in the U.S. and abroad to serve those who are homeless, living in poverty, or seeking safety. It provides a comprehensive array of services in the areas of health, housing, jobs and justice – and leads state and national policy efforts, which target lasting change for individuals and society.

Fair Lending Act Coalition Organizations

AARP
Chicago Urban League
Coalition of Veterans Organizations
Community Renewal Society
Consumer Federation of America
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)
Project IRENE
Reimagine Illinois, SIX
Sargent Shriver National Center on Poverty Law
Woodstock Institute.