

LEGAL UPDATES

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Service

Consumer Financial
Services

Industry

Financial Services &
Capital Markets

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Illinois Governor Signs 36% Rate Cap on Consumer Loans into Law

As forewarned in our January 15, 2021 posting, Illinois Governor J.B. Pritzker has signed into law SB 1792, which takes effect immediately.

SB 1792, also known, as relevant here, as the Predatory Loan Prevention Act, imposes a 36% “all in” APR cap on all consumer loans, including closed-end and open-end installment loans, payday loans and motor vehicle retail installment loans, except those made by financial institutions. The rate cap takes effect immediately on any consumer loan made or renewed going forward. Failure to comply will render the loan null and void, and will prohibit the lender from collecting or retaining (and will require the return of) any principal, interest, fees or charges related to the loan.

Additionally, a violation of the law constitutes a violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, which would allow a borrower to recover actual damages, punitive damages and reasonable attorney fees. Other penalties up to \$10,000 per violation can also be assessed by the Secretary of the Department of Financial and Professional Regulation.

What this means to you

Lenders should act immediately to address this change, ensuring that systems and staff are prepared, or risk lawsuits and regulator scrutiny.

Contact us

If you have any further questions or require more information regarding this alert, please contact Scott Helfand, Marci Kowski, Lauren Capitini or your Husch Blackwell attorney.