

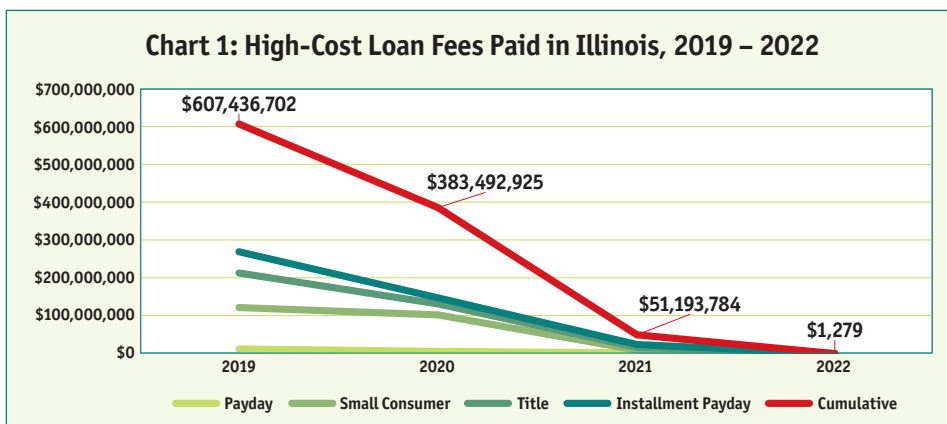
Illinois's Predatory Loan Prevention Act: The Impacts of the State's 36% Rate Cap

The PLPA is Working!

1 The PLPA dramatically cut interest rates on nearly all types of consumer loans in Illinois.

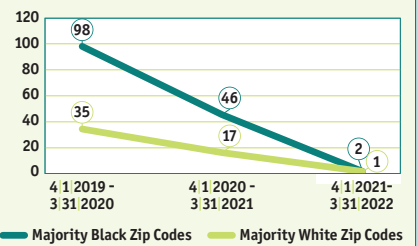
PRODUCT TYPE	AVERAGE APR, PRE-PLPA	MAXIMUM APR, POST-PLPA
Pawn Loans	168%	240%
Auto Title Loans	178%	36%
Installment Payday Loans (IPLs)	228%	36%
Payday Loans	297%	36%

2 In 2019, consumers paid \$607.4 million in interest and fees on payday loans, installment payday loans, auto title loans, and small consumer loans. In 2022, consumers paid \$1,279 on these same loans – a savings of more than \$600 million (Chart 1).



3 Black, Brown, and lower income borrowers paid a disproportionate share of interest and fees on high-cost loans before the PLPA. Accordingly, Black, Brown and lower income borrowers received a disproportionate share of the savings from the PLPA (Chart 2).

Chart 2: Payday Loans per 1,000 People in Metro East St. Louis

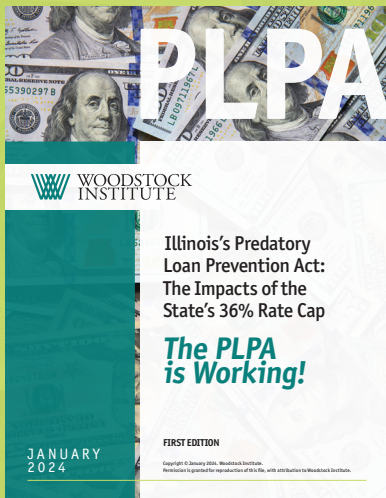


4 Prohibiting predatory payday loans has eliminated racial, ethnic, and economic disparities with respect to payday lending in Illinois.

5 After the PLPA, payday lenders, auto title lenders, and high-cost installment lenders closed while more affordable installment lenders expanded their business in Illinois. Since the PLPA, there are 172 new lender licenses/branches.

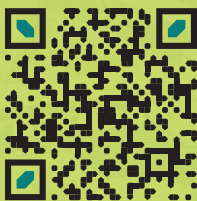
6 A for-profit lender and a not-for-profit lender reported that, after the PLPA, they saw an increase in applications. The increased number

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QUESTIONS?

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of applications did not negatively impact loan origination rates. The not-for-profit lender saw a dramatic increase (70%) in originations.

7 A scientific poll found that Illinoisans overwhelmingly support the PLPA rate cap: 86% support, 6% oppose (Chart 3).

8 In the same poll, more than three-quarters of respondents reported that they handled their need for cash after the PLPA without cutting back on essential expenditures.

9 Comparing a period before the PLPA to periods after the PLPA, bankruptcy filings decreased more in Illinois than in any other state in the region (Chart 4).

Chart 3: Support for 36% Rate Cap Among Low-Income Poll Respondents and All Poll Respondents

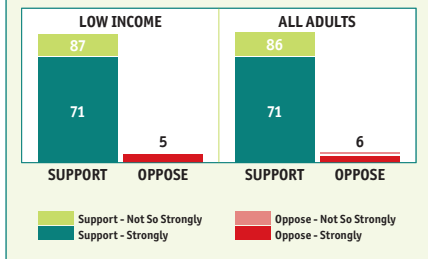
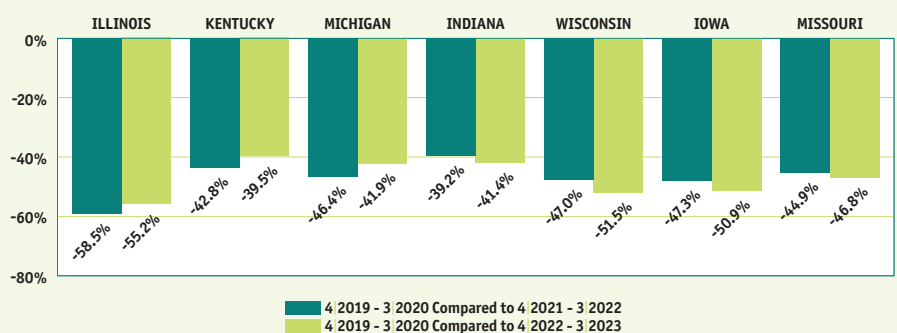


Chart 4: Percent Change in Nonbusiness Bankruptcy Filings, post-PLPA



KESHA WARREN

CEO, Shade Tree & Woodstock Institute's
 2021 Advocate of the Year

Kesha Warren owns a janitorial and property preservation business in South Holland, Illinois, and an IT business, which provides a wide spectrum of IT services. She also has a full-time job at a hotel, is married, and is the mother of two sons, ages 8 and 9. In December 2019, before the PLPA, she took out a \$1,250 auto title loan to pay her contractors on time. At an APR of 197.64%, she owed \$4,211.10 in interest and fees on the loan.

"I am absolutely a victim of predatory lending. It was a whoopin'!" says Kesha. "I have no problem with telling it like it is." Kesha courageously shared her story publicly to build support for the PLPA.

Today, Kesha continues to face a variety of challenges common to entrepreneurs: access to business capital, inflation, and the lingering economic effects of COVID-19. "Black women entrepreneurs often feel like we're fighting an uphill battle, but I take comfort in knowing that the PLPA protects women like me from predatory auto title loans," says Kesha.