

The Consumer Credit Section Regulates the Following:

DFI's Consumer Credit section regulates a variety of lenders, creditors, and debt servicers:

- **Consumer Installment Lenders** issue loans up to \$40,000, repaid in agreed upon installments. Regulated by the Consumer Installment Loan Act (CILA).
- **Payday Lenders** make short term loans to consumers. Regulated by the Payday Loan Reform Act.
- **Sales Finance Licensees** purchase retail installment contracts or retail charge agreements or make loans secured by retail installment contracts or retail charge agreements. Regulated by the Sales Finance Agency Act (SFAA).
- **Debt Management Licensees** plan and manage a debtor's financial affairs for a fee to satisfy outstanding debt obligations. Regulated by the Debt Management Service Act (DMSA).
- **Debt Settlement Licensees** counsel or assist consumers in obtaining a settlement of unsecured debt in an amount less than the outstanding balance. Regulated by the Debt Settlement Consumer Protection Act (DSCPA).
- **Safety Deposit Licensees** provide safety deposit boxes, safes, or vaults. Regulated by the Safe Deposit Box License Act (SDBLA).
- **Development Credit Corporation Licensees** issue loans to small businesses unable to obtain financing through conventional sources. Regulated by the Development Credit Corporation Act (DCCA).

Historic Legislation Becomes Law

On March 23, 2021, two historic pieces of legislation designed to promote access to more affordable credit for low- to moderate-income Illinoisans were signed into law. **The Illinois Community Reinvestment Act (CRA)** requires state-chartered banks, credit unions, and non-bank mortgage lenders to equitably meet the financial service needs of the communities in which they operate and subjects such state institutions to state CRA examinations to ensure compliance. **The Predatory Lending Prevention Act (PLPA)** establishes a 36% interest rate cap on most consumer lending across the state. For more information, please visit www.idfpr.illinois.gov.



Consumer Credit Section

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https://www.idfpr.illinois.gov/dfi/ccd/ccd_main.asp

TTY Line: 1-866-325-4949

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State of Illinois
Illinois Department of Financial and
Professional Regulation

Consumer Credit Section



Division of
Financial
Institutions (DFI)

Consumer Credit FAQs

Q: What are the duties and responsibilities of the Consumer Credit Section?

A: The Consumer Credit Section regulates a variety of financial institutions by reviewing license applications, examining licensees, investigating complaints, and disciplining licensees when warranted.

Q: What types of financial institutions does the Consumer Credit section regulate?

A: Payday loan companies, consumer installment lenders, sales finance agencies, debt management companies, debt settlement companies, safety deposit box companies, and development credit companies.

Q: Where can I look up the businesses regulated by the Consumer Credit section?

A: Go to DFPR's website:
www.idfpr.illinois.gov/dfi/LicenseeSearch/frmSearchLicensees.asp

Debt Management

Q: What is a debt management company?

A: Debt managers collect funds from their customers and manage the repayment of their debt in accordance with an established schedule of repayment.

Q: How much can debt managers charge?

A: An initial counseling fee, not exceeding \$50 and monthly fees of no greater than \$50/month.

Q: What is a debt management company supposed to do with the money I provide them with to pay bills?

A: Debt managers must remit funds initially received within 30 days, and thereafter within 15 days unless payment requires that the funds be held for a longer period.

Loans to Consumers

Until March 23, 2021, the Payday Loan Reform Act (PLRA) and the Consumer Installment Loan Act (CILA) authorized most licensees to charge interest above 36% APR. On March 23, 2021, Public Act 101-0658 was signed into law.

The Act caps the interest rate on all subject consumer loans in the state - including CILA and PLRA loans - to 36% APR as calculated under the Predatory Loan Prevention Act (PLPA). Motor vehicle retail installment loans (auto loans) and other retail installment loans are also subject to the PLPA.

If a lender who is required to have a license makes loans in Illinois without one, their borrowers may not have to repay the loans.

Q: What is a payday loan?

A: A payday loan is a short duration loan intended to allow consumers to meet short term financial needs.

Q: Am I required to repay loans I took out before March 23, 2021 that have an APR greater than 36%?

A: Yes.

Q: If I have a title loan and I miss a payment can the lender repossess my car?

A: If your loan agreement gives the lender a "security interest" in your vehicle, then the lender may be able to repossess the vehicle when you default on the agreement.

How IDFPR's Division of Financial Institutions Protects Consumers

The Illinois Department of Financial and Professional Regulation's (IDFPR) Division of Financial Institutions has a number of key responsibilities, including the following:

- **LICENSING** – Financial institutions operating in Illinois must be licensed or chartered in accordance with various laws. The Division pursues unlicensed entities to protect consumers against fraud, theft, and other abuses.
- **APPLICATION REVIEW**– We review license applications and renewals to ensure that all lenders, credit unions, creditors, and other licensees meet licensing or chartering requirements.
- **EXAMINATIONS**– The law requires us to examine financial institutions periodically. When necessary, we conduct additional exams to ensure that licensees are financially sound and complying with the law.
- **EDUCATION**– We participate in seminars and educational forums to educate consumers and the public.
- **INVESTIGATIONS**– We investigate all complaints against financial institutions in Illinois.
- **DISCIPLINARY ACTIONS**– We take disciplinary action against financial institutions in Illinois that violate the law or fail to meet licensing requirements. Discipline may include fines, corrective action plans, consumer relief, or license suspension or revocation.
- **LEGISLATION**– We collaborate with the governor, legislators, and other stakeholders to create legislation that improves our regulated industries and promotes consumer protection.

IDFPR Works to Safeguard Consumers

- **PROTECTING AGAINST ILLEGAL DEBT SETTLEMENT ACTIVITY** IDFPR investigates debt relief and debt settlement companies that charge fees prohibited by the Debt Settlement Consumer Protection Act. The Debt Settlement Consumer Protection Fund can help compensate Illinois consumers who suffer financial loss from unlicensed debt settlement activity. Contact the Consumer Credit section if you have lost money to an unlicensed debt settlement company.

- **PROTECTING SENIORS AND PEOPLE WITH DISABILITIES FROM FINANCIAL EXPLOITATION**

Seniors and people with disabilities are uniquely vulnerable to financial exploitation. Contact the Illinois Department on Aging's Senior Helpline at 800-252-8966 to report or inquire about financial abuse of seniors or people with disabilities.

- **UNLICENSED PAYDAY AND CONSUMER INSTALLMENT LOANS**

Before you enter into an agreement to borrow money, check whether the lender is licensed by searching the State of Illinois database of licensed companies at <https://www.idfpr.illinois.gov>. If the lender is not on that list, it may not have the legal authority to make a loan to an Illinois consumer. However, some lenders and loans are exempt from licensing requirements.

If an illegally unlicensed lender makes a loan to an Illinois consumer, the consumer does not have to repay principal, interest, or any fees associated with that loan. If you believe a lender offered you a consumer loan without a required license you may wish to file a complaint with the Consumer Credit Section (see back of brochure for contact information).