



IDFPR

Illinois Department of Financial and Professional Regulation

Office of Legal Affairs

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JB PRITZKER
Governor

MARIO TRETO, JR.
Secretary

JENNIFER HEYDEMANN
Acting General Counsel

Interpretive Letter 2024-01 (June 11, 2024) [Disclosures on Pawn Tickets (205 ILCS 511/15-10(b), 15-20(a), and 15-50(c))]

June 11, 2024

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Re: Disclosures on Pawn Tickets Pursuant to 205 ILCS 511/15-10(b), 15-20(a),
and 15-50(c)

Dear []:

I am writing in response to your letter dated [] and subsequent telephone conversations with you and your client, regarding the referenced matter. As you are aware, Governor Pritzker recently signed into law Public Act 103-585, the Pawnbroker Regulation Act of 2023 [205 ILCS 511/] (“2023 Act”). You have asked the Department of Financial and Professional Regulation, Division of Banking (“Department”), to confirm whether the placement and wording of customer disclosures in certain preprinted and computer-based pawn contracts or tickets comply with Sections 15-10(b), 15-20(a), and 15-50(c) of the 2023 Act.

Effective March 22, 2024, the 2023 Act repealed the prior version of the Pawnbroker Regulation Act [205 ILCS 510/] (“Former Act”). The 2023 Act requires, with certain modifications, customer disclosures by pawnbrokers that were required under the Former Act. For example, Section 15-20(a) of the 2023 Act added to the five mandated disclosures¹ a new requirement that a pawnbroker deliver to the customer at the time of the pawn transaction “A disclosure that by extending the pawn, the fees may exceed the value of the item pawned.” 205 ILCS 511/15-20(a)(6) (emphasis added).

In addition, Section 15-10(b) of the 2023 Act restates, with nonsubstantive changes, the requirement of Former Act Section 2 [205 ILCS 510/2] (repealed), that a pawnbroker disclose financial information about the transaction “in printed form on the pawn contract,” including (1) the amount of money advanced; (2) the maturity date of the pawn; (3) the total pawn interest and service charge payable on the maturity date, designated as the finance charge; (4) the total of payments that must be paid to redeem the pledged goods on the maturity date; and (5) the annual

¹ See 205 ILCS 510/4 (repealed): “Every pawnbroker shall, at the time of making any advancement or loan, deliver to the person pawning or pledging any property, a memorandum, contract, or note signed by him or her containing an accurate account and description, in the English language, of all the goods, articles or other things pawned or pledged, the amount of money, the time of pledging the same, the rate of interest to be paid on the loan, the name and residence of the person making the pawn or pledge, and the amount of any fees as specified in Section 2 of this Act.” Section 15-20(a)(1)-(a)(5) of the 2023 Act makes nonsubstantive changes to these requirements. 205 ILCS 511/15-20(a)(1)-(a)(5).

percentage rate, computed according to federal Truth in Lending Act regulations. 205 ILCS 511/15-10(b), (b)(1)-(b)(5).

Further, Section 15-50(c) of the 2023 Act includes a substantive revision to Section 10 of the Former Act regarding the sale of property [205 ILCS 510/10] (repealed), by adding the following sentence: “Title to the pledged property transfers to the pawnbroker after the default date grace period expires or upon expiration of an agreed extension.” 205 ILCS 511/15-50(c).²

You have asked whether sample preprinted and computer-based pawn tickets comply with the disclosure requirements of Sections 15-10, 15-20, and 15-50 of the 2023 Act. See the handwritten pawn ticket (Exhibit A) and the computer-generated pawn ticket (Exhibit B) that you referred to in your letter, updated copies of which were transmitted to the Department on [], enclosed herewith.

In general, the Department reviews contracts or tickets in connection with the examination of a licensed pawnbroker. Therefore, we are unable to provide a definitive answer to whether the ticket for a specific transaction complies with the 2023 Act. That said, the placement and wording of the disclosures in the examples you have provided appears to be generally consistent with practice under the Former Act.

Further, regarding the new disclosure required by Section 15-20(a)(6), the Department concludes that the wording and prominence of this disclosure, “By extending this pawn, the fees may exceed the value of the items pawned,” on the front and back of both the handwritten ticket (Exhibit A) and computer-generated ticket (Exhibit B)³ is generally consistent with the language and purpose of the 2023 Act.

Finally, Department agrees that the disclosure regarding the sale of pledged property, “If no payments are made, title and interest in and to the pledged property vests in and is deemed conveyed to the Pawnbroker after the grace period expires or upon expiration of an agreed extension,” is generally consistent with the language of Section 15-50(c) of the 2023 Act.

Please note that this letter is not an endorsement of any particular format or publication of the customer disclosures required under the 2023 Act. Nor does this letter address compliance with any other federal, state, or municipal law. The views expressed in this letter are based on the information provided in your letter, email, and attachments submitted to the Department and the specific circumstances described above. If the information provided proves incomplete or inaccurate, or if additional facts and representations become relevant, the Department may change its views and conclusion.

We trust this letter is responsive to your inquiry. If you have any further questions, please do not hesitate to contact us.

² Section 15-50 also separates the requirements of Former Act Section 10 into subsections. 205 ILCS 511/15-50(a)-(e).

³ The disclosure on the front is bolded and in all-caps: **“BY EXTENDING THIS PAWN, THE FEES MAY EXCEED THE VALUE OF THE ITEMS PAWNED.”**

Page 3

Very truly yours,

/s/ Jayesh Hines-Shah

Jayesh Hines-Shah
Deputy General Counsel for Banking

Enclosures

EXHIBIT A

No. 10001 Maturity Date _____ Amount _____ Name _____ Gun No. _____	No. 10001	<small>PLEDGER'S NAME (Last Name First)</small> John Doe Customer		<small>ORIGINAL PAWN NO.</small> 			
	<small>PLEDGER'S ADDRESS (Residence)</small> 123 W. Main, Anytown, IL 60622		<small>DATE MADE</small> 05/29/2024	<small>TIME MADE</small> 3:05pm	<small>MATURITY DATE</small> 06/28/2024		
	<small>IDENTIFICATION TYPE AND NUMBER</small> DL 12345678910	<small>D.O.B.</small> July 4, 1977	<small>EYES</small> Brn	<small>HAIR</small> Brn	<small>HEIGHT</small> 5'10"	<small>WEIGHT</small> 190	<small>SEX</small> M
	<small>EMP. IN</small> PAWNBROKER / CREDITOR		Sample Pawn Shop 12345 Maine Street · Pflugerville, Illinois 78660 (512) 990-1188		<small>EMP. OUT</small>		
	<small>You are giving a security interest in the following pledged property.</small> 1x Gold 14kt 2.10dwt Chain Yellow Gold Figaro Link Chain		<small>AMOUNT FINANCED.</small> Amount Pledged: The amount of cash given directly to you.		\$ 100.00		
	APX 22" Loc: Safe		<small>FINANCE CHARGE.</small> The dollar amount the credit will cost you.		\$ 20.00		
			<small>TOTAL OF PAYMENTS.</small> Amount required to redeem pawn on the Maturity Date.		\$ 120.00		
			<small>ANNUAL PERCENTAGE RATE.</small> The cost of your credit as a yearly rate.		243.333 %		
			<small>PAYMENT SCHEDULE:</small> Total of Payments is due on the Maturity Date shown above.				
			<small>PREPAYMENT:</small> If you pay off early, you will not be entitled to a refund of part of the finance charge.				
		<small>DATE PAID</small>	<small>AMOUNT PAID</small>				
		NOTICE: See Reverse Side					
BY EXTENDING THIS PAWN, THE FEES MAY EXCEED THE VALUE OF THE ITEMS PAWNED.							
By signing, I agree to all terms and conditions on the front and back and acknowledge receipt of a copy of this pawn contract. <i>I also state, under penalty of perjury, I have read the foregoing document, and the facts stated in it are true.</i>							
X _____ <small>SIGNATURE ON REDEMPTION</small>			X _____ <small>PLEDGER'S SIGNATURE</small>				

DATE	CASH RECEIVED			DATE	CASH RECEIVED		
	Payment	Maturity Date	Expiration Date		Payment	Maturity Date	Expiration Date

In consideration of and to secure the amount identified as the Total of Payments, Pledger hereby deposits with the issuer of this pawn contract the pledged property described on the reverse hereof. The Pledger represents and warrants that the pledged property is not stolen, rented, or leased, and that there are no liens or encumbrances against them. Pledger attests to have good title to the pledged property, that Pledger has the right to pledge the property, and is at least 18 years of age. Pledger also attests that the Pledger is not in voluntary or involuntary bankruptcy of any type and is not anticipating filing a bankruptcy proceeding of any type.

The description on reverse side is based on a quick visual inspection. Pawnbroker does not warrant that the pledged property is of the exact size, dimension, weight, carat, color, cut, value or any other characteristic set forth therein. Unless specified, pledged property described is used, having normal wear and tear with scratches and dents. Unless agreed otherwise in writing on the front of this pawn contract, the value of the pledged property is the same as the Amount Financed listed on the reverse side.

Pledger warrants that all personal information has been removed from the property being pledged. This includes but is not limited to personal information stored on computers, laptops, PDAs, cell phones and tablet pads. If Pledger fails to remove his or her personal information from the property being pledged, Pawnbroker shall not be responsible for any unforeseen or inappropriate use of it.

In this pawn transaction a Pawnbroker may contract for and receive a Finance Charge. The Finance Charge is deemed earned on the date of the pawn transaction and a like amount will be earned every 30 days during any subsequent extensions or grace periods.

A Pledger shall have no obligation to redeem pledged property or make any payment on this pawn transaction. If Pledger fails to redeem or extend this pawn on or before the Maturity Date, the pawnbroker will automatically extend a grace period of 30 days from the Maturity Date. This pawn may be extended upon mutual agreement of both parties. By extending this pawn, the fees may exceed the value of the items pawned. If no payments are made, title and interest in and to the pledged property vests in and is deemed conveyed to the Pawnbroker after the grace period expires or upon expiration of an agreed extension. If this pawn contract is lost, destroyed, or stolen, the Pledger must immediately advise the issuing Pawnbroker in writing by certified or registered mail, return receipt requested, or in person.

Proper identification required on all redemptions. All pledged property must be held on premises 48 hours from the date of the pawn transaction. Firearms redeemable only by the original Pledger. Any person presenting this pawn contract may, at Pawnbroker's option, redeem pledged property by payment of all principal and finance charges due unless Pawnbroker has received written notice that the pawn contract had been lost, stolen or destroyed. The Pawnbroker is not liable to the original Pledger for allowing the redemption of the pledged property by another person. Any person redeeming the pledged property must sign the Pledger's copy of the pawn contract, which the pawnbroker will retain as evidence of the person's receipt of the pledged property. If the person redeeming the pledged property is not the original Pledger, the Pawnbroker shall record that person's name, address and identification on the pawn contract retained by the pawnshop.

In the event that any articles or property pledged are lost or rendered inoperable, the Pawnbroker shall replace the articles or property with identical articles or property. If the identical items cannot be reasonably obtained the Pawnbroker shall replace with like articles or property.

No oral representation shall in any way change or modify these written conditions, and such oral representations shall in no way be binding upon the issuer of this pawn contract.

Customer Privacy Notice: We collect nonpublic personal information about you as a consumer, customer or former customer from the following sources: Information we receive from you on our pawn forms, sales documents, or other forms; information about your transactions with us, our affiliates, or others. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except to our affiliates and as permitted by law. We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain safeguards that restrict access to your nonpublic personal information.

**VERBAL AGREEMENTS FOR ADDITIONAL DAYS ARE NOT BINDING • NO GOODS SENT C.O.D. • NO CHECKS ACCEPTED
NO ITEMS SHOWN FOR REDEMPTION UNLESS PAID IN ADVANCE • NOTICE: SEE REVERSE SIDE**

EXHIBIT B

Sample Pawn Shop

12345 Maine Street
Pflugerville, Illinois 78660
(512) 990-1188

John Doe Customer

123 W. Main, Anytown, IL 60622

DL 12345678910

M July 4, 1977 5'10" 190lbs 05/29/2024 3:05pm

MATURITY DATE

06/28/2024

ITEM	DESCRIPTION: You are giving a security interest in the below described pledged property.	AMOUNT
Jewelry	1x Gold 14kt 2.10dwt Chain Yellow Gold Figaro Link Chain APX 22" Loc: Safe	\$ 100.00

See your contract document for any additional information concerning non-payment, default, and prepayment refunds or penalties.

Interest Charge + Service Charge = Finance Charge

\$ 0.00 \$20.00 \$ 20.00

PAYMENT SCHEDULE: Total of Payments is due on Maturity Date shown above.

AMOUNT FINANCED.

Amount Pawned: The amount of cash given directly to you.

\$ 100.00

BY EXTENDING THIS PAWN, THE FEES MAY EXCEED THE VALUE OF THE ITEMS PAWNED.

PREPAYMENT: If you pay off early, you will not be entitled to a refund of part of the finance charge.

FINANCE CHARGE.

The dollar amount the credit will cost you.

\$ 20.00

By signing, I agree to all terms and conditions on the front and back and acknowledge receipt of a copy of this pawn contract. *I also state, under penalty of perjury, I have read the foregoing document, and the facts stated in it are true.*

TOTAL OF PAYMENTS.

Amount required to redeem pawn on the Maturity Date.

\$ 120.00

ANNUAL PERCENTAGE

RATE. The cost of your credit as a yearly rate.

243.333%

Redemption Signature

Pledger's Signature

NOTICE: See Reverse Side

bpc #10-1309 - IL - 6/7/2024 - Burrell Printing Co., Inc. : 512-990-1188

Sample Pawn Shop

12345 Maine Street
Pflugerville, Illinois 78660
(512) 990-1188

John Doe Customer

123 W. Main, Anytown, IL 60622

DL 12345678910

M July 4, 1977 5'10" 190lbs 05/29/2024 3:05pm

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Amount required to redeem pawn on the Maturity Date.

\$ 120.00

ANNUAL PERCENTAGE

RATE. The cost of your credit as a yearly rate.

243.333%

Redemption Signature

Pledger's Signature

NOTICE: See Reverse Side

bpc #10-1309 - IL - 6/7/2024 - Burrell Printing Co., Inc. : 512-990-1188

