



On March 22, 2024, legislation was signed into law that modernized the Pawnbroker Regulation Act. These steps included:

- **New Consumer Protections;**
- **Additional Transparency** for Consumers;
- **Improving Engagement** Between the Industry and Law Enforcement.

In addition, key licensing updates were made to **cap the number of pawnshop licenses** in Illinois at 250, **require a one-time fee** to fund the proper review of pawnshop applications, and set the licensing fee at \$2,000 **to be in line with other** IDFPR-regulated industries.

# Modernization

## of the Pawnbroker Regulation Act

### New Consumer Protections



**Sets critical financing rate caps** on pawns to protect consumers.



**Prohibits auto title loans** from being pawned to prevent a new type of predatory loan.



**Mandates annual training** of pawnbroker employees. IDFPR will oversee materials and vendors used.



**Holds pawnshops accountable** for compliance with Military Lending Act.

### Additional Transparency for Consumers

Pawnbrokers are now required to:

- **display fee provisions** in both English and Spanish;
- **provide written disclosure** of fees possibly exceeding the value of the item pawned if the pawn is extended;
- **require additional information** in pawnbrokers' annual summary (including total number, average dollar amount, and average finance charge for pawns by tier). IDFPR will publish a report summarizing the industry annually.
- **Create a report** on all pawns and small dollar loans (\$2,500 or less) available to consumers. This will provide objective data for IDFPR and stakeholders.

### Improve Industry/Law Enforcement Engagement

- Modernizes process regarding pawns of allegedly stolen property, including:
  - **specifying information required** to issue a hold order, including obtaining acknowledgement;
  - stating a **hold order expires after 120 days** unless extended;
  - **releasing certain information** to pawnbrokers without requiring a subpoena;
  - **returning stolen property** worth less than \$500/\$1,000 (depending on location) **without the pawnbroker collecting any fees or charges.**