HEARTLAND ALLIANCE
ENDING POVERTY

Illinois PIRG
Standing Up To Powerful Interests

WOODSTOCK INSTITUTE
Advancing Economic Security and Community Prosperity

April 9, 2020

Office of the Governor
James R Thompson Center
100 W. Randolph, 16-100
Chicago, IL 60601

Dear Governor Pritzker,

Thank you for the outstanding leadership and hard work exhibited by you and your team during this crisis. We write to alert you to an issue on the horizon and a potential solution that will help protect individuals who are or will be in dire financial straits.

The economic stimulus payments are expected to begin hitting bank accounts the week of April 13, if not earlier. For many people, these payments will be a lifeline, enabling them to pay rent, medical expenses, and other necessities. For individuals who owe debts such as payday loans, auto title loans, or high-cost installment loans, this lifeline might be snatched away before they have a chance to use it.

Payday lenders have direct access to individuals' bank accounts and get paid automatically regardless of whether the person can afford the payment. Moreover, some lenders take possession of a physical, post-dated check at the time the loan is made, so, unless the person revokes the lender's authorization to debit their account and orders (and pays for) a stop payment on the check, they risk having their account depleted by the lender.

<u>The economic stimulus payments were obviously not meant to stimulate the payday loan industry at the expense of Illinoisans' health and well-being.</u>

Here is a possible solution. Both the Payday Loan Reform Act and the Consumer Installment Loan Act have language that gives the Department of Financial & Professional Regulation broad discretion to issue fines, revocations, or suspensions if the Department finds that "any fact or condition exists which, if it had existed at the time of the original application for the license, clearly would have warranted the Secretary in refusing to issue the license." 815 ILCS 122/4-10(f)(2); 205 ILCS 670/9(a)(2). Further, the regulations implementing the PLRA have specific "character and fitness" requirements for licensure. Ill. Admin. Code tit. 38, Sect. 210.5(a). The CILA regulations have a broad requirement of "any additional information the [Department] deems necessary," and the CILA licensing process includes a series of "Disclosure Questions" that bear on the character and fitness of the applicant. Ill Admin. Code tit. 38, Sect. 110.15(a)(13).

Bear in mind that people who are repaying these loans are typically lower income and financially insecure. <u>Deducting their stimulus payments at a time of an historic public health crisis is unethical and</u>

avaricious. A company knowingly engaged in such conduct demonstrates a character that renders them unworthy of a license to do business in Illinois under either the PLRA or CILA.

We urge you to issue an order to this effect and further provide that all PLRA and CILA lenders shall, beginning on April 10, 2020, and ending on May 31, 2020, (1) employ manual methods to obtain payment, namely, by billing their borrowers and requesting payment via check, credit card, and/or electronic funds transfer, and (2) charge no late fees during this period. Depending on the timing of the stimulus payments, it may be necessary to extend the order past May 31, 2020.

As of the date of this letter, no state has taken action on this issue. It represents an excellent opportunity to protect consumers and demonstrate forward-thinking, progressive leadership at this critical time.

If you have questions or need assistance with any of these recommendations, feel free to reach out to any of us.

Thank you and be well,

Brent Adams
Woodstock Institute
773-844-5544
badams@woodstockinst.org

Abraham Scarr
Illinois PIRG
312-983-2789
abe@illinoispirg.org

Jody Chong (Blaylock)
Heartland Alliance & Illinois Asset Building Group
904-563-0882
jblaylock@heartlandalliance.org

Ashlee Highland
CARPLS Legal Aid

Caroline Manley
Center for Disability & Elder Law

Eric Halvorson
Chicago Jobs Council

Kathie Kane-Willis
Chicago Urban League

Tracy Occomy Crowder
COFI/POWER PAC

Harish Patel
Economic Security Illinois

David Luna
Equal Voice Action

Bob Palmer
Housing Action Illinois

Paul Kantwill
Distinguished Professor in Residence - Loyola University Chicago School of Law

Meegan Dugan Bassett
New America Chicago

Linda Tortolero
Mujeres Latinas en Acción

Alexandria Cummings
Partners in Community Building

Keri Asevedo
Rockford Area Habitat for Humanity

Nolan Downey
Shriver Center on Poverty Law

Martina Hone
YWCA Metropolitan Chicago

Michael Seng
UIC John Marshall Law School, Fair Housing Legal Support Center

Ricki Lowitz
Working Credit NFP