

Partner Catherine Brennan comments for Auto Finance News on passage of Illinois rate cap bill

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On January 13, the Illinois Senate passed SB 1792, which will provide sweeping changes to the rate authority for credit transactions subject to Illinois law, including a 36% "all-in" interest rate cap on consumer loans. *Auto Finance News* spoke to Hudson Cook Partner Catherine Brennan about the changes and how the interest cap will affect lenders operating in the state. The bill is expected to be signed by Illinois Governor J.B. Pritzker, go into effect immediately after signing, and affect loans originated after that date.

Catherine noted that prior to the bill, interest rates in Illinois were open-ended. "Any loan violating the rate cap is null and void and the lender will have no right to collect, attempt to collect, receive, or retain any principal, fee, interest, or charges related to the loan," Catherine wrote in a recent client alert. "The bill also applies to any person or entity who markets, brokers, arranges, or facilitates the loan and holds the right, requirement, or first right of refusal to purchase loans, receivables, or interests in the loans."

Catherine assists national and state banks, investment banks, consumer and commercial finance companies, mortgage bankers, installment lenders and other licensed lenders in the development and maintenance of nationwide consumer and commercial lending programs. She engages in credit due diligence on behalf of investors in fintech firms, bank partnership platforms, small business lenders, merchant cash advance companies, consumer finance companies, title loan companies and payday lenders.

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