



**Illinois Senate Executive Committee
Hearing on House Bill 2685, Senate Amendment #3
January 10, 2021**

**Written Testimony in Opposition
from
TitleMax of Illinois, Inc. d/b/a TitleMax,
a member of the TMX Finance Family of Companies**

Greetings, Chairwoman Hunter and committee members. I am Carrie Carbone, the Chief Legal Officer for the TMX Finance Family of Companies, submitting this testimony on behalf of TitleMax of Illinois, Inc. d/b/a TitleMax. Under the TitleMax brand, we currently offer consumer credit products in 15 states. Having spent my career representing both banks and regulated consumer lenders, both online and retail, I am well-positioned to provide insight on consumer finance options available to Illinois residents. Thank you for considering our testimony in opposition to House Bill 2685, Senate Amendment #3.

TitleMax is a licensed lender under the Illinois Consumer Installment Loan Act (CILA), with 66 retail locations and nearly 133 team members across Illinois. We are proud to help Illinois residents meet their emergency credit needs through the responsible use of motor vehicle secured loans.

Our customers are hard workers with limited access to traditional bank loans and credit products. In general, consumers who come to TitleMax for their credit needs tend to be part of the 6.6% of Illinois residents who are unbanked¹ and/or part of the 17.5% of Illinois households who have previously applied and been denied for bank credit or approved for less than they needed.² We believe that all Illinois residents, regardless of their credit history, deserve access to a range of regulated credit options. The existing Illinois CILA statute provides customers with credit options and business terms that allow lenders to operate, while also providing robust consumer protections (ability to repay, income documentation, cooling off periods, database reporting, and loan amount limits). In fact, as compared to the consumer finance laws of the other states in which TitleMax does business, Illinois consumer finance laws are among the most protective of consumers.

We understand that the intent of House Bill 2685, Senate Amendment #3 is to protect consumers, but the rate cap proposed in this bill would eliminate needed emergency credit product options for Illinois residents. In the prior two calendar years, our Illinois stores made a total of 38,380 motor vehicle installment loans (23,336 in 2019 and 15,044 in 2020). Under the proposed rate cap, we would have to close all of our stores and would not have been able to help those Illinois residents with their emergency credit needs. Faced with no traditional credit

¹ 2019 FDIC Economic Inclusion Study, <https://economicinclusion.gov/surveys/place-data.html?where=Illinois&when=2019> (accessed 01.08.2021)

² 2019 FDIC Economic Inclusion Study, among households that had applied for credit card or personal loan or line of credit from a bank in past 12 months and were denied or not provided as much credit as requested, <https://economicinclusion.gov/custom-data/> (accessed 01.08.2021)



options, since banks and credit unions for the most part don't lend to them, the Illinois borrowers we served certainly would have been forced to sell their motor vehicles, or turn to unregulated, unlicensed lenders.

The bill before the committee is a major piece of legislation that would eliminate numerous secured and unsecured credit products that we and other Illinois licensed lenders offer to Illinois residents who need emergency credit. Rate caps similar to that included in HB 2685, Senate Amendment #3 adopted in California and Virginia in recent years have resulted in the cessation of numerous businesses and the loss of good paying jobs. Now is not the time to restrict access to credit for Illinois consumers and add to the Illinois unemployment rate by eliminating jobs for hundreds of Illinois residents who work for licensed consumer finance lenders. We hope that HB 2685, Senate Amendment #3 will not advance in its current form and that a forum for discussion between emergency credit industry participants and proponents of the legislation can be established.

Particularly in these trying times, thoughtful dialogue and careful consideration of policy are of vital importance to Illinois residents who need gainful employment and access to regulated credit products. We and our industry colleagues welcome the opportunity to participate in a process that will preserve consumer credit options, good paying jobs, and viable business operations within a protective regulatory framework.

We are committed to our Illinois customers and employees, and we look forward to serving the alternative credit needs of Illinois residents for years to come.

Thank you for your time and consideration.

Yours truly,

Carrie E. Carbone

Carrie E. Carbone
Chief Legal Officer
TMX Finance Family of Companies
15 Bull Street, Suite 200
Savannah, Georgia 31401
carrie.carbone@titlemax.com