



Modernization

of the Pawnbroker Regulation Act

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.

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.**