



Partner Patty Covington comments for Automotive News on Illinois rate cap law

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Illinois' Predatory Loan Prevention Act, signed into law in March 2021, places a 36 percent interest rate cap on all consumer loans of less than \$40,000. According to *Automotive News*, the "all-in" APR law borrows from the Military Lending Act. The publication spoke to Hudson Cook Partner [Patty Covington](#) about how the bill's use of the federal military annual percentage rate rather than the federal Truth in Lending Act's APR distorts the cost of credit and could prevent consumers with low-credit standing from obtaining affordable installment loans.

"The less people that can get credit, the less cars can be sold," said Patty. "It's going to push out, really, the segment of the population that it's intended to help." Patty advised that dealers should be active at the state and federal levels in case legislation similar to Illinois' act were to gain traction. "All they can do right now is start applying political pressure," she said. "They can start building coalitions."

Patty is a partner in the firm's Richmond, Virginia office and co-chairs the [Automotive and Personal Property Finance and Leasing practice group](#). She focuses on all areas of consumer financial services law, including auto finance, small installment lending, federal regulatory compliance, CFPB-readiness, privacy, data security and information management, electronic commerce, marketing, as well as matters involving the Federal Trade Commission and the Consumer Financial Protection Bureau. She advises banks, sales finance companies, motor vehicle dealers, small installment lenders, other similar creditors, service providers and technology providers.

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