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GENERAL ASSEMBLY SENDS AUTO TRADE-IN BILL TO GOVERNOR***Legislation Creates Fund to Prevent Consumers From Footing Loans on Trade-In Vehicles***

Springfield — Attorney General Lisa Madigan today praised members of the Illinois Legislature for passing a bill that would prevent consumers from bearing the cost of outstanding loans on traded-in vehicles when car dealerships close down. The legislation supported by Madigan received the final nod of approval today in the House and was sent to Gov. Quinn's desk.

Madigan said House Bill 880 responds to consumers who sought help from her office after discovering that their dealership failed to pay off loans on traded-in vehicles before closing down, leaving consumers still responsible for paying the loan balance and payments for their new car. The bill would require Illinois auto dealers to contribute \$500 annually into the Dealer Recovery Trust Fund to pay off trade-ins when a dealership closes.

"This bill holds car dealers to their end of the bargain by preventing dealers from shirking their obligation to pay off loans on trade-in vehicles," Attorney General Madigan said. "This is common-sense legislation, and I urge the Governor to sign it in the interests of consumers throughout Illinois."

Attorney General Madigan said at least 60 Illinois dealerships have closed and failed to pay off loans on traded-in vehicles since 2000. Madigan's office has heard from hundreds of consumers faced with the costs of traded-in vehicles after a dealership closed. Vehicle lien holders have sought payments from consumers and instituted collections against consumers, which hurts their credit and results in court judgments entered against them.

"In passing this bill, we are now one step closer to preventing consumers from bearing the burden of a trade-in when a dealership shuts down," said Rep. Marlow Colvin (D-Chicago), House bill sponsor. "Especially in this difficult economy, we must make sure we better protect consumers, many of whom are already struggling to make ends meet. I urge Gov. Quinn to sign this legislation."

"In this economy, and at all times, it is important that we act to protect consumers," said state Sen. Dan Kotowski (D-Park Ridge), the bill's Senate sponsor. "In working with my colleagues in the General Assembly and with Attorney General Lisa Madigan, we have advanced legislation to protect consumers when a car dealership goes out of business so that those consumers don't have to pay for a vehicle they traded in to that dealership."

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