



Sen. Terry Link

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1 AMENDMENT TO SENATE BILL 171

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 171 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Credit Card Issuance Act is amended by  
5 adding Section 1d as follows:

6 (815 ILCS 140/1d new)

7 Sec. 1d. Universal default provisions prohibited. No  
8 issuer of a credit card shall include in the issuer's credit  
9 card contract or agreement a universal default clause.

10 For purposes of this Section, "universal default clause"  
11 means any clause or provision included within a credit card  
12 agreement or contract that allows an issuer of a credit card to  
13 increase the interest rate on the issuer's credit card if a  
14 holder is late with a payment to another credit card issuer or  
15 creditor.

1 Section 10. The Interest Act is amended by changing Section  
2 4.2 as follows:

3 (815 ILCS 205/4.2) (from Ch. 17, par. 6407)

4 Sec. 4.2. Revolving credit; billing statements;  
5 disclosures. On a revolving credit which complies with  
6 subparagraphs (a), (b), (c), (d) and (e) of this Section 4.2,  
7 it is lawful for any bank that has its main office or, after  
8 May 31, 1997, a branch in this State, a state or federal  
9 savings and loan association with its main office in this  
10 State, a state or federal credit union with its main office in  
11 this State, or a lender licensed under the Consumer Finance  
12 Act, the Consumer Installment Loan Act or the Sales Finance  
13 Agency Act, as such Acts are now and hereafter amended, to  
14 receive or contract to receive and collect interest in any  
15 amount or at any rate agreed upon by the parties to the  
16 revolving credit arrangement. It is lawful for any other lender  
17 to receive or contract to receive and collect interest in an  
18 amount not in excess of 1 1/2% per month of either the average  
19 daily unpaid balance of the principal of the debt during the  
20 billing cycle, or of the unpaid balance of the debt on  
21 approximately the same day of the billing cycle. If a lender  
22 under a revolving credit arrangement notifies the debtor at  
23 least 30 days in advance of any lawful increase in the amount  
24 or rate of interest to be charged under the revolving credit  
25 arrangement, and the debtor, after the effective date of such

1 notice, incurs new debt pursuant to the revolving credit  
2 arrangement, the increased interest amount or rate may be  
3 applied only to any such new debt incurred under the revolving  
4 credit arrangement. For purposes of determining the balances to  
5 which the increased interest rate applies, all payments and  
6 other credits may be deemed to be applied to the balance  
7 existing prior to the change in rate until that balance is paid  
8 in full. The face amount of the drafts, items, orders for the  
9 payment of money, evidences of debt, or similar written  
10 instruments received by the lender in connection with the  
11 revolving credit, less the amounts applicable to principal from  
12 time to time paid thereon by the debtor, are the unpaid balance  
13 of the debt upon which the interest is computed. If the billing  
14 cycle is not monthly, the maximum interest rate for the billing  
15 cycle is the percentage which bears the same relation to the  
16 monthly percentage provided for in the preceding sentence as  
17 the number of days in the billing cycle bears to 30. For the  
18 purposes of the foregoing computation, a "month" is deemed to  
19 be any time of 30 consecutive days. In addition to the interest  
20 charge provided for, it is lawful to receive, contract for or  
21 collect a charge not exceeding 25 cents for each transaction in  
22 which a loan or advance is made under the revolving credit or  
23 in lieu of this additional charge an annual fee for the  
24 privilege of receiving and using the revolving credit in an  
25 amount not exceeding \$20. In addition, with respect to  
26 revolving credit secured by an interest in real estate, it is

1 also lawful to receive, contract for or collect fees lawfully  
2 paid to any public officer or agency to record, file or release  
3 the security, and costs and disbursements actually incurred for  
4 any title insurance, title examination, abstract of title,  
5 survey, appraisal, escrow fees, and fees paid to a trustee in  
6 connection with a trust deed.

7 (a) At or before the date a bill or statement is first  
8 rendered to the debtor under a revolving credit arrangement,  
9 the lender must mail or deliver to the debtor a written  
10 description of the conditions under which a charge for interest  
11 may be made and the method, including the rate, of computing  
12 these interest charges. The rate of interest must be expressed  
13 as an annual percentage rate.

14 (b) If during any billing cycle any debit or credit entry  
15 is made to a debtor's revolving credit account, and if at the  
16 end of that billing cycle there is an unpaid balance owing to  
17 the lender from the debtor, the lender must give to the debtor  
18 the following information within a reasonable time after the  
19 end of the billing cycle:

20 (i) the unpaid balance at the beginning of the billing  
21 cycle;

22 (ii) the date and amount of all loans or advances made  
23 during the billing cycle, which information may be supplied  
24 by enclosing a copy of the drafts, items, orders for the  
25 payment of money, evidences of debt or similar written  
26 instruments presented to the lender during the billing

1 cycle;

2 (iii) the payments by the debtor to the lender and any  
3 other credits to the debtor during the billing cycle;

4 (iv) the amount of interest and other charges, if any,  
5 charged to the debtor's account during the billing cycle;

6 (v) the amount which must be currently paid by the  
7 debtor and the date on which that amount must be paid in  
8 order to avoid delinquency;

9 (vi) the total amount remaining unpaid at the end of  
10 the billing cycle and the right of the debtor to prepay  
11 that amount in full without penalty; and

12 (vii) information required by (iv), (v) and (vi) must  
13 be set forth in type of equal size and equal  
14 conspicuousness.

15 (b-5) In the case of any credit card account under a  
16 revolving credit arrangement containing a universal default  
17 provision, no increase in the annual percentage rate of  
18 interest, applicable to the account or any portion of an  
19 outstanding balance on the account may be made to a credit card  
20 account because the holder is late with a payment to another  
21 credit card issuer or creditor.

22 (c) The revolving credit arrangement may provide for the  
23 payment by the debtor and receipt by the lender of all costs  
24 and disbursements, including reasonable attorney's fees,  
25 incurred by the lender in legal proceedings to collect or  
26 enforce the debt in the event of delinquency by the debtor or

1 in the event of a breach of any obligation of the debtor under  
2 the arrangement.

3 (d) The lender under a revolving credit arrangement may  
4 provide credit life insurance or credit accident and health  
5 insurance, or both, with respect to the debtor and may charge  
6 the debtor therefor. Credit life insurance and credit accident  
7 and health insurance, and any charge therefor made to the  
8 debtor, shall comply with Article IX 1/2 of the Illinois  
9 Insurance Code, as now or hereafter amended, and all lawful  
10 requirements of the Director of Insurance related thereto. This  
11 insurance is in force with respect to each loan or advance made  
12 under a revolving credit arrangement as soon as the loan or  
13 advance is made. The purchase of this insurance from an agent,  
14 broker or insurer specified by the lender may not be a  
15 condition precedent to the revolving credit arrangement or to  
16 the making of any loan or advance thereunder.

17 (e) Whenever interest is contracted for or received under  
18 this Section, no amount in addition to the charges authorized  
19 by this Act may be directly or indirectly charged, contracted  
20 for or received whether as interest, service charges, costs of  
21 investigations or enforcements or otherwise.

22 (f) The lender under a revolving credit arrangement must  
23 compute at year end the total amount charged to the debtor's  
24 account during the year, including service charges, finance  
25 charges, late charges and any other charges authorized by this  
26 Act, and upon request must furnish such information to the

1 debtor within 30 days after the end of the year, or if the  
2 account has been terminated during such year, may give such  
3 requested information within 30 days after such termination.  
4 The lender shall annually inform the debtor of his right to  
5 obtain such information.

6 (g) A lender who complies with the federal Truth in Lending  
7 Act, amendments thereto, and any regulations issued or which  
8 may be issued thereunder, shall be deemed to be in compliance  
9 with the provisions of subparagraphs (a) and (b) of this  
10 Section.

11 (h) Anything in this Section 4.2 to the contrary  
12 notwithstanding, if the Congress of the United States or any  
13 federal agency authorizes any class of lenders to enter, within  
14 limitations, into a revolving credit arrangement secured by a  
15 mortgage or deed of trust on residential real property, any  
16 person, firm, corporation or other entity, not otherwise  
17 prohibited by the Congress of the United States or any federal  
18 agency from entering into revolving credit arrangements  
19 secured by a mortgage or deed of trust on residential real  
20 property, may enter into such arrangements within the same  
21 limitations.

22 (Source: P.A. 89-208, eff. 9-29-95.)".