



## 104TH GENERAL ASSEMBLY

### State of Illinois

### 2025 and 2026

#### HB3455

Introduced 2/18/2025, by Rep. Justin Slaughter

#### SYNOPSIS AS INTRODUCED:

205 ILCS 670/15	from Ch. 17, par. 5415
205 ILCS 670/15d	from Ch. 17, par. 5419
205 ILCS 670/16	from Ch. 17, par. 5420
205 ILCS 670/17	from Ch. 17, par. 5423
205 ILCS 670/17.5	
815 ILCS 123/15-1-5	
815 ILCS 123/15-5-5	

Amends the Consumer Installment Loan Act. In provisions concerning an charges permitted, provides that the annual percentage rate shall be calculated using the system for calculating the annual percentage rate under the federal Truth in Lending Act (rather than a military annual percentage rate). Provides that a licensee shall not charge, impose, or receive any penalty for the prepayment of a loan. Provides that, before disbursing loan proceeds to a borrower, a licensee shall offer the borrower a credit education program or seminar provided by the licensee or a third party provider. Sets forth criteria for credit education programs or seminars. Makes changes in provision concerning the disclosure of Terms of contract and maximum loan terms and amount. Amends the Predatory Loan Prevention Act. In provisions concerning an annual percentage rate cap, provides that the annual percentage rate shall be calculated using the system for calculating the annual percentage rate under the federal Truth in Lending Act (rather than a military annual percentage rate). Makes changes in provisions concerning the purpose and construction of the Act. Effective immediately.

LRB104 07584 SPS 17628 b

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Consumer Installment Loan Act is amended by  
5 changing Sections 15, 15d, 16, 17, and 17.5 as follows:

6 (205 ILCS 670/15) (from Ch. 17, par. 5415)

7 Sec. 15. Charges permitted.

8 (a) Every licensee may lend a principal amount not  
9 exceeding \$40,000 and may charge, contract for and receive  
10 thereon an annual percentage rate of no more than 36% plus the  
11 Federal Funds Rate, subject to the provisions of this Act. For  
12 purposes of this Section, the annual percentage rate shall be  
13 calculated ~~as such rate is calculated~~ using the system for  
14 calculating the annual percentage rate under the federal Truth  
15 in Lending Act, 15 U.S.C. 1601 et seq., and its implementing  
16 regulations under Regulation Z, 12 CFR 1026.1 et seq. As used  
17 in this subsection, "Federal Funds Rate" means the rate  
18 published by the Board of Governors of the Federal Reserve  
19 System in its Statistical Release H.15 Selected Interest Rates  
20 in effect on the first day of the month immediately preceding  
21 the month during which the loan is consummated. If the Federal  
22 Reserve System stops publication of the Federal Funds Rate,  
23 the Director of the Division of Financial Institutions shall

1 ~~designate a substantially equivalent index a military annual~~  
2 ~~percentage rate under Section 232.4 of Title 32 of the Code of~~  
3 ~~Federal Regulations as in effect on the effective date of this~~  
4 ~~amendatory Act of the 101st General Assembly.~~

5 (b) For purpose of this Section, the following terms shall  
6 have the meanings ascribed herein.

7 "Applicable interest" for a precomputed loan contract  
8 means the amount of interest attributable to each monthly  
9 installment period. It is computed as if each installment  
10 period were one month and any interest charged for extending  
11 the first installment period beyond one month is ignored. The  
12 applicable interest for any monthly installment period is that  
13 portion of the precomputed interest that bears the same ratio  
14 to the total precomputed interest as the balances scheduled to  
15 be outstanding during that month bear to the sum of all  
16 scheduled monthly outstanding balances in the original  
17 contract.

18 "Interest-bearing loan" means a loan in which the debt is  
19 expressed as a principal amount plus interest charged on  
20 actual unpaid principal balances for the time actually  
21 outstanding.

22 "Precomputed loan" means a loan in which the debt is  
23 expressed as the sum of the original principal amount plus  
24 interest computed actuarially in advance, assuming all  
25 payments will be made when scheduled.

26 "Substantially equal installment" includes a last

1 regularly scheduled payment that may be less than, but not  
2 more than 5% larger than, the previous scheduled payment  
3 according to a disclosed payment schedule agreed to by the  
4 parties.

5 (c) Loans may be interest-bearing or precomputed.

6 (d) To compute time for either interest-bearing or  
7 precomputed loans for the calculation of interest and other  
8 purposes, a month shall be a calendar month and a day shall be  
9 considered 1/30th of a month when calculation is made for a  
10 fraction of a month. A month shall be 1/12th of a year. A  
11 calendar month is that period from a given date in one month to  
12 the same numbered date in the following month, and if there is  
13 no same numbered date, to the last day of the following month.  
14 When a period of time includes a month and a fraction of a  
15 month, the fraction of the month is considered to follow the  
16 whole month. In the alternative, for interest-bearing loans,  
17 the licensee may charge interest at the rate of 1/365th of the  
18 agreed annual rate for each day actually elapsed.

19 (d-5) No licensee or other person may condition an  
20 extension of credit to a consumer on the consumer's repayment  
21 by preauthorized electronic fund transfers. Payment options,  
22 including, but not limited to, electronic fund transfers and  
23 Automatic Clearing House (ACH) transactions may be offered to  
24 consumers as a choice and method of payment chosen by the  
25 consumer.

26 (e) With respect to interest-bearing loans:

1           (1) Interest shall be computed on unpaid principal  
2           balances outstanding from time to time, for the time  
3           outstanding, until fully paid. Each payment shall be  
4           applied first to the accumulated interest and the  
5           remainder of the payment applied to the unpaid principal  
6           balance; provided however, that if the amount of the  
7           payment is insufficient to pay the accumulated interest,  
8           the unpaid interest continues to accumulate to be paid  
9           from the proceeds of subsequent payments and is not added  
10          to the principal balance.

11          (2) Interest shall not be payable in advance or  
12          compounded. However, if part or all of the consideration  
13          for a new loan contract is the unpaid principal balance of  
14          a prior loan, then the principal amount payable under the  
15          new loan contract may include any unpaid interest which  
16          has accrued. The unpaid principal balance of a precomputed  
17          loan is the balance due after refund or credit of unearned  
18          interest as provided in paragraph (f), clause (3). The  
19          resulting loan contract shall be deemed a new and separate  
20          loan transaction for all purposes.

21          (3) Loans must be fully amortizing and be repayable in  
22          substantially equal and consecutive weekly, biweekly,  
23          semimonthly, or monthly installments. Notwithstanding this  
24          requirement, rates may vary according to an index that is  
25          independently verifiable and beyond the control of the  
26          licensee.

1           (4) The lender or creditor may, if the contract  
2 provides, collect a delinquency or collection charge on  
3 each installment in default for a period of not less than  
4 10 days in an amount not exceeding 5% of the installment on  
5 installments in excess of \$200, or \$10 on installments of  
6 \$200 or less, but only one delinquency and collection  
7 charge may be collected on any installment regardless of  
8 the period during which it remains in default.

9           (f) With respect to precomputed loans:

10           (1) Loans shall be repayable in substantially equal  
11 and consecutive weekly, biweekly, semimonthly, or monthly  
12 installments of principal and interest combined, except  
13 that the first installment period may be longer than one  
14 month by not more than 15 days, and the first installment  
15 payment amount may be larger than the remaining payments  
16 by the amount of interest charged for the extra days; and  
17 provided further that monthly installment payment dates  
18 may be omitted to accommodate borrowers with seasonal  
19 income.

20           (2) Payments may be applied to the combined total of  
21 principal and precomputed interest until the loan is fully  
22 paid. Payments shall be applied in the order in which they  
23 become due, except that any insurance proceeds received as  
24 a result of any claim made on any insurance, unless  
25 sufficient to prepay the contract in full, may be applied  
26 to the unpaid installments of the total of payments in

1       inverse order.

2           (3) When any loan contract is paid in full by cash,  
3       renewal or refinancing, or a new loan, one month or more  
4       before the final installment due date, a licensee shall  
5       refund or credit the obligor with the total of the  
6       applicable interest for all fully unexpired installment  
7       periods, as originally scheduled or as deferred, which  
8       follow the day of prepayment; provided, if the prepayment  
9       occurs prior to the first installment due date, the  
10      licensee may retain 1/30 of the applicable interest for a  
11      first installment period of one month for each day from  
12      the date of the loan to the date of prepayment, and shall  
13      refund or credit the obligor with the balance of the total  
14      interest contracted for. If the maturity of the loan is  
15      accelerated for any reason and judgment is entered, the  
16      licensee shall credit the borrower with the same refund as  
17      if prepayment in full had been made on the date the  
18      judgment is entered.

19          (4) The lender or creditor may, if the contract  
20      provides, collect a delinquency or collection charge on  
21      each installment in default for a period of not less than  
22      10 days in an amount not exceeding 5% of the installment on  
23      installments in excess of \$200, or \$10 on installments of  
24      \$200 or less, but only one delinquency or collection  
25      charge may be collected on any installment regardless of  
26      the period during which it remains in default.

1           (5) If the parties agree in writing, either in the  
2           loan contract or in a subsequent agreement, to a deferment  
3           of wholly unpaid installments, a licensee may grant a  
4           deferment and may collect a deferment charge as provided  
5           in this Section. A deferment postpones the scheduled due  
6           date of the earliest unpaid installment and all subsequent  
7           installments as originally scheduled, or as previously  
8           deferred, for a period equal to the deferment period. The  
9           deferment period is that period during which no  
10          installment is scheduled to be paid by reason of the  
11          deferment. The deferment charge for a one-month period may  
12          not exceed the applicable interest for the installment  
13          period immediately following the due date of the last  
14          undeposited payment. A proportionate charge may be made for  
15          deferment for periods of more or less than one month. A  
16          deferment charge is earned pro rata during the deferment  
17          period and is fully earned on the last day of the deferment  
18          period. Should a loan be prepaid in full during a  
19          deferment period, the licensee shall credit to the obligor  
20          a refund of the unearned deferment charge in addition to  
21          any other refund or credit made for prepayment of the loan  
22          in full.

23          (6) If 2 or more installments are delinquent one full  
24          month or more on any due date, and if the contract so  
25          provides, the licensee may reduce the unpaid balance by  
26          the refund credit which would be required for prepayment



1 in full on the due date of the most recent maturing  
2 installment in default. Thereafter, and in lieu of any  
3 other default or deferment charges, the agreed rate of  
4 interest may be charged on the unpaid balance until fully  
5 paid.

6 (7) Fifteen days after the final installment as  
7 originally scheduled or deferred, the licensee, for any  
8 loan contract which has not previously been converted to  
9 interest-bearing under paragraph (f), clause (6), may  
10 compute and charge interest on any balance remaining  
11 unpaid, including unpaid default or deferment charges, at  
12 the agreed rate of interest until fully paid. At the time  
13 of payment of said final installment, the licensee shall  
14 give notice to the obligor stating any amounts unpaid.

15 (g) A licensee shall not charge, impose, or receive any  
16 penalty for the prepayment of a loan.

17 (Source: P.A. 103-1014, eff. 8-9-24.)

18 (205 ILCS 670/15d) (from Ch. 17, par. 5419)

19 Sec. 15d. Extra charges prohibited; exceptions.

20 (a) No amount in addition to the charges authorized by  
21 this Act shall be directly or indirectly charged, contracted  
22 for, or received, except (1) lawful fees paid to any public  
23 officer or agency to record, file or release security; (2) (i)  
24 costs and disbursements actually incurred in connection with a  
25 real estate loan, for any title insurance, title examination,

1 abstract of title, survey, or appraisal, or paid to a trustee  
2 in connection with a trust deed, and (ii) in connection with a  
3 real estate loan those charges authorized by Section 4.1a of  
4 the Interest Act, whether called "points" or otherwise, which  
5 charges are imposed as a condition for making the loan and are  
6 not refundable in the event of prepayment of the loan; (3)  
7 costs and disbursements, including reasonable attorney's fees,  
8 incurred in legal proceedings to collect a loan or to realize  
9 on a security after default; ~~and~~ (4) an amount not exceeding  
10 \$25, plus any actual expenses incurred in connection with a  
11 check or draft that is not honored because of insufficient or  
12 uncollected funds or because no such account exists; and (5)  
13 an administrative fee of up to \$75 on loans up to \$5,000 as  
14 described in subsection (b). This Section does not prohibit  
15 the receipt of a commission, dividend, charge, or other  
16 benefit by the licensee or by an employee, affiliate, or  
17 associate of the licensee from the insurance permitted by  
18 Sections 15a and 15b of this Act or from insurance in lieu of  
19 perfecting a security interest provided that the premiums for  
20 such insurance do not exceed the fees that otherwise could be  
21 contracted for by the licensee under this Section. Obtaining  
22 any of the items referred to in clause (i) of item (2) of this  
23 Section through the licensee or from any person specified by  
24 the licensee shall not be a condition precedent to the  
25 granting of the loan.

26 (b) A licensee may contract for and receive an

1 administrative fee that shall be fully earned immediately upon  
2 making the loan with a principal amount of not more than  
3 \$5,000, excluding the administrative fee, at a rate not to  
4 exceed \$75. No administrative fee may be contracted for or  
5 received in connection with the refinancing of a loan unless  
6 at least one year has elapsed since the receipt of a previous  
7 administrative fee paid by the borrower. Only one  
8 administrative fee may be contracted for or received after the  
9 consummation of the loan. An administrative fee shall not be  
10 considered as a penalty for the prepayment of a loan.

11 (Source: P.A. 101-658, eff. 3-23-21.)

12 (205 ILCS 670/16) (from Ch. 17, par. 5420)

13 Sec. 16. Disclosure of Terms of Contract. In any loan  
14 transaction under this Act, the licensee must disclose the  
15 following items to the obligor of the loan before the  
16 transaction is consummated:

17 (a) The amount and date of the loan contract;

18 (b) The amount of the loan using the term "amount  
19 financed";

20 (c) Any deduction from the amount financed or payment made  
21 by the obligor for insurance and the type of insurance for  
22 which each deduction or payment was made;

23 (d) Any additional deduction from the loan or payment made  
24 by the obligor in connection with obtaining the loan;

25 (e) The date on which the finance charge begins to accrue

1 if different from the date of the transaction;

2 (f) The total amount of the loan charge with a description  
3 of each amount included using the term "finance charge";

4 (g) The finance charge expressed as an annual percentage  
5 rate using the term "annual percentage rate".

6 "Annual percentage rate" means the nominal annual  
7 percentage rate of finance charge determined in accordance  
8 with the actuarial method of computation with an accuracy at  
9 least to the nearest 1/4 of 1%; or at the option of the  
10 licensee by application of the United States rule so that it  
11 may be disclosed with an accuracy at least to the nearest 1/4  
12 of 1%;

13 (h) The number, amount and due dates or periods of  
14 payments scheduled to repay the loan and the sum of such  
15 payments using the term "total of payments";

16 (i) The amount, or method of computing the amount of any  
17 default, delinquency or similar charges payable in the event  
18 of late payments;

19 (j) The right of the obligor to prepay the loan in full on  
20 any installment date and the fact that such prepayment in full  
21 will reduce the insurance charge for the loan;

22 (k) A description or identification of the type of any  
23 security interest held or to be retained or acquired by the  
24 licensee in connection with the loan and a clear  
25 identification of the property to which the security interest  
26 relates. If after-acquired property will be subject to the

1 security interest, or if other or future indebtedness is or  
2 may be secured by any such property, this fact shall be clearly  
3 set forth in conjunction with the description or  
4 identification of the type of security interest held, retained  
5 or acquired;

6 (l) A description expressly stating there are no penalties  
7 for prepayment of the loan ~~of any penalty charge that may be~~  
8 ~~imposed by the licensee for prepayment of the principal of the~~  
9 ~~obligation with an explanation of the method of computation of~~  
10 ~~such penalty and the conditions under which it may be imposed;~~

11 (m) Identification and description of the method of  
12 computing any unearned portion of the finance charge in the  
13 event of prepayment of the loan, and if the licensee uses the  
14 "Rule of 78THS" method, including a statement explaining such  
15 method substantially as follows:

16 Unearned finance charges under the Rule of 78ths are  
17 computed by calculating for all fully unexpired monthly  
18 installment periods, as originally scheduled or deferred,  
19 which follow the day of prepayment, the portion of the  
20 precomputed interest that bears the same ratio to the  
21 total precomputed interest as the balances scheduled to be  
22 outstanding during that monthly installment period bear to  
23 the sum of all scheduled monthly outstanding balances  
24 originally contracted for.

25 The description shall also include an example of its  
26 application solely for purposes of illustration in

substantially the following form:

PREPAYMENT - "RULE OF 78THS"

		Sum of balances due every month after
Unearned = Original x	<u>prepayment</u>	
Charge	Charge*	Sum of balances due every month of
		contract

\*for Finance Charge (excluding any charges added for a first payment period of more than one month) or credit insurance charges.

Example: 12 monthly payments of \$10 (balance is \$120 1st month, \$110 2nd month, and so on), \$20 Finance Charge. If 5 payments are prepaid in full, unearned Finance Charge is:

$$\begin{array}{l} \$20 \times \frac{50+40+30+20+10}{120+110+100+90+80+70+60+50+40+30+20+10} = \$3.85 \end{array}$$

The terms "finance charge" and "annual percentage rate" shall be printed more conspicuously than other terminology required by this Section.

If a loan made under this Act is prepaid, the computation of the unearned portion of the finance charge as described in this Section shall not be considered as a penalty for the prepayment of the loan.

At the time disclosures are made, the licensee shall deliver to the obligor a duplicate of the instrument or statement by which the required disclosures are made and on which the licensee and obligor are identified and their addresses stated. All of the disclosures shall be made

1 clearly, conspicuously and in meaningful sequence and made  
2 together on either:

3 (i) the note or other instrument evidencing the  
4 obligation. Where a creditor elects to combine disclosures  
5 with the contract, security agreement, and evidence of a  
6 transaction in a single document, the disclosures required  
7 under Section 16 shall be made on the face of the document,  
8 on the reverse side, or on both sides, provided that the  
9 amount of the finance charge and the annual percentage  
10 rate shall appear on the face of the document, and, if the  
11 reverse side is used, the printing on both sides of the  
12 document shall be equally clear and conspicuous, both  
13 sides shall contain the statement, "NOTICE: See other side  
14 for important information", and the place for the  
15 obligor's signature shall be provided following the full  
16 content of the document; or

17 (ii) One side of a separate statement which identifies  
18 the transaction.

19 The amount of the finance charge shall be determined as  
20 the sum of all charges, payable directly or indirectly by the  
21 obligor and imposed directly or indirectly by the licensee as  
22 an incident to or as a condition to the extension of credit,  
23 whether paid or payable by the obligor, any other person on  
24 behalf of the obligor, to the licensee or to a third party,  
25 including any of the following types of charges:

26 (1) Interest, time price differential, and any amount

1 payable under a discount or other system of additional  
2 charges.

3 (2) Service, transaction, activity, or carrying  
4 charge.

5 (3) Loan fee, points, finder's fee, or similar charge.

6 (4) Fee for an appraisal, investigation, or credit  
7 report.

8 (5) Charges or premiums for credit life, accident,  
9 health, or loss of income insurance, written in connection  
10 with any credit transaction unless:

11 (i) the insurance coverage is not required by the  
12 licensee and this fact is clearly and conspicuously  
13 disclosed in writing to the obligor; and

14 (ii) any obligor desiring such insurance coverage  
15 gives specific dated and separately signed affirmative  
16 written indication of such desire after receiving  
17 written disclosure to him of the cost of such  
18 insurance.

19 (6) Charges or premiums for insurance, written in  
20 connection with any credit transaction, against loss of or  
21 damage to property or against liability arising out of the  
22 ownership or use of property unless a clear, conspicuous,  
23 and specific statement in writing is furnished by the  
24 licensee to the obligor setting forth the cost of the  
25 insurance if obtained from or through the licensee and  
26 stating that the obligor may choose the person through



1 which the insurance is to be obtained.

2 (7) Premium or other charge for any other guarantee or  
3 insurance protecting the licensee against the obligor's  
4 default or other credit loss.

5 (8) Any charge imposed by a licensee upon another  
6 licensee for purchasing or accepting an obligation of an  
7 obligor if the obligor is required to pay any part of that  
8 charge in cash, as an addition to the obligation, or as a  
9 deduction from the proceeds of the obligation.

10 A late payment, delinquency, default, reinstatement or  
11 other charge is not a finance charge if imposed for actual  
12 unanticipated late payment, delinquency, default or other  
13 occurrence.

14 A licensee who complies with the federal Truth in Lending  
15 Act, amendments thereto, and any regulations issued or which  
16 may be issued thereunder, shall be deemed to be in compliance  
17 with the provisions of this Section, except with respect to  
18 the disclosure in paragraph (m), which may be set forth in any  
19 manner.

20 (Source: P.A. 90-437, eff. 1-1-98.)

21 (205 ILCS 670/17) (from Ch. 17, par. 5423)

22 Sec. 17. Maximum term and amount.

23 (a) The loan contract for a loan of more than \$10,000 shall  
24 provide for repayment of the principal and charges within 181  
25 months from the date of the loan contract or the last advance,

1 if any, required by the loan contract.

2 (b) The loan contract for a loan of \$10,000 or less shall  
3 provide for repayment of the principal and charges at least 12  
4 months and no more than 60 months and 15 days from the date of  
5 the loan contract or the last advance, if any, required by the  
6 loan contract.

7 (c) No licensee shall permit an obligor to owe such  
8 licensee or an affiliate (including a corporation owned or  
9 managed by the licensee) or agent of such licensee an  
10 aggregate principal amount of more than \$40,000 at any time  
11 for loans transacted pursuant to this Act.

12 (Source: P.A. 93-264, eff. 1-1-04.)

13 (205 ILCS 670/17.5)

14 Sec. 17.5. Reporting to consumer reporting agencies and  
15 financial education ~~Consumer reporting service.~~

16 (a) Beginning on January 1, 2026, every licensee shall  
17 report each borrower's payment performance to at least one  
18 consumer reporting agency that compiles and maintains files on  
19 consumers on a nationwide basis. For purposes of this Section,  
20 a "consumer reporting agency that compiles and maintains files  
21 on consumers on a nationwide basis" has the meaning ascribed  
22 to that term in 15 U.S.C. 1681a(p). ~~For the purpose of this~~  
23 ~~Section, "certified database" means the consumer reporting~~  
24 ~~service database established pursuant to the Payday Loan~~  
25 ~~Reform Act. "Title secured loan" means a loan in which, at~~

1 ~~commencement, a consumer provides to the licensee, as security~~  
2 ~~for the loan, physical possession of the consumer's title to a~~  
3 ~~motor vehicle.~~

4 (b) No later than January 1, 2026, every licensee shall  
5 obtain approval to report to at least one consumer reporting  
6 agency and, once approved, shall report borrower payment  
7 performance to that consumer reporting agency in connection  
8 with all loans made on and after January 1, 2026. Licensees  
9 ~~shall enter information regarding each loan into the certified~~  
10 ~~database and shall follow the Department's related rules.~~

11 (c) Before disbursing loan proceeds to a borrower, a  
12 licensee shall offer the borrower a credit education program  
13 or seminar provided by the licensee or a third party provider  
14 that has been reviewed and approved by the Director for use in  
15 complying with this Section. A credit education program or  
16 seminar may be provided in writing, electronically, or orally,  
17 but, if provided orally, shall be accompanied by written or  
18 electronic materials that a prospective borrower can retain or  
19 access following the conclusion of the program or seminar ~~For~~  
20 ~~every title-secured loan made, the licensee shall input~~  
21 ~~information as provided in 38 Ill. Adm. Code 110.420.~~

22 (d) The Director shall approve credit education programs  
23 or seminars that, at a minimum, cover all of the following  
24 topics concerning credit scores and credit reports provided by  
25 consumer reporting agencies:

26 (1) the value of establishing a credit score;

1           (2) ways to establish a credit score;

2           (3) ways to improve a credit score;

3           (4) factors that impact a credit score;

4           (5) ways to check a credit score;

5           (6) ways to obtain a free copy of a credit report; and

6           (7) ways to dispute an error in a credit report ~~The~~

7 ~~certified database provider shall indemnify the licensee~~

8 ~~against all claims and actions arising from illegal or~~

9 ~~willful or wanton acts on the part of the certified~~

10 ~~database provider. The certified database provider may~~

11 ~~charge a fee not to exceed \$1 for each loan entered into~~

12 ~~the certified database. The database provider shall not~~

13 ~~charge any additional fees or charges to the licensee.~~

14           (e) A credit education program or seminar offered under  
15 this Section shall be offered at no cost to the borrower.

16           (f) A licensee shall not require a borrower to participate  
17 in a credit education program or seminar as a condition of a  
18 loan.

19 (Source: P.A. 101-658, eff. 3-23-21.)

20           Section 10. The Predatory Loan Prevention Act is amended  
21 by changing Sections 15-1-5 and 15-5-5 as follows:

22           (815 ILCS 123/15-1-5)

23           Sec. 15-1-5. Purpose and construction. Illinois families  
24 pay over \$500,000,000 per year in consumer installment,

1 payday, and title loan fees. As reported by the Department in  
2 2020, nearly half of Illinois payday loan borrowers earn less  
3 than \$30,000 per year, and the average annual percentage rate  
4 of a payday loan is 297%. The purpose of this Act is to protect  
5 consumers from predatory loans ~~consistent with federal law and~~  
6 ~~the Military Lending Act which protects active duty members of~~  
7 ~~the military~~. This Act shall be construed as a consumer  
8 protection law for all purposes. This Act shall be liberally  
9 construed to effectuate its purpose.

10 (Source: P.A. 101-658, eff. 3-23-21.)

11 (815 ILCS 123/15-5-5)

12 Sec. 15-5-5. Rate cap. Notwithstanding any other provision  
13 of law, for loans made or renewed on and after the effective  
14 date of this Act, a lender shall not contract for or receive  
15 charges exceeding an annual percentage rate of a 36% plus the  
16 Federal Funds Rate ~~annual percentage rate~~ on the unpaid  
17 balance of the amount financed for a loan. For purposes of this  
18 Section, the annual percentage rate shall be calculated ~~as~~  
19 ~~such rate is calculated~~ using the system for calculating the  
20 annual percentage rate under the federal Truth in Lending Act,  
21 15 U.S.C. 1601 et seq., and its implementing regulations under  
22 Regulation Z, 12 CFR 1026 et seq ~~a military annual percentage~~  
23 ~~rate under Section 232.4 of Title 32 of the Code of Federal~~  
24 ~~Regulations as in effect on the effective date of this Act.~~  
25 Nothing in this Act shall be construed to permit a person or

1 entity to contract for or receive a charge exceeding that  
2 permitted by the Interest Act or other law. As used in this  
3 Section, "Federal Funds Rate" means the rate published by the  
4 Board of Governors of the Federal Reserve System in its  
5 Statistical Release H.15 Selected Interest Rates in effect on  
6 the first day of the month immediately preceding the month  
7 during which the loan is consummated. If the Federal Reserve  
8 System stops publication of the Federal Funds Rate, the  
9 Director of the Division of Financial Institutions shall  
10 designate a substantially equivalent index.

11 (Source: P.A. 101-658, eff. 3-23-21.)

12 Section 99. Effective date. This Act takes effect upon  
13 becoming law.