

SB3694



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3694

Introduced 1/21/2022, by Sen. Jacqueline Y. Collins

SYNOPSIS AS INTRODUCED:

815 ILCS 122/2-5

Amends the Payday Loan Reform Act. Makes a technical change in a Section concerning loan terms.

LRB102 22669 KTG 31814 b

A BILL FOR

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 Payday Loan Reform Act is amended by
5 changing Section 2-5 as follows:

6 (815 ILCS 122/2-5)

7 Sec. 2-5. Loan terms.

8 (a) Without affecting the ~~the~~ right of a consumer to
9 prepay at any time without cost or penalty, no payday loan may
10 have a minimum term of less than 13 days.

11 (b) No payday loan may be made to a consumer if the loan
12 would result in the consumer being indebted to one or more
13 payday lenders for a period in excess of 45 consecutive days.
14 Except as provided under subsection (c) of this Section and
15 Section 2-40, if a consumer has or has had loans outstanding
16 for a period in excess of 45 consecutive days, no payday lender
17 may offer or make a loan to the consumer for at least 7
18 calendar days after the date on which the outstanding balance
19 of all payday loans made during the 45 consecutive day period
20 is paid in full. For purposes of this subsection, the term
21 "consecutive days" means a series of continuous calendar days
22 in which the consumer has an outstanding balance on one or more
23 payday loans; however, if a payday loan is made to a consumer

1 within 6 days or less after the outstanding balance of all
2 loans is paid in full, those days are counted as "consecutive
3 days" for purposes of this subsection.

4 (c) (Blank).

5 (d) (Blank).

6 (e) No lender may make a payday loan to a consumer if the
7 total of all payday loan payments coming due within the first
8 calendar month of the loan, when combined with the payment
9 amount of all of the consumer's other outstanding payday loans
10 coming due within the same month, exceeds the lesser of:

11 (1) \$1,000; or

12 (2) in the case of one or more payday loans, 25% of the
13 consumer's gross monthly income.

14 No loan shall be made to a consumer who has an outstanding
15 balance on 2 payday loans, except that, for a period of 12
16 months after March 21, 2011 (the effective date of Public Act
17 96-936), consumers with an existing CILA loan may be issued an
18 installment loan issued under this Act from the company from
19 which their CILA loan was issued.

20 (e-5) A lender shall not contract for or receive a charge
21 exceeding a 36% annual percentage rate on the unpaid balance
22 of the amount financed for a payday loan. For purposes of this
23 Section, the annual percentage rate shall be calculated as
24 such rate is calculated using the system for calculating a
25 military annual percentage rate under 32 CFR 232.4 as in
26 effect on the effective date of this amendatory Act of the

1 101st General Assembly.

2 When any loan contract is paid in full, the licensee shall
3 refund any unearned finance charge. The unearned finance
4 charge that is refunded shall be calculated based on a method
5 that is at least as favorable to the consumer as the actuarial
6 method, as defined by the federal Truth in Lending Act. The sum
7 of the digits or rule of 78ths method of calculating prepaid
8 interest refunds is prohibited.

9 (f) A lender may not take or attempt to take an interest in
10 any of the consumer's personal property to secure a payday
11 loan.

12 (g) A consumer has the right to redeem a check or any other
13 item described in the definition of payday loan under Section
14 1-10 issued in connection with a payday loan from the lender
15 holding the check or other item at any time before the payday
16 loan becomes payable by paying the full amount of the check or
17 other item.

18 (h) (Blank).

19 (Source: P.A. 100-201, eff. 8-18-17; 101-563, eff. 8-23-19;
20 101-658, eff. 3-23-21.)