

1 AN ACT in relation to financial matters.

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

4 Section 5. The Illinois Financial Services Development
5 Act is amended by changing Section 8 as follows:

6 (205 ILCS 675/8) (from Ch. 17, par. 7008)

7 Sec. 8. Amendment of governing agreement.

8 (a) If the agreement governing a revolving credit plan
9 so provides or allows, a financial institution may at any
10 time or from time to time amend the terms of such agreement
11 in accordance with the further provisions of this Section 8.
12 The financial institution shall notify each affected borrower
13 of the amendment in the manner set forth in the agreement
14 governing the plan and in compliance with the requirements of
15 the Truth-in-Lending Act and regulations promulgated
16 thereunder, as in effect from time to time, if applicable.

17 (b) Subject to subsection (c) below, if the terms of the
18 agreement governing the plan, as originally drawn or as
19 amended pursuant to this Section so provide, any amendment
20 may, on and after the date upon which it becomes effective as
21 to a particular borrower, apply to all then outstanding
22 unpaid indebtedness in the borrower's account under the plan,
23 including any such indebtedness which shall have arisen out
24 of purchases made or loans obtained prior to the effective
25 date of the amendment.

26 (c) If such amendment has the effect of increasing the
27 interest or other charges to be paid by the borrower, the
28 financial institution shall mail or deliver to the borrower,
29 at least 30 days before the effective date of the amendment,
30 a clear and conspicuous written notice which shall:

31 (1) describe the amendment and the existing term or

1 terms of the agreement affected by the amendment,
2 (2) set forth the effective date of the amendment,
3 (3) state whether or not the amendment will apply
4 to the outstanding unpaid indebtedness as of the
5 effective date of the amendment,
6 (4) state that absent the borrower's written notice
7 to the financial institution within 30 days of the
8 earlier of the mailing or delivery of the notice of
9 amendment that the borrower does not agree to accept the
10 amendment, the amendment will become effective and apply
11 to the borrower's account, and
12 (5) provide an address to which the borrower may
13 send notice of the borrower's election not to accept the
14 amendment and include an addressed postcard that the
15 borrower may return to the financial institution for that
16 purpose.

17 (c-5) If such amendment results in an unfavorable change
18 in the interest or other charges on a revolving credit plan
19 which: (i) relates to a change in the borrower's credit
20 standing, (ii) does not affect all or a substantial portion
21 of a class of the creditor's accounts, and (iii) does not
22 relate to inactivity, default, or delinquency on that
23 revolving credit plan, the financial institution shall
24 include in the notice required by subsection (c) of this
25 Section 8 a statement that is substantially similar to the
26 following:

27 Change in Credit Standing

28 The amendment to the terms of your account relates
29 to a change in your credit standing. The change in your
30 credit standing may have resulted from a default or
31 delinquency on other accounts you may have, or other
32 adverse changes in your financial circumstances. If you
33 submit the enclosed postcard or otherwise notify us in a
34 timely manner as provided in this notice that you do not

1 accept the amendment, you will be able to pay off your
2 existing balance at the rate in effect prior to the
3 amendment. However, in that instance, you may not be
4 eligible to obtain additional credit under this plan
5 after the effective date of the amendment. If you do not
6 provide timely notice to us as provided in this notice
7 that you do not accept the amendment, the amendment to
8 the terms of your account will become effective and apply
9 to your account.

10 (c-10) As a condition to the effectiveness of the
11 borrower's notice not to accept the amendment, the financial
12 institution may require the borrower to return all credit
13 devices.

14 Any borrower who gives a timely notice electing not to
15 accept the amendment shall be permitted to pay the
16 outstanding unpaid indebtedness in the borrower's account
17 under the plan in accordance with the terms of the agreement
18 governing the plan without giving effect to the amendment.

19 Notwithstanding the financial institution's receipt of
20 the borrower's notice under item (4) that the borrower does
21 not accept the amendment, the amendment shall be deemed to
22 have been accepted and effective with respect to the borrower
23 and the borrower's account if the borrower uses the credit
24 device to obtain credit under the credit plan on or after the
25 effective date of the amendment, and the amendment shall be
26 deemed effective as of the effective date originally
27 disclosed by the financial institution.

28 (d) For purposes of this Section, the following shall
29 not be deemed an amendment which has the effect of increasing
30 the interest to be paid by the borrower:

31 (1) a decrease in the required amount of periodic
32 installment payments; and

33 (2) a change from a daily periodic rate to a
34 periodic rate other than daily, or from a periodic rate

1 other than daily to a daily periodic rate, provided that
2 there is no resulting change in the annual percentage
3 rate as determined in accordance with the
4 Truth-in-Lending Act and regulations promulgated
5 thereunder, as in effect from time to time.

6 (Source: P.A. 88-531.)

7 Section 10. The Tax Refund Anticipation Loan Disclosure
8 Act is amended by changing Section 10 as follows:

9 (815 ILCS 177/10)

10 Sec. 10. Disclosure requirements. At the time a
11 borrower applies for a refund anticipation loan, a
12 facilitator shall disclose to the borrower on a document that
13 is separate from the loan application:

14 (1) the refund anticipation loan fee schedule;

15 (1.5) the Annual Percentage Rate utilizing a 10-day
16 time period;

17 (2) the estimated fee for preparing and
18 electronically filing a tax return;

19 (2.5) the total cost to the borrower for utilizing
20 a refund anticipation loan;

21 (3) the estimated date that the loan proceeds will
22 be paid to the borrower if the loan is approved;

23 (4) that the borrower is responsible for repayment
24 of the loan and related fees in the event the tax refund
25 is not paid or not paid in full; and

26 (5) the availability of electronic filing for the
27 income tax return of the borrower and the average time
28 announced by the federal Internal Revenue Service within
29 which the borrower can expect to receive a refund if the
30 borrower's return is filed electronically and the
31 borrower does not obtain a refund anticipation loan.

32 (Source: P.A. 92-664, eff. 1-1-03.)

1 Section 99. Effective date. This Act takes effect on
2 January 1, 2004.