



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5577

by Rep. Tom Cross

SYNOPSIS AS INTRODUCED:

815 ILCS 140/6.5 new
815 ILCS 140/9
815 ILCS 405/10.5 new

from Ch. 17, par. 6012

Amends the Credit Card Issuance Act and the Retail Installment Sales Act. Provides that, for a 3-day period, retail sellers may not solicit credit-card applicants or buyers in a retail installment transaction to enter into a debt protection agreement. Requires the retail sellers to make certain disclosures when soliciting for debt protection agreements after that 3-day period. Provides that the retail seller may not charge any debt-protection-agreement fees to a person's account, or otherwise charge or collect such fees, until that that person has signed a separate contract providing all of the terms and conditions of the debt protection agreement. Includes retail sellers within the penalty provisions for violations of the Credit Card Issuance Act. Contains other provisions. Effective immediately.

LRB095 19249 BDD 45513 b

CORRECTIONAL
BUDGET AND
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning consumer protection.

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

4 Section 5. The Credit Card Issuance Act is amended by
5 changing Section 9 and by adding Section 6.5 as follows:

6 (815 ILCS 140/6.5 new)

7 Sec. 6.5. Limitation on solicitations for debt protection
8 agreements.

9 (a) A retail seller who offers applications for a credit
10 card may not solicit the applicant to enter into any debt
11 protection agreement with respect to the credit card for a
12 period of at least 3 business days after the card is issued.

13 (b) If, after the 3-day period under subsection (a), a
14 retail seller does solicit the applicant to participate in any
15 debt protection agreement, then the seller must provide the
16 buyer with a "Debt Protection Agreement Disclosure" that
17 clearly, concisely, and objectively explains the obligations
18 of the applicant and the lender under the debt protection
19 agreement. The retail seller must provide a copy of its "Debt
20 Protection Agreement Disclosure" during normal business hours
21 to any person who wishes a copy.

22 (c) The retail seller may not charge any
23 debt-protection-agreement fees to a card holder's account, or

1 otherwise charge or collect such fees, until that card holder
2 has signed a separate contract providing all of the terms and
3 conditions of the debt protection agreement.

4 (d) For the purposes of this Section:

5 "Debt protection agreement" means a debt cancellation
6 contract or a debt suspension agreement.

7 "Debt cancellation contract" means a loan term or
8 contractual arrangement modifying loan terms under which a
9 lender agrees to cancel all or part of a customer's obligation
10 to repay an extension of credit upon the occurrence of a
11 specified event.

12 "Debt suspension agreement" means a loan term or
13 contractual arrangement modifying loan terms under which a
14 lender agrees to suspend all or part of a customer's obligation
15 to repay an extension of credit from that lender upon the
16 occurrence of a specified event.

17 "Retail seller" has the meaning set forth under Section 2.4
18 of the Retail Installment Sales Act.

19 (815 ILCS 140/9) (from Ch. 17, par. 6012)

20 Sec. 9. Penalties.

21 (a) Any credit card issuer or retail seller who knowingly
22 violates this Act is guilty of a Class A misdemeanor.

23 (b) No credit card issuer who violates this Act, except as
24 a result of an accident or bona fide error of computation, may
25 recover interest, annualized membership fee or participation

1 fee or charge, late payment charges, minimum finance charges
2 and over the limit charges in connection with any credit card
3 issued.

4 (c) A credit card issuer who complies with or is exempt
5 from the applicable disclosure requirements of the Truth in
6 Lending Act and the regulations promulgated under that Act
7 shall be deemed to be in compliance with or exempt from all of
8 the provisions of subsection (a) of Section 6 of this Act.

9 (Source: P.A. 88-569; eff. 8-5-94.)

10 Section 10. The Retail Installment Sales Act is amended by
11 adding Section 10.5 as follows:

12 (815 ILCS 405/10.5 new)

13 Sec. 10.5. Limitation on solicitations for debt protection
14 agreements.

15 (a) A retail seller who enters into a retail installment
16 transaction with a buyer may not solicit the buyer to enter
17 into any debt protection agreement with respect to the
18 transaction for a period of at least 3 business days after the
19 execution by both parties of the retail installment contract or
20 the retail charge agreement.

21 (b) If a seller does solicit a buyer to participate in any
22 debt protection agreement, then the seller must provide the
23 buyer with a "Debt Protection Agreement Disclosure" that
24 clearly, concisely, and objectively explains the obligations

1 of the buyer and the lender under the debt protection
2 agreement. The retail seller must provide a copy of its "Debt
3 Protection Agreement Disclosure" during normal business hours
4 to any person who wishes a copy.

5 (c) The retail seller may not charge any
6 debt-protection-agreement fees to a buyer's account, or
7 otherwise charge or collect such fees, until that buyer has
8 signed a separate contract providing all of the terms and
9 conditions of the debt protection agreement.

10 (d) For the purposes of this Section:

11 "Debt protection product" means a debt cancellation
12 contract or a debt suspension agreement.

13 "Debt cancellation contract" means a loan term or
14 contractual arrangement modifying loan terms under which a
15 lender agrees to cancel all or part of a customer's obligation
16 to repay an extension of credit upon the occurrence of a
17 specified event.

18 "Debt suspension agreement" means a loan term or
19 contractual arrangement modifying loan terms under which a
20 lender agrees to suspend all or part of a customer's obligation
21 to repay an extension of credit from that lender upon the
22 occurrence of a specified event.

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.