



Sen. Kimberly A. Lightford

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09600HB0537sam002

LRB096 06068 RPM 41212 a

1 AMENDMENT TO HOUSE BILL 537

2 AMENDMENT NO. _____. Amend House Bill 537, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Consumer Installment Loan Act is amended by
6 changing Sections 1 and 15 and by adding Sections 17.1, 17.2,
7 17.3, 17.4, 17.5, and 19.2 as follows:

8 (205 ILCS 670/1) (from Ch. 17, par. 5401)

9 Sec. 1. License required to engage in business. No person,
10 partnership, association, limited liability company, or
11 corporation shall engage in the business of making loans of
12 money in a principal amount not exceeding \$40,000 ~~\$25,000~~, and
13 charge, contract for, or receive on any such loan a greater
14 rate of interest, discount, or consideration therefor than the
15 lender would be permitted by law to charge if he were not a
16 licensee hereunder, except as authorized by this Act after

1 first obtaining a license from the Director of Financial
2 Institutions (hereinafter called the Director). No licensee,
3 or employee or affiliate thereof, that is licensed under the
4 Payday Loan Reform Act shall obtain a license under this Act
5 except that a licensee under the Payday Loan Reform Act may
6 obtain a license under this Act for the exclusive purpose and
7 use of making title-secured loans, as defined in subsection (a)
8 of Section 15 of this Act and governed by Title 38, Section
9 110.300 of the Illinois Administrative Code.

10 (Source: P.A. 89-400, eff. 8-20-95; 90-437, eff. 1-1-98.)

11 (205 ILCS 670/15) (from Ch. 17, par. 5415)

12 Sec. 15. Charges permitted.

13 (a) Every licensee may lend a principal amount not
14 exceeding \$40,000 and, except as to small consumer loans as
15 defined in this Section, may charge, contract for and receive
16 thereon interest at an annual percentage ~~the~~ rate of no more
17 than 36% ~~agreed upon by the licensee and the borrower,~~ subject
18 to the provisions of this Act; provided, however, that the
19 limitation on the annual percentage rate contained in this
20 subsection (a) does not apply to title-secured loans, which are
21 loans upon which interest is charged at an annual percentage
22 rate exceeding 36%, in which, at commencement, an obligor
23 provides to the licensee, as security for the loan, physical
24 possession of the obligor's title to a motor vehicle, and upon
25 which a licensee may charge, contract for, and receive thereon

1 interest at the rate agreed upon by the licensee and borrower.
2 For purposes of this Section, the annual percentage rate shall
3 be calculated in accordance with the federal Truth in Lending
4 Act.

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, for
13 loans other than small consumer loans as defined in this
14 Section, that portion of the precomputed interest that bears
15 the same ratio to the total precomputed interest as the
16 balances scheduled to be outstanding during that month bear to
17 the sum of all scheduled monthly outstanding balances in the
18 original contract. With respect to a small consumer loan, the
19 applicable interest for any installment period is that portion
20 of the precomputed monthly installment account handling charge
21 attributable to the installment period calculated based on a
22 method at least as favorable to the consumer as the actuarial
23 method, as defined by the federal Truth in Lending Act.

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

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

5 "Small consumer loan" means a loan upon which interest is
6 charged at an annual percentage rate exceeding 36% and with an
7 amount financed of \$4,000 or less. "Small consumer loan" does
8 not include a title-secured loan as defined by subsection (a)
9 of this Section or a payday loan as defined by the Payday Loan
10 Reform Act.

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

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

25 (d-5) No financial institution or other person may
26 condition an extension of credit to a consumer on the

1 consumer's repayment by preauthorized electronic fund
2 transfers. Payment options, including, but not limited to,
3 electronic fund transfers and Automatic Clearing House (ACH)
4 transactions may be offered to consumers as a choice and method
5 of payment chosen by the consumer.

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

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

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

1 (3) Loans must be fully amortizing and be repayable in
2 substantially equal and consecutive weekly, biweekly,
3 semimonthly, or monthly installments. Notwithstanding this
4 requirement, may be payable as agreed between the parties,
5 including payment at irregular times or in unequal amounts
6 and rates that may vary according to with an index that is
7 independently verifiable and beyond the control of the
8 licensee.

9 (4) The lender or creditor may, if the contract
10 provides, collect a delinquency or collection charge on
11 each installment in default for a period of not less than
12 10 days in an amount not exceeding 5% of the installment on
13 installments in excess of \$200, or \$10 on installments of
14 \$200 or less, but only one delinquency and collection
15 charge may be collected on any installment regardless of
16 the period during which it remains in default.

17 (f) With respect to precomputed loans:

18 (1) Loans shall be repayable in substantially equal and
19 consecutive weekly, biweekly, semimonthly, or monthly
20 installments of principal and interest combined, except
21 that the first installment period may be longer than one
22 month by not more than 15 days, and the first installment
23 payment amount may be larger than the remaining payments by
24 the amount of interest charged for the extra days; and
25 provided further that monthly installment payment dates
26 may be omitted to accommodate borrowers with seasonal

1 income.

2 (2) Payments may be applied to the combined total of
3 principal and precomputed interest until the loan is fully
4 paid. Payments shall be applied in the order in which they
5 become due, except that any insurance proceeds received as
6 a result of any claim made on any insurance, unless
7 sufficient to prepay the contract in full, may be applied
8 to the unpaid installments of the total of payments in
9 inverse order.

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

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 or collection charge
7 may be collected on any installment regardless of the
8 period during which it remains in default.

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

1 licensee shall credit to the obligor a refund of the
2 unearned deferment charge in addition to any other refund
3 or credit made for prepayment of the loan in full.

4 (6) If two or more installments are delinquent one full
5 month or more on any due date, and if the contract so
6 provides, the licensee may reduce the unpaid balance by the
7 refund credit which would be required for prepayment in
8 full on the due date of the most recent maturing
9 installment in default. Thereafter, and in lieu of any
10 other default or deferment charges, the agreed rate of
11 interest or, in the case of small consumer loans, interest
12 at the rate of 18% per annum, may be charged on the unpaid
13 balance until fully paid.

14 (7) Fifteen days after the final installment as
15 originally scheduled or deferred, the licensee, for any
16 loan contract which has not previously been converted to
17 interest-bearing under paragraph (f), clause (6), may
18 compute and charge interest on any balance remaining
19 unpaid, including unpaid default or deferment charges, at
20 the agreed rate of interest or, in the case of small
21 consumer loans, interest at the rate of 18% per annum,
22 until fully paid. At the time of payment of said final
23 installment, the licensee shall give notice to the obligor
24 stating any amounts unpaid.

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

1 (205 ILCS 670/17.1 new)

2 Sec. 17.1. Small consumer loans; definition. Sections
3 17.1, 17.2, 17.3, 17.4, and 17.5 of this Act apply exclusively
4 to small consumer loans as defined in Section 15 of this Act.

5 (205 ILCS 670/17.2 new)

6 Sec. 17.2. Small consumer loans; charges permitted.

7 (a) With respect to a small consumer loan of \$1,500 or
8 less:

9 (1) A licensee may charge, contract for and receive
10 interest at an annual percentage rate of no more than 99%
11 calculated in accordance with the federal Truth in Lending
12 Act.

13 (2) A licensee may charge an acquisition charge not to
14 exceed 10% of the amount financed. The acquisition charge
15 is in lieu of the fee permitted under Section 15d(5) and is
16 fully earned at the time the loan is made and shall not be
17 subject to refund.

18 (b) With respect to a small consumer loan over \$1,500:

19 (1) A licensee may charge the following finance
20 charges:

21 (A) an acquisition charge for making the original
22 loan, not to exceed \$100; for purposes of this
23 subsection (b), "original loan" means a loan in which
24 none of the proceeds are used by the licensee to pay
25 off the outstanding balance of another small consumer

1 loan made to the same consumer by the same licensee or
 2 any employee or affiliate of the licensee;

3 (B) an acquisition charge for the first time that
 4 an original loan is refinanced, not to exceed \$50;

5 (C) an acquisition charge for any subsequent
 6 refinancing not to exceed \$25; for purposes of this
 7 subsection (b), "refinancing" occurs when an existing
 8 small consumer loan is satisfied and replaced by a new
 9 small consumer loan made to the same consumer by the
 10 same licensee or any employee or affiliate of the
 11 licensee; and

12 (D) a monthly installment account handling charge,
 13 not to exceed the following amounts:

	<u>Amount financed</u>	<u>Per month charge</u>
14	<u>\$1,500.01 - \$1,600</u>	<u>\$69</u>
15	<u>\$1,600.01 - \$1,700</u>	<u>\$72</u>
16	<u>\$1,700.01 - \$1,800</u>	<u>\$75</u>
17	<u>\$1,800.01 - \$1,900</u>	<u>\$78</u>
18	<u>\$1,900.01 - \$2,000</u>	<u>\$81</u>
19	<u>\$2,000.01 - \$2,100</u>	<u>\$84</u>
20	<u>\$2,100.01 - \$2,200</u>	<u>\$87</u>
21	<u>\$2,200.01 - \$2,300</u>	<u>\$90</u>
22	<u>\$2,300.01 - \$2,400</u>	<u>\$92</u>
23	<u>\$2,400.01 - \$2,500</u>	<u>\$94</u>
24	<u>\$2,500.01 - \$2,600</u>	<u>\$96</u>
25		

1	<u>\$2,600.01 - \$2,700</u>	<u>\$98</u>
2	<u>\$2,700.01 - \$2,800</u>	<u>\$100</u>
3	<u>\$2,800.01 - \$2,900</u>	<u>\$102</u>
4	<u>\$2,900.01 - \$3,000</u>	<u>\$104</u>
5	<u>\$3,000.01 - \$3,100</u>	<u>\$106</u>
6	<u>\$3,100.01 - \$3,200</u>	<u>\$108</u>
7	<u>\$3,200.01 - \$3,300</u>	<u>\$110</u>
8	<u>\$3,300.01 - \$3,400</u>	<u>\$112</u>
9	<u>\$3,400.01 - \$3,500</u>	<u>\$114</u>
10	<u>\$3,500.01 - \$3,600</u>	<u>\$116</u>
11	<u>\$3,600.01 - \$3,700</u>	<u>\$118</u>
12	<u>\$3,700.01 - \$3,800</u>	<u>\$120</u>
13	<u>\$3,800.01 - \$3,900</u>	<u>\$122</u>
14	<u>\$3,900.01 - \$4,000</u>	<u>\$124</u>

15 (2) The acquisition charge is in lieu of the fee
16 permitted under Section 15d(5) and is fully earned at the
17 time the loan is made and shall not be subject to refund;
18 except that, if the loan is paid in full within the first
19 60 days of the loan term, the first \$25 of the acquisition
20 charge may be retained by the licensee and the remainder of
21 the acquisition charge shall be refunded at a rate of
22 one-sixtieth of the remainder of the acquisition charge per
23 day, beginning on the day after the date of the prepayment
24 and ending on the sixtieth day after the loan was made.

25 (3) In no event shall the annual percentage rate on the

1 loan transaction as calculated in accordance with the
2 federal Truth in Lending Act exceed 99%.

3 (c) In addition to the charges permitted in subsections (a)
4 and (b) of this Section, a licensee may charge a consumer a fee
5 not to exceed \$1 to cover the licensee's cost of submitting
6 loan information into the consumer reporting service, as
7 required under Section 17.5 of this Act. Only one such fee may
8 be collected by the licensee with respect to a particular loan.

9 (d) When any loan contract is paid in full by cash,
10 renewal, or refinancing, or a new loan, the licensee shall
11 refund any unearned interest or unearned portion of the monthly
12 installment account handling charge, whichever is applicable.
13 The unearned interest or unearned portion of the monthly
14 installment account handling charge that is refunded shall be
15 calculated based on a method that is at least as favorable to
16 the consumer as the actuarial method, as defined by the federal
17 Truth in Lending Act. The sum of the digits or rule of 78ths
18 method of calculating prepaid interest refunds is prohibited.

19 (e) The maximum acquisition charges that are expressed as
20 flat dollar amounts under this Section shall be subject to an
21 annual adjustment as of the first day of each year following
22 the effective date of this amendatory Act of the 96th General
23 Assembly equal to the percentage change in the Consumer Price
24 Index compiled by the Bureau of Labor Statistics, United States
25 Department of Labor, or, if that index is canceled or
26 superseded, the index chosen by the Bureau of Labor Statistics

1 as most accurately reflecting the changes in the purchasing
2 power of the dollar for consumers, or, if no such index is
3 chosen by the Bureau of Labor Statistics, the index chosen by
4 the Department as most accurately reflecting the changes in the
5 purchasing power of the dollar for consumers. The adjusted
6 amounts shall take effect on July 1 of the year of the
7 computations.

8 (205 ILCS 670/17.3 new)

9 Sec. 17.3. Small consumer loans; terms.

10 (a) A small consumer loan shall be fully amortizing and be
11 repayable in its entirety in a minimum of 6 substantially equal
12 and consecutive payments with a period of not less than 180
13 days to maturity.

14 (b) No licensee, or employee or affiliate thereof, may
15 extend to or have open with a consumer more than one small
16 consumer loan at any time; provided, however, that loans
17 acquired by a licensee from another licensee are not included
18 within this prohibition.

19 (c) A licensee is prohibited from refinancing a small
20 consumer loan during the first 75 days of the loan term. For
21 purposes of this Act, a refinancing occurs when an existing
22 small consumer loan is satisfied and replaced by a new small
23 consumer loan made to the same consumer by the same licensee or
24 any employee or affiliate of the licensee.

25 (d) Except for the deferment charge permitted by item (5)

1 of subsection (f) of Section 15, a licensee is prohibited from
2 collecting any fee, charge, or remuneration of any sort for
3 renewing, amending, or extending a small consumer loan beyond
4 its original term.

5 (e) Before entering into a small consumer loan agreement, a
6 licensee must provide to the consumer a pamphlet, prepared by
7 the Director, describing general information about consumer
8 credit and about the consumer's rights and responsibilities in
9 a small consumer loan transaction. Each small consumer loan
10 agreement executed by a licensee shall include a statement,
11 located just above the signature line for the consumer, and
12 shall provide as follows: "In addition to agreeing to the terms
13 of this agreement, I acknowledge, by my signature below,
14 receipt from (name of lender) a pamphlet regarding small
15 consumer loans."

16 (f) Each small consumer loan agreement entered into between
17 a licensee and a consumer shall include a notification, in such
18 loan agreement, of a toll-free number furnished by the
19 Department of Financial and Professional Regulation, Division
20 of Financial Institutions that the consumer may contact for the
21 purpose of receiving information from the Division regarding
22 credit or assistance with credit problems.

23 (205 ILCS 670/17.4 new)

24 Sec. 17.4. Small consumer loans; loan amount. A licensee
25 is prohibited from making a small consumer loan to a consumer

1 if the total of all payments to be made in any month on the loan
2 exceeds 22.5% of the consumer's gross monthly income, as
3 demonstrated by official documentation of the income,
4 including, but not limited to, the consumer's most recent pay
5 stub, receipt reflecting payment of government benefits, or
6 other official documentation. "Official documentation"
7 includes tax returns and documentation prepared by the source
8 of the income. A statement by the consumer is not official
9 documentation.

10 (205 ILCS 670/17.5 new)

11 Sec. 17.5. Consumer reporting service.

12 (a) For the purpose of this Section, "certified database"
13 means the consumer reporting service database established
14 pursuant to the Payday Loan Reform Act.

15 (b) Within 90 days after making a small consumer loan, a
16 licensee shall enter information about the loan into the
17 certified database.

18 (c) For every small consumer loan made, the licensee shall
19 input the following information into the certified database
20 within 90 days after the loan is made:

21 (i) the consumer's name and official identification
22 number (for purposes of this Act, "official identification
23 number" includes a Social Security Number, an Individual
24 Taxpayer Identification Number, a Federal Employer
25 Identification Number, an Alien Registration Number, or an

1 identification number imprinted on a passport or consular
2 identification document issued by a foreign government);

3 (ii) the consumer's gross monthly income;

4 (iii) the date of the loan;

5 (iv) the amount financed;

6 (v) the term of the loan;

7 (vi) the acquisition charge;

8 (vii) the monthly installment account handling charge;

9 (viii) the verification fee;

10 (ix) the number and amount of payments; and

11 (x) whether the loan is a first or subsequent

12 refinancing of a prior small consumer loan.

13 (d) Once a loan is entered with the certified database, the
14 certified database shall provide to the licensee a dated,
15 time-stamped statement acknowledging the certified database's
16 receipt of the information and assigning each loan a unique
17 loan number.

18 (e) The licensee shall update the certified database within
19 90 days if any of the following events occur:

20 (i) the loan is paid in full by cash;

21 (ii) the loan is refinanced;

22 (iii) the loan is renewed;

23 (iv) the loan is satisfied in full or in part by
24 collateral being sold after default;

25 (v) the loan is cancelled or rescinded; or

26 (vi) the consumer's obligation on the loan is otherwise

1 discharged by the licensee.

2 (f) To the extent a licensee sells a product or service to
3 a consumer, other than a small consumer loan, and finances any
4 portion of the cost of the product or service, the licensee
5 shall, in addition to and at the same time as the information
6 inputted under subsection (d) of this Section, enter into the
7 certified database:

8 (i) a description of the product or service sold;

9 (ii) the charge for the product or service; and

10 (iii) the portion of the charge for the product or
11 service, if any, that is included in the amount financed by
12 a small consumer loan.

13 (g) The certified database provider shall indemnify the
14 licensee against all claims and actions arising from illegal or
15 willful or wanton acts on the part of the certified database
16 provider. The certified database provider may charge a fee not
17 to exceed \$1 for each loan entered into the certified database
18 under subsection (d) of this Section. The database provider
19 shall not charge any additional fees or charges to the
20 licensee.

21 (h) All personally identifiable information regarding any
22 consumer obtained by way of the certified database and
23 maintained by the Department is strictly confidential and shall
24 be exempt from disclosure under provision (i) of item (b) of
25 subsection (1) of Section 7 of the Freedom of Information Act.

26 (i) A licensee who submits information to a certified

1 database provider in accordance with this Section shall not be
2 liable to any person for any subsequent release or disclosure
3 of that information by the certified database provider, the
4 Department, or any other person acquiring possession of the
5 information, regardless of whether such subsequent release or
6 disclosure was lawful, authorized, or intentional.

7 (j) To the extent the certified database becomes
8 unavailable to a licensee as a result of some event or events
9 outside the control of the licensee or the certified database
10 is decertified, the requirements of this Section and Section
11 17.4 of this Act are suspended until such time as the certified
12 database becomes available.

13 (205 ILCS 670/19.2 new)

14 Sec. 19.2. Licensee; prohibition against accepting certain
15 checks. At the time a loan is made or within 20 days after a
16 loan is made, a licensee shall not (i) accept a check and agree
17 to hold it for a period of days before deposit or presentment
18 or (ii) accept a check dated subsequent to the date written.

19 Section 10. The Illinois Financial Services Development
20 Act is amended by changing Section 3 as follows:

21 (205 ILCS 675/3) (from Ch. 17, par. 7003)

22 Sec. 3. As used in this Section:

23 (a) "Financial institution" means any bank with its main

1 office or, after May 31, 1997, a branch in this State, any
2 state or federal savings and loan association or savings bank
3 with its main office or branch in this State, any state or
4 federal credit union with its main office in this State, and
5 any lender licensed under the Consumer Installment Loan Act or
6 the Sales Finance Agency Act; provided, however, that lenders
7 licensed under the Consumer Installment Loan Act or the Sales
8 Finance Agency Act are prohibited from charging interest in
9 excess of 36% per annum for any extension of credit under this
10 Act.

11 (b) "Revolving credit plan" or "plan" means a plan
12 contemplating the extension of credit under an account governed
13 by an agreement between a financial institution and a borrower
14 who is a natural person pursuant to which:

15 (1) The financial institution permits the borrower
16 and, if the agreement governing the plan so provides,
17 persons acting on behalf of or with authorization from the
18 borrower, from time to time to make purchases and to obtain
19 loans by any means whatsoever, including use of a credit
20 device primarily for personal, family or household
21 purposes;

22 (2) the amounts of such purchases and loans are charged
23 to the borrower's account under the revolving credit plan;

24 (3) the borrower is required to pay the financial
25 institution the amounts of all purchases and loans charged
26 to such borrower's account under the plan but has the

1 privilege of paying such amounts outstanding from time to
2 time in full or installments; and

3 (4) interest may be charged and collected by the
4 financial institution from time to time on the outstanding
5 unpaid indebtedness under such plan.

6 (c) "Credit device" means any card, check, identification
7 code or other means of identification contemplated by the
8 agreement governing the plan.

9 (d) "Outstanding unpaid indebtedness" means on any day an
10 amount not in excess of the total amount of purchases and loans
11 charged to the borrower's account under the plan which is
12 outstanding and unpaid at the end of the day, after adding the
13 aggregate amount of any new purchases and loans charged to the
14 account as of that day and deducting the aggregate amount of
15 any payments and credits applied to that indebtedness as of
16 that day and, if the agreement governing the plan so provides,
17 may include the amount of any billed and unpaid interest and
18 other charges.

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

20 Section 15. The Payday Loan Reform Act is amended by
21 changing Sections 1-10, 2-5, 2-10, 2-15, 2-17, 2-20, 2-30,
22 2-40, 2-45, 3-5, and 4-5 as follows:

23 (815 ILCS 122/1-10)

24 Sec. 1-10. Definitions. As used in this Act:

1 "Check" means a "negotiable instrument", as defined in
2 Article 3 of the Uniform Commercial Code, that is drawn on a
3 financial institution.

4 "Commercially reasonable method of verification" or
5 "certified database" means a consumer reporting service
6 database certified by the Department as effective in verifying
7 that a proposed loan agreement is permissible under this Act,
8 or, in the absence of the Department's certification, any
9 reasonably reliable written verification by the consumer
10 concerning (i) whether the consumer has any outstanding payday
11 loans, (ii) the principal amount of those outstanding payday
12 loans, and (iii) whether any payday loans have been paid in
13 full by the consumer in the preceding 7 days.

14 "Consumer" means any natural person who, singly or jointly
15 with another consumer, enters into a loan.

16 "Consumer reporting service" means an entity that provides
17 a database certified by the Department.

18 "Department" means the Department of Financial and
19 Professional Regulation.

20 "Secretary" means the Secretary of Financial and
21 Professional Regulation.

22 "Gross monthly income" means monthly income as
23 demonstrated by official documentation of the income,
24 including, but not limited to, a pay stub or a receipt
25 reflecting payment of government benefits, for the period 30
26 days prior to the date on which the loan is made.

1 "Lender" and "licensee" mean any person or entity,
2 including any affiliate or subsidiary of a lender or licensee,
3 that offers or makes a payday loan, buys a whole or partial
4 interest in a payday loan, arranges a payday loan for a third
5 party, or acts as an agent for a third party in making a payday
6 loan, regardless of whether approval, acceptance, or
7 ratification by the third party is necessary to create a legal
8 obligation for the third party, and includes any other person
9 or entity if the Department determines that the person or
10 entity is engaged in a transaction that is in substance a
11 disguised payday loan or a subterfuge for the purpose of
12 avoiding this Act.

13 "Loan agreement" means a written agreement between a lender
14 and consumer to make a loan to the consumer, regardless of
15 whether any loan proceeds are actually paid to the consumer on
16 the date on which the loan agreement is made.

17 "Member of the military" means a person serving in the
18 armed forces of the United States, the Illinois National Guard,
19 or any reserve component of the armed forces of the United
20 States. "Member of the military" includes those persons engaged
21 in (i) active duty, (ii) training or education under the
22 supervision of the United States preliminary to induction into
23 military service, or (iii) a period of active duty with the
24 State of Illinois under Title 10 or Title 32 of the United
25 States Code pursuant to order of the President or the Governor
26 of the State of Illinois.

1 "Outstanding balance" means the total amount owed by the
2 consumer on a loan to a lender, including all principal,
3 finance charges, fees, and charges of every kind.

4 "Payday loan" or "loan" means a loan with a finance charge
5 exceeding an annual percentage rate of 36% and with a term that
6 does not exceed 120 days, including any transaction conducted
7 via any medium whatsoever, including, but not limited to,
8 paper, facsimile, Internet, or telephone, in which:

9 (1) A lender accepts one or more checks dated on the
10 date written and agrees to hold them for a period of days
11 before deposit or presentment, or accepts one or more
12 checks dated subsequent to the date written and agrees to
13 hold them for deposit; or

14 (2) A lender accepts one or more authorizations to
15 debit a consumer's bank account; or

16 (3) A lender accepts an interest in a consumer's wages,
17 including, but not limited to, a wage assignment.

18 The term "payday loan" includes "installment payday loan",
19 unless otherwise specified in this Act.

20 "Principal amount" means the amount received by the
21 consumer from the lender due and owing on a loan, excluding any
22 finance charges, interest, fees, or other loan-related
23 charges.

24 "Rollover" means to refinance, renew, amend, or extend a
25 loan beyond its original term.

26 (Source: P.A. 94-13, eff. 12-6-05.)

1 (815 ILCS 122/2-5)

2 Sec. 2-5. Loan terms.

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

6 (b) Except for an installment payday loan as defined in
7 this Section, no ~~No~~ payday loan may be made to a consumer if
8 the loan would result in the consumer being indebted to one or
9 more payday lenders for a period in excess of 45 consecutive
10 days. Except as provided under subsection (c) of this Section
11 and Section 2-40, if a consumer has or has had loans
12 outstanding for a period in excess of 45 consecutive days, no
13 payday lender may offer or make a loan to the consumer for at
14 least 7 calendar days after the date on which the outstanding
15 balance of all payday loans made during the 45 consecutive day
16 period is paid in full. For purposes of this subsection, the
17 term "consecutive days" means a series of continuous calendar
18 days in which the consumer has an outstanding balance on one or
19 more payday loans; however, if a payday loan is made to a
20 consumer within 6 days or less after the outstanding balance of
21 all loans is paid in full, those days are counted as
22 "consecutive days" for purposes of this subsection.

23 (c) Notwithstanding anything in this Act to the contrary, a
24 payday loan shall also include any installment loan otherwise
25 meeting the definition of payday loan contained in Section

1 1-10, but that has a term agreed by the parties of not less
2 than 112 days and not exceeding 180 days; hereinafter an
3 "installment payday loan". The following provisions shall
4 apply:

5 (i) Any installment payday loan must be fully
6 amortizing, with a finance charge calculated on the
7 principal balances scheduled to be outstanding and be
8 repayable in substantially equal and consecutive
9 installments, according to a payment schedule agreed by the
10 parties with not less than 13 days and not more than one
11 month between payments; except that the first installment
12 period may be longer than the remaining installment periods
13 by not more than 15 days, and the first installment payment
14 may be larger than the remaining installment payments by
15 the amount of finance charges applicable to the extra days.

16 (ii) An installment payday loan may be refinanced by a
17 new installment payday loan one time during the term of the
18 initial loan; provided that the total duration of
19 indebtedness on the initial installment payday loan
20 combined with the total term of indebtedness of the new
21 loan refinancing that initial loan, shall not exceed 180
22 days. For purposes of this Act, a refinancing occurs when
23 an existing installment payday loan is paid from the
24 proceeds of a new installment payday loan.

25 (iii) In the event an installment payday loan is paid
26 in full prior to the date on which the last scheduled

1 installment payment before maturity is due, other than
2 through a refinancing, no licensee may offer or make a
3 payday loan to the consumer for at least 2 calendar days
4 thereafter.

5 (iv) No installment payday loan may be made to a
6 consumer if the loan would result in the consumer being
7 indebted to one or more payday lenders for a period in
8 excess of 180 consecutive days.

9 ~~No lender may make a payday loan to a consumer if the total~~
10 ~~principal amount of the loan, when combined with the principal~~
11 ~~amount of all of the consumer's other outstanding payday loans,~~
12 ~~exceeds \$1,000 or 25% of the consumer's gross monthly income,~~
13 ~~whichever is less.~~

14 (d) ~~(Blank). No payday loan may be made to a consumer who~~
15 ~~has an outstanding balance on 2 payday loans.~~

16 (e) No lender may make a payday loan to a consumer if the
17 total of all payday loan payments coming due within the first
18 calendar month of the loan, when combined with the payment
19 amount of all of the consumers other outstanding payday loans
20 coming due within the same month, exceeds the lesser of:

21 (1) \$1,000; or

22 (2) in the case of one or more payday loans, 25% of the
23 consumer's gross monthly income; or

24 (3) in the case of one or more installment payday
25 loans, 22.5% of the consumer's gross monthly income; or

26 (4) in the case of a payday loan and an installment

1 payday loan, 22.5% of the consumer's gross monthly income.
2 ~~No lender may charge more than \$15.50 per \$100 loaned on~~
3 ~~any payday loan over the term of the loan. Except as~~
4 ~~provided in Section 2-25, this charge is considered fully~~
5 ~~earned as of the date on which the loan is made.~~

6 No loan shall be made to a consumer who has an outstanding
7 balance on 2 payday loans, except that, for a period of 12
8 months after the effective date of this amendatory Act of the
9 96th General Assembly, consumers with an existing CILA loan may
10 be issued an installment loan issued under this Act from the
11 company from which their CILA loan was issued.

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

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

21 (Source: P.A. 94-13, eff. 12-6-05.)

22 (815 ILCS 122/2-10)

23 Sec. 2-10. Permitted fees.

24 (a) If there are insufficient funds to pay a check,
25 Automatic Clearing House (ACH) debit, or any other item

1 described in the definition of payday loan under Section 1-10
2 on the day of presentment and only after the lender has
3 incurred an expense, a lender may charge a fee not to exceed
4 \$25. Only one such fee may be collected by the lender with
5 respect to a particular check, ACH debit, or item even if it
6 has been deposited and returned more than once. A lender shall
7 present the check, ACH debit, or other item described in the
8 definition of payday loan under Section 1-10 for payment not
9 more than twice. A fee charged under this subsection (a) is a
10 lender's exclusive charge for late payment.

11 (a-5) A lender may charge a borrower a fee not to exceed \$1
12 for the verification required under Section 2-15 of this Act.
13 Only one such fee may be collected by the lender with respect
14 to a particular loan.

15 (b) Except for the finance charges described in Section 2-5
16 and as specifically allowed by this Section, a lender may not
17 impose on a consumer any additional finance charges, interest,
18 fees, or charges of any sort for any purpose.

19 (Source: P.A. 94-13, eff. 12-6-05.)

20 (815 ILCS 122/2-15)

21 Sec. 2-15. Verification.

22 (a) Before entering into a loan agreement with a consumer,
23 a lender must use a commercially reasonable method of
24 verification to verify that the proposed loan agreement is
25 permissible under this Act.

1 (b) Within 6 months after the effective date of this Act,
2 the Department shall certify that one or more consumer
3 reporting service databases are commercially reasonable
4 methods of verification. Upon certifying that a consumer
5 reporting service database is a commercially reasonable method
6 of verification, the Department shall:

7 (1) provide reasonable notice to all licensees
8 identifying the commercially reasonable methods of
9 verification that are available; and

10 (2) immediately upon certification, require each
11 licensee to use a commercially reasonable method of
12 verification as a means of complying with subsection (a) of
13 this Section.

14 (c) Except as otherwise provided in this Section, all
15 personally identifiable information regarding any consumer
16 obtained by way of the certified database and maintained by the
17 Department is strictly confidential and shall be exempt from
18 disclosure under Section 7(1)(b)(i) of the Freedom of
19 Information Act.

20 (d) Notwithstanding any other provision of law to the
21 contrary, a consumer seeking a payday loan may make a direct
22 inquiry to the consumer reporting service to request a more
23 detailed explanation of the basis for a consumer reporting
24 service's determination that the consumer is ineligible for a
25 new payday loan.

26 (e) In certifying a commercially reasonable method of

1 verification, the Department shall ensure that the certified
2 database:

3 (1) provides real-time access through an Internet
4 connection or, if real-time access through an Internet
5 connection becomes unavailable to lenders due to a consumer
6 reporting service's technical problems incurred by the
7 consumer reporting service, through alternative
8 verification mechanisms, including, but not limited to,
9 verification by telephone;

10 (2) is accessible to the Department and to licensees in
11 order to ensure compliance with this Act and in order to
12 provide any other information that the Department deems
13 necessary;

14 (3) requires licensees to input whatever information
15 is required by the Department;

16 (4) maintains a real-time copy of the required
17 reporting information that is available to the Department
18 at all times and is the property of the Department;

19 (5) provides licensees only with a statement that a
20 consumer is eligible or ineligible for a new payday loan
21 and a description of the reason for the determination; and

22 (6) contains safeguards to ensure that all information
23 contained in the database regarding consumers is kept
24 strictly confidential.

25 (f) The licensee shall update the certified database by
26 inputting all information required under item (3) of subsection

1 (e):

2 (1) on the same day that a payday loan is made;

3 (2) on the same day that a consumer elects a repayment
4 plan, as provided in Section 2-40; and

5 (3) on the same day that a consumer's payday loan is
6 paid in full, including the refinancing of an installment
7 payday loan as permitted under subsection (c) of Section
8 2-5.

9 (g) A licensee may rely on the information contained in the
10 certified database as accurate and is not subject to any
11 administrative penalty or liability as a result of relying on
12 inaccurate information contained in the database.

13 (h) The certified consumer reporting service shall
14 indemnify the licensee against all claims and actions arising
15 from illegal or willful or wanton acts on the part of the
16 certified consumer reporting service.

17 (i) The certified consumer reporting service may charge a
18 verification fee not to exceed \$1 upon a loan being made or
19 entered into in the database. The certified consumer reporting
20 service shall not charge any additional fees or charges.

21 (Source: P.A. 94-13, eff. 12-6-05.)

22 (815 ILCS 122/2-17)

23 Sec. 2-17. Consumer reporting services qualification and
24 bonding.

25 (a) Each consumer reporting service shall have at all times

1 a net worth of not less than \$1,000,000 calculated in
2 accordance with generally accepted accounting principles.

3 (b) Each application for certification under this Act shall
4 be accompanied by a surety bond acceptable to the Department in
5 the amount of \$1,000,000. The surety bond shall be in a form
6 satisfactory to the Department and shall run to the State of
7 Illinois for the benefit of any claimants against the consumer
8 reporting service to secure the faithful performance of its
9 obligations under this Act. The aggregate liability of the
10 surety may exceed the principal sum of the bond. Claimants
11 against the consumer reporting service may themselves bring
12 suit directly on the surety bond or the Department may bring
13 suit on behalf of claimants, either in one action or in
14 successive actions.

15 (c) The surety bond shall remain in effect until
16 cancellation, which may occur only after 90 days' written
17 notice to the Department. Cancellation shall not affect any
18 liability incurred or accrued during that period.

19 (d) The surety bond shall remain in place for 5 years after
20 the consumer reporting service ceases operation in the State.

21 (e) The surety bond proceeds and any cash or other
22 collateral posted as security by a consumer reporting service
23 shall be deemed by operation of law to be held in trust for any
24 claimants under this Act in the event of the bankruptcy of the
25 consumer reporting service.

26 (f) To the extent that any indemnity or fine exceeds the

1 amount of the surety bond described under this Section, the
2 consumer reporting service shall be liable for that amount.

3 (g) Each application for certification under this Act shall
4 be accompanied by a nonrefundable investigation fee of \$2,500,
5 together with an initial certification fee of \$1,000.

6 (h) On or before March 1 of each year, each consumer
7 reporting service qualified under this Section shall pay to the
8 Department a certification fee in the amount of \$1,000.

9 (i) Each consumer reporting service shall maintain at all
10 times an ID Theft Red Flag Program that meets the standards
11 established by the Federal Trade Commission's Red Flags Rule,
12 promulgated under the Fair and Accurate Credit Transactions Act
13 of 2003.

14 (Source: P.A. 94-13, eff. 12-6-05.)

15 (815 ILCS 122/2-20)

16 Sec. 2-20. Required disclosures.

17 (a) Before a payday loan is made, a lender shall deliver to
18 the consumer a pamphlet prepared by the Secretary that:

19 (1) explains, in simple English and Spanish, all of the
20 consumer's rights and responsibilities in a payday loan
21 transaction;

22 (2) includes a toll-free number to the Secretary's
23 office to handle concerns or provide information about
24 whether a lender is licensed, whether complaints have been
25 filed with the Secretary, and the resolution of those

1 complaints; and

2 (3) provides information regarding the availability of
3 debt management services.

4 (b) Lenders shall provide consumers with a written
5 agreement that may be kept by the consumer. The written
6 agreement must include the following information in English and
7 in the language in which the loan was negotiated:

8 (1) the name and address of the lender making the
9 payday loan, and the name and title of the individual
10 employee who signs the agreement on behalf of the lender;

11 (2) disclosures required by the federal Truth in
12 Lending Act;

13 (3) a clear description of the consumer's payment
14 obligations under the loan;

15 (4) the following statement, in at least 14-point bold
16 type face: "You cannot be prosecuted in criminal court to
17 collect this loan." The information required to be
18 disclosed under this subdivision (4) must be conspicuously
19 disclosed in the loan document and shall be located
20 immediately preceding the signature of the consumer; and

21 (5) the following statement, in at least 14-point bold
22 type face:

23 "WARNING: This loan is not intended to meet long-term
24 financial needs. This loan should be used only to meet
25 short-term cash needs. The cost of your loan may be higher
26 than loans offered by other lending institutions. This loan

1 is regulated by the Department of Financial and
2 Professional Regulation."

3 (c) The following notices in English and Spanish must be
4 conspicuously posted by a lender in each location of a business
5 providing payday loans:

6 (1) A notice that informs consumers that the lender
7 cannot use the criminal process against a consumer to
8 collect any payday loan.

9 (2) The schedule of all finance charges to be charged
10 on loans with an example of the amounts that would be
11 charged on a \$100 loan payable in 13 days, ~~and~~ a \$400 loan
12 payable in 30 days, and an installment payday loan of \$400
13 payable on a monthly basis over 180 days, giving the
14 corresponding annual percentage rate.

15 (3) In one-inch bold type, a notice to the public in
16 the lending area of each business location containing the
17 following statement:

18 "WARNING: This loan is not intended to meet long-term
19 financial needs. This loan should be used only to meet
20 short-term cash needs. The cost of your loan may be higher
21 than loans offered by other lending institutions. This loan
22 is regulated by the Department of Financial and
23 Professional Regulation."

24 (4) In one-inch bold type, a notice to the public in
25 the lending area of each business location containing the
26 following statement:

1 "INTEREST-FREE REPAYMENT PLAN: If you still owe on one
2 or more payday loans, other than an installment payday
3 loan, after 35 days, you are entitled to enter into a
4 repayment plan. The repayment plan will give you at least
5 55 days to repay your loan in installments with no
6 additional finance charges, interest, fees, or other
7 charges of any kind."

8 (Source: P.A. 94-13, eff. 12-6-05.)

9 (815 ILCS 122/2-30)

10 Sec. 2-30. Rollovers prohibited. Rollover of a payday loan
11 by any lender is prohibited, except as provided in subsection
12 (c) of Section 2-5. This Section does not prohibit entering
13 into a repayment plan, as provided under Section 2-40.

14 (Source: P.A. 94-13, eff. 12-6-05.)

15 (815 ILCS 122/2-40)

16 Sec. 2-40. Repayment plan.

17 (a) At the time a payday loan is made, the lender must
18 provide the consumer with a separate written notice signed by
19 the consumer of the consumer's right to request a repayment
20 plan. The written notice must comply with the requirements of
21 subsection (c).

22 (b) The loan agreement must include the following language
23 in at least 14-point bold type: IF YOU STILL OWE ON ONE OR MORE
24 PAYDAY LOANS AFTER 35 DAYS, YOU ARE ENTITLED TO ENTER INTO A

1 REPAYMENT PLAN. THE REPAYMENT PLAN WILL GIVE YOU AT LEAST 55
2 DAYS TO REPAY YOUR LOAN IN INSTALLMENTS WITH NO ADDITIONAL
3 FINANCE CHARGES, INTEREST, FEES, OR OTHER CHARGES OF ANY KIND.

4 (c) At the time a payday loan is made, on the first page of
5 the loan agreement and in a separate document signed by the
6 consumer, the following shall be inserted in at least 14-point
7 bold type: I UNDERSTAND THAT IF I STILL OWE ON ONE OR MORE
8 PAYDAY LOANS AFTER 35 DAYS, I AM ENTITLED TO ENTER INTO A
9 REPAYMENT PLAN THAT WILL GIVE ME AT LEAST 55 DAYS TO REPAY THE
10 LOAN IN INSTALLMENTS WITH NO ADDITIONAL FINANCE CHARGES,
11 INTEREST, FEES, OR OTHER CHARGES OF ANY KIND.

12 (d) If the consumer has or has had one or more payday loans
13 outstanding for 35 consecutive days, any payday loan
14 outstanding on the 35th consecutive day shall be payable under
15 the terms of a repayment plan as provided for in this Section,
16 if the consumer requests the repayment plan. As to any loan
17 that becomes eligible for a repayment plan under this
18 subsection, the consumer has until 28 days after the default
19 date of the loan to request a repayment plan. Within 48 hours
20 after the request for a repayment plan is made, the lender must
21 prepare the repayment plan agreement and both parties must
22 execute the agreement. Execution of the repayment plan
23 agreement shall be made in the same manner in which the loan
24 was made and shall be evidenced in writing.

25 (e) The terms of the repayment plan for a payday loan must
26 include the following:

1 (1) The lender may not impose any charge on the
2 consumer for requesting or using a repayment plan.
3 Performance of the terms of the repayment plan extinguishes
4 the consumer's obligation on the loan.

5 (2) No lender shall charge the consumer any finance
6 charges, interest, fees, or other charges of any kind,
7 except a fee for insufficient funds, as provided under
8 Section 2-10.

9 (3) The consumer shall be allowed to repay the loan in
10 at least 4 equal installments with at least 13 days between
11 installments, provided that the term of the repayment plan
12 does not exceed 90 days. The first payment under the
13 repayment plan shall not be due before at least 13 days
14 after the repayment plan is signed by both parties. The
15 consumer may prepay the amount due under the repayment plan
16 at any time, without charge or penalty.

17 (4) The length of time between installments may be
18 extended by the parties so long as the total period of
19 repayment does not exceed 90 days. Any such modification
20 must be in writing and signed by both parties.

21 (f) Notwithstanding any provision of law to the contrary, a
22 lender is prohibited from making a payday loan to a consumer
23 who has a payday loan outstanding under a repayment plan and
24 for at least 14 days after the outstanding balance of the loan
25 under the repayment plan and the outstanding balance of all
26 other payday loans outstanding during the term of the repayment

1 plan are paid in full.

2 (g) A lender may not accept postdated checks for payments
3 under a repayment plan.

4 (h) Notwithstanding any provision of law to the contrary, a
5 lender may voluntarily agree to enter into a repayment plan
6 with a consumer at any time. If a consumer is eligible for a
7 repayment plan under subsection (d), any repayment agreement
8 constitutes a repayment plan under this Section and all
9 provisions of this Section apply to that agreement.

10 (i) The provisions of this Section 2-40 do not apply to an
11 installment payday loan, except for subsection (f) of this
12 Section.

13 (Source: P.A. 94-13, eff. 12-6-05.)

14 (815 ILCS 122/2-45)

15 Sec. 2-45. Default.

16 (a) No legal proceeding of any kind, including, but not
17 limited to, a lawsuit or arbitration, may be filed or initiated
18 against a consumer to collect on a payday loan until 28 days
19 after the default date of the loan, or, in the case of a payday
20 loan under a repayment plan, for 28 days after the default date
21 under the terms of the repayment plan, or in the case of an
22 installment payday loan, for 28 days after default in making a
23 scheduled payment.

24 (b) Upon and after default, a lender shall not charge the
25 consumer any finance charges, interest, fees, or charges of any

1 kind, other than the insufficient fund fee described in Section
2 2-10.

3 (c) Notwithstanding whether a loan is or has been in
4 default, once the loan becomes subject to a repayment plan, the
5 loan shall not be construed to be in default until the default
6 date provided under the terms of the repayment plan.

7 (Source: P.A. 94-13, eff. 12-6-05.)

8 (815 ILCS 122/3-5)

9 Sec. 3-5. Licensure.

10 (a) A license to make a payday loan shall state the
11 address, including city and state, at which the business is to
12 be conducted and shall state fully the name of the licensee.
13 The license shall be conspicuously posted in the place of
14 business of the licensee and shall not be transferable or
15 assignable.

16 (b) An application for a license shall be in writing and in
17 a form prescribed by the Secretary. The Secretary may not issue
18 a payday loan license unless and until the following findings
19 are made:

20 (1) that the financial responsibility, experience,
21 character, and general fitness of the applicant are such as
22 to command the confidence of the public and to warrant the
23 belief that the business will be operated lawfully and
24 fairly and within the provisions and purposes of this Act;
25 and

1 (2) that the applicant has submitted such other
2 information as the Secretary may deem necessary.

3 (c) A license shall be issued for no longer than one year,
4 and no renewal of a license may be provided if a licensee has
5 substantially violated this Act and has not cured the violation
6 to the satisfaction of the Department.

7 (d) A licensee shall appoint, in writing, the Secretary as
8 attorney-in-fact upon whom all lawful process against the
9 licensee may be served with the same legal force and validity
10 as if served on the licensee. A copy of the written
11 appointment, duly certified, shall be filed in the office of
12 the Secretary, and a copy thereof certified by the Secretary
13 shall be sufficient evidence to subject a licensee to
14 jurisdiction in a court of law. This appointment shall remain
15 in effect while any liability remains outstanding in this State
16 against the licensee. When summons is served upon the Secretary
17 as attorney-in-fact for a licensee, the Secretary shall
18 immediately notify the licensee by registered mail, enclosing
19 the summons and specifying the hour and day of service.

20 (e) A licensee must pay an annual fee of \$1,000. In
21 addition to the license fee, the reasonable expense of any
22 examination or hearing by the Secretary under any provisions of
23 this Act shall be borne by the licensee. If a licensee fails to
24 renew its license by December 31, its license shall
25 automatically expire; however, the Secretary, in his or her
26 discretion, may reinstate an expired license upon:

1 (1) payment of the annual fee within 30 days of the
2 date of expiration; and

3 (2) proof of good cause for failure to renew.

4 (f) Not more than one place of business shall be maintained
5 under the same license, but the Secretary may issue more than
6 one license to the same licensee upon compliance with all the
7 provisions of this Act governing issuance of a single license.
8 The location, except those locations already in existence as of
9 June 1, 2005, may not be within one mile of a horse race track
10 subject to the Illinois Horse Racing Act of 1975, within one
11 mile of a facility at which gambling is conducted under the
12 Riverboat Gambling Act, within one mile of the location at
13 which a riverboat subject to the Riverboat Gambling Act docks,
14 or within one mile of any State of Illinois or United States
15 military base or naval installation.

16 (g) No licensee shall conduct the business of making loans
17 under this Act within any office, suite, room, or place of
18 business in which (1) any loans are offered or made under the
19 Consumer Installment Loan Act other than title secured loans as
20 defined in subsection (a) of Section 15 of the Consumer
21 Installment Loan Act and governed by Title 38, Section 110.330
22 of the Illinois Administrative Code or (2) any other business
23 is solicited or engaged in unless the other business is
24 licensed by the Department or, in the opinion of the Secretary,
25 the other business would not be contrary to the best interests
26 of consumers and is authorized by the Secretary in writing.

1 (g-5) Notwithstanding subsection (g) of this Section, a
2 licensee may obtain a license under the Consumer Installment
3 Loan Act (CILA) for the exclusive purpose and use of making
4 title secured loans, as defined in subsection (a) of Section 15
5 of CILA and governed by Title 38, Section 110.300 of the
6 Illinois Administrative Code. A licensee may continue to
7 service Consumer Installment Loan Act loans that were
8 outstanding as of the effective date of this amendatory Act of
9 the 96th General Assembly.

10 (h) The Secretary shall maintain a list of licensees that
11 shall be available to interested consumers and lenders and the
12 public. The Secretary shall maintain a toll-free number whereby
13 consumers may obtain information about licensees. The
14 Secretary shall also establish a complaint process under which
15 an aggrieved consumer may file a complaint against a licensee
16 or non-licensee who violates any provision of this Act.

17 (Source: P.A. 94-13, eff. 12-6-05.)

18 (815 ILCS 122/4-5)

19 Sec. 4-5. Prohibited acts. A licensee or unlicensed person
20 or entity making payday loans may not commit, or have committed
21 on behalf of the licensee or unlicensed person or entity, any
22 of the following acts:

23 (1) Threatening to use or using the criminal process in
24 this or any other state to collect on the loan.

25 (2) Using any device or agreement that would have the

1 effect of charging or collecting more fees or charges than
2 allowed by this Act, including, but not limited to,
3 entering into a different type of transaction with the
4 consumer.

5 (3) Engaging in unfair, deceptive, or fraudulent
6 practices in the making or collecting of a payday loan.

7 (4) Using or attempting to use the check provided by
8 the consumer in a payday loan as collateral for a
9 transaction not related to a payday loan.

10 (5) Knowingly accepting payment in whole or in part of
11 a payday loan through the proceeds of another payday loan
12 provided by any licensee, except as provided in subsection
13 (c) of Section 2.5.

14 (6) Knowingly accepting any security, other than that
15 specified in the definition of payday loan in Section 1-10,
16 for a payday loan.

17 (7) Charging any fees or charges other than those
18 specifically authorized by this Act.

19 (8) Threatening to take any action against a consumer
20 that is prohibited by this Act or making any misleading or
21 deceptive statements regarding the payday loan or any
22 consequences thereof.

23 (9) Making a misrepresentation of a material fact by an
24 applicant for licensure in obtaining or attempting to
25 obtain a license.

26 (10) Including any of the following provisions in loan

1 documents required by subsection (b) of Section 2-20:

2 (A) a confession of judgment clause;

3 (B) a waiver of the right to a jury trial, if
4 applicable, in any action brought by or against a
5 consumer, unless the waiver is included in an
6 arbitration clause allowed under subparagraph (C) of
7 this paragraph (11);

8 (C) a mandatory arbitration clause that is
9 oppressive, unfair, unconscionable, or substantially
10 in derogation of the rights of consumers; or

11 (D) a provision in which the consumer agrees not to
12 assert any claim or defense arising out of the
13 contract.

14 (11) Selling any insurance of any kind whether or not
15 sold in connection with the making or collecting of a
16 payday loan.

17 (12) Taking any power of attorney.

18 (13) Taking any security interest in real estate.

19 (14) Collecting a delinquency or collection charge on
20 any installment regardless of the period in which it
21 remains in default.

22 (15) Collecting treble damages on an amount owing from
23 a payday loan.

24 (16) Refusing, or intentionally delaying or
25 inhibiting, the consumer's right to enter into a repayment
26 plan pursuant to this Act.

1 (17) Charging for, or attempting to collect,
2 attorney's fees, court costs, or arbitration costs
3 incurred in connection with the collection of a payday
4 loan.

5 (18) Making a loan in violation of this Act.

6 (19) Garnishing the wages or salaries of a consumer who
7 is a member of the military.

8 (20) Failing to suspend or defer collection activity
9 against a consumer who is a member of the military and who
10 has been deployed to a combat or combat-support posting.

11 (21) Contacting the military chain of command of a
12 consumer who is a member of the military in an effort to
13 collect on a payday loan.

14 (22) Making or offering to make any loan other than a
15 payday loan or a title-secured loan, provided however, that
16 to make or offer to make a title-secured loan, a licensee
17 must obtain a license under the Consumer Installment Loan
18 Act.

19 (Source: P.A. 94-13, eff. 12-6-05.)

20 Section 99. Effective date. This Act takes effect 9 months
21 after becoming law."