



Rep. Sue Scherer

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LRB099 07160 MGM 32939 a

1 AMENDMENT TO HOUSE BILL 3771

2 AMENDMENT NO. _____. Amend House Bill 3771 on page 8,
3 immediately below line 19, by inserting the following:

4 "Section 10. 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 right of a consumer to prepay at
9 any time without cost or penalty, no payday loan may have a
10 minimum term of less than 13 days.

11 (b) Except for an installment payday loan as defined in
12 this Section, no payday loan may be made to a consumer if the
13 loan would result in the consumer being indebted to one or more
14 payday lenders for a period in excess of 45 consecutive days.
15 Except as provided under subsection (c) of this Section and
16 Section 2-40, if a consumer has or has had loans outstanding

1 for a period in excess of 45 consecutive days, no payday lender
2 may offer or make a loan to the consumer for at least 7
3 calendar days after the date on which the outstanding balance
4 of all payday loans made during the 45 consecutive day period
5 is paid in full. For purposes of this subsection, the term
6 "consecutive days" means a series of continuous calendar days
7 in which the consumer has an outstanding balance on one or more
8 payday loans; however, if a payday loan is made to a consumer
9 within 6 days or less after the outstanding balance of all
10 loans is paid in full, those days are counted as "consecutive
11 days" for purposes of this subsection.

12 (c) Notwithstanding anything in this Act to the contrary, a
13 payday loan shall also include any installment loan otherwise
14 meeting the definition of payday loan contained in Section
15 1-10, but that has a term agreed by the parties of not less
16 than 112 days and not exceeding 180 days; hereinafter an
17 "installment payday loan". The following provisions shall
18 apply:

19 (i) Any installment payday loan must be fully
20 amortizing, with a finance charge calculated on the
21 principal balances scheduled to be outstanding and be
22 repayable in substantially equal and consecutive
23 installments, according to a payment schedule agreed by the
24 parties with not less than 13 days and not more than one
25 month between payments; except that the first installment
26 period may be longer than the remaining installment periods

1 by not more than 15 days, and the first installment payment
2 may be larger than the remaining installment payments by
3 the amount of finance charges applicable to the extra days.
4 In calculating finance charges under this subsection, when
5 the first installment period is longer than the remaining
6 installment periods, the amount of the finance charges
7 applicable to the extra days shall not be greater than
8 \$15.50 per \$100 of the original principal balance divided
9 by the number of days in a regularly scheduled installment
10 period and multiplied by the number of extra days
11 determined by subtracting the number of days in a regularly
12 scheduled installment period from the number of days in the
13 first installment period.

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

23 (iii) In the event an installment payday loan is paid
24 in full prior to the date on which the last scheduled
25 installment payment before maturity is due, other than
26 through a refinancing, no licensee may offer or make a

1 payday loan to the consumer for at least 2 calendar days
2 thereafter.

3 (iv) No installment payday loan may be made to a
4 consumer if the loan would result in the consumer being
5 indebted to one or more payday lenders for a period in
6 excess of 180 consecutive days. The term "consecutive days"
7 does not include the date on which a consumer makes the
8 final installment payment.

9 (d) (Blank).

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

15 (1) \$1,000; or

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

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

20 (4) in the case of a payday loan and an installment
21 payday loan, 22.5% of the consumer's gross monthly income.

22 No loan shall be made to a consumer who has an outstanding
23 balance on 2 payday loans, except that, for a period of 12
24 months after the effective date of this amendatory Act of the
25 96th General Assembly, consumers with an existing CILA loan may
26 be issued an installment loan issued under this Act from the

1 company from which their CILA loan was issued.

2 (e-5) Except as provided in subsection (c)(i), no lender
3 may charge more than \$15.50 per \$100 loaned on any payday loan,
4 or more than \$15.50 per \$100 on the initial principal balance
5 and on the principal balances scheduled to be outstanding
6 during any installment period on any installment payday loan.
7 Except for installment payday loans and except as provided in
8 Section 2-25, this charge is considered fully earned as of the
9 date on which the loan is made. For purposes of determining the
10 finance charge earned on an installment payday loan, the
11 disclosed annual percentage rate shall be applied to the
12 principal balances outstanding from time to time until the loan
13 is paid in full, or until the maturity date, which ever occurs
14 first. No finance charge may be imposed after the final
15 scheduled maturity date.

16 When any loan contract is paid in full, the licensee shall
17 refund any unearned finance charge. The unearned finance charge
18 that is refunded shall be calculated based on a method that is
19 at least as favorable to the consumer as the actuarial method,
20 as defined by the federal Truth in Lending Act. The sum of the
21 digits or rule of 78ths method of calculating prepaid interest
22 refunds is prohibited.

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

26 (g) A consumer has the right to redeem a check or any other

1 item described in the definition of payday loan under Section
2 1-10 issued in connection with a payday loan from the lender
3 holding the check or other item at any time before the payday
4 loan becomes payable by paying the full amount of the check or
5 other item.

6 (h) Notwithstanding any other provision of law to the
7 contrary, no payday lender may charge more than 36% interest on
8 any transaction.

9 (Source: P.A. 96-936, eff. 3-21-11; 97-421, eff. 1-1-12.)".