



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB0292

Introduced 1/19/2007, by Rep. Monique D. Davis

#### SYNOPSIS AS INTRODUCED:

815 ILCS 205/4.2

from Ch. 17, par. 6407

Amends the Interest Act. Provides that no increase in the annual percentage rate of interest on a revolving credit arrangement for a credit card account, other than an increase due to the expiration of an introductory percentage rate of interest, may be made because of a late payment by the debtor, provided that the payment has been postmarked or entered electronically on or before the date that the payment was due. Provides that the exception for the increase in the annual percentage rate of interest on a revolving credit arrangement for a credit card account does not apply to late payments due to a check not being honored by the debtor's bank for insufficient funds.

LRB095 04633 LCT 24691 b

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 Interest Act is amended by changing Section  
5 4.2 as follows:

6 (815 ILCS 205/4.2) (from Ch. 17, par. 6407)

7 Sec. 4.2. Revolving credit; billing statements;  
8 disclosures. On a revolving credit which complies with  
9 subparagraphs (a), (b), (b-5), (c), (d) and (e) of this Section  
10 4.2, it is lawful for any bank that has its main office or,  
11 after May 31, 1997, a branch in this State, a state or federal  
12 savings and loan association with its main office in this  
13 State, a state or federal credit union with its main office in  
14 this State, or a lender licensed under the Consumer Finance  
15 Act, the Consumer Installment Loan Act or the Sales Finance  
16 Agency Act, as such Acts are now and hereafter amended, to  
17 receive or contract to receive and collect interest in any  
18 amount or at any rate agreed upon by the parties to the  
19 revolving credit arrangement. It is lawful for any other lender  
20 to receive or contract to receive and collect interest in an  
21 amount not in excess of 1 1/2% per month of either the average  
22 daily unpaid balance of the principal of the debt during the  
23 billing cycle, or of the unpaid balance of the debt on

1 approximately the same day of the billing cycle. If a lender  
2 under a revolving credit arrangement notifies the debtor at  
3 least 30 days in advance of any lawful increase in the amount  
4 or rate of interest to be charged under the revolving credit  
5 arrangement, and the debtor, after the effective date of such  
6 notice, incurs new debt pursuant to the revolving credit  
7 arrangement, the increased interest amount or rate may be  
8 applied only to any such new debt incurred under the revolving  
9 credit arrangement. For purposes of determining the balances to  
10 which the increased interest rate applies, all payments and  
11 other credits may be deemed to be applied to the balance  
12 existing prior to the change in rate until that balance is paid  
13 in full. The face amount of the drafts, items, orders for the  
14 payment of money, evidences of debt, or similar written  
15 instruments received by the lender in connection with the  
16 revolving credit, less the amounts applicable to principal from  
17 time to time paid thereon by the debtor, are the unpaid balance  
18 of the debt upon which the interest is computed. If the billing  
19 cycle is not monthly, the maximum interest rate for the billing  
20 cycle is the percentage which bears the same relation to the  
21 monthly percentage provided for in the preceding sentence as  
22 the number of days in the billing cycle bears to 30. For the  
23 purposes of the foregoing computation, a "month" is deemed to  
24 be any time of 30 consecutive days. In addition to the interest  
25 charge provided for, it is lawful to receive, contract for or  
26 collect a charge not exceeding 25 cents for each transaction in

1 which a loan or advance is made under the revolving credit or  
2 in lieu of this additional charge an annual fee for the  
3 privilege of receiving and using the revolving credit in an  
4 amount not exceeding \$20. In addition, with respect to  
5 revolving credit secured by an interest in real estate, it is  
6 also lawful to receive, contract for or collect fees lawfully  
7 paid to any public officer or agency to record, file or release  
8 the security, and costs and disbursements actually incurred for  
9 any title insurance, title examination, abstract of title,  
10 survey, appraisal, escrow fees, and fees paid to a trustee in  
11 connection with a trust deed.

12 (a) At or before the date a bill or statement is first  
13 rendered to the debtor under a revolving credit arrangement,  
14 the lender must mail or deliver to the debtor a written  
15 description of the conditions under which a charge for interest  
16 may be made and the method, including the rate, of computing  
17 these interest charges. The rate of interest must be expressed  
18 as an annual percentage rate.

19 (b) If during any billing cycle any debit or credit entry  
20 is made to a debtor's revolving credit account, and if at the  
21 end of that billing cycle there is an unpaid balance owing to  
22 the lender from the debtor, the lender must give to the debtor  
23 the following information within a reasonable time after the  
24 end of the billing cycle:

25 (i) the unpaid balance at the beginning of the billing  
26 cycle;

1           (ii) the date and amount of all loans or advances made  
2           during the billing cycle, which information may be supplied  
3           by enclosing a copy of the drafts, items, orders for the  
4           payment of money, evidences of debt or similar written  
5           instruments presented to the lender during the billing  
6           cycle;

7           (iii) the payments by the debtor to the lender and any  
8           other credits to the debtor during the billing cycle;

9           (iv) the amount of interest and other charges, if any,  
10          charged to the debtor's account during the billing cycle;

11          (v) the amount which must be currently paid by the  
12          debtor and the date on which that amount must be paid in  
13          order to avoid delinquency;

14          (vi) the total amount remaining unpaid at the end of  
15          the billing cycle and the right of the debtor to prepay  
16          that amount in full without penalty; and

17          (vii) information required by (iv), (v) and (vi) must  
18          be set forth in type of equal size and equal  
19          conspicuousness.

20          (b-5) In the case of any credit card account under a  
21          revolving credit arrangement containing a universal default  
22          provision, no increase in the annual percentage rate of  
23          interest, other than an increase due to the expiration of any  
24          introductory percentage rate of interest, applicable to the  
25          account or any portion of an outstanding balance on the account  
26          may be made to a credit card account because of a late payment,

1 provided that the payment has been postmarked or entered  
2 electronically on or before the date that the payment was due.

3 This subsection (b-5) shall not apply to late payments that  
4 occur due to a check not being honored for insufficient funds  
5 by the debtor's bank.

6 (c) The revolving credit arrangement may provide for the  
7 payment by the debtor and receipt by the lender of all costs  
8 and disbursements, including reasonable attorney's fees,  
9 incurred by the lender in legal proceedings to collect or  
10 enforce the debt in the event of delinquency by the debtor or  
11 in the event of a breach of any obligation of the debtor under  
12 the arrangement.

13 (d) The lender under a revolving credit arrangement may  
14 provide credit life insurance or credit accident and health  
15 insurance, or both, with respect to the debtor and may charge  
16 the debtor therefor. Credit life insurance and credit accident  
17 and health insurance, and any charge therefor made to the  
18 debtor, shall comply with Article IX 1/2 of the Illinois  
19 Insurance Code, as now or hereafter amended, and all lawful  
20 requirements of the Director of Insurance related thereto. This  
21 insurance is in force with respect to each loan or advance made  
22 under a revolving credit arrangement as soon as the loan or  
23 advance is made. The purchase of this insurance from an agent,  
24 broker or insurer specified by the lender may not be a  
25 condition precedent to the revolving credit arrangement or to  
26 the making of any loan or advance thereunder.

1           (e) Whenever interest is contracted for or received under  
2 this Section, no amount in addition to the charges authorized  
3 by this Act may be directly or indirectly charged, contracted  
4 for or received whether as interest, service charges, costs of  
5 investigations or enforcements or otherwise.

6           (f) The lender under a revolving credit arrangement must  
7 compute at year end the total amount charged to the debtor's  
8 account during the year, including service charges, finance  
9 charges, late charges and any other charges authorized by this  
10 Act, and upon request must furnish such information to the  
11 debtor within 30 days after the end of the year, or if the  
12 account has been terminated during such year, may give such  
13 requested information within 30 days after such termination.  
14 The lender shall annually inform the debtor of his right to  
15 obtain such information.

16           (g) A lender who complies with the federal Truth in Lending  
17 Act, amendments thereto, and any regulations issued or which  
18 may be issued thereunder, shall be deemed to be in compliance  
19 with the provisions of subparagraphs (a) and (b) of this  
20 Section.

21           (h) Anything in this Section 4.2 to the contrary  
22 notwithstanding, if the Congress of the United States or any  
23 federal agency authorizes any class of lenders to enter, within  
24 limitations, into a revolving credit arrangement secured by a  
25 mortgage or deed of trust on residential real property, any  
26 person, firm, corporation or other entity, not otherwise

1 prohibited by the Congress of the United States or any federal  
2 agency from entering into revolving credit arrangements  
3 secured by a mortgage or deed of trust on residential real  
4 property, may enter into such arrangements within the same  
5 limitations.

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