

1 AN ACT concerning financial services.

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 5 as follows:

6 (205 ILCS 675/5) (from Ch. 17, par. 7005)

7 Sec. 5. Interest charges.

8 (a) A financial institution may charge and collect
9 interest under a revolving credit plan on outstanding unpaid
10 indebtedness in the borrower's account under the plan at such
11 periodic percentage rate or rates as the agreement governing
12 the plan provides or as established in the manner provided in
13 the agreement governing the plan. If the agreement governing
14 the revolving credit plan so provides, the periodic
15 percentage rate or rates of interest under such plan may vary
16 in accordance with a schedule or formula. Such periodic
17 percentage rate or rates may vary from time to time as the
18 rate determined in accordance with such schedule or formula
19 varies and such periodic percentage rate or rates, as so
20 varied, may be made applicable to all outstanding unpaid
21 indebtedness under the plan on or after the effective date of
22 such variation, including any such indebtedness arising out
23 of purchases made or loans obtained prior to such variation
24 in the periodic percentage rate or rates. If the applicable
25 periodic percentage rate under the agreement governing the
26 plan is other than daily, periodic interest may be calculated
27 on an amount not in excess of the average of outstanding
28 unpaid indebtedness for the applicable billing period,
29 determined by dividing the total of the amounts of
30 outstanding unpaid indebtedness for each day in the
31 applicable billing period by the number of days in the

1 billing period. If the applicable periodic percentage rate
2 under the agreement governing the plan is monthly, a billing
3 period shall be deemed to be a month or monthly if the last
4 day of each billing period is on the same day of each month
5 or does not vary by more than 4 days therefrom.

6 (b) If a financial institution charges and collects
7 interest under a revolving credit plan on outstanding unpaid
8 indebtedness in a borrower's account and applies more than
9 one rate of interest to different amounts of indebtedness in
10 the borrower's account, the financial institution must apply
11 any payments made by the borrower to amount of indebtedness
12 subject to the highest rate of interest.

13 (Source: P.A. 85-1432.)