

HB5284



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5284

by Rep. C.D. Davidsmeyer

SYNOPSIS AS INTRODUCED:

815 ILCS 122/2-20

Amends the Payday Loan Reform Act. Provides that the Department of Financial and Professional Regulation shall develop a short video depicting the manner in which compound interest works and setting forth statutorily required disclosures. Requires the video to be available in Spanish and English and to be presented to payday loan customers at the time of a transaction.

LRB098 17723 JLS 52840 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 Payday Loan Reform Act is amended by
5 changing Section 2-20 as follows:

6 (815 ILCS 122/2-20)

7 Sec. 2-20. Required disclosures.

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

10 (1) explains, in simple English and Spanish, all of the
11 consumer's rights and responsibilities in a payday loan
12 transaction;

13 (2) includes a toll-free number to the Secretary's
14 office to handle concerns or provide information about
15 whether a lender is licensed, whether complaints have been
16 filed with the Secretary, and the resolution of those
17 complaints; and

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

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

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

4 (2) disclosures required by the federal Truth in
5 Lending Act;

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

8 (4) the following statement, in at least 14-point bold
9 type face: "You cannot be prosecuted in criminal court to
10 collect this loan." The information required to be
11 disclosed under this subdivision (4) must be conspicuously
12 disclosed in the loan document and shall be located
13 immediately preceding the signature of the consumer; and

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

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

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

25 (1) A notice that informs consumers that the lender
26 cannot use the criminal process against a consumer to

1 collect any payday loan.

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

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

11 "WARNING: This loan is not intended to meet long-term
12 financial needs. This loan should be used only to meet
13 short-term cash needs. The cost of your loan may be higher
14 than loans offered by other lending institutions. This loan
15 is regulated by the Department of Financial and
16 Professional Regulation."

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

20 "INTEREST-FREE REPAYMENT PLAN: If you still owe on one
21 or more payday loans, other than an installment payday
22 loan, after 35 days, you are entitled to enter into a
23 repayment plan. The repayment plan will give you at least
24 55 days to repay your loan in installments with no
25 additional finance charges, interest, fees, or other
26 charges of any kind."

1 (d) The Department shall develop, in cooperation with one
2 or more trade associations that represent lenders, a video
3 making the disclosures required under this Section. The video
4 shall contain an explanation of the manner in which compound
5 interest works.

6 The video shall be no longer than 15 minutes in length. The
7 video shall be made available in both Spanish and English.

8 A lender shall display to the consumer at the time of the
9 transaction the video created under this Section. The display
10 shall be made on screen having a diagonal measurement of not
11 less than 19 inches. The consumer shall select the language in
12 which the video is presented.

13 The Department, in cooperation with one or more trade
14 associations that represent lenders, may revise and update the
15 video at any time.

16 The Department may adopt rules necessary to implement this
17 subsection.

18 The cost of any video developed under this subsection shall
19 be paid only from moneys available from the collection of
20 license fees under this Act.

21 (Source: P.A. 96-936, eff. 3-21-11.)