LRB9206464JSpc

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AN ACT concerning certain lending practices.

2 Be it enacted by the People of the State of Illinois, 3 represented in the General Assembly:

Section 5. The Consumer Installment Loan Act is amended
by changing Section 20 and adding Section 16c as follows:

6 (205 ILCS 670/16c new)

7 <u>Sec. 16c. Payday and motor vehicle title lenders;</u>
8 <u>disclosure.</u>

(a) As used in this Section, "payday lender" or "lender" 9 means a lender that makes loans based upon proof of the 10 borrower's continuing employment and the borrower's delivery 11 12 to the lender of a postdated check in an amount sufficient to repay the loan and "motor vehicle title lender" or "lender" 13 14 means a lender that makes loans based upon proof of the 15 borrower's ownership of equity in a motor vehicle and the 16 borrower's delivery to the lender of a postdated check in an 17 amount sufficient to repay the loan.

18 (b) For the purpose of making the disclosure required 19 under this Section, any fee imposed for making the loan or 20 renewing, revolving, or rolling over the loan shall be deemed 21 interest on the loan.

22 (c) In addition to the requirements of Section 16, a 23 lender must disclose to the borrower, in a manner consistent 24 with the requirements of the Truth in Lending Act, the 25 interest rates charged in the transaction calculated as 26 required under subsection (b).

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this Section more than 3 times during any 12-month period

(d) A lender may not renew or rollover a loan subject to

29 (205 ILCS 670/20) (from Ch. 17, par. 5426)

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Sec. 20. Penalties for violation.

1 (a) Any person who engages in business as a Consumer 2 Installment Loan lender without the license required by this 3 Act shall be guilty of a Class 4 felony. <u>A person who</u> 4 <u>violates Section 16c of this Act is guilty of a Class A</u> 5 <u>misdemeanor.</u>

The obligor, prior to the expiration of 2 years 6 (b) 7 after the date of his last scheduled payment, may recover such reasonable attorney's fees and court costs as a 8 court 9 may assess against such licensee or lender for a violation of Sections 1, 12, 15, 15a, 15b, 15d, 15e, 16, 17, 18, or 19.1. 10 11 The balance due under the terms of the loan contract shall be reduced by the amount which the obligor is thus entitled to 12 recover. A bona fide error by a licensee in calculating 13 charges or rebates is not a violation if the licensee 14 corrects the error within a reasonable time, after discovery. 15

16 (b-5) A license issued under this Act may be revoked if 17 the licensee, or any directors, managers of a limited 18 liability company, partners, or officer thereof is convicted 19 of a felony.

No provision of this Section imposing any liability 20 (C) 21 shall apply to any act done or omitted in conformity with any 22 rule or regulation or written interpretation thereof by the 23 Department of Financial Institutions, notwithstanding that after such act or omission has occurred, 24 such rule, 25 interpretation is amended, rescinded or regulation or determined by judicial or other authority to be invalid for 26 any reason. All interpretations issued after January 1, 1998 27 must be written and signed by the Department's Chief Counsel 28 and approved by the Director. 29

30 (Source: P.A. 90-437, eff. 1-1-98.)

31 Section 99. Effective date. This Act takes effect upon32 becoming law.

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