

1 AN ACT concerning certain lending practices.

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

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

6 (205 ILCS 670/16d new)

7 Sec. 16d. Payday and motor vehicle title lenders;
8 disclosure.

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

27 (d) A lender may not renew or rollover a loan subject to
28 this Section more than 3 times during any 12-month period

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

30 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. A person who
4 violates Section 16d of this Act is guilty of a Class A
5 misdemeanor.

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

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.

20 (c) No provision of this Section imposing any liability
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
24 after such act or omission has occurred, such rule,
25 regulation or interpretation is amended, rescinded or
26 determined by judicial or other authority to be invalid for
27 any reason. All interpretations issued after January 1, 1998
28 must be written and signed by the Department's Chief Counsel
29 and approved by the Director.

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

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