



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB5831

Introduced 09/08/06, by Rep. John A. Fritchey

SYNOPSIS AS INTRODUCED:

205 ILCS 670/15f new
815 ILCS 122/2-50

Amends Consumer Installment Loan Act. Restricts lending practices by licensees to members of the military or spouses of the members of the military including that: (i) a licensee may not garnish the wages or salaries of a borrower who is a member of the military or is the spouse of a member of the military; (ii) in addition to any rights and obligations provided under the federal Servicemembers Civil Relief Act, a licensee shall suspend and defer collection activity against a borrower who is a member of the military and who has been deployed to a combat or combat support posting, or to the spouse of a borrower who is a member of the military and who has been deployed to a combat or combat support posting, for the duration of the deployment; (iii) a licensee may not knowingly contact the military chain of command of a borrower who is a member of the military in an effort to collect on any loan; (iv) licensees must honor the terms of any repayment plan that they have entered into with any borrower who is a member of the military, including a repayment agreement negotiated through military counselors or third-party credit counselors; and (v) a licensee may not use any military design or insignia on any advertising material or other material distributed to a member of the military or the spouse of member of the military that suggests military approval or endorsement of any product of that licensee. Defines "member of the military". Amends the Payday Loan Reform Act. Provides that the prohibitions and restrictions on lenders of payday loans to members of the military apply to the spouses of the members of the military. Prohibits a lender from using any military design or insignia on any advertising material or other material distributed to a member of the military or the spouse of a member of the military that suggests military approval or endorsement of any product of that lender. Effective immediately.

LRB094 21439 LCT 59800 b

1 AN ACT concerning loans.

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 by
5 adding Section 15f as follows:

6 (205 ILCS 670/15f new)

7 Sec. 15f. Practices concerning members of the military.

8 (a) A licensee may not garnish the wages or salaries of a
9 borrower who is a member of the military or is the spouse of a
10 member of the military.

11 (b) In addition to any rights and obligations provided
12 under the federal Servicemembers Civil Relief Act, a licensee
13 shall suspend and defer collection activity against a borrower
14 who is a member of the military and who has been deployed to a
15 combat or combat support posting, or to the spouse of a
16 borrower who is a member of the military and who has been
17 deployed to a combat or combat support posting, for the
18 duration of the deployment.

19 (c) A licensee may not knowingly contact the military chain
20 of command of a borrower who is a member of the military in an
21 effort to collect on any loan.

22 (d) Licensees must honor the terms of any repayment plan
23 that they have entered into with any borrower who is a member
24 of the military, including a repayment agreement negotiated
25 through military counselors or third-party credit counselors.

26 (e) A licensee may not use any military design or insignia
27 on any advertising material or other material distributed to a
28 member of the military or the spouse of a member of the
29 military that suggests military approval or endorsement of any
30 product of that licensee.

31 (f) For purposes of this Section, "member of the military"
32 means a person serving in the armed forces of the United

1 States, the Illinois National Guard, or any reserve component
2 of the armed forces of the United States. "Member of the
3 military" includes those persons engaged in (i) active duty,
4 (ii) training or education under the supervision of the United
5 States preliminary to induction into military service, or (iii)
6 a period of active duty with the State of Illinois under Title
7 10 or Title 32 of the United States Code pursuant to order of
8 the President or the Governor of the State of Illinois.

9 Section 10. The Payday Loan Reform Act is amended by
10 changing Section 2-50 as follows:

11 (815 ILCS 122/2-50)

12 Sec. 2-50. Practices concerning members of the military.

13 (a) A lender may not garnish the wages or salaries of a
14 consumer who is a member of the military or is the spouse of a
15 member of the military.

16 (b) In addition to any rights and obligations provided
17 under the federal Servicemembers Civil Relief Act, a lender
18 shall suspend and defer collection activity against a consumer
19 who is a member of the military and who has been deployed to a
20 combat or combat support posting, or to the spouse of a
21 consumer who is a member of the military and who has been
22 deployed to a combat or combat support posting, for the
23 duration of the deployment.

24 (c) A lender may not knowingly contact the military chain
25 of command of a consumer who is a member of the military in an
26 effort to collect on a payday loan.

27 (d) Lenders must honor the terms of any repayment plan that
28 they have entered into with any consumer, including a repayment
29 agreement negotiated through military counselors or
30 third-party credit counselors.

31 (e) A lender may not use any military design or insignia on
32 any advertising material or other material distributed to a
33 member of the military or the spouse of a member of the
34 military that suggests military approval or endorsement of any

1 product of that lender.

2 (Source: P.A. 94-13, eff. 12-6-05.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.