



Rep. John A. Fritchey

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LRB095 06643 MJR 37061 a

1 AMENDMENT TO SENATE BILL 171

2 AMENDMENT NO. _____. Amend Senate Bill 171 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Credit Card Issuance Act is amended by
5 adding Section 1d as follows:

6 (815 ILCS 140/1d new)

7 Sec. 1d. Universal default provisions prohibited. No
8 issuer of a credit card shall include in the issuer's credit
9 card contract or agreement a universal default clause.

10 For purposes of this Section, "universal default clause"
11 means any clause or provision included within a credit card
12 agreement or contract that allows an issuer of a credit card to
13 increase the interest rate on the issuer's credit card if a
14 holder is late with a payment to another credit card issuer or
15 creditor.

16 Notwithstanding any other law of this State, this Section

1 shall not be deemed or construed to prohibit an issuer from
2 increasing the rate of interest or imposing a fee upon the
3 account of a holder based upon a change in the holder's credit
4 rating.

5 Section 10. The Interest Act is amended by changing Section
6 4.2 as follows:

7 (815 ILCS 205/4.2) (from Ch. 17, par. 6407)

8 Sec. 4.2. Revolving credit; billing statements;
9 disclosures. On a revolving credit which complies with
10 subparagraphs (a), (b), (c), (d) and (e) of this Section 4.2,
11 it is lawful for any bank that has its main office or, after
12 May 31, 1997, a branch in this State, a state or federal
13 savings and loan association with its main office in this
14 State, a state or federal credit union with its main office in
15 this State, or a lender licensed under the Consumer Finance
16 Act, the Consumer Installment Loan Act or the Sales Finance
17 Agency Act, as such Acts are now and hereafter amended, to
18 receive or contract to receive and collect interest in any
19 amount or at any rate agreed upon by the parties to the
20 revolving credit arrangement. It is lawful for any other lender
21 to receive or contract to receive and collect interest in an
22 amount not in excess of 1 1/2% per month of either the average
23 daily unpaid balance of the principal of the debt during the
24 billing cycle, or of the unpaid balance of the debt on

1 approximately the same day of the billing cycle. If a lender
2 under a revolving credit arrangement notifies the debtor at
3 least 30 days in advance of any lawful increase in the amount
4 or rate of interest to be charged under the revolving credit
5 arrangement, and the debtor, after the effective date of such
6 notice, incurs new debt pursuant to the revolving credit
7 arrangement, the increased interest amount or rate may be
8 applied only to any such new debt incurred under the revolving
9 credit arrangement. For purposes of determining the balances to
10 which the increased interest rate applies, all payments and
11 other credits may be deemed to be applied to the balance
12 existing prior to the change in rate until that balance is paid
13 in full. The face amount of the drafts, items, orders for the
14 payment of money, evidences of debt, or similar written
15 instruments received by the lender in connection with the
16 revolving credit, less the amounts applicable to principal from
17 time to time paid thereon by the debtor, are the unpaid balance
18 of the debt upon which the interest is computed. If the billing
19 cycle is not monthly, the maximum interest rate for the billing
20 cycle is the percentage which bears the same relation to the
21 monthly percentage provided for in the preceding sentence as
22 the number of days in the billing cycle bears to 30. For the
23 purposes of the foregoing computation, a "month" is deemed to
24 be any time of 30 consecutive days. In addition to the interest
25 charge provided for, it is lawful to receive, contract for or
26 collect a charge not exceeding 25 cents for each transaction in

1 which a loan or advance is made under the revolving credit or
2 in lieu of this additional charge an annual fee for the
3 privilege of receiving and using the revolving credit in an
4 amount not exceeding \$20. In addition, with respect to
5 revolving credit secured by an interest in real estate, it is
6 also lawful to receive, contract for or collect fees lawfully
7 paid to any public officer or agency to record, file or release
8 the security, and costs and disbursements actually incurred for
9 any title insurance, title examination, abstract of title,
10 survey, appraisal, escrow fees, and fees paid to a trustee in
11 connection with a trust deed.

12 (a) At or before the date a bill or statement is first
13 rendered to the debtor under a revolving credit arrangement,
14 the lender must mail or deliver to the debtor a written
15 description of the conditions under which a charge for interest
16 may be made and the method, including the rate, of computing
17 these interest charges. The rate of interest must be expressed
18 as an annual percentage rate.

19 (b) If during any billing cycle any debit or credit entry
20 is made to a debtor's revolving credit account, and if at the
21 end of that billing cycle there is an unpaid balance owing to
22 the lender from the debtor, the lender must give to the debtor
23 the following information within a reasonable time after the
24 end of the billing cycle:

25 (i) the unpaid balance at the beginning of the billing
26 cycle;

1 (ii) the date and amount of all loans or advances made
2 during the billing cycle, which information may be supplied
3 by enclosing a copy of the drafts, items, orders for the
4 payment of money, evidences of debt or similar written
5 instruments presented to the lender during the billing
6 cycle;

7 (iii) the payments by the debtor to the lender and any
8 other credits to the debtor during the billing cycle;

9 (iv) the amount of interest and other charges, if any,
10 charged to the debtor's account during the billing cycle;

11 (v) the amount which must be currently paid by the
12 debtor and the date on which that amount must be paid in
13 order to avoid delinquency;

14 (vi) the total amount remaining unpaid at the end of
15 the billing cycle and the right of the debtor to prepay
16 that amount in full without penalty; and

17 (vii) information required by (iv), (v) and (vi) must
18 be set forth in type of equal size and equal
19 conspicuousness.

20 (b-5) In the case of any credit card account under a
21 revolving credit arrangement containing a universal default
22 provision, no increase in the annual percentage rate of
23 interest, applicable to the account or any portion of an
24 outstanding balance on the account may be made to a credit card
25 account because the holder is late with a payment to another
26 credit card issuer or creditor.

1 Notwithstanding any other law of this State, this Section
2 shall not be deemed or construed to prohibit an issuer from
3 increasing the rate of interest or imposing a fee upon the
4 account of a holder based upon a change in the holder's credit
5 rating.

6 (c) The revolving credit arrangement may provide for the
7 payment by the debtor and receipt by the lender of all costs
8 and disbursements, including reasonable attorney's fees,
9 incurred by the lender in legal proceedings to collect or
10 enforce the debt in the event of delinquency by the debtor or
11 in the event of a breach of any obligation of the debtor under
12 the arrangement.

13 (d) The lender under a revolving credit arrangement may
14 provide credit life insurance or credit accident and health
15 insurance, or both, with respect to the debtor and may charge
16 the debtor therefor. Credit life insurance and credit accident
17 and health insurance, and any charge therefor made to the
18 debtor, shall comply with Article IX 1/2 of the Illinois
19 Insurance Code, as now or hereafter amended, and all lawful
20 requirements of the Director of Insurance related thereto. This
21 insurance is in force with respect to each loan or advance made
22 under a revolving credit arrangement as soon as the loan or
23 advance is made. The purchase of this insurance from an agent,
24 broker or insurer specified by the lender may not be a
25 condition precedent to the revolving credit arrangement or to
26 the making of any loan or advance thereunder.

1 (e) Whenever interest is contracted for or received under
2 this Section, no amount in addition to the charges authorized
3 by this Act may be directly or indirectly charged, contracted
4 for or received whether as interest, service charges, costs of
5 investigations or enforcements or otherwise.

6 (f) The lender under a revolving credit arrangement must
7 compute at year end the total amount charged to the debtor's
8 account during the year, including service charges, finance
9 charges, late charges and any other charges authorized by this
10 Act, and upon request must furnish such information to the
11 debtor within 30 days after the end of the year, or if the
12 account has been terminated during such year, may give such
13 requested information within 30 days after such termination.
14 The lender shall annually inform the debtor of his right to
15 obtain such information.

16 (g) A lender who complies with the federal Truth in Lending
17 Act, amendments thereto, and any regulations issued or which
18 may be issued thereunder, shall be deemed to be in compliance
19 with the provisions of subparagraphs (a) and (b) of this
20 Section.

21 (h) Anything in this Section 4.2 to the contrary
22 notwithstanding, if the Congress of the United States or any
23 federal agency authorizes any class of lenders to enter, within
24 limitations, into a revolving credit arrangement secured by a
25 mortgage or deed of trust on residential real property, any
26 person, firm, corporation or other entity, not otherwise

1 prohibited by the Congress of the United States or any federal
2 agency from entering into revolving credit arrangements
3 secured by a mortgage or deed of trust on residential real
4 property, may enter into such arrangements within the same
5 limitations.

6 (Source: P.A. 89-208, eff. 9-29-95.)".