



Sen. Terry Link

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09600SB2480sam002

LRB096 14868 RPM 39177 a

1 AMENDMENT TO SENATE BILL 2480

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2480, AS AMENDED,  
3 with reference to page and line numbers of Senate Amendment No.  
4 1, as follows:

5 on page 6, by replacing lines 19 through 23 with the following:  
6 "Secretary in which the applicant shall be the obligor and in  
7 which an insurance company, which is duly authorized by the  
8 State of Illinois to transact the business of fidelity and  
9 surety insurance, shall be a surety. The surety bond must:

10 (i) be in effect during the period of registration and  
11 for 2 years after the provider ceases providing  
12 debt-management services to individuals in this State;

13 (ii) run to this State for the benefit of this State  
14 and of individuals who reside in this State when they agree  
15 to receive debt-settlement services from the provider, as  
16 their interests may appear; and

17 (iii) be in the amount of \$50,000 or other larger or

1 smaller amount that the Secretary determines is warranted  
2 by the financial condition and business experience of the  
3 provider, the history of the provider in performing debt  
4 settlement services, the risk to individuals, and any other  
5 factor that the Secretary considers appropriate."; and

6 on page 7, immediately below line 10, by inserting the  
7 following:

8 "Instead of the surety bond required under this Section, a  
9 provider may deliver to the Secretary, in the amount required  
10 under this Section, payable or available to this State and to  
11 individuals who reside in this State when they agree to receive  
12 debt-settlement services from the provider, as their interests  
13 may appear:

14 (1) a certificate of insurance:

15 (A) issued by an insurance company authorized to do  
16 business in this State and rated at least A or  
17 equivalent by a nationally recognized rating  
18 organization approved by the Secretary; and

19 (B) with no deductible, or if the provider supplies  
20 a bond in the amount of \$5,000, a deductible not  
21 exceeding \$5,000; or

22 (2) with the approval of the Secretary:

23 (A) an irrevocable letter of credit, issued or  
24 confirmed by a bank approved by the Secretary, payable  
25 upon presentation of a certificate by the Secretary

1           stating that the provider or its agent has not complied  
2           with this Act; or

3                   (B) bonds or other obligations of the United States  
4           or guaranteed by the United States or bonds or other  
5           obligations of this State or a political subdivision of  
6           this State, to be deposited and maintained with a bank  
7           approved by the Secretary for this purpose."; and

8           by replacing line 23 on page 31 through line 19 on page 32 with  
9           the following:

10           "(b) A debt settlement provider may only charge fees as  
11           provided in either paragraph (1) or (2) as follows:

12                   (1) with respect to an agreement that provides for a  
13           flat pay-as-you-go fee based on the overall amount of  
14           included or enrolled debt, the total aggregate amount of  
15           fees charged to any individual under this Section may not  
16           exceed 17% of the principal amount of debt included in the  
17           agreement at the inception of the agreement; the flat  
18           pay-as-you-go fee structure authorized under this  
19           paragraph (1) shall be assessed in equal monthly payments  
20           over at least half the length of the plan, as estimated at  
21           the plan's inception, unless the payment of fees is  
22           voluntarily accelerated by the individual in a separate  
23           record and at least half of the overall amount of  
24           outstanding debt covered by the agreement has been settled;  
25           in the event that a consumer cancels a program being

1 administered under this fee structure, no further fees  
2 shall be due, owing, or assessed by the provider following  
3 the month in which notice of the termination of the program  
4 is received by the provider; or

5 (2) with respect to agreements in which fees are  
6 calculated as a percentage of the amount saved by an  
7 individual, a settlement fee may not exceed 30% of the  
8 excess of the outstanding amount of each debt over the  
9 amount actually paid to the creditor, as calculated at the  
10 time of settlement; settlement fees authorized under this  
11 paragraph (2) shall become billable only as debts are  
12 settled, and the total aggregate amount of fees charged to  
13 any individual under this part may not exceed 20% of the  
14 principal amount of debt included in the agreement at the  
15 agreement's inception.

16 A provider may not impose or receive fees under both  
17 paragraphs (1) and (2) of this subsection."