



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB6019

by Rep. Robert Rita

#### SYNOPSIS AS INTRODUCED:

205 ILCS 675/3

205 ILCS 675/4

205 ILCS 675/6

from Ch. 17, par. 7004

from Ch. 17, par. 7006

Amends the Illinois Financial Services Development Act. In the definition of "financial institution", provides that certain lenders are prohibited from charging an annual percentage rate in excess of 36% (rather than prohibited from charging interest in excess of 36% per annum) for any extension of credit under the Act. Further provides that any financial institution may charge and collect interest and other charges under a revolving credit plan provided that any finance charges or charges representing the cost of credit are included in the annual percentage rate calculation. Limits the amount of certain fees that a financial institution may charge and collect from a borrower under a revolving credit plan.

LRB098 20730 ZMM 57690 b

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Financial Services Development Act  
5 is amended by changing Sections 3, 4, and 6 as follows:

6 (205 ILCS 675/3)

7 Sec. 3. As used in this Section:

8 (a) "Financial institution" means any bank with its main  
9 office or, after May 31, 1997, a branch in this State, any  
10 state or federal savings and loan association or savings bank  
11 with its main office or branch in this State, any state or  
12 federal credit union with its main office in this State, and  
13 any lender licensed under the Consumer Installment Loan Act or  
14 the Sales Finance Agency Act; provided, however, that lenders  
15 licensed under the Consumer Installment Loan Act or the Sales  
16 Finance Agency Act are prohibited from charging an annual  
17 percentage rate ~~interest~~ in excess of 36% ~~per annum~~ for any  
18 extension of credit under this Act.

19 (b) "Revolving credit plan" or "plan" means a plan  
20 contemplating the extension of credit under an account governed  
21 by an agreement between a financial institution and a borrower  
22 who is a natural person pursuant to which:

23 (1) The financial institution permits the borrower

1 and, if the agreement governing the plan so provides,  
2 persons acting on behalf of or with authorization from the  
3 borrower, from time to time to make purchases and to obtain  
4 loans by any means whatsoever, including use of a credit  
5 device primarily for personal, family or household  
6 purposes;

7 (2) the amounts of such purchases and loans are charged  
8 to the borrower's account under the revolving credit plan;

9 (3) the borrower is required to pay the financial  
10 institution the amounts of all purchases and loans charged  
11 to such borrower's account under the plan but has the  
12 privilege of paying such amounts outstanding from time to  
13 time in full or installments; and

14 (4) interest may be charged and collected by the  
15 financial institution from time to time on the outstanding  
16 unpaid indebtedness under such plan.

17 (c) "Credit device" means any card, check, identification  
18 code or other means of identification contemplated by the  
19 agreement governing the plan.

20 (d) "Outstanding unpaid indebtedness" means on any day an  
21 amount not in excess of the total amount of purchases and loans  
22 charged to the borrower's account under the plan which is  
23 outstanding and unpaid at the end of the day, after adding the  
24 aggregate amount of any new purchases and loans charged to the  
25 account as of that day and deducting the aggregate amount of  
26 any payments and credits applied to that indebtedness as of

1 that day and, if the agreement governing the plan so provides,  
2 may include the amount of any billed and unpaid interest and  
3 other charges.

4 (e) "Credit card" means any instrument or device, whether  
5 known as a credit card, credit device, credit plate, charge  
6 plate, or any other name, issued with or without fee by an  
7 issuer for the use of the borrower in obtaining money, goods,  
8 services, or anything else of value on credit, but does not  
9 include any negotiable instrument as defined in the Uniform  
10 Commercial Code, as now or hereafter amended, or a debit card  
11 that may indirectly access an overdraft line of credit through  
12 a debit to a deposit account.

13 (f) "Credit card account" means a revolving credit plan  
14 accessed by a credit card.

15 (Source: P.A. 96-936, eff. 3-21-11; 96-1193, eff. 7-22-10;  
16 97-333, eff. 8-12-11.)

17 (205 ILCS 675/4) (from Ch. 17, par. 7004)

18 Sec. 4. Notwithstanding the provisions of any other laws in  
19 connection with revolving credit plans, any financial  
20 institution may, subject to the other provisions of this  
21 Section 4, offer and extend credit under a revolving credit  
22 plan to a borrower and in connection therewith may charge and  
23 collect interest and other charges, provided that any finance  
24 charges or charges representing the cost of credit are included  
25 in the annual percentage rate calculation, may take real and

1 personal property as security therefor, and may provide in the  
2 agreement governing the revolving credit plan for such other  
3 terms and conditions as the financial institution and borrower  
4 may agree upon from time to time. A financial institution  
5 offering or soliciting a revolving credit plan involving a  
6 credit card, or extending credit pursuant to the use of a  
7 credit card under any such plan, shall comply with provisions  
8 of "An Act relating to the issuance and use of credit cards",  
9 approved September 16, 1969, as now or hereafter amended.

10 (Source: P.A. 85-1432.)

11 (205 ILCS 675/6) (from Ch. 17, par. 7006)

12 Sec. 6. In addition to or in lieu of interest at a periodic  
13 rate or rates as provided in Section 5, and without limitation  
14 of the foregoing Section 4, a financial institution may, if the  
15 agreement governing the revolving credit plan so provides and  
16 clearly discloses, charge and collect as interest, in such  
17 manner or form as the plan may provide, an annual or other  
18 periodic fee for the privileges made available to the borrower  
19 under the plan, a transaction charge or charges, late fees or  
20 delinquency charges not to exceed \$25 per billing cycle,  
21 returned payment charges not to exceed \$25 per payment due,  
22 over limit charges not to exceed \$25 per billing cycle, and  
23 fees for services rendered.

24 (Source: P.A. 85-1432.)