

Text related to previous article

Article 15.

Division 1. General Provisions

Section 15-1-1. Short title. This Act may be cited as the Predatory Loan Prevention Act. References in this Article to "this Act" mean this Article.

Section 15-1-5. Purpose and construction. Illinois families pay over \$500,000,000 per year in consumer

installment, payday, and title loan fees. As reported by the Department in 2020, nearly half of Illinois payday loan borrowers earn less than \$30,000 per year, and the average annual percentage rate of a payday loan is 297%. The purpose of this Act is to protect consumers from predatory loans consistent with federal law and the Military Lending Act which protects active duty members of the military. This Act shall be construed as a consumer protection law for all purposes. This Act shall be liberally construed to effectuate its purpose.

Section 15-1-10. Definitions. As used in this Act:

"Consumer" means any natural person, including consumers acting jointly.

"Department" means the Department of Financial and Professional Regulation.

"Lender" means any person or entity, including any affiliate or subsidiary of a lender, that offers or makes a loan, buys a whole or partial interest in a loan, arranges a loan for a third party, or acts as an agent for a third party in making a loan, regardless of whether approval, acceptance, or ratification by the third party is necessary to create a legal obligation for the third party, and includes any other person or entity if the Department determines that the person or entity is engaged in a transaction that is in substance a disguised loan or a subterfuge for the purpose of avoiding this Act.

"Person" means any natural person.

"Secretary" means the Secretary of Financial and Professional Regulation or a person authorized by the Secretary.

"Loan" means money or credit provided to a consumer in exchange for the consumer's agreement to a certain set of terms, including, but not limited to, any finance charges, interest, or other conditions. "Loan" includes closed-end and open-end credit, retail installment sales contracts, motor vehicle retail installment sales contracts, and any transaction conducted via any medium whatsoever, including, but not limited to, paper, facsimile, Internet, or telephone. "Loan" does not include a commercial loan.

Section 15-1-15. Applicability.

(a) Except as otherwise provided in this Section, this Act applies to any person or entity that offers or makes a loan to a consumer in Illinois.

(b) The provisions of this Act apply to any person or entity that seeks to evade its applicability by any device, subterfuge, or pretense whatsoever.

(c) Banks, savings banks, savings and loan associations, credit unions, and insurance companies organized, chartered, or holding a certificate of authority to do business under the laws of this State or any other state or under the laws of the United States are exempt from the provisions of this Act.

Division 5. Predatory Loan Prevention

Section 15-5-5. Rate cap. Notwithstanding any other provision of law, for loans made or renewed on and after the effective date of this Act, a lender shall not contract for or receive charges exceeding a 36% annual percentage rate on the unpaid balance of the amount financed for a loan. For purposes of this Section, the annual percentage rate shall be calculated as such rate is calculated using the system for calculating a military annual percentage rate under Section 232.4 of Title 32 of the Code of Federal Regulations as in effect on the effective date of this Act. Nothing in this Act shall be construed to permit a person or entity to contract for or receive a charge exceeding that permitted by the Interest Act or other law.

Section 15-5-10. Violation. Any loan made in violation of this Act is null and void and no person or entity shall have any right to collect, attempt to collect, receive, or retain any principal, fee, interest, or charges related to the loan.

Section 15-5-15. No evasion.

(a) No person or entity may engage in any device, subterfuge, or pretense to evade the requirements of this Act, including, but not limited to, making loans disguised as a

personal property sale and leaseback transaction; disguising loan proceeds as a cash rebate for the pretextual installment sale of goods or services; or making, offering, assisting, or arranging a debtor to obtain a loan with a greater rate or interest, consideration, or charge than is permitted by this Act through any method including mail, telephone, internet, or any electronic means regardless of whether the person or entity has a physical location in the State.

(b) If a loan exceeds the rate permitted by Section 15-5-5, a person or entity is a lender subject to the requirements of this Act notwithstanding the fact that the person or entity purports to act as an agent, service provider, or in another capacity for another entity that is exempt from this Act, if, among other things:

(1) the person or entity holds, acquires, or maintains, directly or indirectly, the predominant economic interest in the loan; or

(2) the person or entity markets, brokers, arranges, or facilitates the loan and holds the right, requirement, or first right of refusal to purchase loans, receivables, or interests in the loans; or

(3) the totality of the circumstances indicate that the person or entity is the lender and the transaction is structured to evade the requirements of this Act. Circumstances that weigh in favor of a person or entity being a lender include, without limitation, where the

person or entity:

(i) indemnifies, insures, or protects an exempt person or entity for any costs or risks related to the loan;

(ii) predominantly designs, controls, or operates the loan program; or

(iii) purports to act as an agent, service provider, or in another capacity for an exempt entity while acting directly as a lender in other states.

Section 15-5-20. Rules. The Secretary may adopt rules consistent with this Act and rescind or amend rules that are inconsistent. The adoption, amendment, or rescission of rules shall be in conformity with the Illinois Administrative Procedure Act.

Division 10. Administrative Provisions

Section 15-10-5. Enforcement and remedies.

(a) The remedies provided in this Act are cumulative and apply to persons or entities subject to this Act.

(b) Any violation of this Act, including the commission of an act prohibited under Article 5, constitutes a violation of the Consumer Fraud and Deceptive Business Practices Act.

(c) Subject to the Illinois Administrative Procedure Act, the Secretary may hold hearings, make findings of fact,

conclusions of law, issue cease and desist orders, have the power to issue fines of up to \$10,000 per violation, and refer the matter to the appropriate law enforcement agency for prosecution under this Act. All proceedings shall be open to the public.

(d) The Secretary may issue a cease and desist order to any person or entity, when in the opinion of the Secretary the person or entity is violating or is about to violate any provision of this Act. The cease and desist order permitted by this subsection (d) may be issued prior to a hearing.

The Secretary shall serve notice of the action, including, but not limited to, a statement of the reasons for the action, either personally or by certified mail. Service by certified mail shall be deemed completed when the notice is deposited in the U.S. Mail.

Within 10 days of service of the cease and desist order, the person or entity may request a hearing in writing.

If it is determined that the Secretary had the authority to issue the cease and desist order, the Secretary may issue such orders as may be reasonably necessary to correct, eliminate, or remedy the conduct.

The powers vested in the Secretary by this subsection (d) are additional to any and all other powers and remedies vested in the Secretary by law, and nothing in this subsection (d) shall be construed as requiring that the Secretary shall employ the power conferred in this subsection instead of or as a

condition precedent to the exercise of any other power or remedy vested in the Secretary.

(e) After 10 days' notice by certified mail to the person or entity stating the contemplated action and in general the grounds therefor, the Secretary may fine the person or entity an amount not exceeding \$10,000 per violation if the person or entity has failed to comply with any provision of this Act or any order, decision, finding, rule, regulation, or direction of the Secretary lawfully made in accordance with the authority of this Act. Service by certified mail shall be deemed completed when the notice is deposited in the U.S. Mail.

(f) A violation of this Act by a person or entity licensed under another Act including, but not limited to, the Consumer Installment Loan Act, the Payday Loan Reform Act, and the Sales Finance Agency Act shall subject the person or entity to discipline in accordance with the Act or Acts under which the person or entity is licensed.

Section 15-10-10. Preemption of administrative rules. Any administrative rule regarding loans that is adopted by the Department prior to the effective date of this Act and that is inconsistent with the provisions of this Act is hereby preempted to the extent of the inconsistency.

Section 15-10-15. Reporting of violations. The Department shall report to the Attorney General all material violations of

this Act of which it becomes aware.

Section 15-10-20. Judicial review. All final administrative decisions of the Department under this Act are subject to judicial review under the Administrative Review Law and any rules adopted under the Administrative Review Law.

Section 15-10-25. No waivers. There shall be no waiver of any provision of this Act.

Section 15-10-30. Superiority of Act. To the extent this Act conflicts with any other State laws, this Act is superior and supersedes those laws, except that nothing in this Act applies to any lender that is a bank, savings bank, savings and loan association, or credit union chartered under laws of the United States.

Section 15-10-35. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.

Division 90. Amendatory Provisions

Section 15-90-5. The Financial Institutions Code is amended by changing Section 6 as follows:

(20 ILCS 1205/6) (from Ch. 17, par. 106)

Sec. 6. In addition to the duties imposed elsewhere in this Act, the Department has the following powers:

(1) To exercise the rights, powers and duties vested by law in the Auditor of Public Accounts under "An Act to provide for the incorporation, management and regulation of pawners' societies and limiting the rate of compensation to be paid for advances, storage and insurance on pawns and pledges and to allow the loaning of money upon personal property", approved March 29, 1899, as amended.

(2) To exercise the rights, powers and duties vested by law in the Auditor of Public Accounts under "An Act in relation to the definition, licensing and regulation of community currency exchanges and ambulatory currency exchanges, and the operators and employees thereof, and to make an appropriation therefor, and to provide penalties and remedies for the violation thereof", approved June 30, 1943, as amended.

(3) To exercise the rights, powers, and duties vested by law in the Auditor of Public Accounts under "An Act in relation to the buying and selling of foreign exchange and the transmission or transfer of money to foreign countries", approved June 28, 1923, as amended.

(4) To exercise the rights, powers, and duties vested by law in the Auditor of Public Accounts under "An Act to provide for and regulate the business of guaranteeing titles to real estate by corporations", approved May 13, 1901, as amended.

(5) To exercise the rights, powers and duties vested by law

in the Department of Insurance under "An Act to define, license, and regulate the business of making loans of eight hundred dollars or less, permitting an interest charge thereon greater than otherwise allowed by law, authorizing and regulating the assignment of wages or salary when taken as security for any such loan or as consideration for a payment of eight hundred dollars or less, providing penalties, and to repeal Acts therein named", approved July 11, 1935, as amended.

(6) To administer and enforce "An Act to license and regulate the keeping and letting of safety deposit boxes, safes, and vaults, and the opening thereof, and to repeal a certain Act therein named", approved June 13, 1945, as amended.

(7) Whenever the Department is authorized or required by law to consider some aspect of criminal history record information for the purpose of carrying out its statutory powers and responsibilities, then, upon request and payment of fees in conformance with the requirements of Section 2605-400 of the Department of State Police Law (20 ILCS 2605/2605-400), the Department of State Police is authorized to furnish, pursuant to positive identification, such information contained in State files as is necessary to fulfill the request.

(8) To administer the Payday Loan Reform Act, the Consumer Installment Loan Act, the Predatory Loan Prevention Act, the Motor Vehicle Retail Installment Sales Act, and the Retail Installment Sales Act.

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

Section 15-90-10. The Consumer Installment Loan Act is amended by changing Sections 1, 15, 15d, and 17.5 as follows:

(205 ILCS 670/1) (from Ch. 17, par. 5401)

Sec. 1. License required to engage in business. No person, partnership, association, limited liability company, or corporation shall engage in the business of making loans of money ~~in a principal amount not exceeding \$40,000,~~ and charge, contract for, or receive on any such loan a greater annual percentage rate than 9% ~~rate of interest, discount, or consideration therefor than the lender would be permitted by law to charge if he were not a licensee hereunder,~~ except as authorized by this Act after first obtaining a license from the Director of Financial Institutions (hereinafter called the Director). No licensee, or employee or affiliate thereof, that is licensed under the Payday Loan Reform Act shall obtain a license under this Act except that a licensee under the Payday Loan Reform Act may obtain a license under this Act for the exclusive purpose and use of making title-secured loans, as defined in subsection (a) of Section 15 of this Act and governed by Title 38, Section 110.300 of the Illinois Administrative Code. For the purpose of this Section, "affiliate" means any person or entity that directly or indirectly controls, is controlled by, or shares control with

another person or entity. A person or entity has control over another if the person or entity has an ownership interest of 25% or more in the other.

In this Act, "Director" means the Director of Financial Institutions of the Department of Financial and Professional Regulation.

(Source: P.A. 96-936, eff. 3-21-11; 97-420, eff. 1-1-12.)

(205 ILCS 670/15) (from Ch. 17, par. 5415)

Sec. 15. Charges permitted.

(a) Every licensee may lend a principal amount not exceeding \$40,000 and, ~~except as to small consumer loans as defined in this Section,~~ may charge, contract for and receive thereon interest at an annual percentage rate of no more than 36%, subject to the provisions of this Act; ~~provided, however, that the limitation on the annual percentage rate contained in this subsection (a) does not apply to title secured loans, which are loans upon which interest is charged at an annual percentage rate exceeding 36%, in which, at commencement, an obligor provides to the licensee, as security for the loan, physical possession of the obligor's title to a motor vehicle, and upon which a licensee may charge, contract for, and receive thereon interest at the rate agreed upon by the licensee and borrower.~~ For purposes of this Section, the annual percentage rate shall be calculated as such rate is calculated using the system for calculating a military annual percentage rate under

Section 232.4 of Title 32 of the Code of Federal Regulations as in effect on the effective date of this amendatory Act of the 101st General Assembly ~~in accordance with the federal Truth in Lending Act.~~

(b) For purpose of this Section, the following terms shall have the meanings ascribed herein.

"Applicable interest" for a precomputed loan contract means the amount of interest attributable to each monthly installment period. It is computed as if each installment period were one month and any interest charged for extending the first installment period beyond one month is ignored. The applicable interest for any monthly installment period is, ~~for loans other than small consumer loans as defined in this Section,~~ that portion of the precomputed interest that bears the same ratio to the total precomputed interest as the balances scheduled to be outstanding during that month bear to the sum of all scheduled monthly outstanding balances in the original contract. ~~With respect to a small consumer loan, the applicable interest for any installment period is that portion of the precomputed monthly installment account handling charge attributable to the installment period calculated based on a method at least as favorable to the consumer as the actuarial method, as defined by the federal Truth in Lending Act.~~

"Interest-bearing loan" means a loan in which the debt is expressed as a principal amount plus interest charged on actual unpaid principal balances for the time actually outstanding.

"Precomputed loan" means a loan in which the debt is expressed as the sum of the original principal amount plus interest computed actuarially in advance, assuming all payments will be made when scheduled.

~~"Small consumer loan" means a loan upon which interest is charged at an annual percentage rate exceeding 36% and with an amount financed of \$4,000 or less. "Small consumer loan" does not include a title secured loan as defined by subsection (a) of this Section or a payday loan as defined by the Payday Loan Reform Act.~~

"Substantially equal installment" includes a last regularly scheduled payment that may be less than, but not more than 5% larger than, the previous scheduled payment according to a disclosed payment schedule agreed to by the parties.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time for either interest-bearing or precomputed loans for the calculation of interest and other purposes, a month shall be a calendar month and a day shall be considered 1/30th of a month when calculation is made for a fraction of a month. A month shall be 1/12th of a year. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a month and a fraction of a month, the fraction of the month is considered to follow the whole month. In the alternative, for interest-bearing loans,

the licensee may charge interest at the rate of 1/365th of the agreed annual rate for each day actually elapsed.

(d-5) No licensee or other person may condition an extension of credit to a consumer on the consumer's repayment by preauthorized electronic fund transfers. Payment options, including, but not limited to, electronic fund transfers and Automatic Clearing House (ACH) transactions may be offered to consumers as a choice and method of payment chosen by the consumer.

(e) With respect to interest-bearing loans:

(1) Interest shall be computed on unpaid principal balances outstanding from time to time, for the time outstanding, until fully paid. Each payment shall be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest shall not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan

is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract shall be deemed a new and separate loan transaction for all purposes.

(3) Loans must be fully amortizing and be repayable in substantially equal and consecutive weekly, biweekly, semimonthly, or monthly installments. Notwithstanding this requirement, rates may vary according to an index that is independently verifiable and beyond the control of the licensee.

(4) The lender or creditor may, if the contract provides, collect a delinquency or collection charge on each installment in default for a period of not less than 10 days in an amount not exceeding 5% of the installment on installments in excess of \$200, or \$10 on installments of \$200 or less, but only one delinquency and collection charge may be collected on any installment regardless of the period during which it remains in default.

(f) With respect to precomputed loans:

(1) Loans shall be repayable in substantially equal and consecutive weekly, biweekly, semimonthly, or monthly installments of principal and interest combined, except that the first installment period may be longer than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days; and

provided further that monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments shall be applied in the order in which they become due, except that any insurance proceeds received as a result of any claim made on any insurance, unless sufficient to prepay the contract in full, may be applied to the unpaid installments of the total of payments in inverse order.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the obligor with the total of the applicable interest for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; provided, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable interest for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the obligor with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as

if prepayment in full had been made on the date the judgement is entered.

(4) The lender or creditor may, if the contract provides, collect a delinquency or collection charge on each installment in default for a period of not less than 10 days in an amount not exceeding 5% of the installment on installments in excess of \$200, or \$10 on installments of \$200 or less, but only one delinquency or collection charge may be collected on any installment regardless of the period during which it remains in default.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this Section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one month period may not exceed the applicable interest for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully

earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall credit to the obligor a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the agreed rate of interest ~~or, in the case of small consumer loans, interest at the rate of 18% per annum,~~ may be charged on the unpaid balance until fully paid.

(7) Fifteen days after the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may compute and charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the agreed rate of interest ~~or, in the case of small consumer loans, interest at the rate of 18% per annum,~~ until fully paid. At the time of payment of said final installment, the licensee shall give notice to the obligor stating any amounts unpaid.

(Source: P.A. 101-563, eff. 8-23-19.)

(205 ILCS 670/15d) (from Ch. 17, par. 5419)

Sec. 15d. Extra charges prohibited; exceptions. No amount in addition to the charges authorized by this Act shall be directly or indirectly charged, contracted for, or received, except (1) lawful fees paid to any public officer or agency to record, file or release security; (2) (i) costs and disbursements actually incurred in connection with a real estate loan, for any title insurance, title examination, abstract of title, survey, or appraisal, or paid to a trustee in connection with a trust deed, and (ii) in connection with a real estate loan those charges authorized by Section 4.1a of the Interest Act, whether called "points" or otherwise, which charges are imposed as a condition for making the loan and are not refundable in the event of prepayment of the loan; (3) costs and disbursements, including reasonable attorney's fees, incurred in legal proceedings to collect a loan or to realize on a security after default; and (4) an amount not exceeding \$25, plus any actual expenses incurred in connection with a check or draft that is not honored because of insufficient or uncollected funds or because no such account exists; ~~and (5) a document preparation fee not to exceed \$25 for obtaining and reviewing credit reports and preparation of other documents.~~ This Section does not prohibit the receipt of a commission, dividend, charge, or other benefit by the licensee or by an

employee, affiliate, or associate of the licensee from the insurance permitted by Sections 15a and 15b of this Act or from insurance in lieu of perfecting a security interest provided that the premiums for such insurance do not exceed the fees that otherwise could be contracted for by the licensee under this Section. Obtaining any of the items referred to in clause (i) of item (2) of this Section through the licensee or from any person specified by the licensee shall not be a condition precedent to the granting of the loan.

(Source: P.A. 89-400, eff. 8-20-95; 90-437, eff. 1-1-98.)

(205 ILCS 670/17.5)

Sec. 17.5. Consumer reporting service.

(a) For the purpose of this Section, "certified database" means the consumer reporting service database established pursuant to the Payday Loan Reform Act. "Title-secured loan" means a loan in which, at commencement, a consumer provides to the licensee, as security for the loan, physical possession of the consumer's title to a motor vehicle.

(b) Licensees shall enter information regarding each loan into the certified database and shall follow the Department's related rules. ~~Within 90 days after making a small consumer loan, a licensee shall enter information about the loan into the certified database.~~

(c) For every title-secured loan ~~small consumer loan~~ made, the licensee shall input information as provided in 38 Ill.

~~Adm. Code 110.420. the following information into the certified database within 90 days after the loan is made:~~

~~(i) the consumer's name and official identification number (for purposes of this Act, "official identification number" includes a Social Security Number, an Individual Taxpayer Identification Number, a Federal Employer Identification Number, an Alien Registration Number, or an identification number imprinted on a passport or consular identification document issued by a foreign government);~~

~~(ii) the consumer's gross monthly income;~~

~~(iii) the date of the loan;~~

~~(iv) the amount financed;~~

~~(v) the term of the loan;~~

~~(vi) the acquisition charge;~~

~~(vii) the monthly installment account handling charge;~~

~~(viii) the verification fee;~~

~~(ix) the number and amount of payments; and~~

~~(x) whether the loan is a first or subsequent refinancing of a prior small consumer loan.~~

~~(d) Once a loan is entered with the certified database, the certified database shall provide to the licensee a dated, time stamped statement acknowledging the certified database's receipt of the information and assigning each loan a unique loan number.~~

~~(e) The licensee shall update the certified database within 90 days if any of the following events occur:~~

- ~~(i) the loan is paid in full by cash;~~
- ~~(ii) the loan is refinanced;~~
- ~~(iii) the loan is renewed;~~
- ~~(iv) the loan is satisfied in full or in part by collateral being sold after default;~~
- ~~(v) the loan is cancelled or rescinded; or~~
- ~~(vi) the consumer's obligation on the loan is otherwise discharged by the licensee.~~

~~(f) To the extent a licensee sells a product or service to a consumer, other than a small consumer loan, and finances any portion of the cost of the product or service, the licensee shall, in addition to and at the same time as the information inputted under subsection (d) of this Section, enter into the certified database:~~

- ~~(i) a description of the product or service sold;~~
- ~~(ii) the charge for the product or service; and~~
- ~~(iii) the portion of the charge for the product or service, if any, that is included in the amount financed by a small consumer loan.~~

(d) ~~(g)~~ The certified database provider shall indemnify the licensee against all claims and actions arising from illegal or willful or wanton acts on the part of the certified database provider. The certified database provider may charge a fee not to exceed \$1 for each loan entered into the certified database ~~under subsection (d) of this Section~~. The database provider shall not charge any additional fees or charges to the

licensee.

~~(h) All personally identifiable information regarding any consumer obtained by way of the certified database and maintained by the Department is strictly confidential and shall be exempt from disclosure under subsection (c) of Section 7 of the Freedom of Information Act.~~

~~(i) A licensee who submits information to a certified database provider in accordance with this Section shall not be liable to any person for any subsequent release or disclosure of that information by the certified database provider, the Department, or any other person acquiring possession of the information, regardless of whether such subsequent release or disclosure was lawful, authorized, or intentional.~~

~~(j) To the extent the certified database becomes unavailable to a licensee as a result of some event or events outside the control of the licensee or the certified database is decertified, the requirements of this Section and Section 17.4 of this Act are suspended until such time as the certified database becomes available.~~

(Source: P.A. 96-936, eff. 3-21-11; 97-813, eff. 7-13-12.)

(205 ILCS 670/17.1 rep.)

(205 ILCS 670/17.2 rep.)

(205 ILCS 670/17.3 rep.)

(205 ILCS 670/17.4 rep.)

Section 15-90-15. The Consumer Installment Loan Act is

amended by repealing Sections 17.1, 17.2, 17.3, and 17.4.

Section 15-90-20. The Payday Loan Reform Act is amended by changing Sections 1-10, 2-5, 2-10, 2-15, 2-20, 2-30, 2-40, 2-45, and 4-5 as follows:

(815 ILCS 122/1-10)

Sec. 1-10. Definitions. As used in this Act:

"Check" means a "negotiable instrument", as defined in Article 3 of the Uniform Commercial Code, that is drawn on a financial institution.

"Commercially reasonable method of verification" or "certified database" means a consumer reporting service database certified by the Department as effective in verifying that a proposed loan agreement is permissible under this Act, or, in the absence of the Department's certification, any reasonably reliable written verification by the consumer concerning (i) whether the consumer has any outstanding payday loans, (ii) the principal amount of those outstanding payday loans, and (iii) whether any payday loans have been paid in full by the consumer in the preceding 7 days.

"Consumer" means any natural person who, singly or jointly with another consumer, enters into a loan.

"Consumer reporting service" means an entity that provides a database certified by the Department.

"Department" means the Department of Financial and

Professional Regulation.

"Secretary" means the Secretary of Financial and Professional Regulation.

"Gross monthly income" means monthly income as demonstrated by official documentation of the income, including, but not limited to, a pay stub or a receipt reflecting payment of government benefits, for the period 30 days prior to the date on which the loan is made.

"Lender" and "licensee" mean any person or entity, including any affiliate or subsidiary of a lender or licensee, that offers or makes a payday loan, buys a whole or partial interest in a payday loan, arranges a payday loan for a third party, or acts as an agent for a third party in making a payday loan, regardless of whether approval, acceptance, or ratification by the third party is necessary to create a legal obligation for the third party, and includes any other person or entity if the Department determines that the person or entity is engaged in a transaction that is in substance a disguised payday loan or a subterfuge for the purpose of avoiding this Act.

"Loan agreement" means a written agreement between a lender and consumer to make a loan to the consumer, regardless of whether any loan proceeds are actually paid to the consumer on the date on which the loan agreement is made.

"Member of the military" means a person serving in the armed forces of the United States, the Illinois National Guard,

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

"Outstanding balance" means the total amount owed by the consumer on a loan to a lender, including all principal, finance charges, fees, and charges of every kind.

"Payday loan" or "loan" means a loan ~~with a finance charge exceeding an annual percentage rate of 36%~~ and with a term that does not exceed 120 days, including any transaction conducted via any medium whatsoever, including, but not limited to, paper, facsimile, Internet, or telephone, in which:

(1) A lender accepts one or more checks dated on the date written and agrees to hold them for a period of days before deposit or presentment, or accepts one or more checks dated subsequent to the date written and agrees to hold them for deposit; or

(2) A lender accepts one or more authorizations to debit a consumer's bank account; or

(3) A lender accepts an interest in a consumer's wages, including, but not limited to, a wage assignment.

~~The term "payday loan" includes "installment payday loan",~~

~~unless otherwise specified in this Act.~~

"Principal amount" means the amount received by the consumer from the lender due and owing on a loan, excluding any finance charges, interest, fees, or other loan-related charges.

"Rollover" means to refinance, renew, amend, or extend a loan beyond its original term.

(Source: P.A. 96-936, eff. 3-21-11.)

(815 ILCS 122/2-5)

Sec. 2-5. Loan terms.

(a) Without affecting the right of a consumer to prepay at any time without cost or penalty, no payday loan may have a minimum term of less than 13 days.

(b) ~~No~~ ~~Except for an installment payday loan as defined in this Section,~~ no payday loan may be made to a consumer if the loan would result in the consumer being indebted to one or more payday lenders for a period in excess of 45 consecutive days. Except as provided under subsection (c) of this Section and Section 2-40, if a consumer has or has had loans outstanding for a period in excess of 45 consecutive days, no payday lender may offer or make a loan to the consumer for at least 7 calendar days after the date on which the outstanding balance of all payday loans made during the 45 consecutive day period is paid in full. For purposes of this subsection, the term "consecutive days" means a series of continuous calendar days

in which the consumer has an outstanding balance on one or more payday loans; however, if a payday loan is made to a consumer within 6 days or less after the outstanding balance of all loans is paid in full, those days are counted as "consecutive days" for purposes of this subsection.

(c) (Blank). ~~Notwithstanding anything in this Act to the contrary, a payday loan shall also include any installment loan otherwise meeting the definition of payday loan contained in Section 1-10, but that has a term agreed by the parties of not less than 112 days and not exceeding 180 days; hereinafter an "installment payday loan". The following provisions shall apply:~~

~~(i) Any installment payday loan must be fully amortizing, with a finance charge calculated on the principal balances scheduled to be outstanding and be repayable in substantially equal and consecutive installments, according to a payment schedule agreed by the parties with not less than 13 days and not more than one month between payments; except that the first installment period may be longer than the remaining installment periods by not more than 15 days, and the first installment payment may be larger than the remaining installment payments by the amount of finance charges applicable to the extra days. In calculating finance charges under this subsection, when the first installment period is longer than the remaining installment periods, the amount of the finance charges~~

~~applicable to the extra days shall not be greater than \$15.50 per \$100 of the original principal balance divided by the number of days in a regularly scheduled installment period and multiplied by the number of extra days determined by subtracting the number of days in a regularly scheduled installment period from the number of days in the first installment period.~~

~~(ii) An installment payday loan may be refinanced by a new installment payday loan one time during the term of the initial loan; provided that the total duration of indebtedness on the initial installment payday loan combined with the total term of indebtedness of the new loan refinancing that initial loan, shall not exceed 180 days. For purposes of this Act, a refinancing occurs when an existing installment payday loan is paid from the proceeds of a new installment payday loan.~~

~~(iii) In the event an installment payday loan is paid in full prior to the date on which the last scheduled installment payment before maturity is due, other than through a refinancing, no licensee may offer or make a payday loan to the consumer for at least 2 calendar days thereafter.~~

~~(iv) No installment payday loan may be made to a consumer if the loan would result in the consumer being indebted to one or more payday lenders for a period in excess of 180 consecutive days. The term "consecutive days"~~

~~does not include the date on which a consumer makes the final installment payment.~~

(d) (Blank).

(e) No lender may make a payday loan to a consumer if the total of all payday loan payments coming due within the first calendar month of the loan, when combined with the payment amount of all of the consumer's other outstanding payday loans coming due within the same month, exceeds the lesser of:

(1) \$1,000; or

(2) in the case of one or more payday loans, 25% of the consumer's gross monthly income. ~~or~~

~~(3) in the case of one or more installment payday loans, 22.5% of the consumer's gross monthly income; or~~

~~(4) in the case of a payday loan and an installment payday loan, 22.5% of the consumer's gross monthly income.~~

No loan shall be made to a consumer who has an outstanding balance on 2 payday loans, except that, for a period of 12 months after March 21, 2011 (the effective date of Public Act 96-936), consumers with an existing CILA loan may be issued an installment loan issued under this Act from the company from which their CILA loan was issued.

(e-5) A lender shall not contract for or receive a charge exceeding a 36% annual percentage rate on the unpaid balance of the amount financed for a payday loan. For purposes of this Section, the annual percentage rate shall be calculated as such rate is calculated using the system for calculating a military

~~annual percentage rate under 32 CFR 232.4 as in effect on the effective date of this amendatory Act of the 101st General Assembly. Except as provided in subsection (c)(i), no lender may charge more than \$15.50 per \$100 loaned on any payday loan, or more than \$15.50 per \$100 on the initial principal balance and on the principal balances scheduled to be outstanding during any installment period on any installment payday loan. Except for installment payday loans and except as provided in Section 2-25, this charge is considered fully earned as of the date on which the loan is made. For purposes of determining the finance charge earned on an installment payday loan, the disclosed annual percentage rate shall be applied to the principal balances outstanding from time to time until the loan is paid in full, or until the maturity date, whichever occurs first. No finance charge may be imposed after the final scheduled maturity date.~~

When any loan contract is paid in full, the licensee shall refund any unearned finance charge. The unearned finance charge that is refunded shall be calculated based on a method that is at least as favorable to the consumer as the actuarial method, as defined by the federal Truth in Lending Act. The sum of the digits or rule of 78ths method of calculating prepaid interest refunds is prohibited.

(f) A lender may not take or attempt to take an interest in any of the consumer's personal property to secure a payday loan.

(g) A consumer has the right to redeem a check or any other item described in the definition of payday loan under Section 1-10 issued in connection with a payday loan from the lender holding the check or other item at any time before the payday loan becomes payable by paying the full amount of the check or other item.

(h) (Blank). ~~For the purpose of this Section, "substantially equal installment" includes a last regularly scheduled payment that may be less than, but no more than 5% larger than, the previous scheduled payment according to a disclosed payment schedule agreed to by the parties.~~

(Source: P.A. 100-201, eff. 8-18-17; 101-563, eff. 8-23-19.)

(815 ILCS 122/2-10)

Sec. 2-10. Permitted fees.

(a) If there are insufficient funds to pay a check, Automatic Clearing House (ACH) debit, or any other item described in the definition of payday loan under Section 1-10 on the day of presentment and only after the lender has incurred an expense, a lender may charge a fee not to exceed \$25. Only one such fee may be collected by the lender with respect to a particular check, ACH debit, or item even if it has been deposited and returned more than once. A lender shall present the check, ACH debit, or other item described in the definition of payday loan under Section 1-10 for payment not more than twice. A fee charged under this subsection (a) is a

lender's exclusive charge for late payment.

(a-5) A lender may charge a borrower a fee not to exceed \$1 for the verification required under Section 2-15 of this Act in connection with a payday loan. ~~and, until July 1, 2020, in connection with an installment payday loan. Beginning July 1, 2020, a lender may charge a borrower a fee not to exceed \$3 for the verification required under Section 2-15 of this Act in connection with an installment payday loan.~~ In no event may a fee be greater than the amount charged by the certified consumer reporting service. Only one such fee may be collected by the lender with respect to a particular loan.

(b) Except for the finance charges described in Section 2-5 and as specifically allowed by this Section, a lender may not impose on a consumer any additional finance charges, interest, fees, or charges of any sort for any purpose.

(Source: P.A. 100-1168, eff. 6-1-19.)

(815 ILCS 122/2-15)

Sec. 2-15. Verification.

(a) Before entering into a loan agreement with a consumer, a lender must use a commercially reasonable method of verification to verify that the proposed loan agreement is permissible under this Act.

(b) Within 6 months after the effective date of this Act, the Department shall certify that one or more consumer reporting service databases are commercially reasonable

methods of verification. Upon certifying that a consumer reporting service database is a commercially reasonable method of verification, the Department shall:

(1) provide reasonable notice to all licensees identifying the commercially reasonable methods of verification that are available; and

(2) immediately upon certification, require each licensee to use a commercially reasonable method of verification as a means of complying with subsection (a) of this Section.

(c) Except as otherwise provided in this Section, all personally identifiable information regarding any consumer obtained by way of the certified database and maintained by the Department is strictly confidential and shall be exempt from disclosure under Section 7(1)(b)(i) of the Freedom of Information Act.

(d) Notwithstanding any other provision of law to the contrary, a consumer seeking a payday loan may make a direct inquiry to the consumer reporting service to request a more detailed explanation of the basis for a consumer reporting service's determination that the consumer is ineligible for a new payday loan.

(e) In certifying a commercially reasonable method of verification, the Department shall ensure that the certified database:

(1) provides real-time access through an Internet

connection or, if real-time access through an Internet connection becomes unavailable to lenders due to a consumer reporting service's technical problems incurred by the consumer reporting service, through alternative verification mechanisms, including, but not limited to, verification by telephone;

(2) is accessible to the Department and to licensees in order to ensure compliance with this Act and in order to provide any other information that the Department deems necessary;

(3) requires licensees to input whatever information is required by the Department;

(4) maintains a real-time copy of the required reporting information that is available to the Department at all times and is the property of the Department;

(5) provides licensees only with a statement that a consumer is eligible or ineligible for a new payday loan and a description of the reason for the determination; and

(6) contains safeguards to ensure that all information contained in the database regarding consumers is kept strictly confidential.

(f) The licensee shall update the certified database by inputting all information required under item (3) of subsection (e):

(1) on the same day that a payday loan is made;

(2) on the same day that a consumer elects a repayment

plan, as provided in Section 2-40; and

(3) on the same day that a consumer's payday loan is paid in full, ~~including the refinancing of an installment payday loan as permitted under subsection (c) of Section 2-5.~~

(g) A licensee may rely on the information contained in the certified database as accurate and is not subject to any administrative penalty or liability as a result of relying on inaccurate information contained in the database.

(h) The certified consumer reporting service shall indemnify the licensee against all claims and actions arising from illegal or willful or wanton acts on the part of the certified consumer reporting service.

(i) The certified consumer reporting service may charge a verification fee not to exceed \$1 upon a loan being made or entered into in the database. ~~Beginning July 1, 2020, the certified consumer reporting service may charge a verification fee not to exceed \$3 for an installment payday loan being made or entered into the data base.~~ The certified consumer reporting service shall not charge any additional fees or charges.

(Source: P.A. 100-1168, eff. 6-1-19.)

(815 ILCS 122/2-20)

Sec. 2-20. Required disclosures.

(a) Before a payday loan is made, a lender shall deliver to the consumer a pamphlet prepared by the Secretary that:

(1) explains, in simple English and Spanish, all of the consumer's rights and responsibilities in a payday loan transaction;

(2) includes a toll-free number to the Secretary's office to handle concerns or provide information about whether a lender is licensed, whether complaints have been filed with the Secretary, and the resolution of those complaints; and

(3) provides information regarding the availability of debt management services.

(b) Lenders shall provide consumers with a written agreement that may be kept by the consumer. The written agreement must include the following information in English and in the language in which the loan was negotiated:

(1) the name and address of the lender making the payday loan, and the name and title of the individual employee who signs the agreement on behalf of the lender;

(2) disclosures required by the federal Truth in Lending Act;

(3) a clear description of the consumer's payment obligations under the loan;

(4) the following statement, in at least 14-point bold type face: "You cannot be prosecuted in criminal court to collect this loan." The information required to be disclosed under this subdivision (4) must be conspicuously disclosed in the loan document and shall be located

immediately preceding the signature of the consumer; and

(5) the following statement, in at least 14-point bold type face:

"WARNING: This loan is not intended to meet long-term financial needs. This loan should be used only to meet short-term cash needs. The cost of your loan may be higher than loans offered by other lending institutions. This loan is regulated by the Department of Financial and Professional Regulation."

(c) The following notices in English and Spanish must be conspicuously posted by a lender in each location of a business providing payday loans:

(1) A notice that informs consumers that the lender cannot use the criminal process against a consumer to collect any payday loan.

(2) The schedule of all finance charges to be charged on loans with an example of the amounts that would be charged on a \$100 loan payable in 13 days and a \$400 loan payable in 30 days, ~~and an installment payday loan of \$400 payable on a monthly basis over 180 days,~~ giving the corresponding annual percentage rate.

(3) In one-inch bold type, a notice to the public in the lending area of each business location containing the following statement:

"WARNING: This loan is not intended to meet long-term financial needs. This loan should be used only to meet

short-term cash needs. The cost of your loan may be higher than loans offered by other lending institutions. This loan is regulated by the Department of Financial and Professional Regulation."

(4) In one-inch bold type, a notice to the public in the lending area of each business location containing the following statement:

"INTEREST-FREE REPAYMENT PLAN: If you still owe on one or more payday loans, ~~other than an installment payday loan,~~ after 35 days, you are entitled to enter into a repayment plan. The repayment plan will give you at least 55 days to repay your loan in installments with no additional finance charges, interest, fees, or other charges of any kind."

(Source: P.A. 96-936, eff. 3-21-11.)

(815 ILCS 122/2-30)

Sec. 2-30. Rollovers prohibited. Rollover of a payday loan by any lender is prohibited. ~~, except as provided in subsection (c) of Section 2-5.~~ This Section does not prohibit entering into a repayment plan, as provided under Section 2-40.

(Source: P.A. 96-936, eff. 3-21-11.)

(815 ILCS 122/2-40)

Sec. 2-40. Repayment plan.

(a) At the time a payday loan is made, the lender must

provide the consumer with a separate written notice signed by the consumer of the consumer's right to request a repayment plan. The written notice must comply with the requirements of subsection (c).

(b) The loan agreement must include the following language in at least 14-point bold type: IF YOU STILL OWE ON ONE OR MORE PAYDAY LOANS AFTER 35 DAYS, YOU ARE ENTITLED TO ENTER INTO A REPAYMENT PLAN. THE REPAYMENT PLAN WILL GIVE YOU AT LEAST 55 DAYS TO REPAY YOUR LOAN IN INSTALLMENTS WITH NO ADDITIONAL FINANCE CHARGES, INTEREST, FEES, OR OTHER CHARGES OF ANY KIND.

(c) At the time a payday loan is made, on the first page of the loan agreement and in a separate document signed by the consumer, the following shall be inserted in at least 14-point bold type: I UNDERSTAND THAT IF I STILL OWE ON ONE OR MORE PAYDAY LOANS AFTER 35 DAYS, I AM ENTITLED TO ENTER INTO A REPAYMENT PLAN THAT WILL GIVE ME AT LEAST 55 DAYS TO REPAY THE LOAN IN INSTALLMENTS WITH NO ADDITIONAL FINANCE CHARGES, INTEREST, FEES, OR OTHER CHARGES OF ANY KIND.

(d) If the consumer has or has had one or more payday loans outstanding for 35 consecutive days, any payday loan outstanding on the 35th consecutive day shall be payable under the terms of a repayment plan as provided for in this Section, if the consumer requests the repayment plan. As to any loan that becomes eligible for a repayment plan under this subsection, the consumer has until 28 days after the default date of the loan to request a repayment plan. Within 48 hours

after the request for a repayment plan is made, the lender must prepare the repayment plan agreement and both parties must execute the agreement. Execution of the repayment plan agreement shall be made in the same manner in which the loan was made and shall be evidenced in writing.

(e) The terms of the repayment plan for a payday loan must include the following:

(1) The lender may not impose any charge on the consumer for requesting or using a repayment plan. Performance of the terms of the repayment plan extinguishes the consumer's obligation on the loan.

(2) No lender shall charge the consumer any finance charges, interest, fees, or other charges of any kind, except a fee for insufficient funds, as provided under Section 2-10.

(3) The consumer shall be allowed to repay the loan in at least 4 equal installments with at least 13 days between installments, provided that the term of the repayment plan does not exceed 90 days. The first payment under the repayment plan shall not be due before at least 13 days after the repayment plan is signed by both parties. The consumer may prepay the amount due under the repayment plan at any time, without charge or penalty.

(4) The length of time between installments may be extended by the parties so long as the total period of repayment does not exceed 90 days. Any such modification

must be in writing and signed by both parties.

(f) Notwithstanding any provision of law to the contrary, a lender is prohibited from making a payday loan to a consumer who has a payday loan outstanding under a repayment plan and for at least 14 days after the outstanding balance of the loan under the repayment plan and the outstanding balance of all other payday loans outstanding during the term of the repayment plan are paid in full.

(g) A lender may not accept postdated checks for payments under a repayment plan.

(h) Notwithstanding any provision of law to the contrary, a lender may voluntarily agree to enter into a repayment plan with a consumer at any time. If a consumer is eligible for a repayment plan under subsection (d), any repayment agreement constitutes a repayment plan under this Section and all provisions of this Section apply to that agreement.

(i) (Blank). ~~The provisions of this Section 2-40 do not apply to an installment payday loan, except for subsection (f) of this Section.~~

(Source: P.A. 96-936, eff. 3-21-11.)

(815 ILCS 122/2-45)

Sec. 2-45. Default.

(a) No legal proceeding of any kind, including, but not limited to, a lawsuit or arbitration, may be filed or initiated against a consumer to collect on a payday loan until 28 days

after the default date of the loan, or, in the case of a payday loan under a repayment plan, for 28 days after the default date under the terms of the repayment plan. ~~, or in the case of an installment payday loan, for 28 days after default in making a scheduled payment.~~

(b) Upon and after default, a lender shall not charge the consumer any finance charges, interest, fees, or charges of any kind, other than the insufficient fund fee described in Section 2-10.

(c) Notwithstanding whether a loan is or has been in default, once the loan becomes subject to a repayment plan, the loan shall not be construed to be in default until the default date provided under the terms of the repayment plan.

(Source: P.A. 96-936, eff. 3-21-11.)

(815 ILCS 122/4-5)

Sec. 4-5. Prohibited acts. A licensee or unlicensed person or entity making payday loans may not commit, or have committed on behalf of the licensee or unlicensed person or entity, any of the following acts:

(1) Threatening to use or using the criminal process in this or any other state to collect on the loan.

(2) Using any device or agreement that would have the effect of charging or collecting more fees or charges than allowed by this Act, including, but not limited to, entering into a different type of transaction with the

consumer.

(3) Engaging in unfair, deceptive, or fraudulent practices in the making or collecting of a payday loan.

(4) Using or attempting to use the check provided by the consumer in a payday loan as collateral for a transaction not related to a payday loan.

(5) Knowingly accepting payment in whole or in part of a payday loan through the proceeds of another payday loan provided by any licensee, except as provided in subsection (c) of Section 2.5.

(6) Knowingly accepting any security, other than that specified in the definition of payday loan in Section 1-10, for a payday loan.

(7) Charging any fees or charges other than those specifically authorized by this Act.

(8) Threatening to take any action against a consumer that is prohibited by this Act or making any misleading or deceptive statements regarding the payday loan or any consequences thereof.

(9) Making a misrepresentation of a material fact by an applicant for licensure in obtaining or attempting to obtain a license.

(10) Including any of the following provisions in loan documents required by subsection (b) of Section 2-20:

(A) a confession of judgment clause;

(B) a waiver of the right to a jury trial, if

applicable, in any action brought by or against a consumer, unless the waiver is included in an arbitration clause allowed under subparagraph (C) of this paragraph (11);

(C) a mandatory arbitration clause that is oppressive, unfair, unconscionable, or substantially in derogation of the rights of consumers; or

(D) a provision in which the consumer agrees not to assert any claim or defense arising out of the contract.

(11) Selling any insurance of any kind whether or not sold in connection with the making or collecting of a payday loan.

(12) Taking any power of attorney.

(13) Taking any security interest in real estate.

(14) Collecting a delinquency or collection charge on any installment regardless of the period in which it remains in default.

(15) Collecting treble damages on an amount owing from a payday loan.

(16) Refusing, or intentionally delaying or inhibiting, the consumer's right to enter into a repayment plan pursuant to this Act.

(17) Charging for, or attempting to collect, attorney's fees, court costs, or arbitration costs incurred in connection with the collection of a payday

loan.

(18) Making a loan in violation of this Act.

(19) Garnishing the wages or salaries of a consumer who is a member of the military.

(20) Failing to suspend or defer collection activity against a consumer who is a member of the military and who has been deployed to a combat or combat-support posting.

(21) Contacting the military chain of command of a consumer who is a member of the military in an effort to collect on a payday loan.

(22) Making or offering to make any loan other than a payday loan or a title-secured loan, provided however, that to make or offer to make a title-secured loan, a licensee must obtain a license under the Consumer Installment Loan Act.

(23) Making or offering a loan in violation of the Predatory Loan Prevention Act.

(Source: P.A. 96-936, eff. 3-21-11.)

Section 15-90-25. The Interest Act is amended by changing Sections 4 and 4a as follows:

(815 ILCS 205/4) (from Ch. 17, par. 6404)

Sec. 4. General interest rate.

(1) Except as otherwise provided in Section 4.05, in all written contracts it shall be lawful for the parties to

stipulate or agree that an annual percentage rate of 9% per annum, or any less sum ~~of interest~~, shall be taken and paid upon every \$100 of money loaned or in any manner due and owing from any person to any other person or corporation in this state, and after that rate for a greater or less sum, or for a longer or shorter time, except as herein provided.

The maximum rate of interest that may lawfully be contracted for is determined by the law applicable thereto at the time the contract is made. Any provision in any contract, whether made before or after July 1, 1969, which provides for or purports to authorize, contingent upon a change in the Illinois law after the contract is made, any rate of interest greater than the maximum lawful rate at the time the contract is made, is void.

It is lawful for a state bank or a branch of an out-of-state bank, as those terms are defined in Section 2 of the Illinois Banking Act, to receive or to contract to receive and collect interest and charges at any rate or rates agreed upon by the bank or branch and the borrower. It is lawful for a savings bank chartered under the Savings Bank Act or a savings association chartered under the Illinois Savings and Loan Act of 1985 to receive or contract to receive and collect interest and charges at any rate agreed upon by the savings bank or savings association and the borrower.

It is lawful to receive or to contract to receive and collect interest and charges as authorized by this Act and as

authorized by the Consumer Installment Loan Act, ~~and by the "Consumer Finance Act", approved July 10, 1935, as now or hereafter amended, or by the Payday Loan Reform Act, the Retail Installment Sales Act, the Illinois Financial Services Development Act, or the Motor Vehicle Retail Installment Sales Act.~~ It is lawful to charge, contract for, and receive any rate or amount of interest or compensation, except as otherwise provided in the Predatory Loan Prevention Act, with respect to the following transactions:

(a) Any loan made to a corporation;

(b) Advances of money, repayable on demand, to an amount not less than \$5,000, which are made upon warehouse receipts, bills of lading, certificates of stock, certificates of deposit, bills of exchange, bonds or other negotiable instruments pledged as collateral security for such repayment, if evidenced by a writing;

(c) Any credit transaction between a merchandise wholesaler and retailer; any business loan to a business association or copartnership or to a person owning and operating a business as sole proprietor or to any persons owning and operating a business as joint venturers, joint tenants or tenants in common, or to any limited partnership, or to any trustee owning and operating a business or whose beneficiaries own and operate a business, except that any loan which is secured (1) by an assignment of an individual obligor's salary, wages, commissions or

other compensation for services, or (2) by his household furniture or other goods used for his personal, family or household purposes shall be deemed not to be a loan within the meaning of this subsection; and provided further that a loan which otherwise qualifies as a business loan within the meaning of this subsection shall not be deemed as not so qualifying because of the inclusion, with other security consisting of business assets of any such obligor, of real estate occupied by an individual obligor solely as his residence. The term "business" shall be deemed to mean a commercial, agricultural or industrial enterprise which is carried on for the purpose of investment or profit, but shall not be deemed to mean the ownership or maintenance of real estate occupied by an individual obligor solely as his residence;

(d) Any loan made in accordance with the provisions of Subchapter I of Chapter 13 of Title 12 of the United States Code, which is designated as "Housing Renovation and Modernization";

(e) Any mortgage loan insured or upon which a commitment to insure has been issued under the provisions of the National Housing Act, Chapter 13 of Title 12 of the United States Code;

(f) Any mortgage loan guaranteed or upon which a commitment to guaranty has been issued under the provisions of the Veterans' Benefits Act, Subchapter II of Chapter 37

of Title 38 of the United States Code;

(g) Interest charged by a broker or dealer registered under the Securities Exchange Act of 1934, as amended, or registered under the Illinois Securities Law of 1953, approved July 13, 1953, as now or hereafter amended, on a debit balance in an account for a customer if such debit balance is payable at will without penalty and is secured by securities as defined in Uniform Commercial Code-Investment Securities;

(h) Any loan made by a participating bank as part of any loan guarantee program which provides for loans and for the refinancing of such loans to medical students, interns and residents and which are guaranteed by the American Medical Association Education and Research Foundation;

(i) Any loan made, guaranteed, or insured in accordance with the provisions of the Housing Act of 1949, Subchapter III of Chapter 8A of Title 42 of the United States Code and the Consolidated Farm and Rural Development Act, Subchapters I, II, and III of Chapter 50 of Title 7 of the United States Code;

(j) Any loan by an employee pension benefit plan, as defined in Section 3 (2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C.A. Sec. 1002), to an individual participating in such plan, provided that such loan satisfies the prohibited transaction exemption requirements of Section 408 (b) (1) (29 U.S.C.A. Sec. 1108

(b) (1)) or Section 2003 (a) (26 U.S.C.A. Sec. 4975 (d) (1)) of the Employee Retirement Income Security Act of 1974;

(k) Written contracts, agreements or bonds for deed providing for installment purchase of real estate, including a manufactured home as defined in subdivision (53) of Section 9-102 of the Uniform Commercial Code that is real property as defined in the Conveyance and Encumbrance of Manufactured Homes as Real Property and Severance Act;

(l) Loans secured by a mortgage on real estate, including a manufactured home as defined in subdivision (53) of Section 9-102 of the Uniform Commercial Code that is real property as defined in the Conveyance and Encumbrance of Manufactured Homes as Real Property and Severance Act;

(m) Loans made by a sole proprietorship, partnership, or corporation to an employee or to a person who has been offered employment by such sole proprietorship, partnership, or corporation made for the sole purpose of transferring an employee or person who has been offered employment to another office maintained and operated by the same sole proprietorship, partnership, or corporation;

(n) Loans to or for the benefit of students made by an institution of higher education.

(2) Except for loans described in subparagraph (a), (c),

(d), (e), (f) or (i) of subsection (1) of this Section, and except to the extent permitted by the applicable statute for loans made pursuant to Section 4a or pursuant to the Consumer Installment Loan Act:

(a) Whenever the rate of interest exceeds an annual percentage rate of 8% ~~per annum~~ on any written contract, agreement or bond for deed providing for the installment purchase of residential real estate, or on any loan secured by a mortgage on residential real estate, it shall be unlawful to provide for a prepayment penalty or other charge for prepayment.

(b) No agreement, note or other instrument evidencing a loan secured by a mortgage on residential real estate, or written contract, agreement or bond for deed providing for the installment purchase of residential real estate, may provide for any change in the contract rate of interest during the term thereof. However, if the Congress of the United States or any federal agency authorizes any class of lender to enter, within limitations, into mortgage contracts or written contracts, agreements or bonds for deed in which the rate of interest may be changed during the term of the contract, any person, firm, corporation or other entity not otherwise prohibited from entering into mortgage contracts or written contracts, agreements or bonds for deed in Illinois may enter into mortgage contracts or written contracts, agreements or bonds for

deed in which the rate of interest may be changed during the term of the contract, within the same limitations.

(3) In any contract or loan which is secured by a mortgage, deed of trust, or conveyance in the nature of a mortgage, on residential real estate, the interest which is computed, calculated, charged, or collected pursuant to such contract or loan, or pursuant to any regulation or rule promulgated pursuant to this Act, may not be computed, calculated, charged or collected for any period of time occurring after the date on which the total indebtedness, with the exception of late payment penalties, is paid in full.

(4) For purposes of this Section, a prepayment shall mean the payment of the total indebtedness, with the exception of late payment penalties if incurred or charged, on any date before the date specified in the contract or loan agreement on which the total indebtedness shall be paid in full, or before the date on which all payments, if timely made, shall have been made. In the event of a prepayment of the indebtedness which is made on a date after the date on which interest on the indebtedness was last computed, calculated, charged, or collected but before the next date on which interest on the indebtedness was to be calculated, computed, charged, or collected, the lender may calculate, charge and collect interest on the indebtedness for the period which elapsed between the date on which the prepayment is made and the date on which interest on the indebtedness was last computed,

calculated, charged or collected at a rate equal to $1/360$ of the annual rate for each day which so elapsed, which rate shall be applied to the indebtedness outstanding as of the date of prepayment. The lender shall refund to the borrower any interest charged or collected which exceeds that which the lender may charge or collect pursuant to the preceding sentence. The provisions of this amendatory Act of 1985 shall apply only to contracts or loans entered into on or after the effective date of this amendatory Act, but shall not apply to contracts or loans entered into on or after that date that are subject to Section 4a of this Act, the Consumer Installment Loan Act, the Payday Loan Reform Act, the Predatory Loan Prevention Act, or the Retail Installment Sales Act, or that provide for the refund of precomputed interest on prepayment in the manner provided by such Act.

(5) For purposes of items (a) and (c) of subsection (1) of this Section, a rate or amount of interest may be lawfully computed when applying the ratio of the annual interest rate over a year based on 360 days. The provisions of this amendatory Act of the 96th General Assembly are declarative of existing law.

(6) For purposes of this Section, "real estate" and "real property" include a manufactured home, as defined in subdivision (53) of Section 9-102 of the Uniform Commercial Code that is real property as defined in the Conveyance and Encumbrance of Manufactured Homes as Real Property and

Severance Act.

(Source: P.A. 98-749, eff. 7-16-14.)

(815 ILCS 205/4a) (from Ch. 17, par. 6410)

Sec. 4a. Installment loan rate.

(a) On money loaned to or in any manner owing from any person, whether secured or unsecured, except where the money loaned or in any manner owing is directly or indirectly for the purchase price of real estate or an interest therein and is secured by a lien on or retention of title to that real estate or interest therein, to an amount not more than \$25,000 (excluding interest) which is evidenced by a written instrument providing for the payment thereof in 2 or more periodic installments over a period of not more than 181 months from the date of the execution of the written instrument, it is lawful to receive or to contract to receive and collect either of the following:

(i) Interest ~~interest~~ in an amount equivalent to interest computed at a rate not exceeding an annual percentage rate of 9% per year on the entire principal amount of the money loaned or in any manner owing for the period from the date of the making of the loan or the incurring of the obligation for the amount owing evidenced by the written instrument until the date of the maturity of the last installment thereof, and to add that amount to the principal, except that there shall be no limit on the rate

of interest which may be received or contracted to be received and collected by (1) any bank that has its main office or, after May 31, 1997, a branch in this State; or (2) a savings and loan association chartered under the Illinois Savings and Loan Act of 1985, or a savings bank chartered under the Savings Bank Act, or a federal savings and loan association established under the laws of the United States and having its main office in this State.

It is lawful to receive or to contract to receive and collect interest and charges as authorized by the Interest Act, the Consumer Installment Loan Act, the Retail Installment Sales Act, the Motor Vehicle Retail Installment Sales Act, the Payday Loan Reform Act, and the Illinois Financial Services Development Act.

In any case in which interest is received, contracted for, or collected on the basis of paragraph (i) of subsection (a) of Section 4a, the debtor may satisfy in full at any time before maturity the debt evidenced by the written instrument, and in so satisfying must receive a refund credit against the total amount of interest added to the principal computed in the manner provided under paragraph (3) of subsection (f) of Section 15 of the Consumer Installment Loan Act for refunds or credits of applicable interest on payment in full of precomputed loans before the final installment due date. ~~or (3) any lender licensed under either the Consumer Finance Act or the~~

~~Consumer Installment Loan Act, but in any case in which interest is received, contracted for or collected on the basis of this clause (i), the debtor may satisfy in full at any time before maturity the debt evidenced by the written instrument, and in so satisfying must receive a refund credit against the total amount of interest added to the principal computed in the manner provided under Section 15(f)(3) of the Consumer Installment Loan Act for refunds or credits of applicable interest on payment in full of precomputed loans before the final installment due date; or~~

(ii) Interest ~~interest~~ accrued on the principal balance from time to time remaining unpaid, from the date of making of the loan or the incurring of the obligation to the date of the payment of the debt in full, at a rate not exceeding the annual percentage rate equivalent of the rate permitted to be charged under clause (i) above, but in any such case the debtor may, provided that the debtor shall have paid in full all interest and other charges accrued to the date of such prepayment, prepay the principal balance in full or in part at any time, and interest shall, upon any such prepayment, cease to accrue on the principal amount which has been prepaid.

(b) Whenever the principal amount of an installment loan is \$300 or more and the repayment period is 6 months or more, a minimum charge of \$15 may be collected instead of interest, but only one minimum charge may be collected from the same person

during one year. When the principal amount of the loan (excluding interest) is \$800 or less, the lender or creditor may contract for and receive a service charge not to exceed \$5 in addition to interest; and that service charge may be collected when the loan is made, but only one service charge may be contracted for, received, or collected from the same person during one year.

(c) Credit life insurance and credit accident and health insurance, and any charge therefor which is deducted from the loan or paid by the obligor, must comply with Article IX 1/2 of the Illinois Insurance Code and all lawful requirements of the Director of Insurance related thereto. When there are 2 or more obligors on the loan contract, only one charge for credit life insurance and credit accident and health insurance may be made and only one of the obligors may be required to be insured. Insurance obtained from, by or through the lender or creditor must be in effect when the loan is transacted. The purchase of that insurance from an agent, broker or insurer specified by the lender or creditor may not be a condition precedent to the granting of the loan.

(d) The lender or creditor may require the obligor to provide property insurance on security other than household goods, furniture and personal effects. The amount and term of the insurance must be reasonable in relation to the amount and term of the loan contract and the type and value of the security, and the insurance must be procured in accordance with

the insurance laws of this State. The purchase of that insurance from an agent, broker or insurer specified by the lender or creditor may not be a condition precedent to the granting of the loan.

(e) The lender or creditor may, if the contract provides, collect a delinquency and collection charge on each installment in default for a period of not less than 10 days in an amount not exceeding 5% of the installment on installments in excess of \$200 or \$10 on installments of \$200 or less, but only one delinquency and collection charge may be collected on any installment regardless of the period during which it remains in default. In addition, the contract may provide for the payment by the borrower or debtor of attorney's fees incurred by the lender or creditor. The lender or creditor may enforce such a provision to the extent of the reasonable attorney's fees incurred by him in the collection or enforcement of the contract or obligation. Whenever interest is contracted for or received under this Section, no amount in addition to the charges authorized by this Section may be directly or indirectly charged, contracted for or received, except lawful fees paid to a public officer or agency to record, file or release security, and except costs and disbursements including reasonable attorney's fees, incurred in legal proceedings to collect a loan or to realize on a security after default. This Section does not prohibit the receipt of any commission, dividend or other benefit by the creditor or an employee,

affiliate or associate of the creditor from the insurance authorized by this Section.

(f) When interest is contracted for or received under this Section, the lender must disclose the following items to the obligor in a written statement before the loan is consummated:

- (1) the amount and date of the loan contract;
- (2) the amount of loan credit using the term "amount financed";
- (3) every deduction from the amount financed or payment made by the obligor for insurance and the type of insurance for which each deduction or payment was made;
- (4) every other deduction from the loan or payment made by the obligor in connection with obtaining the loan;
- (5) the date on which the finance charge begins to accrue if different from the date of the transaction;
- (6) the total amount of the loan charge for the scheduled term of the loan contract with a description of each amount included using the term "finance charge";
- (7) the finance charge expressed as an annual percentage rate using the term "annual percentage rate". "Annual percentage rate" means the nominal annual percentage rate of finance charge determined in accordance with the actuarial method of computation with an accuracy at least to the nearest 1/4 of 1%; or at the option of the lender by application of the United States rule so that it may be disclosed with an accuracy at least to the nearest

1/4 of 1%;

(8) the number, amount and due dates or periods of payments scheduled to repay the loan and the sum of such payments using the term "total of payments";

(9) the amount, or method of computing the amount of any default, delinquency or similar charges payable in the event of late payments;

(10) the right of the obligor to prepay the loan and the fact that such prepayment will reduce the charge for the loan;

(11) a description or identification of the type of any security interest held or to be retained or acquired by the lender in connection with the loan and a clear identification of the property to which the security interest relates. If after-acquired property will be subject to the security interest, or if other or future indebtedness is or may be secured by any such property, this fact shall be clearly set forth in conjunction with the description or identification of the type of security interest held, retained or acquired;

(12) a description of any penalty charge that may be imposed by the lender for prepayment of the principal of the obligation with an explanation of the method of computation of such penalty and the conditions under which it may be imposed;

(13) unless the contract provides for the accrual and

payment of the finance charge on the balance of the amount financed from time to time remaining unpaid, an identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the loan.

The terms "finance charge" and "annual percentage rate" shall be printed more conspicuously than other terminology required by this Section.

(g) At the time disclosures are made, the lender shall deliver to the obligor a duplicate of the instrument or statement by which the required disclosures are made and on which the lender and obligor are identified and their addresses stated. All of the disclosures shall be made clearly, conspicuously and in meaningful sequence and made together on either:

(i) the note or other instrument evidencing the obligation on the same side of the page and above or adjacent to the place for the obligor's signature; however, where a creditor elects to combine disclosures with the contract, security agreement, and evidence of a transaction in a single document, the disclosures required under this Section shall be made on the face of the document, on the reverse side, or on both sides, provided that the amount of the finance charge and the annual percentage rate shall appear on the face of the document, and, if the reverse side is used, the printing on both

sides of the document shall be equally clear and conspicuous, both sides shall contain the statement, "NOTICE: See other side for important information", and the place for the customer's signature shall be provided following the full content of the document; or

(ii) one side of a separate statement which identifies the transaction.

The amount of the finance charge shall be determined as the sum of all charges, payable directly or indirectly by the obligor and imposed directly or indirectly by the lender as an incident to or as a condition to the extension of credit, whether paid or payable by the obligor, any other person on behalf of the obligor, to the lender or to a third party, including any of the following types of charges:

(1) Interest, time price differential, and any amount payable under a discount or other system of additional charges.

(2) Service, transaction, activity, or carrying charge.

(3) Loan fee, points, finder's fee, or similar charge.

(4) Fee for an appraisal, investigation, or credit report.

(5) Charges or premiums for credit life, accident, health, or loss of income insurance, written in connection with any credit transaction unless (a) the insurance coverage is not required by the lender and this fact is

clearly and conspicuously disclosed in writing to the obligor; and (b) any obligor desiring such insurance coverage gives specific dated and separately signed affirmative written indication of such desire after receiving written disclosure to him of the cost of such insurance.

(6) Charges or premiums for insurance, written in connection with any credit transaction, against loss of or damage to property or against liability arising out of the ownership or use of property, unless a clear, conspicuous, and specific statement in writing is furnished by the lender to the obligor setting forth the cost of the insurance if obtained from or through the lender and stating that the obligor may choose the person through which the insurance is to be obtained.

(7) Premium or other charges for any other guarantee or insurance protecting the lender against the obligor's default or other credit loss.

(8) Any charge imposed by a lender upon another lender for purchasing or accepting an obligation of an obligor if the obligor is required to pay any part of that charge in cash, as an addition to the obligation, or as a deduction from the proceeds of the obligation.

A late payment, delinquency, default, reinstatement or other such charge is not a finance charge if imposed for actual unanticipated late payment, delinquency, default or other

occurrence.

(h) Advertising for loans transacted under this Section may not be false, misleading, or deceptive. That advertising, if it states a rate or amount of interest, must state that rate as an annual percentage rate of interest charged. In addition, if charges other than for interest are made in connection with those loans, those charges must be separately stated. No advertising may indicate or imply that the rates or charges for loans are in any way "recommended", "approved", "set" or "established" by the State government or by this Act.

(i) A lender or creditor who complies with the federal Truth in Lending Act, amendments thereto, and any regulations issued or which may be issued thereunder, shall be deemed to be in compliance with the provisions of subsections (f), (g) and (h) of this Section.

(j) For purposes of this Section, "real estate" and "real property" include a manufactured home as defined in subdivision (53) of Section 9-102 of the Uniform Commercial Code that is real property as defined in the Conveyance and Encumbrance of Manufactured Homes as Real Property and Severance Act.

(Source: P.A. 98-749, eff. 7-16-14.)

Section 15-90-30. The Motor Vehicle Retail Installment Sales Act is amended by changing Section 21 and by adding Section 26.1 as follows:

(815 ILCS 375/21) (from Ch. 121 1/2, par. 581)

Sec. 21. The finance charge on any motor vehicle retail installment contract shall be no more than the maximum rate permissible under the Predatory Loan Prevention Act.
~~Notwithstanding the provisions of any other statute, for motor vehicle retail installment contracts executed after September 25, 1981, there shall be no limit on the finance charges which may be charged, collected, and received.~~

(Source: P.A. 90-437, eff. 1-1-98; 91-357, eff. 7-29-99.)

(815 ILCS 375/26.1 new)

Sec. 26.1. Rulemaking authority. The Secretary of Financial and Professional Regulation and his or her designees shall have authority to adopt and enforce reasonable rules, directions, orders, decisions, and findings necessary to execute and enforce this Act and protect consumers in this State. The Secretary's authority to adopt rules shall include, but not be limited to: licensing, examination, supervision, and enforcement.

Section 15-90-35. The Retail Installment Sales Act is amended by changing Sections 27 and 28 and by adding Section 33.1 as follows:

(815 ILCS 405/27) (from Ch. 121 1/2, par. 527)

Sec. 27. The finance charge on any retail installment

contract shall be no more than the maximum rate permissible under the Predatory Loan Prevention Act. ~~Notwithstanding the provisions of any other statute, retail installment contracts executed after the effective date of this amendatory Act of 1981, there shall be no limit on the finance charges which may be charged, collected and received.~~

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

(815 ILCS 405/28) (from Ch. 121 1/2, par. 528)

Sec. 28. The finance charge on any retail charge agreement shall be no more than the maximum rate permissible under the Predatory Loan Prevention Act. ~~Notwithstanding the provisions of any other statute, a retail charge agreement may provide for the charging, collection and receipt of finance charges at any specified rate on the unpaid balances incurred after the effective date of this amendatory Act of 1981. If a seller or holder under a retail charge agreement entered into on, prior to or after the effective date of this amendatory Act of 1981 notifies the retail buyer at least 15 days in advance of any lawful increase in the finance charges to be charged under the agreement, and the retail buyer, after the effective date of such notice, makes a new or additional purchase or incurs additional debt pursuant to the agreement, the increased finance charges may be applied only to any such new or additional purchase or additional debt incurred regardless of any other terms of the agreement. For purposes of determining~~

~~the balances to which the increased interest rate applies, all payments and other credits may be deemed to be applied to the balance existing prior to the change in rate until that balance is paid in full.~~

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

(815 ILCS 405/33.1 new)

Sec. 33.1. Rulemaking authority. The Secretary of Financial and Professional Regulation and his or her designees shall have authority to adopt and enforce reasonable rules, directions, orders, decisions, and findings necessary to execute and enforce this Act and protect consumers in this State. The Secretary's authority to adopt rules shall include, but not be limited to: licensing, examination, supervision, and enforcement.

Section 15-90-40. The Consumer Fraud and Deceptive Business Practices Act is amended by changing Section 2Z as follows:

(815 ILCS 505/2Z) (from Ch. 121 1/2, par. 262Z)

Sec. 2Z. Violations of other Acts. Any person who knowingly violates the Automotive Repair Act, the Automotive Collision Repair Act, the Home Repair and Remodeling Act, the Dance Studio Act, the Physical Fitness Services Act, the Hearing Instrument Consumer Protection Act, the Illinois Union Label

Act, the Installment Sales Contract Act, the Job Referral and Job Listing Services Consumer Protection Act, the Travel Promotion Consumer Protection Act, the Credit Services Organizations Act, the Automatic Telephone Dialers Act, the Pay-Per-Call Services Consumer Protection Act, the Telephone Solicitations Act, the Illinois Funeral or Burial Funds Act, the Cemetery Oversight Act, the Cemetery Care Act, the Safe and Hygienic Bed Act, the Illinois Pre-Need Cemetery Sales Act, the High Risk Home Loan Act, the Payday Loan Reform Act, the Predatory Loan Prevention Act, the Mortgage Rescue Fraud Act, subsection (a) or (b) of Section 3-10 of the Cigarette Tax Act, subsection (a) or (b) of Section 3-10 of the Cigarette Use Tax Act, the Electronic Mail Act, the Internet Caller Identification Act, paragraph (6) of subsection (k) of Section 6-305 of the Illinois Vehicle Code, Section 11-1431, 18d-115, 18d-120, 18d-125, 18d-135, 18d-150, or 18d-153 of the Illinois Vehicle Code, Article 3 of the Residential Real Property Disclosure Act, the Automatic Contract Renewal Act, the Reverse Mortgage Act, Section 25 of the Youth Mental Health Protection Act, the Personal Information Protection Act, or the Student Online Personal Protection Act commits an unlawful practice within the meaning of this Act.

(Source: P.A. 99-331, eff. 1-1-16; 99-411, eff. 1-1-16; 99-642, eff. 7-28-16; 100-315, eff. 8-24-17; 100-416, eff. 1-1-18; 100-863, eff. 8-14-18.)