The Payday Loan Reform Act of 2005

The Payday Loan Reform Act of 2005 gives Illinois consumers some much-needed protections from falling into an endless cycle of payday loan debt. While this fact sheet summarizes the key provisions of this landmark legislation, consumers should be aware that the law does not go into effect until December 8, 2005. Payday loans taken out before that date do not fall under the provisions of this law.

- A lender may charge no more than $15.50 per $100 loaned on any payday loan over the term of the loan.
- A payday loan must be written for a period of 13 days or more.
- A lender cannot make a payday loan to a consumer if the loan would result in the consumer's being in debt to one or more payday lenders for more than 45 consecutive days.
- After a consumer pays off the balance of all payday loans he or she took out in a 45 consecutive day period, a lender must wait seven calendar days before issuing that consumer a new payday loan.
- A lender cannot make a payday loan to a consumer who has an outstanding balance on two loans.
- A lender cannot make a payday loan to a consumer that exceeds $1,000 or 25% of the consumer's gross monthly income, whichever is less.
- A consumer has the right to redeem a check for two days without paying a fee.
- After being in payday loan debt for 35 days, a consumer is entitled to enter into a repayment plan composed of at least 56 days to repay the loan in installments with no additional finance charges, interest, fees, or other charges of any kind. Any payday loan outstanding on the 35th consecutive day is repayable under the terms of a repayment plan—not just a loan that is due or past due.
- A payday lender cannot impose any charge on the consumer for requesting or using a repayment plan.
- Members of the military have special protections, including a ban on wage garnishment and deferral of collection activity for personnel deployed to a combat area.

Consumer Fraud Hotlines

Chicago
1-800-386-5438
TTY: 1-800-964-3013

Springfield
1-800-243-0618
TTY: 1-877-844-5461

Carbondale
1-800-243-0607
TTY: 1-877-675-9339