



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB1514

Introduced 2/15/2019, by Sen. Toi W. Hutchinson

#### SYNOPSIS AS INTRODUCED:

765 ILCS 67/5

Amends the Installment Sales Contract Act. Provides that "installment sales contract" does not include a financing arrangement offered by a third-party religious or cultural lender. Defines "third-party religious or cultural lender" as an individual or legal entity licensed under the Residential Mortgage License Act of 1987 that is in compliance with the principles and norms of an established religious or cultural legal system and that is obtaining an interest in a residential dwelling solely as collateral security for a financing arrangement that for religious or cultural reasons does not allow the imposition or collection of interest and had no interest in the residential dwelling prior to the consummation of the financing arrangement, other than an interest in the nature of collateral security that may have been obtained as part of a prior financing arrangement made by the third-party lender.

LRB101 09457 LNS 54555 b

1 AN ACT concerning civil law.

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

4 Section 5. The Installment Sales Contract Act is amended by  
5 changing Section 5 as follows:

6 (765 ILCS 67/5)

7 Sec. 5. Definitions. As used in this Act, unless the  
8 context otherwise requires:

9 "Amortization schedule" means a written schedule which  
10 sets forth the date of each periodic payment, the amount of  
11 each periodic payment that will be applied to the principal  
12 balance and the resulting principal balance, and the amount of  
13 each periodic payment that will be applied to any interest  
14 charged, if applicable, pursuant to the contract.

15 "Balloon payment" means a payment, other than the initial  
16 down payment, in which more than the ordinary periodic payment  
17 is charged during the contract.

18 "Business day" means any calendar day except Saturday,  
19 Sunday, or a State or federal holiday.

20 "Buyer" means the person who is seeking to obtain title to  
21 a property by an installment sales contract or is obligated to  
22 make payments to the seller pursuant to the contract.

23 "Date of sale" means the date that both the seller and

1 buyer have signed the written contract.

2 " Dwelling structure " means any private home or residence or  
3 any building or structure intended for residential use with not  
4 less than one nor more than 4 residential dwelling units.

5 " Installment sales contract " or " contract " means any  
6 contract or agreement, including a contract for deed, bond for  
7 deed, or any other sale or legal device whereby a seller agrees  
8 to sell and the buyer agrees to buy a residential real estate,  
9 in which the consideration for the sale is payable in  
10 installments for a period of at least one year after the date  
11 of sale, and the seller continues to have an interest or  
12 security for the purchase price or otherwise in the property.

13 " Installment sales contract " does not include a financing  
14 arrangement that for religious or cultural reasons does not  
15 allow the imposition or collection of interest and that is  
16 offered by a person, partnership, association, limited  
17 liability company, or corporation doing business under and as  
18 permitted by any law of this State or the United States  
19 relating to banks, savings and loan associations, savings  
20 banks, ~~or~~ credit unions, or third-party religious or cultural  
21 lenders.

22 " Residential real estate " means real estate with a dwelling  
23 structure, excluding property that is sold as a part of a tract  
24 of land consisting of 4 acres or more zoned for agricultural  
25 purposes.

26 " Seller " means an individual or legal entity that possesses

1 a legal or beneficial interest in real estate and that enters  
2 into an installment sales contract more than 3 times during a  
3 12-month period to sell residential real estate. Any individual  
4 or legal entity that has a legal or beneficial interest in real  
5 estate under the name of more than one legal entity shall be  
6 considered the same seller.

7 "Third-party religious or cultural lender" means an  
8 individual or legal entity licensed under the Residential  
9 Mortgage License Act of 1987 that is in compliance with the  
10 principles and norms of an established religious or cultural  
11 legal system and that is obtaining an interest in a residential  
12 dwelling solely as collateral security for a financing  
13 arrangement that for religious or cultural reasons does not  
14 allow the imposition or collection of interest and had no  
15 interest in the residential dwelling prior to the consummation  
16 of the financing arrangement, other than an interest in the  
17 nature of collateral security that may have been obtained as  
18 part of a prior financing arrangement made by the third-party  
19 lender.

20 (Source: P.A. 100-416, eff. 1-1-18; 100-626, eff. 7-20-18.)