

1 AN ACT concerning education.

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

4 Section 5. The Student Loan Servicing Rights Act is  
5 amended by changing Sections 1-5 and 25-5 and by adding  
6 Article 7 as follows:

7 (110 ILCS 992/1-5)

8 Sec. 1-5. Definitions. As used in this Act:

9 "Applicant" means a person applying for a license pursuant  
10 to this Act.

11 "Borrower" or "student loan borrower" means a person who  
12 has received or agreed to pay a student loan for his or her own  
13 educational expenses.

14 "Cosigner" means any individual who is liable for the  
15 obligation of another without compensation, regardless of how  
16 the individual is designated in the contract or instrument  
17 with respect to that obligation, including an obligation under  
18 a private education loan extended to consolidate a borrower's  
19 preexisting student loans. The term includes any individual  
20 whose signature is requested, as a condition, to grant credit  
21 or to forbear on collection. The term does not include a spouse  
22 of an individual if the spouse's signature is needed solely to  
23 perfect the security interest in a loan.

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

3 "Division of Banking" means the Division of Banking of the  
4 Department of Financial and Professional Regulation.

5 "Federal loan borrower eligible for referral to a  
6 repayment specialist" means a borrower who possesses any of  
7 the following characteristics:

8 (1) requests information related to options to reduce  
9 or suspend his or her monthly payment;

10 (2) indicates that he or she is experiencing or  
11 anticipates experiencing financial hardship, distress, or  
12 difficulty making his or her payments;

13 (3) has missed 2 consecutive monthly payments;

14 (4) is at least 75 days delinquent;

15 (5) is enrolled in a discretionary forbearance for  
16 more than 9 of the previous 12 months;

17 (6) has rehabilitated or consolidated one or more  
18 loans out of default within the past 12 months; or

19 (7) has not completed a course of study, as reflected  
20 in the servicer's records, or the borrower identifies  
21 himself or herself as not having completed a program of  
22 study.

23 "Federal education loan" means any loan made, guaranteed,  
24 or insured under Title IV of the federal Higher Education Act  
25 of 1965.

26 "Income-driven payment plan certification" means the

1 documentation related to a federal student loan borrower's  
2 income or financial status the borrower must submit to renew  
3 an income-driven repayment plan.

4 "Income-driven repayment options" includes the  
5 Income-Contingent Repayment Plan, the Income-Based Repayment  
6 Plan, the Income-Sensitive Repayment Plan, the Pay As You Earn  
7 Plan, the Revised Pay As You Earn Plan, and any other federal  
8 student loan repayment plan that is calculated based on a  
9 borrower's income.

10 "Licensee" means a person licensed pursuant to this Act.

11 "Other repayment plans" means the Standard Repayment Plan,  
12 the Graduated Repayment Plan, the Extended Repayment Plan, or  
13 any other federal student loan repayment plan not based on a  
14 borrower's income.

15 "Private education loan" has the meaning ascribed to the  
16 term in Section 140 of the federal Truth in Lending Act (15  
17 U.S.C. 1650). In addition, "private education loan" includes  
18 an income share agreement and student financing.

19 "Private loan borrower eligible for referral to a  
20 repayment specialist" means a borrower who possesses any of  
21 the following characteristics:

22 (1) requests information related to options to reduce  
23 or suspend his or her monthly payments; or

24 (2) indicates that he or she is experiencing or  
25 anticipates experiencing financial hardship, distress, or  
26 difficulty making his or her payments.

1       "Requester" means any borrower or cosigner that submits a  
2 request for assistance.

3       "Request for assistance" means all inquiries, complaints,  
4 account disputes, and requests for documentation a servicer  
5 receives from borrowers or cosigners.

6       "Secretary" means the Secretary of Financial and  
7 Professional Regulation, or his or her designee, including the  
8 Director of the Division of Banking of the Department of  
9 Financial and Professional Regulation.

10       "Servicing" means: (1) receiving any scheduled periodic  
11 payments from a student loan borrower or cosigner pursuant to  
12 the terms of a student loan; (2) applying the payments of  
13 principal and interest and such other payments with respect to  
14 the amounts received from a student loan borrower or cosigner,  
15 as may be required pursuant to the terms of a student loan; and  
16 (3) performing other administrative services with respect to a  
17 student loan.

18       "Student loan" or "loan" means any federal education loan  
19 or other loan primarily for use to finance a postsecondary  
20 education and costs of attendance at a postsecondary  
21 institution, including, but not limited to, tuition, fees,  
22 books and supplies, room and board, transportation, and  
23 miscellaneous personal expenses. "Student loan" includes a  
24 loan made to refinance a student loan.

25       "Student loan" shall not include an extension of credit  
26 under an open-end consumer credit plan, a reverse mortgage

1 transaction, a residential mortgage transaction, or any other  
2 loan that is secured by real property or a dwelling.

3 "Student loan" shall not include an extension of credit  
4 made by a postsecondary educational institution to a borrower  
5 if one of the following apply:

6 (1) The term of the extension of credit is no longer  
7 than the borrower's education program.

8 (2) The remaining, unpaid principal balance of the  
9 extension of credit is less than \$1,500 at the time of the  
10 borrower's graduation or completion of the program.

11 (3) The borrower fails to graduate or successfully  
12 complete his or her education program and has a balance  
13 due at the time of his or her disenrollment from the  
14 postsecondary institution.

15 "Student loan servicer" or "servicer" means any person  
16 engaged in the business of servicing student loans. "Student  
17 loan servicer" or "servicer" includes persons or entities  
18 acting on behalf of the State Treasurer. "Student loan  
19 servicer" includes an EISA provider covered under Article 7 of  
20 this Act.

21 "Student loan servicer" shall not include:

22 (1) a bank, savings bank, savings association, or  
23 credit union organized under the laws of the State or any  
24 other state or under the laws of the United States;

25 (2) a wholly owned subsidiary of any bank, savings  
26 bank, savings association, or credit union organized under

1 the laws of the State or any other state or under the laws  
2 of the United States;

3 (3) an operating subsidiary where each owner of the  
4 operating subsidiary is wholly owned by the same bank,  
5 savings bank, savings association, or credit union  
6 organized under the laws of the State or any other state or  
7 under the laws of the United States;

8 (4) the Illinois Student Assistance Commission and its  
9 agents when the agents are acting on the Illinois Student  
10 Assistance Commission's behalf;

11 (5) a public postsecondary educational institution or  
12 a private nonprofit postsecondary educational institution  
13 servicing a student loan it extended to the borrower;

14 (6) a licensed debt management service under the Debt  
15 Management Service Act, except to the extent that the  
16 organization acts as a subcontractor, affiliate, or  
17 service provider for an entity that is otherwise subject  
18 to licensure under this Act;

19 (7) any collection agency licensed under the  
20 Collection Agency Act that is collecting post-default  
21 debt;

22 (8) in connection with its responsibilities as a  
23 guaranty agency engaged in default aversion, a State or  
24 nonprofit private institution or organization having an  
25 agreement with the U.S. Secretary of Education under  
26 Section 428(b) of the Higher Education Act (20 U.S.C.

1 1078(B));

2 (9) a State institution or a nonprofit private  
3 organization designated by a governmental entity to make  
4 or service student loans, provided in each case that the  
5 institution or organization services fewer than 20,000  
6 student loan accounts of borrowers who reside in Illinois;

7 (10) a law firm or licensed attorney that is  
8 collecting post-default debt; or

9 (11) the State Treasurer.

10 "Total and permanent disability" means a physical or  
11 mental impairment, disease, or loss of a permanent nature that  
12 prevents employment with or without reasonable accommodation,  
13 with proof of disability being in the form of a declaration  
14 from the United States Social Security Administration, the  
15 Illinois Workers' Compensation Commission, the United States  
16 Department of Defense, or an insurer authorized to transact  
17 business in this State who is providing disability insurance  
18 coverage to a contractor. The term does not include a  
19 condition that has not progressed or been exacerbated or that  
20 the individual did not acquire until after the closing of the  
21 loan agreement. In addition, documentation sufficient to  
22 establish a total and permanent disability for a federal  
23 student loan made pursuant to Title IV of the federal Higher  
24 Education Act of 1965 is sufficient to establish a total and  
25 permanent disability under this Act.

26 (Source: P.A. 103-748, eff. 8-2-24.)

(110 ILCS 992/Art. 7 heading new)

ARTICLE 7. EDUCATIONAL INCOME SHARE AGREEMENTS

(110 ILCS 992/7-1 new)

Sec. 7-1. Purpose and construction. This Article shall be construed as a consumer-protection law for all purposes and shall be liberally construed to effectuate its purpose.

(110 ILCS 992/7-3 new)

Sec. 7-3. Applicability. This Article applies only to educational income share agreements.

(110 ILCS 992/7-5 new)

Sec. 7-5. Definitions. As used in this Article:

"Amount financed" means the amounts advanced by the EISA provider to the consumer or on behalf of the consumer, or if the EISA provider is a merchant financing the sale of goods or services to the consumer using an EISA, "amount financed" means the amount credited by the EISA provider toward the purchase of expenses described in the definition of "educational income share agreement".

"Annual percentage rate" or "APR" means the percentage rate calculated according to the Federal Reserve Board's methodology as set forth under Regulation Z, 12 CFR Part 1026. The "annual percentage rate" of an EISA is the measure of the



1 cost of the EISA, expressed as a yearly rate, that relates to  
2 the amount and timing of value received by the consumer to the  
3 amount and timing of payments made, including any charges or  
4 fees that would be included in the APR as set forth under  
5 Regulation Z, 12 CFR Part 1026. The "annual percentage rate"  
6 is determined in accordance with either the actuarial method  
7 or the United States rule method.

8 "Cash price" has the meaning given in 12 CFR 1026.2(a)(9).

9 "Consumer" means a natural person who enters into an EISA.

10 "Educational income share agreement" or "EISA" means an  
11 agreement between a consumer and an EISA provider under which:

12 (1) the EISA provider credits or advances a sum of  
13 money to the consumer or to a third party on the consumer's  
14 behalf or, if the EISA provider is a seller of goods or  
15 services to the consumer, the EISA provider credits or  
16 advances toward the purchase of such goods or services;

17 (2) the consumer is obligated to make periodic  
18 payments, if any become due, to the EISA provider  
19 calculated, based upon, or determined by the consumer's  
20 income;

21 (3) the consumer incurs an obligation in each payment  
22 period only if the individual's income in that period is  
23 above an income threshold specified in the EISA;

24 (4) there is an EISA duration after which the  
25 obligation is complete, regardless of how much has been  
26 paid, as long as the consumer has paid any prior amounts

1       due;

2           (5) each of these elements is available at the time  
3       the agreement is executed;

4           (6) the agreement is not made, insured, or guaranteed  
5       under Title IV of the federal Higher Education Act of 1965  
6       or another federally subsidized educational finance  
7       program; and

8           (7) the agreement is extended to a consumer expressly,  
9       in whole or in part, for postsecondary educational  
10       expenses, tuition, or other obligations of, or pay amounts  
11       to or on behalf of such an individual, for the costs  
12       associated with a postsecondary training program or any  
13       other program designed to increase the individual's human  
14       capital, employability, or earning potential, including,  
15       but not limited to, a program eligible to participate as a  
16       program under Title IV of the federal Higher Education Act  
17       of 1965, as well as any personal expenses, such as books,  
18       supplies, transportation, and living costs, incurred by  
19       the individual while enrolled in such a program and any  
20       other costs or expenses included in the definition of  
21       "qualified higher education expenses" under 26 U.S.C.  
22       529(e)(3)(A), including the refinancing of loans or  
23       agreements used for the purposes described in this  
24       paragraph (7) and regardless of whether the agreement is  
25       provided by the educational institution that the consumer  
26       attends.

1       For purposes of this definition, an EISA shall be  
2       treated as a credit, within the meaning of that term under  
3       15 U.S.C. 1602(f), and as a "private education loan",  
4       within the meaning of that term under 15 U.S.C.  
5       1650(a)(8), to the extent the proceeds of the EISA are  
6       used for postsecondary educational expenses in a manner  
7       consistent with the definition of that term.

8       "EISA duration" means the maximum time during which a  
9       consumer could remain obligated on the EISA, other than  
10      periods when an EISA provider is attempting to collect  
11      past-due amounts and absent periods of payment relief pauses,  
12      forbearance, military service suspension, or other suspension  
13      of obligations at the request of the consumer, regardless of  
14      whether the consumer's income is greater than the minimum  
15      income.

16      "EISA maximum number of payments" means the maximum number  
17      of EISA payments during EISA payment periods in which the  
18      consumer's income is equal to or greater than the income  
19      threshold that a consumer could be required to make under the  
20      terms of the EISA. "EISA maximum number of payments" does not  
21      include periods of payment relief pause.

22      "EISA payment" means a calculated monthly payment in  
23      excess of \$0.00 that counts toward the maximum income-based  
24      payments under the EISA. An "EISA payment" is required only  
25      for income earned during an EISA payment period in which the  
26      consumer's income was equal to or greater than the income

1 threshold.

2 "EISA payment calculation method" means the mechanism,  
3 formula, percentage, dollar figure, or other means of  
4 calculating a student's payment obligation, based on the  
5 student's income, under the terms of the EISA.

6 "EISA payment cap" means the maximum amount of money a  
7 consumer must pay to satisfy the terms of an EISA, which may be  
8 expressed as a dollar value, a multiple of the amount funded to  
9 the student or on the student's behalf, or as a maximum  
10 effective annual percentage rate.

11 "EISA payment cap" does not include charges that would be  
12 excluded from the definition of the term "finance charge"  
13 under 12 CFR 1026.

14 "EISA provider" means:

15 (1) a person or entity that provides money, payments,  
16 or credits to or on behalf of a consumer pursuant to the  
17 terms of an EISA;

18 (2) any person or entity engaged in the business of  
19 soliciting, making, funding, or extending EISAs; or

20 (3) any person or entity that is providing educational  
21 services to the consumer and receiving compensation from  
22 an EISA provider (separate from proceeds of the EISA to  
23 cover educational expenses of the consumer) for  
24 advertising, marketing, or recommending EISAs, on behalf  
25 of an EISA provider, for those educational services.

26 This definition does not apply to an entity that either

1 (i) has no direct interactions with the consumer and is not  
2 responsible for making credit decisions regarding the consumer  
3 or (ii) is the provider of the educational services to the  
4 consumer, unless the entity qualifies under paragraph (1),  
5 (2), or (3).

6 "Federal poverty guidelines" means the poverty guidelines  
7 updated periodically in the Federal Register by the U.S.  
8 Department of Health and Human Services under the authority of  
9 42 U.S.C. 9902(2).

10 "Garnishment" means any legal or equitable procedure  
11 through which earnings of an individual are required to be  
12 withheld for payment of obligations to an EISA provider as set  
13 forth in the Code of Civil Procedure.

14 "Income threshold" means a fixed dollar amount that is the  
15 minimum income per payment period that an EISA recipient is  
16 required to earn before the EISA recipient is required to make  
17 a payment on an EISA for such payment period.

18 "Index" means the Consumer Price Index for Urban Wage  
19 Earners and Clerical Workers: U.S. City Average, All Items,  
20 1967=100, compiled by the Bureau of Labor Statistics, United  
21 States Department of Labor.

22 "Payment relief pause" means a period of time that is  
23 requested by the consumer during which the consumer is not  
24 required to make payments despite the consumer's income  
25 exceeding the income threshold.

26 "Sales price" means the "total sale price" as set forth in

1 12 CFR 1026.18(j).

2 (110 ILCS 992/7-10 new)

3 Sec. 7-10. Monthly payment affordability.

4 (a) Each EISA shall specify the EISA payment calculation  
5 method applicable to the EISA. An EISA shall not require  
6 payments from the consumer toward that EISA that exceed 8% of  
7 the consumer's income. An EISA provider shall not enter into  
8 an EISA with a consumer if the consumer would be committing to  
9 pay more than 15% of the consumer's income at any time during  
10 the EISA duration, based on information available to the EISA  
11 provider at the time of the projection, inclusive of any  
12 payment obligations that the EISA provider knows will arise in  
13 the future for other EISAs and education loans upon which the  
14 consumer is obligated at the time of the projection. The EISA  
15 provider must confirm a consumer's EISA and education loan  
16 liabilities through a verifiable third-party source. At a  
17 minimum, the EISA provider must confirm such liabilities using  
18 information maintained by a nationwide consumer reporting  
19 agency, as defined by 15 U.S.C. 1681a(f), and doing so is  
20 sufficient for meeting the requirement in this subsection.  
21 However, nothing in this subsection shall prohibit an EISA  
22 provider from using other sources to provide additional  
23 verification. For the purposes of calculating the portion of a  
24 student's future income that would be consumed by the EISA for  
25 which the student has applied and other EISAs and education

1 loans known at the time, the EISA provider shall calculate the  
2 aggregate future burden of all such obligations, including the  
3 EISA for which the student is applying, at the hypothetical  
4 future income levels described in subdivision (a)(15)(iii) of  
5 Section 7-75, ranging from the income threshold of the EISA  
6 for which the student has applied up to the maximum income  
7 described in subdivision (a)(15)(iii) of Section 7-75. The  
8 terms of the EISA for which the student has applied cannot  
9 cause the student's aggregate future burden to exceed the  
10 percentage limits in this subsection at any of the income  
11 increments stated in this Section. For the purpose of  
12 calculating the percentage burden of an EISA at a given future  
13 income level, the EISA provider shall use the EISA payment  
14 amount that would be applicable for the EISA at such income  
15 level. For the purpose of calculating the percentage burden of  
16 an educational loan at a given future income level, the EISA  
17 provider shall divide the annual payment obligation by income  
18 level using the most affordable payment plan or option which  
19 would yield the lowest monthly payments that would be  
20 available to the student at such income level under such loan.  
21 For students enrolled in a program eligible to receive federal  
22 student loans under Title IV of the federal Higher Education  
23 Act of 1965, as part of this analysis the EISA provider shall  
24 assume a federal loan balance equal to the larger of (1) the  
25 student's existing federal loan balance and (2) the aggregate  
26 maximum amount the student is eligible to borrow under Federal

1 Direct Stafford Loans for the student's status, dependent or  
2 independent.

3 (b) The EISA must state that when a consumer has income  
4 that is equal to or below the income threshold set forth in the  
5 EISA that the consumer's payment obligation is zero dollars.  
6 The income threshold must be equal to or greater than \$47,000;  
7 however, that amount shall be increased on January 1, 2026,  
8 and every other January 1 thereafter, by the annual unadjusted  
9 percentage increase (but not less than zero) in the index for  
10 the 12 months ending with the preceding September, including  
11 all previous adjustments.

12 (c) An EISA must offer at least 3 months of voluntary  
13 payment relief pauses for every 30 income-determined payments  
14 required under the EISA.

15 (d) During the payment process for the EISA, the consumer  
16 may request that the income threshold on the EISA be adjusted  
17 upward to ensure the consumer's income, less any payments  
18 required by the EISA, would be greater than or equal to the  
19 minimum essential income based on the consumer's current place  
20 of residence.

21 As used in this subsection (d), the consumer's minimum  
22 essential income is equal to 275% of the federal poverty  
23 guidelines for a single person (for the year in which the  
24 calculation is performed), multiplied by a cost-of-living  
25 adjustment factor equal to the ratio of (i) one plus the  
26 current locality payment percentage issued by the U.S. Office



1 of Personnel Management for the locality pay area in which the  
2 consumer resides, divided by (ii) one plus the current  
3 locality payment percentage issued by the U.S. Office of  
4 Personnel Management for the "Rest of U.S." locality pay area.  
5 The locality pay areas described in this subsection (d) are  
6 the locality pay areas described in 5 CFR 531.603.

7 An EISA provider must notify consumers of this option on  
8 each monthly billing statement. Nothing in this provision  
9 shall prevent an EISA provider from taking reasonable steps to  
10 confirm a consumer's place of residence (such as requiring a  
11 copy of a utility bill or a driver's license) for the purpose  
12 of establishing the consumer's minimum essential income,  
13 including if the EISA provider believes a consumer's place of  
14 residence has changed. Furthermore, an EISA provider may  
15 require that a consumer has resided at a location for at least  
16 90 days before adjusting the consumer's minimum essential  
17 income.

18 The requirements for repayment options in subsection (k)  
19 of Section 5-30 apply to this Section.

20 (110 ILCS 992/7-15 new)

21 Sec. 7-15. Maximum effective annual percentage rate. An  
22 EISA must specify that the maximum amount that a consumer  
23 could be required to pay under the EISA will not result in a  
24 consumer ever being required to pay an effective annual  
25 percentage rate that is greater than 9% or the high yield of

1 the 10-year United States Constant Maturity Treasury Notes  
2 auctioned at the final auction held before the current  
3 calendar year in which the EISA is originated plus 6%,  
4 whichever is greater. If at any time the EISA provider accepts  
5 a payment of an amount that would cause the limit in this  
6 Section to apply, the EISA provider shall, within 20 calendar  
7 days, refund any amounts necessary to ensure that the  
8 consumer's payments do not result in an effective annual  
9 percentage rate that is greater than the limit specified in  
10 this Section.

11 (110 ILCS 992/7-20 new)

12 Sec. 7-20. Limits on duration of EISAs.

13 (a) The EISA maximum number of payments shall not exceed  
14 180 monthly payments.

15 (b) The EISA duration shall not exceed 240 months,  
16 excluding any months in which a consumer has requested and  
17 received a payment relief pause.

18 (110 ILCS 992/7-25 new)

19 Sec. 7-25. Risk sharing.

20 (a) An EISA provider may not contract for EISA terms that  
21 would result in a consumer having income that is less than or  
22 equal to 450% of the federal poverty guidelines for a single  
23 person for the EISA duration being required to make a stream of  
24 EISA payments that would yield an effective APR greater than

1 8.5%, or the high yield of the 10-year United States Constant  
2 Maturity Treasury Notes auctioned at the final auction held  
3 before the current calendar year in which an EISA offering is  
4 made plus 4.5%, whichever is greater.

5 (b) An EISA provider shall calculate the effective APR in  
6 subsection (a) by determining the federal poverty guidelines  
7 at the time the consumer's EISA is originated and assuming  
8 such amount is fixed through the EISA duration.

9 (c) For the purposes of determining EISA duration in this  
10 Section, an EISA provider shall assume the EISA duration  
11 started after a period equal to the expected length of the  
12 program for which a consumer is enrolling.

13 (d) If there is a discrepancy between the effective annual  
14 percentage rate as calculated in this Section and the maximum  
15 effective annual percentage rate as calculated in Section  
16 7-15, the lower effective annual percentage rate shall apply  
17 in this Section 7-25.

18 (110 ILCS 992/7-30 new)

19 Sec. 7-30. Limits on covered income. An EISA must specify  
20 the definition of income to be used for the purposes of  
21 calculating a consumer's payment obligation under the EISA. No  
22 EISA shall include any of the following in its definition of  
23 income:

24 (1) the income of the consumer's spouse, children, or  
25 dependents or a party to a civil union with the consumer

1 under the Illinois Religious Freedom and Civil Union Act;

2 or

3 (2) any amount paid by the consumer under Title II or  
4 XVI of the Social Security Act, 42 U.S.C. 401 et seq. or 42  
5 U.S.C. 1381 et seq., or under a State program funded by  
6 Title IV of the Social Security Act, 42 U.S.C. 601 et seq;

7 (3) individual retirement account distributions;

8 (4) pensions and annuities;

9 (5) social security benefits;

10 (6) any sources of government aid provided to  
11 individuals, including, but not limited to:

12 (A) unemployment programs;

13 (B) disaster relief programs;

14 (C) Medicare or Medicaid benefits;

15 (D) benefits received through the Supplemental  
16 Nutrition Assistance Program;

17 (E) economic impact payments;

18 (F) the earned income tax credit or child tax  
19 credit;

20 (G) other income excluded from the definition of  
21 taxable income set forth by the Internal Revenue  
22 Service; or

23 (H) passive income that is not derived as a result  
24 of a consumer's active participation in any trade or  
25 business.

(110 ILCS 992/7-35 new)

Sec. 7-35. Fees permitted. (a) In addition to the EISA obligation permitted by this Act, an EISA provider may contract for and receive the following additional charges:

(1) government fees and taxes;

(2) a fee, which shall not exceed the sum of \$25, for a failure to provide documentation to the EISA provider for the confirmation and reconciliation of the consumer's income within 30 days after the date on which such documentation is due, as reflected in the written notice to the consumer;

(3) a fee for processing any forms to confirm the consumer's income with the United States Internal Revenue Service or a state department of revenue or taxation on a dollar-for-dollar, pass-through basis of the expenses incurred by the EISA provider;

(4) a late payment fee in the amount of \$15 or 5% of the late payment, whichever is less, for any payment that is more than 15 days past due; no late payment fee may be charged more than once per late payment;

(5) 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

(6) other fees authorized by the Secretary.

In determining whether to authorize a charge, the

1 Secretary shall consider whether the charge benefits the  
2 consumer and is reasonable.

3 (b) Before or after default in payment of a scheduled  
4 payment of an EISA, the parties to the EISA may agree in  
5 writing to a deferral of all or part of one or more unpaid  
6 payments and the EISA provider may make, at the time of  
7 deferral and receive at that time or at any time thereafter, a  
8 deferral charge not exceeding an amount equal to 5% of the  
9 missed payment, except that this subsection (b) shall not  
10 apply to voluntary payment relief pauses.

11 (110 ILCS 992/7-40 new)

12 Sec. 7-40. Restriction on security interest. Under no  
13 circumstances shall an EISA provider take a security interest  
14 in any collateral in connection with an EISA.

15 (110 ILCS 992/7-41 new)

16 Sec. 7-41. Refinancing. Before offering a person an EISA  
17 that is being used to refinance an existing loan, an EISA  
18 provider shall provide the person with a disclosure explaining  
19 that the benefits and protections applicable to the existing  
20 loan may be lost due to the refinancing. The disclosure must be  
21 provided on a one-page information sheet in at least 12-point  
22 type and must be written in simple, clear, understandable, and  
23 easily readable language.

1 (110 ILCS 992/7-45 new)

2 Sec. 7-45. Discharge of obligations.

3 (a) All obligations under an EISA shall terminate if the  
4 consumer is deemed totally and permanently disabled by the  
5 applicable governmental agency.

6 (b) All obligations under an EISA shall terminate upon the  
7 death of the consumer.

8 (c) The requirements for total and permanent disability of  
9 a borrower or cosigner in subsections (b) through (e) of  
10 Section 5-85 that apply to borrowers apply to this Section.

11 (110 ILCS 992/7-50 new)

12 Sec. 7-50. Prohibition on cosigners. No EISA shall include  
13 or permit the use of a cosigner in connection with any  
14 obligation related to an EISA.

15 (110 ILCS 992/7-55 new)

16 Sec. 7-55. Limitation on acceleration.

17 (a) EISA providers shall not attempt to accelerate or  
18 otherwise liquidate a future payment stream under an EISA.

19 (b) Notwithstanding subsection (a), nothing in this  
20 Section shall prevent an EISA provider from collecting or  
21 pursuing any other remedy available to the EISA provider for  
22 the collection of amounts that were due from the consumer  
23 under an EISA that were not paid or properly remitted to the  
24 EISA provider. Nothing in this Section shall prevent an EISA

1 provider from calculating a projected future income for a  
2 consumer and calculating a consumer's payment obligation using  
3 that projection if the consumer does not provide contractually  
4 obligated documentation of income.

5 (c) Notwithstanding subsection (a), an EISA may contain a  
6 provision that allows a consumer to terminate the consumer's  
7 EISA before the events terminating further obligations under  
8 the EISA. The early termination mechanisms, such as total caps  
9 on payments due to the EISA provider or other rights to  
10 partially or fully terminate further obligations under the  
11 EISA, must be optional to the consumer and within the  
12 consumer's control. In such circumstances, such mechanisms  
13 shall not be deemed a form of acceleration.

14 (110 ILCS 992/7-60 new)

15 Sec. 7-60. No assignment of wages.

16 (a) An EISA provider may not take an assignment of  
17 earnings or wages of the consumer for payment or as security  
18 for payment of a debt arising out of an EISA. An assignment of  
19 earnings in violation of this Section is unenforceable by the  
20 assignee of the earnings and revocable by the consumer. This  
21 Section does not limit the ability of the consumer to  
22 voluntarily elect to use a revocable payroll deduction  
23 mechanism, such as one offered by an employer or payroll  
24 provider, provided that the consumer is not assigning the  
25 consumer's earnings or wages.



1       (b) A sale of unpaid earnings made in consideration of the  
2 payment of money to or for the account of the seller of the  
3 earnings is deemed to be a loan to the seller secured by an  
4 assignment of earnings.

5       (110 ILCS 992/7-65 new)

6       Sec. 7-65. Limitations on garnishment. Before entry of  
7 judgment in an action against a consumer for a payment arising  
8 from an EISA, a licensee may not attach unpaid earnings of the  
9 consumer by garnishment or like proceedings.

10       (110 ILCS 992/7-70 new)

11       Sec. 7-70. Use of multiple agreements. An EISA provider  
12 shall not use multiple agreements with respect to a single  
13 EISA with intent to violate any limitations of this Act.

14       (110 ILCS 992/7-75 new)

15       Sec. 7-75. Required disclosures.

16       (a) An EISA provider shall disclose the following  
17 information to each consumer, clearly and conspicuously, in a  
18 form that the consumer can keep at the time the transaction is  
19 consummated:

20               (1) the date of the EISA;

21               (2) the dollar amount of the amount financed;

22               (3) the sales price of the transaction if different  
23 from the amount financed;

1           (4) the EISA payment calculation method, including any  
2           percentages used in the EISA payment calculation method,  
3           which shall be rounded to the nearest one-hundredth of 1%  
4           if the percentage is not a whole number;

5           (5) the maximum number of payments expressed as a  
6           whole number;

7           (6) the maximum duration expressed as a whole number  
8           of the period of time;

9           (7) the income threshold expressed as a dollar amount  
10          and a statement that payments will only be required during  
11          periods when the consumer's income is equal to or exceeds  
12          the income threshold;

13          (8) an itemization of the amount financed and, if the  
14          EISA provider is a seller of goods or services, an  
15          itemization of the amount of any down payment and any  
16          additional fees or costs;

17          (9) the definition of "income" to be used for the  
18          purposes of calculating the consumer's obligations under  
19          the EISA;

20          (10) a description of the terms under which the  
21          obligations of the consumer under the EISA will be  
22          extinguished before the full EISA duration;

23          (11) a payment schedule that shows the date on which  
24          the first payment will be due and reflects each date  
25          thereafter during the EISA duration that a payment may be  
26          due;

1           (12) an itemization of any permissible fees associated  
2           with the EISA;

3           (13) a description of the methods used by the EISA  
4           provider to engage in a process of reconciliation and  
5           verification to determine if the consumer's payments are  
6           more than, equal to, or less than the payments owed by the  
7           consumer under the consumer's EISA; this description shall  
8           include the following:

9                   (i) a description of the frequency or triggers for  
10                  the commencement of the income verification process;

11                  (ii) a description of the requirements and timing  
12                  of the process in which the consumer must participate  
13                  in order for the EISA provider to verify the  
14                  consumer's income; and

15                  (iii) a description of any records or forms,  
16                  including tax records, that the consumer may be  
17                  required to execute or submit;

18           (14) the name and address of the EISA provider;

19           (15) a table that displays the dollar amounts of each  
20           payment, the number of payments, the effective annual  
21           percentage rate, and the total of all payments that a  
22           consumer would be required to pay under the EISA at a range  
23           of annual income levels based on the EISA duration and  
24           that includes a statement that "This comparison table is  
25           for illustrative purposes only and may not reflect the  
26           amounts that you are likely to pay under this educational

income share agreement. This table assumes you have the same income over the entire term of your educational income share agreement. It does not take into account changes in income. Your income will likely change over time. This table does not represent the income or range of incomes that you are likely to earn in the future.". In computing the APR, the EISA provider shall use the amount financed and may assume that the EISA will be disbursed in the amount and with the disbursement schedule that it reasonably expects to follow for such EISA and that payments would commence on the date set forth in the EISA. The income used in this disclosure shall include, at minimum, the obligations at the following incomes:

(i) no income;

(ii) income equal to the annual equivalent of the income threshold;

(iii) various income scenarios with at least calculations at annual incomes of \$40,000, \$60,000, \$80,000, \$100,000, \$125,000, \$150,000, \$175,000, and \$200,000; and

(iv) if known by the EISA provider, the consumer's current income;

(16) a statement that the EISA is not a fixed payment installment loan and that the amount the consumer will be required to pay under the EISA:

(i) may be more or less than the amount financed by

1           the EISA provider; and

2           (ii) will vary in proportion with the consumer's  
3           income; and

4           (17) a statement relating to the bankruptcy treatment  
5           of the EISA consistent with the requirements set forth in  
6           12 CFR 1026.47(a)(3)(iv), as it may be amended or  
7           interpreted.

8           (b) The disclosures required by this Section shall be  
9           grouped together and segregated from all other information.

10          (c) The disclosures required by this Section may be  
11          provided to a consumer in electronic form, subject to  
12          compliance with the consumer's consent and other applicable  
13          provisions of the Electronic Signatures in Global and National  
14          Commerce Act, 15 U.S.C. 7001 et seq., and applicable State  
15          law.

16          (d) If model documents are established pursuant to any  
17          federal law covering income share agreements, compliance with  
18          those forms shall be considered compliance with this Act with  
19          respect to the disclosure requirements contained in this Act.

20           (110 ILCS 992/7-80 new)

21          Sec. 7-80. Early completion. An EISA shall specify the  
22          terms and conditions by which the consumer may extinguish the  
23          consumer's obligations under the EISA before the end of the  
24          EISA's duration. An EISA must not include a prepayment penalty  
25          that violates the prohibition found in 15 U.S.C. 1650(e), as

1 it may be amended or interpreted. A consumer may always cancel  
2 an EISA by making aggregate payments, excluding payments to  
3 fees, equal to the EISA payment cap. The consumer is entitled  
4 to this early completion regardless of whether the consumer  
5 makes this early completion payment by making regularly  
6 scheduled payments or by making a single lump-sum payment in  
7 the amount of the early completion payment.

8 This Section shall create an early completion mechanism  
9 for EISAs that is in lieu of other State laws regarding  
10 prepayment penalties.

11 (110 ILCS 992/7-85 new)

12 Sec. 7-85. Assumption of increase in future income.

13 (a) If a consumer fails to provide income documentation as  
14 reasonably required by an EISA, an EISA provider may assign an  
15 amount of income to the consumer and compute the consumer's  
16 monthly payment amount by any of the following methods, to the  
17 extent disclosed in the EISA:

18 (1) assigning an income amount obtained from a  
19 reasonably reliable third party or a credit reporting  
20 agency;

21 (2) if the consumer previously provided income  
22 documentation or has had an income assigned in the prior  
23 12-month period that has increased by an amount not to  
24 exceed 10%, but such increase may not be applied more than  
25 once per 12-month period;

1           (3) contacting the Department of Revenue or the  
2           Internal Revenue Service to obtain the most recent  
3           information available about the student's income; or

4           (4) assigning a reasonable qualified income based on  
5           the incomes of the nearest reasonably relevant quantile of  
6           income of consumers who attended the same or a reasonably  
7           comparable covered educational program or course of study,  
8           as determined by information published by the Bureau of  
9           Labor Statistics or other reasonably reliable publicly  
10          available data sources.

11          (b) If an EISA provider assigns an income to a consumer's  
12          EISA, then it shall notify the consumer in the monthly billing  
13          statement, and in each billing statement thereafter while the  
14          assigned income remains applicable to the consumer's EISA,  
15          that income has been assigned and of the consumer's rights  
16          under this Section.

17          (c) If the consumer does provide income information as  
18          reasonably required by the EISA within one year of the date on  
19          which the EISA provider notified the consumer that assigned  
20          income will be applied to the EISA, then, within 15 days after  
21          the EISA provider's receipt of such information, the EISA  
22          provider shall update each prior instance in which assigned  
23          income was applied using the income information provided by  
24          the consumer; if the consumer provides income information more  
25          than one year after the EISA provider first assigned income to  
26          the consumer's EISA, then the EISA provider may, but is not

1 obligated to, update each prior instance in which assigned  
2 income was applied using the income information provided by  
3 the consumer.

4 (d) An EISA provider that assigns income to an EISA shall  
5 retain all applicable records relating to the method and data  
6 sources used to make such estimation for 3 years after the end  
7 of that EISA.

8 (110 ILCS 992/7-90 new)

9 Sec. 7-90. Receipts; statements of account; evidence of  
10 payment.

11 (a) The EISA provider shall deliver or mail to the  
12 consumer, without request, a written receipt for each payment  
13 made pursuant to an EISA. A periodic statement showing a  
14 payment received by mail complies with this subsection (a).

15 (b) An EISA provider shall provide a written payment  
16 history to a borrower upon request at no cost within 21  
17 calendar days of receiving the request.

18 (c) An EISA provider shall indicate on its website that a  
19 borrower may request a payoff statement. An EISA provider  
20 shall provide the payoff statement within 10 days, including  
21 information the requester needs to pay off the loan. If a  
22 payoff is made, the EISA provider must send a paid-in-full  
23 notice within 30 days.

24 (110 ILCS 992/7-95 new)



1       Sec. 7-95. Adjustment of dollar amounts.

2       (a) From time to time, the dollar amounts in this Act  
3 designated as subject to change shall change, as provided in  
4 this Section, according to and to the extent of changes in the  
5 index.

6       (b) The index for December of the year preceding the year  
7 in which this Act becomes effective is the reference base  
8 index.

9       (c) The designated dollar amounts shall change on July 1  
10 of each even-numbered year if the percentage of change,  
11 calculated to the nearest whole percentage point, between the  
12 index and the end of the preceding year and the reference base  
13 index is 10% or more, but:

14       (1) the portion of the percentage change in the index  
15 in excess of a multiple of 10% shall be disregarded and the  
16 dollar amounts shall change only in multiples of 10% of  
17 the amounts provided in this Act on the date of enactment;  
18 and

19       (2) the dollar amounts shall not change if the amounts  
20 required by this Section are those currently in effect  
21 pursuant to this Act as a result of earlier application of  
22 this Section.

23       (d) If the index is revised, the percentage of change  
24 pursuant to this Section shall be calculated on the basis of  
25 the revised index. If a revision of the index changes the  
26 reference base index, a revised reference base index shall be

1 determined by multiplying the reference base index then  
2 applicable by the rebasing factor furnished by the Bureau of  
3 Labor Statistics. If the index is superseded, the index  
4 referred to in this Section is the one represented by the  
5 Bureau of Labor Statistics as reflecting most accurately  
6 changes in the purchasing power of the dollar for consumers.

7 (e) The Department shall adopt a rule setting forth, on or  
8 before April 30 of each year in which dollar amounts are to  
9 change, the changes in dollar amounts required by this  
10 Section. As soon as practical after the changes occur, the  
11 Department shall adopt a rule setting forth the changes in the  
12 index required by subsection (d), including, if applicable,  
13 the numerical equivalent of the reference base index under a  
14 revised reference base index and the designation or title of  
15 any index superseding the index.

16 (f) A person does not violate this Act with respect to a  
17 transaction otherwise complying with this Act if the person  
18 relies on dollar amounts either determined according to  
19 subsection (c) or appearing in the last rule of the Department  
20 announcing the then-current dollar amounts.

21 (110 ILCS 992/7-100 new)

22 Sec. 7-100. Construction against implicit authority. This  
23 Act is a general Act intended as a unified coverage of its  
24 subject matter. No part of this Act shall be construed to be  
25 impliedly repealed by subsequent law if that construction can

1 reasonably be avoided.

2 (110 ILCS 992/7-105 new)

3 Sec. 7-105. Application of other Acts. EISAs and EISA  
4 providers are subject to other Articles of this Act, the Know  
5 Before You Owe Private Education Loan Act, and the Predatory  
6 Loan Prevention Act and shall comply with their requirements  
7 and any rules adopted by the Department of Financial and  
8 Professional Regulation pursuant to those Acts. Nothing in  
9 this Section is intended to imply that: (i) an EISA is not a  
10 credit transaction or (ii) an EISA does not create a debt upon  
11 the accrual of an obligation under the EISA.

12 (110 ILCS 992/7-110 new)

13 Sec. 7-110. Rulemaking. Notwithstanding any other  
14 provision of this Act, the Secretary may adopt rules for the  
15 regulation of any EISA provider that does not engage in the  
16 servicing of student loans, including, but not limited to,  
17 EISAs. The Secretary's authority to adopt rules shall include,  
18 but is not limited to, licensure, examination, supervision,  
19 investigation, confidentiality, and enforcement. The rules  
20 adopted by the Secretary shall not incorporate any provision  
21 of Article 1, 5, 10, 15, 20, or 25 of this Act if that  
22 provision conflicts with this Article.

23 (110 ILCS 992/25-5)

1       Sec. 25-5. Enforcement; Consumer Fraud and Deceptive  
2 Business Practices Act. The Attorney General may enforce a  
3 violation of Article 5 or 7 of this Act as an unlawful practice  
4 under the Consumer Fraud and Deceptive Business Practices Act.  
5 (Source: P.A. 100-540, eff. 12-31-18.)

6       Section 10. The Consumer Installment Loan Act is amended  
7 by changing Section 1 as follows:

8       (205 ILCS 670/1) (from Ch. 17, par. 5401)

9       Sec. 1. License required to engage in business. No person,  
10 partnership, association, limited liability company, or  
11 corporation shall engage in the business of making loans of  
12 money and charge, contract for, or receive on any such loan a  
13 greater annual percentage rate than 9% except as authorized by  
14 this Act after first obtaining a license from the Director of  
15 Financial Institutions (hereinafter called the Director). No  
16 licensee, or employee or affiliate thereof, that is licensed  
17 under the Payday Loan Reform Act shall obtain a license under  
18 this Act except that a licensee under the Payday Loan Reform  
19 Act may obtain a license under this Act for the exclusive  
20 purpose and use of making title-secured loans, as defined in  
21 subsection (a) of Section 15 of this Act and governed by Title  
22 38, Section 110.300 of the Illinois Administrative Code. For  
23 the purpose of this Section, "affiliate" means any person or  
24 entity that directly or indirectly controls, is controlled by,

1 or shares control with another person or entity. A person or  
2 entity has control over another if the person or entity has an  
3 ownership interest of 25% or more in the other. A person or  
4 entity licensed to provide educational income share agreements  
5 is exempt from the requirements of this Act to the extent of  
6 its operation under Article 7 of the Student Loan Servicing  
7 Rights Act.

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

11 (Source: P.A. 101-658, eff. 3-23-21.)

12 Section 15. The Interest Act is amended by changing  
13 Section 4 as follows:

14 (815 ILCS 205/4) (from Ch. 17, par. 6404)

15 Sec. 4. General interest rate.

16 (1) Except as otherwise provided in Section 4.05, in all  
17 written contracts it shall be lawful for the parties to  
18 stipulate or agree that an annual percentage rate of 9%, or any  
19 less sum, shall be taken and paid upon every \$100 of money  
20 loaned or in any manner due and owing from any person to any  
21 other person or corporation in this state, and after that rate  
22 for a greater or less sum, or for a longer or shorter time,  
23 except as herein provided.

24 The maximum rate of interest that may lawfully be

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

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

18 It is lawful to receive or to contract to receive and  
19 collect interest and charges as authorized by this Act and as  
20 authorized by the Consumer Installment Loan Act, the Payday  
21 Loan Reform Act, the Retail Installment Sales Act, the  
22 Illinois Financial Services Development Act, the Motor Vehicle  
23 Retail Installment Sales Act, ~~or~~ the Consumer Legal Funding  
24 Act, or the Student Loan Servicing Rights Act. It is lawful to  
25 charge, contract for, and receive any rate or amount of  
26 interest or compensation, except as otherwise provided in the

1     Predatory Loan Prevention Act, with respect to the following  
2     transactions:

3             (a) Any loan made to a corporation;

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

10            (c) Any credit transaction between a merchandise  
11     wholesaler and retailer; any business loan to a business  
12     association or copartnership or to a person owning and  
13     operating a business as sole proprietor or to any persons  
14     owning and operating a business as joint venturers, joint  
15     tenants or tenants in common, or to any limited  
16     partnership, or to any trustee owning and operating a  
17     business or whose beneficiaries own and operate a  
18     business, except that any loan which is secured (1) by an  
19     assignment of an individual obligor's salary, wages,  
20     commissions or other compensation for services, or (2) by  
21     his household furniture or other goods used for his  
22     personal, family or household purposes shall be deemed not  
23     to be a loan within the meaning of this subsection; and  
24     provided further that a loan which otherwise qualifies as  
25     a business loan within the meaning of this subsection  
26     shall not be deemed as not so qualifying because of the

1 inclusion, with other security consisting of business  
2 assets of any such obligor, of real estate occupied by an  
3 individual obligor solely as his residence. The term  
4 "business" shall be deemed to mean a commercial,  
5 agricultural or industrial enterprise which is carried on  
6 for the purpose of investment or profit, but shall not be  
7 deemed to mean the ownership or maintenance of real estate  
8 occupied by an individual obligor solely as his residence;

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

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

17 (f) Any mortgage loan guaranteed or upon which a  
18 commitment to guaranty has been issued under the  
19 provisions of the Veterans' Benefits Act, Subchapter II of  
20 Chapter 37 of Title 38 of the United States Code;

21 (g) Interest charged by a broker or dealer registered  
22 under the Securities Exchange Act of 1934, as amended, or  
23 registered under the Illinois Securities Law of 1953,  
24 approved July 13, 1953, as now or hereafter amended, on a  
25 debit balance in an account for a customer if such debit  
26 balance is payable at will without penalty and is secured



1 by securities as defined in Uniform Commercial  
2 Code-Investment Securities;

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

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

15 (j) Any loan by an employee pension benefit plan, as  
16 defined in Section 3 (2) of the Employee Retirement Income  
17 Security Act of 1974 (29 U.S.C.A. Sec. 1002), to an  
18 individual participating in such plan, provided that such  
19 loan satisfies the prohibited transaction exemption  
20 requirements of Section 408 (b) (1) (29 U.S.C.A. Sec. 1108  
21 (b) (1)) or Section 2003 (a) (26 U.S.C.A. Sec. 4975 (d)  
22 (1)) of the Employee Retirement Income Security Act of  
23 1974;

24 (k) Written contracts, agreements or bonds for deed  
25 providing for installment purchase of real estate,  
26 including a manufactured home as defined in subdivision

1 (53) of Section 9-102 of the Uniform Commercial Code that  
2 is real property as defined in the Conveyance and  
3 Encumbrance of Manufactured Homes as Real Property and  
4 Severance Act;

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

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

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

20 (2) Except for loans described in subparagraph (a), (c),  
21 (d), (e), (f) or (i) of subsection (1) of this Section, and  
22 except to the extent permitted by the applicable statute for  
23 loans made pursuant to Section 4a or pursuant to the Consumer  
24 Installment Loan Act:

25 (a) Whenever the rate of interest exceeds an annual  
26 percentage rate of 8% on any written contract, agreement

1       or bond for deed providing for the installment purchase of  
2       residential real estate, or on any loan secured by a  
3       mortgage on residential real estate, it shall be unlawful  
4       to provide for a prepayment penalty or other charge for  
5       prepayment.

6       (b) No agreement, note or other instrument evidencing  
7       a loan secured by a mortgage on residential real estate,  
8       or written contract, agreement or bond for deed providing  
9       for the installment purchase of residential real estate,  
10      may provide for any change in the contract rate of  
11      interest during the term thereof. However, if the Congress  
12      of the United States or any federal agency authorizes any  
13      class of lender to enter, within limitations, into  
14      mortgage contracts or written contracts, agreements or  
15      bonds for deed in which the rate of interest may be changed  
16      during the term of the contract, any person, firm,  
17      corporation or other entity not otherwise prohibited from  
18      entering into mortgage contracts or written contracts,  
19      agreements or bonds for deed in Illinois may enter into  
20      mortgage contracts or written contracts, agreements or  
21      bonds for deed in which the rate of interest may be changed  
22      during the term of the contract, within the same  
23      limitations.

24      (3) In any contract or loan which is secured by a mortgage,  
25      deed of trust, or conveyance in the nature of a mortgage, on  
26      residential real estate, the interest which is computed,

1     calculated, charged, or collected pursuant to such contract or  
2     loan, or pursuant to any regulation or rule promulgated  
3     pursuant to this Act, may not be computed, calculated, charged  
4     or collected for any period of time occurring after the date on  
5     which the total indebtedness, with the exception of late  
6     payment penalties, is paid in full.

7           (4) For purposes of this Section, a prepayment shall mean  
8     the payment of the total indebtedness, with the exception of  
9     late payment penalties if incurred or charged, on any date  
10    before the date specified in the contract or loan agreement on  
11    which the total indebtedness shall be paid in full, or before  
12    the date on which all payments, if timely made, shall have been  
13    made. In the event of a prepayment of the indebtedness which is  
14    made on a date after the date on which interest on the  
15    indebtedness was last computed, calculated, charged, or  
16    collected but before the next date on which interest on the  
17    indebtedness was to be calculated, computed, charged, or  
18    collected, the lender may calculate, charge and collect  
19    interest on the indebtedness for the period which elapsed  
20    between the date on which the prepayment is made and the date  
21    on which interest on the indebtedness was last computed,  
22    calculated, charged or collected at a rate equal to  $1/360$  of  
23    the annual rate for each day which so elapsed, which rate shall  
24    be applied to the indebtedness outstanding as of the date of  
25    prepayment. The lender shall refund to the borrower any  
26    interest charged or collected which exceeds that which the

1 lender may charge or collect pursuant to the preceding  
2 sentence. The provisions of this amendatory Act of 1985 shall  
3 apply only to contracts or loans entered into on or after the  
4 effective date of this amendatory Act, but shall not apply to  
5 contracts or loans entered into on or after that date that are  
6 subject to Section 4a of this Act, the Consumer Installment  
7 Loan Act, the Payday Loan Reform Act, the Predatory Loan  
8 Prevention Act, or the Retail Installment Sales Act, or that  
9 provide for the refund of precomputed interest on prepayment  
10 in the manner provided by such Act.

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

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

23 (Source: P.A. 101-658, eff. 3-23-21; 102-987, eff. 5-27-22.)

24 Section 97. Severability. The provisions of this Act are  
25 severable under Section 1.31 of the Statute on Statutes.

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 110 ILCS 992/1-5

4 110 ILCS 992/Art. 7

5 heading new

6 110 ILCS 992/7-1 new

7 110 ILCS 992/7-3 new

8 110 ILCS 992/7-5 new

9 110 ILCS 992/7-10 new

10 110 ILCS 992/7-15 new

11 110 ILCS 992/7-20 new

12 110 ILCS 992/7-25 new

13 110 ILCS 992/7-30 new

14 110 ILCS 992/7-35 new

15 110 ILCS 992/7-40 new

16 110 ILCS 992/7-45 new

17 110 ILCS 992/7-50 new

18 110 ILCS 992/7-55 new

19 110 ILCS 992/7-60 new

20 110 ILCS 992/7-65 new

21 110 ILCS 992/7-70 new

22 110 ILCS 992/7-75 new

23 110 ILCS 992/7-80 new

24 110 ILCS 992/7-85 new

25 110 ILCS 992/7-90 new

- 1 110 ILCS 992/7-95 new
- 2 110 ILCS 992/7-100 new
- 3 110 ILCS 992/7-105 new
- 4 110 ILCS 992/7-110 new
- 5 110 ILCS 992/25-5
- 6 205 ILCS 670/1 from Ch. 17, par. 5401
- 7 815 ILCS 205/4 from Ch. 17, par. 6404