

1 AN ACT concerning business transactions.

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

4 Section 5. The Illinois Fairness in Lending Act is amended
5 by changing Section 2 as follows:

6 (815 ILCS 120/2) (from Ch. 17, par. 852)

7 Sec. 2. As used in this Act:

8 (a) "Financial Institution" means any bank, credit union,
9 insurance company, mortgage banking company, savings bank,
10 savings and loan association, or other residential mortgage
11 lender which operates or has a place of business in this State.

12 (b) "Person" means any natural person.

13 (c) "Varying the terms of a loan" includes, but is not
14 limited to the following practices:

15 (1) Requiring a greater than average down payment than
16 is usual for the particular type of a loan involved.

17 (2) Requiring a shorter period of amortization than is
18 usual for the particular type of loan involved.

19 (3) Charging a higher interest rate than is usual for
20 the particular type of loan involved.

21 (4) An underappraisal of real estate or other item of
22 property offered as security.

23 (d) "Equity stripping" means to assist a person in
24 obtaining a loan secured by the person's principal residence
25 for the primary purpose of receiving fees related to the
26 financing when (i) the loan decreased the person's equity in
27 the principal residence and (ii) at the time the loan is made,
28 the financial institution does not reasonably believe that the
29 person will be able to make the scheduled payments to repay the
30 loan. "Equity stripping" does not include reverse mortgages as
31 defined in Section 5a of the Illinois Banking Act, Section 1-6a
32 of the Illinois Savings and Loan Act of 1985, or subsection (3)

1 of Section 46 of the Illinois Credit Union Act.

2 (e) "Loan flipping" means to assist a person in refinancing
3 a loan secured by the person's principal residence for the
4 primary purpose of receiving fees related to the refinancing
5 when (i) the refinancing of the loan does not result in a
6 ~~results in no~~ tangible benefit to the person and (ii) at the
7 time the loan is made, the financial institution does not
8 reasonably believe that the refinancing of the loan will result
9 in a tangible benefit to the person.

10 (f) "Principal residence" means a person's primary
11 residence that is a dwelling consisting of 4 or fewer family
12 units or that is in a dwelling consisting of condominium or
13 cooperative units.

14 (Source: P.A. 93-561, eff. 1-1-04.)