



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB3514

Introduced 2/14/2020, by Sen. Elgie R. Sims, Jr.

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Consumer Installment Loan Act. Provides that an income share agreement provider shall clearly and conspicuously disclose specified information in an income-based financing transaction no later than 3 business days before the consummation of the transaction. Requires an income share agreement provider to disclose a borrower's effective annual percentage rate under specified scenarios. Requires an income share agreement provider to provide a borrower with a monthly statement within 15 days before a payment due date, and to provide a borrower with an annual statement. Provides that the contractual payment percentage of an agreement may not exceed 5% of a borrower's qualified income, and no income share agreement term may exceed 60 months. Provides that an income share agreement provider shall not contract for a payment cap that exceeds 1.10 times the amount of the advance or extend an advance that exceeds \$5,000. Provides that no payment may be collected under the terms of an income share agreement when a borrower is enrolled in a covered educational program, or during the 6-month grace period after a borrower leaves such a program. Provides that an income share agreement provider shall not engage in unfair or deceptive practices toward a borrower or misrepresent or omit any material information in connection with an income-based financing transaction. Provides that a borrower must exhaust all sources of federal student loans and state grants for which the borrower is directly eligible before entering into an educational income share agreement. Requires an income share agreement provider to provide readily accessible methods for consumers to submit a request for assistance to the provider, and to implement a process by which a borrower can escalate any request for assistance. Makes other changes. Defines terms.

LRB101 17539 BMS 66955 b

1 AN ACT concerning regulation.

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

4 Section 1. This Act may be referred to as the Income Share  
5 Agreement Consumer Protection Act.

6 Section 5. The Consumer Installment Loan Act is amended by  
7 adding Sections 17.6, 17.7, 17.8, 17.9, 17.10, 17.11, 17.12,  
8 17.13, 17.14, 17.15, 17.16, 17.17, 17.18, 17.19, 17.20, 17.21,  
9 17.22, 17.23, 17.24, 17.25, 17.26, and 17.27 as follows:

10 (205 ILCS 670/17.6 new)

11 Sec. 17.6. Income share agreements; scope and definitions.

12 (a) Sections 17.7 through 17.27 of this Act apply  
13 exclusively to income share agreements as defined in subsection  
14 (b).

15 (b) As used in Sections 17.7 through 17.27:

16 "Advance" means the amount of money or tuition that is  
17 credited or paid to or on behalf of the borrower in exchange  
18 for a contractual payment percentage.

19 "Annual percentage rate" means the percentage rate  
20 calculated according to the Federal Reserve Board's  
21 methodology as set forth under Regulation Z, 12 CFR Part 1026.

22 "Bona fide payment event" means a period during which a

1 borrower is earning income less than the income threshold  
2 amount. A bona fide payment event constitutes a qualifying  
3 payment.

4 "Borrower" means the obligor of an income share agreement.

5 "Calculated monthly payment" means the amount of money an  
6 income share agreement provider determines is due from a  
7 borrower's qualified income according to the terms of a  
8 contractual payment percentage.

9 "Cash price" has the meaning given to that term in 12 CFR  
10 1026.2(a)(9).

11 "Contractual payment percentage" means the share or  
12 percentage of qualified income a borrower is required to pay  
13 pursuant to the terms of an income share agreement.

14 "Covered educational program" means a federally eligible  
15 educational program or vocational educational program.

16 "Educational expenses" means tuition, fees, and other  
17 related expenses for a borrower to enroll in or attend a  
18 covered educational program.

19 "Eligible education debt" means federal education loans,  
20 private education loans, and income share agreements.

21 "Educational income share agreement" means an income share  
22 agreement offered in whole or in part to finance educational  
23 expenses.

24 "Federally eligible educational program" means a college,  
25 university, trade school, or other post-secondary educational  
26 institution eligible to participate in a student aid program

1 run by the United States Department of Education.

2 "Grace period" means the period after the income share  
3 agreement is entered and before the start of the repayment  
4 period.

5 "Income share agreement" means an agreement under which a  
6 borrower commits to pay a percentage of his or her future  
7 income in exchange for money, payments, or credits applied to  
8 or on behalf of a borrower. An income share agreement  
9 constitutes a loan and debt within the meaning of this Act.

10 "Income-based financing transaction" means a transaction  
11 repaid by a borrower pursuant to the terms of an income share  
12 agreement.

13 "Income share agreement provider" means:

14 (1) a person that directly or indirectly provides  
15 money, payments, or credits to or on behalf of a borrower  
16 pursuant to the terms of an income share agreement;

17 (2) a person that participates in the creation or  
18 administration of an income share agreement, including by:

19 (A) providing, originating, or underwriting  
20 services or assistance;

21 (B) calculating, collecting, or processing  
22 payments;

23 (C) collecting income from any source;

24 (D) arranging one or more income-based financing  
25 transactions; or

26 (E) performing any other administrative service

1           pursuant to the terms of an income share agreement; or  
2           (3) an assignee or recipient of the proceeds of an  
3           income share agreement.

4           "Income documentation" means evidence of a borrower's  
5           income used to determine qualified income.

6           "Income threshold" means 250% of the federal poverty  
7           guidelines for the family size of the borrower, as updated  
8           periodically in the Federal Register by the U.S. Department of  
9           Health and Human Services under the authority of 42 U.S.C.  
10          9902(2).

11          "Maximum payment term" means the maximum time in months it  
12          takes for an income share agreement to be repaid and completely  
13          satisfied.

14          "Maximum required payments" means the total number of  
15          qualifying payments a borrower must make to fully satisfy an  
16          income share agreement.

17          "Payment cap" means the maximum amount of money a borrower  
18          must pay to satisfy the terms of an income share agreement.

19          "Qualified income" means that part of the borrower's  
20          compensation (including, but not limited to, salary, bonuses,  
21          commissions, and vacation pay) from an employer remaining after  
22          the deduction of health insurance premiums and any amounts  
23          required by law to be withheld. As used in this definition,  
24          "amounts required by law to be withheld" include amounts for  
25          deductions such as Social Security taxes and withholding taxes,  
26          but do not include any amounts withheld pursuant to a court

1 order.

2 "Qualifying payment" means a calculated monthly payment  
3 that counts toward the payment cap or maximum payment term.

4 "Repayment period" means the time after which the income  
5 share agreement provider calculates or collects a borrower's  
6 qualifying payment.

7 "Request for assistance" means any inquiry, complaint,  
8 account dispute, or request for documentation an income share  
9 agreement provider receives from a borrower.

10 "Vocational educational program" means any post-secondary  
11 training program or other program that is designed or marketed  
12 to increase the individual's human capital, employability, or  
13 earning potential, and is not eligible to participate in a  
14 student aid program run by the United States Department of  
15 Education.

16 (205 ILCS 670/17.7 new)

17 Sec. 17.7. Income share agreements; disclosure of terms.

18 (a) In an income-based financing transaction under this  
19 Act, the income share agreement provider must clearly and  
20 conspicuously disclose the following:

21 (1) the income share agreement provider making the  
22 disclosures;

23 (2) the amount advanced;

24 (3) the contractual payment percentage;

25 (4) the maximum required payments;

- 1           (5) the maximum term;
- 2           (6) the threshold amount;
- 3           (7) the payment cap;
- 4           (8) a statement that the borrower's estimated annual  
5 percentage rates are illustrations of what may occur and  
6 not guarantees of what will occur;
- 7           (9) a description and breakdown of the fees charged at  
8 the time of origination;
- 9           (10) the annual percentage rate disclosed in a manner  
10 as set forth under Section 17.8;
- 11           (11) the definition of qualifying income;
- 12           (12) the date repayment will begin;
- 13           (13) a statement that the borrower's monthly payment  
14 may vary in proportion to his or her future income;
- 15           (14) the procedure for verifying a borrower's  
16 qualifying income;
- 17           (15) the conditions under which a borrower may  
18 experience an increase in payment, including a detailed  
19 description of the methodology by which such payment will  
20 be calculated;
- 21           (16) the applicable grace period;
- 22           (17) the applicable terms of deferments;
- 23           (18) a schedule of fees a borrower is subject to after  
24 the commencement of the transaction;
- 25           (19) information about applicable credit reporting  
26 practices;

1           (20) the prepayment methodology set forth under  
2           Section 17.17;

3           (21) the terms under which the borrower may be  
4           considered in default;

5           (22) the borrower's rights with respect to:

6                   (A) filing a dispute;

7                   (B) delinquency or default;

8                   (C) overpayment or underpayment;

9                   (D) disability;

10                   (E) borrower death;

11                   (F) service as a member of the armed services,  
12           including the National Guard and Reserves; and

13                   (G) closed school discharge.

14           (23) a statement that the income share agreement  
15           represents the obligation of the borrower to pay a specific  
16           percentage of his or her income and does not give the  
17           income share agreement provider any rights regarding the  
18           borrower's educational or employment pursuits; and

19           (24) an address and telephone number where a borrower  
20           can submit a request for assistance.

21           (b) In an income-based financing transaction consisting of  
22           an educational income share agreement, the income share  
23           agreement provider shall disclose the following terms in  
24           addition to those set forth under subsection (a):

25                   (1) a statement, when applicable, that a borrower must  
26           exhaust all sources of federal student loans and state



1 grants for which the borrower is directly eligible before  
2 entering into an income share agreement;

3 (2) the consequences of failing to complete an  
4 educational program; and

5 (3) the cash price of tuition.

6 (c) The income share agreement provider shall ensure the  
7 consumer receives the disclosures required under this Section  
8 no later than 3 business days before the consummation of the  
9 transaction.

10 (d) If one of the disclosures provided under subsection (a)  
11 becomes inaccurate due to an increase in annual percentage rate  
12 or other cost to the consumer before the consummation of the  
13 transaction, the income share agreement provider shall ensure  
14 that the consumer receives corrected disclosures containing  
15 all changed terms in accordance with the requirements of  
16 Sections 17.7 through 17.27.

17 (e) If any disclosures required under this Section are not  
18 provided to the consumer in person, the consumer is considered  
19 to have received the disclosures 3 business days after they are  
20 delivered or placed in the United States mail. As used in this  
21 subsection, "business day" means all calendar days except  
22 Sundays and legal public holidays.

23 (205 ILCS 670/17.8 new)

24 Sec. 17.8. Income share agreements; income-based  
25 financing; estimated annual percentage rate.

1       (a) An income share agreement provider shall disclose a  
2 borrower's effective annual percentage rate by using the  
3 Federal Reserve Board's annual percentage rate calculation as  
4 set forth in Regulation Z, 12 CFR Part 1026, based on the  
5 following scenarios:

6           (1) the borrower's income stays constant throughout  
7 the term of the income share agreement;

8           (2) the borrower's income is 50% less than expected at  
9 the outset of the agreement and continues through the term  
10 at this reduced income rate; and

11           (3) the borrower's income is 50% more than expected at  
12 the outset of the agreement and continues through the term  
13 at this increased income rate.

14       (b) The figure calculated under this Section shall:

15           (1) assume 12 qualifying payments are received at the  
16 contractual payment percentage; and

17           (2) include any grace period.

18       (c) The estimated income projection as stated in paragraph  
19 (1) of subsection (a) shall be calculated using the best  
20 information reasonably available to the income share agreement  
21 provider.

22       (d) An income share agreement provider shall retain data  
23 and documentation sufficient to demonstrate the manner and  
24 methodology used to estimate a borrower's annual percentage  
25 rate under this Section.

1 (205 ILCS 670/17.9 new)

2 Sec. 17.9. Income share agreements; periodic monthly  
3 statement. An income share agreement provider shall provide a  
4 borrower with a monthly statement within 15 days before a  
5 payment due date that clearly and conspicuously discloses:

6 (1) the amount of the calculated monthly payment;

7 (2) the amount of a qualifying monthly payment;

8 (3) the due date of the monthly payment;

9 (4) the number of qualifying payments received;

10 (5) the dollar total of qualifying payments;

11 (6) the number of payments remaining toward the maximum  
12 qualifying payments;

13 (7) the dollar amount remaining toward the  
14 satisfaction of the payment cap;

15 (8) a description of the information relied on to  
16 determine the borrower's calculated monthly payment;

17 (9) a statement regarding a borrower's rights with  
18 respect to filing a dispute and contact information for a  
19 borrower to submit a request for assistance or dispute to  
20 the income share agreement provider; and

21 (10) the income share agreement provider's policies  
22 and procedures related to submitting income documentation,  
23 including, at minimum:

24 (A) acceptable types and categories of  
25 documentation;

26 (B) time within which documentation must be

1 received by the income share agreement provider;

2 (C) location and methods for a borrower to submit  
3 documentation to the income share agreement provider;

4 (D) the manner in which an income share agreement  
5 provider will review a borrower's documentation;

6 (E) the method for a borrower to dispute a  
7 determination related to the submission of  
8 documentation;

9 (F) third-party vendors the income share agreement  
10 providers rely on to determine a borrower's income;

11 (G) any applicable rights to cure a default; and

12 (H) the consequences under the income share  
13 agreement for failure to submit income documentation.

14 (205 ILCS 670/17.10 new)

15 Sec. 17.10. Income share agreements; annual statement.

16 (a) An income share agreement provider shall provide a  
17 borrower with an annual statement.

18 (b) The annual statement shall disclose, at minimum:

19 (1) the number of qualifying payments a borrower has  
20 made;

21 (2) the number of payments remaining of the maximum  
22 required payments;

23 (3) the total dollar amount of payments the borrower  
24 has made;

25 (4) the number of months the borrower has experienced a

1       bona fide payment event; and  
2               (5) contact information for a borrower to submit a  
3       request for assistance or dispute to the income share  
4       agreement provider.

5               (205 ILCS 670/17.11 new)

6       Sec. 17.11. Income share agreements; determination of  
7       qualified income; borrower protections.

8               (a) An income share agreement provider shall adopt policies  
9       and procedures concerning the determination of a borrower's  
10       qualified income.

11               (b) An income share agreement provider shall provide  
12       readily accessible methods for the borrower to submit a request  
13       for assistance to the income share agreement provider on a  
14       matter related to the borrower's payment.

15               (205 ILCS 670/17.12 new)

16       Sec. 17.12. Income share agreements; charges permitted.

17               (a) The contractual payment percentage may not exceed 5% of  
18       a borrower's qualified income.

19               (b) At no time may the percentage of such individual's  
20       income that the individual has agreed to pay under an  
21       educational income share agreement and any other eligible  
22       educational debt exceed 10%.

23               (205 ILCS 670/17.13 new)

1       Sec. 17.13. Income share agreements; limitation on the  
2       length of agreements. No income share agreement term may exceed  
3       60 months, including months in which no payment is due because  
4       of a bona fide payment event.

5           (205 ILCS 670/17.14 new)

6       Sec. 17.14. Income share agreements; payment multiplier.  
7       No income share agreement provider shall contract for a payment  
8       cap that exceeds 1.10 times the amount of the advance.

9           (205 ILCS 670/17.15 new)

10       Sec. 17.15. Income share agreements; advance limit. No  
11       income share agreement provider shall extend an advance that  
12       exceeds \$5,000.

13           (205 ILCS 670/17.16 new)

14       Sec. 17.16. Income share agreements; grace period.

15       (a) No payment may be collected pursuant to the terms of an  
16       income share agreement:

17           (1) when a borrower is enrolled in a covered  
18       educational program; or

19           (2) during the 6-month grace period that begins on the  
20       date the borrower graduates or withdraws from or falls  
21       below half-time enrollment status in a covered educational  
22       program.

23       (b) No educational income share agreement may contain a

1 grace period that is less than 6 months.

2 (c) A borrower may voluntarily elect to make qualifying  
3 payments to an income share agreement provider during a grace  
4 period.

5 (205 ILCS 670/17.17 new)

6 Sec. 17.17. Income share agreements; prepayment. A  
7 borrower may satisfy an income share agreement before the  
8 maximum term subject to the following conditions:

9 (1) If a borrower has made qualifying payments in an  
10 amount less than the advance, then the borrower may satisfy  
11 the income share agreement by paying the difference between  
12 the advance and the dollar amount of payments and fees the  
13 borrower has made to the income share agreement provider  
14 pursuant to the terms of the income share agreement.

15 (2) If a borrower has made qualifying payments in an  
16 amount that exceeds the advance, then the borrower may  
17 satisfy the income share agreement by paying the difference  
18 between the payment cap and the dollar amount of payments  
19 and fees the borrower has made to the income share  
20 agreement provider pursuant to the terms of the income  
21 share agreement.

22 (205 ILCS 670/17.18 new)

23 Sec. 17.18. Income share agreements; prohibitions.

24 (a) An income share agreement provider shall not engage in

1 unfair or deceptive practices toward a borrower or misrepresent  
2 or omit material information in connection with an income-based  
3 financing transaction, including, but not limited to:  
4 misrepresenting the amount, nature, or terms of a fee or  
5 payment due or claimed to be due on an income share agreement;  
6 the terms and conditions of the income share agreement; the  
7 terms of a repayment plan; or the borrower's obligations under  
8 the income share agreement.

9 (b) An income share agreement provider may not misapply or  
10 miscredit payments made by a borrower pursuant to the terms of  
11 an income share agreement.

12 (c) An income share agreement shall oversee third parties,  
13 including subservicers, debt collectors, independent  
14 contractors, subsidiaries, affiliates, or other agents, to  
15 ensure that those companies comply with this Act when working  
16 on behalf of the income share agreement provider.

17 (d) No payment shall be due or otherwise collected from a  
18 borrower pursuant to the terms of an income share agreement if  
19 a borrower has a bona fide payment event.

20 (e) No income share agreement provider may make any written  
21 or verbal statement regarding a borrower's estimated income  
22 that is false or misleading.

23 (f) A borrower must exhaust all sources of federal student  
24 loans and state grants for which the borrower is directly  
25 eligible before entering into an educational income share  
26 agreement if the borrower is eligible for such funding. The



1 income share agreement provider shall verify whether a borrower  
2 has exhausted applicable funding.

3 (g) If an income share agreement provider declares a  
4 borrower in default, including due to missing or delayed income  
5 documentation, such provider may not take additional  
6 collection action or otherwise impose a penalty unless the  
7 borrower is given the opportunity to cure the default.

8 (h) No income share agreement may contain provisions  
9 related to:

10 (1) confessions of judgment;

11 (2) assignment of wages; or

12 (3) prejudgment attachment.

13 (i) No income share agreement shall provide for any rights  
14 regarding the borrower's educational or employment pursuits.

15 (j) An income share agreement provider shall comply with  
16 the requirements of the Fair Credit Reporting Act.

17 (205 ILCS 670/17.19 new)

18 Sec. 17.19. Income share agreements payment processing.

19 (a) An income share agreement provider shall credit  
20 borrower payments promptly and accurately.

21 (b) An income share agreement provider shall provide  
22 borrowers with prompt notice if the income share agreement  
23 provider changes the address to which the borrower needs to  
24 send payments.

1 (205 ILCS 670/17.20 new)

2 Sec. 17.20. Income share agreements fees.

3 (a) Unless otherwise provided by federal law, an income  
4 share agreement provider may only charge late fees that are  
5 reasonable and proportional to the cost it incurs related to a  
6 late payment.

7 (b) Unless otherwise provided by federal law, an income  
8 share agreement provider may not charge a borrower or cosigner  
9 any fee to modify, defer, forbear, renew, extend, or amend the  
10 borrower's income share agreement.

11 (205 ILCS 670/17.21 new)

12 Sec. 17.21. Income share agreements; discrimination  
13 prohibited. It is unlawful for any income share agreement  
14 provider to discriminate against a borrower with respect to an  
15 aspect of an income share agreement or income-based financing  
16 transaction:

17 (1) on the basis of race, color, religion, national  
18 origin, immigration status, sex, gender identity, sexual  
19 orientation, marital status, or age (provided the  
20 applicant has the capacity to contract);

21 (2) because all or part of the applicant's income  
22 derives from a public assistance program; or

23 (3) because the applicant has in good faith exercised a  
24 right under this Act.

1 (205 ILCS 670/17.22 new)

2 Sec. 17.22. Income share agreements; conflicts of  
3 interest. An educational income-based agreement provider may  
4 not, directly or indirectly:

5 (1) offer or provide a gift to a covered educational  
6 program in exchange for an advantage or consideration  
7 provided to such income share agreement provider related to  
8 its income-based financing transactions; or

9 (2) engage in revenue sharing with a covered  
10 educational program.

11 (205 ILCS 670/17.23 new)

12 Sec. 17.23. Income share agreements; bankruptcy. The  
13 provisions of this Act with respect to the treatment of income  
14 share agreements under Illinois law may not be construed to  
15 qualify such agreements as qualified education loans under 26  
16 U.S.C. 221(d)(1) or debt that is excepted from discharge under  
17 11 U.S.C. 523.

18 (205 ILCS 670/17.24 new)

19 Sec. 17.24. Income share agreements; cancellation and  
20 discharge. An income share agreement shall be void if:

21 (1) a borrower receives a determination from the Social  
22 Security Administration that he or she is totally and  
23 permanently disabled;

24 (2) a borrower is determined by the Secretary of

1 Veterans Affairs to be unemployable due to a  
2 service-related disability;

3 (3) a borrower dies; or

4 (4) a borrower's covered educational program closes  
5 prior to the borrower completing the program.

6 (205 ILCS 670/17.25 new)

7 Sec. 17.25. Requests for assistance; account dispute  
8 resolution; appeals.

9 (a) An income share agreement provider shall implement  
10 reasonable policies and procedures for accepting, processing,  
11 investigating, and responding to requests for assistance in a  
12 timely and effective manner, including, but not limited to, the  
13 following requirements:

14 (1) An income share agreement provider shall provide  
15 readily accessible methods for consumers to submit a  
16 request for assistance to the income share agreement  
17 provider, including such methods as phone, email, and  
18 United States mail.

19 (2) An income share agreement provider shall post on  
20 its website and disclose on its billing statements:

21 (A) the toll-free telephone number, email address,  
22 and mailing address for consumers to submit a request  
23 for assistance to the income share agreement provider;  
24 and

25 (B) the procedures for a borrower to send a written

1 communication to the income share agreement provider  
2 regarding any request for assistance.

3 (3) For any request for assistance that includes a  
4 request for documentation or information where a response  
5 cannot be immediately provided, an income share agreement  
6 provider shall provide the requested documentation or  
7 information to the borrower within 14 calendar days after  
8 the request; if an income share agreement provider  
9 determines in good faith that it is unable to provide the  
10 documentation or information within 14 calendar days,  
11 promptly after making that determination the income share  
12 agreement provider shall notify the borrower of the  
13 expected response period, which must be reasonable for the  
14 request for assistance.

15 (b) An income share agreement provider shall implement a  
16 process by which a borrower can escalate any request for  
17 assistance. Such process shall allow a borrower who has made a  
18 request for assistance on the phone and who receives a response  
19 during the call to obtain immediate review of the response by  
20 an employee of the income share agreement provider at a higher  
21 supervisory level.

22 (c) The following requirements shall apply when a borrower  
23 submits a written or oral request for assistance that contains  
24 an account dispute to an income share agreement provider:

25 (1) Within 14 calendar days after its receipt of the  
26 written communication or oral request for further

1 escalation, an income share agreement provider shall  
2 attempt to make contact with the borrower, including  
3 providing the borrower with name and contact information of  
4 the representative handling the account dispute, by phone  
5 or in writing, and shall document such attempt in the  
6 borrower's account.

7 (2) An income share agreement provider shall complete  
8 the following actions within 30 calendar days after its  
9 receipt of the written communication or oral request for  
10 further escalation, subject to paragraph (3) of this  
11 subsection:

12 (A) conduct a thorough investigation of the  
13 account dispute;

14 (B) make all appropriate corrections to the  
15 account of the borrower, including crediting any late  
16 fees assessed and derogatory credit furnishing as the  
17 result of any error, and if any corrections are made,  
18 sending the borrower a written notification that  
19 includes the following information:

20 (i) an explanation of the correction or  
21 corrections to the borrower's account that have  
22 been made; and

23 (ii) the toll-free telephone number, email  
24 address, and mailing address of the income share  
25 agreement provider's personnel knowledgeable about  
26 the investigation and resolution of the account

1           dispute.

2           (3) If an income share agreement provider determines in  
3 good faith that it cannot complete a thorough investigation  
4 of the account dispute within 30 calendar days after  
5 receiving the written communication or oral request for  
6 further escalation regarding the account dispute, then  
7 promptly after making that determination the income share  
8 agreement provider shall notify the borrower of the  
9 expected resolution time period, which must be reasonable  
10 for the account dispute. An income share agreement provider  
11 must complete the actions listed in this subsection within  
12 this time period.

13           (4) If an income share agreement provider determines as  
14 a result of its investigation that the requested changes to  
15 a borrower's dispute will not be made, the income share  
16 agreement provider shall provide the borrower with a  
17 written notification that includes the following  
18 information:

19           (A) a description of its determination and an  
20 explanation of the reasons for that determination;

21           (B) the toll-free telephone number, email address,  
22 and mailing address of the income share agreement  
23 provider's personnel knowledgeable about the  
24 investigation and resolution of the account dispute;

25           (C) instructions about how the borrower can appeal  
26 the income share agreement provider's determination in

1 accordance with paragraph (5) of this subsection; and

2 (D) information regarding the method by which a  
3 borrower may request copies of documents an income  
4 share agreement provider relied on to make a  
5 determination that no changes to a borrower's account  
6 will be made.

7 (5) After the borrower receives a determination  
8 regarding an account dispute in accordance with paragraph  
9 (4) of this subsection, the income share agreement provider  
10 shall allow a process by which the borrower can appeal, in  
11 writing, the determination. The appeals process shall  
12 include:

13 (A) a written acknowledgment notifying the  
14 borrower that the income share agreement provider has  
15 commenced the appeals process; such acknowledgment  
16 must be sent within 14 calendar days after receiving a  
17 written request for appeal from the borrower;

18 (B) an independent reassessment of the income  
19 share agreement provider's determination regarding the  
20 account dispute, performed by another employee of the  
21 income share agreement provider at an equal or higher  
22 supervisory level than the employee or employees  
23 involved in the initial account dispute determination;

24 (C) investigation and resolution of appeals within  
25 30 calendar days after an income share agreement  
26 provider's commencement of the appeals process; and



1                   (D) written notification sent to the borrower  
2                   documenting the outcome of the appeal, including any  
3                   reason for denial.

4                   (d) While a borrower has a pending account dispute,  
5                   including an applicable appeal, an income share agreement  
6                   provider shall take reasonable steps to:

7                   (1) prevent negative credit reporting with respect to  
8                   the borrower's account while the dispute is under review;  
9                   and

10                   (2) suspend all collection activities on the account  
11                   while the account dispute is being researched or resolved  
12                   if the account dispute is related to the delinquency.

13                   (205 ILCS 670/17.26 new)

14                   Sec. 17.26. Income share agreements; miscellaneous  
15                   provisions.

16                   (a) An agreement, contract, or transaction that is  
17                   willfully structured to evade the definition of an income share  
18                   agreement is deemed an income share agreement for purposes of  
19                   this Act.

20                   (b) If there is a conflict between Sections 17.6 through  
21                   17.27 and any other Sections of this Act, Sections 17.6 through  
22                   17.27 shall control.

23                   (205 ILCS 670/17.27 new)

24                   Sec. 17.27. Enforcement of the Consumer Fraud and Deceptive

1 Business Practices Act. The Attorney General may enforce a  
2 violation of Sections 17.7 through 17.27 of this Act as an  
3 unlawful practice under the Consumer Fraud and Deceptive  
4 Business Practices Act.

1 INDEX

2 Statutes amended in order of appearance

- 3 205 ILCS 670/17.6 new
- 4 205 ILCS 670/17.7 new
- 5 205 ILCS 670/17.8 new
- 6 205 ILCS 670/17.9 new
- 7 205 ILCS 670/17.10 new
- 8 205 ILCS 670/17.11 new
- 9 205 ILCS 670/17.12 new
- 10 205 ILCS 670/17.13 new
- 11 205 ILCS 670/17.14 new
- 12 205 ILCS 670/17.15 new
- 13 205 ILCS 670/17.16 new
- 14 205 ILCS 670/17.17 new
- 15 205 ILCS 670/17.18 new
- 16 205 ILCS 670/17.19 new
- 17 205 ILCS 670/17.20 new
- 18 205 ILCS 670/17.21 new
- 19 205 ILCS 670/17.22 new
- 20 205 ILCS 670/17.23 new
- 21 205 ILCS 670/17.24 new
- 22 205 ILCS 670/17.25 new
- 23 205 ILCS 670/17.26 new
- 24 205 ILCS 670/17.27 new