



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3314

Introduced 2/7/2024, by Sen. Bill Cunningham

SYNOPSIS AS INTRODUCED:

815 ILCS 121/25
815 ILCS 121/30
815 ILCS 121/165

Amends the Consumer Legal Funding Act. Provides that, notwithstanding any other law, a consumer legal funding may be refinanced as authorized by rule. Provides that the Department of Financial and Professional Regulation shall publish first notice of a rule concerning the refinancing of consumer legal fundings in the Illinois Register in accordance with the Illinois Administrative Procedure Act within 120 days after the effective date of the amendatory Act. Authorizes the Department to adopt rules to permit the refinancing of consumer legal fundings. Makes conforming changes to contract disclosures.

LRB103 39360 SPS 69523 b

1 AN ACT concerning business.

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

4 Section 5. The Consumer Legal Funding Act is amended by
5 changing Sections 25, 30, and 165 as follows:

6 (815 ILCS 121/25)

7 Sec. 25. Fees.

8 (a) The fee charged by a consumer legal funding company to
9 the consumer shall be calculated as not more than 18% of the
10 funded amount, assessed on the outset of every 6 months.

11 (b) In addition, a consumer legal funding company may
12 charge a document preparation fee not to exceed \$75, which may
13 be deducted from the funded amount. This fee is to be used to
14 defray the ordinary cost of opening, administering, and
15 terminating a consumer legal funding.

16 (c) A consumer legal funding company shall not collect any
17 additional fees unless otherwise specified in this Act.

18 (d) No charges may accrue on a consumer legal funding for
19 more than 42 months after the funding date of the consumer
20 legal funding. No consumer legal funding may be refinanced
21 except as authorized by rule. Notwithstanding the foregoing, a
22 consumer legal funding company may assess charges on any
23 additional amounts provided after the funding date for 42

1 months after the additional funding date.

2 (e) Notwithstanding any other law, a consumer legal
3 funding may be refinanced as authorized by rule. The
4 Department shall publish first notice of a rule concerning the
5 refinancing of consumer legal fundings in the Illinois
6 Register in accordance with the Illinois Administrative
7 Procedure Act within 120 days after the effective date of this
8 amendatory Act of the 103rd General Assembly.

9 (Source: P.A. 102-987, eff. 5-27-22.)

10 (815 ILCS 121/30)

11 Sec. 30. Disclosures. All consumer legal funding contracts
12 shall contain the disclosures specified in this Section, which
13 shall constitute material terms of the contract. Unless
14 otherwise specified, the disclosures shall be typed in at
15 least 12-point bold-type font and be placed clearly and
16 conspicuously within the contract as follows:

17 (1) On the front page under appropriate headings,
18 language specifying:

19 (A) the funded amount to be paid to the consumer or
20 on the consumer's behalf by the consumer legal funding
21 company;

22 (B) an itemization of charges;

23 (C) the maximum total amount to be paid by the
24 consumer to the company, including the funded amount
25 and all fees; and

1 (D) a payment schedule to include the resolution
2 amount, listing dates, and the amount due at the end of
3 each 6-month period from the funding date, until the
4 date the maximum amount is due to the company by the
5 consumer to satisfy the amount due pursuant to the
6 contract.

7 (2) Pursuant to the provisions set forth in paragraph
8 (2) of subsection (a) of Section 10, within the body of the
9 contract: "CONSUMER'S RIGHT TO CANCELLATION: You may
10 cancel this contract without penalty or further obligation
11 within 14 business days after the funding date if you
12 either:

13 (A) return to the consumer legal funding company
14 the full amount of the funds disbursed to you or on
15 your behalf by delivering the company's uncashed check
16 to the company's office in person; or

17 (B) place in the mail, by mail service materially
18 equivalent to United States Postal Service certified
19 mail, addressed to the company at the address
20 specified in the contract, a notice of cancellation
21 and include in such mailing a return of the full amount
22 of funds disbursed to you or on your behalf in the form
23 of the company's uncashed check or a registered or
24 certified check or money order."

25 (3) Within the body of the contract: "The consumer
26 legal funding company shall have no role in deciding

1 whether, when, and how much the legal claim is settled
2 for, however, the consumer and consumer's attorney must
3 notify the company of the outcome of the legal claim by
4 settlement or adjudication before the resolution date. The
5 company may seek updated information about the status of
6 the legal claim but in no event shall the company
7 interfere with the independent professional judgment of
8 the attorney in the handling of the legal claim or any
9 settlement thereof."

10 (4) Within the body of the contract, in all capital
11 letters in at least 12-point bold-type font contained
12 within a box: "THE FUNDED AMOUNT AND AGREED-UPON CHARGES
13 SHALL BE PAID ONLY FROM THE PROCEEDS OF YOUR LEGAL CLAIM,
14 AND SHALL BE PAID ONLY TO THE EXTENT THAT THERE ARE
15 AVAILABLE PROCEEDS FROM YOUR LEGAL CLAIM. YOU WILL NOT OWE
16 [INSERT NAME OF THE CONSUMER LEGAL FUNDING COMPANY]
17 ANYTHING IF THERE ARE NO REMAINING PROCEEDS AVAILABLE FROM
18 YOUR LEGAL CLAIM, UNLESS YOU OR YOUR ATTORNEY HAVE
19 COMMITTED FRAUD AGAINST THE CONSUMER LEGAL FUNDING
20 COMPANY. NOTWITHSTANDING ANYTHING TO THE CONTRARY, YOU MAY
21 REFINANCE THE FUNDED AMOUNT AND AGREED UPON CHARGES AS
22 AUTHORIZED BY RULE."

23 (5) Located immediately above the place on the
24 contract where the consumer's signature is required, in
25 12-point font: "Do not sign this contract before you read
26 it completely or if it contains any blank spaces. You are

1 entitled to a completely filled-in copy of the contract.
2 Before you sign this contract, you should obtain the
3 advice of an attorney. Depending on the circumstances, you
4 may want to consult a tax, public or private benefits
5 planning, or financial professional. You acknowledge that
6 your attorney in the legal claim has provided no tax,
7 public or private benefit planning, or financial advice
8 regarding this transaction."

9 (6) The consumer legal funding company shall provide
10 the consumer with information on accessing a financial
11 coaching program no later than the funding date.

12 (Source: P.A. 102-987, eff. 5-27-22.)

13 (815 ILCS 121/165)

14 Sec. 165. Rules of the Department.

15 (a) In addition to such powers as may be prescribed by this
16 Act, the Department is hereby authorized and empowered to
17 adopt rules consistent with the purposes of this Act,
18 including, but not limited to:

19 (1) rules in connection with the activities of
20 licensees or unlicensed consumer legal funding companies
21 as may be necessary and appropriate for the protection of
22 consumers in this State;

23 (2) rules as may be necessary and appropriate to
24 define improper or fraudulent business practices in
25 connection with the activities of licensees in servicing

1 consumer legal fundings;

2 (3) rules that define the terms used in this Act and as
3 may be necessary and appropriate to interpret and
4 implement the provisions of this Act; ~~and~~

5 (4) rules as may be necessary for the enforcement and
6 administration of this Act; and ~~and~~

7 (5) rules to permit the refinancing of consumer legal
8 fundings.

9 (b) The Secretary is hereby authorized and empowered to
10 make specific rulings, demands, and findings that he or she
11 deems necessary for the proper conduct of the consumer legal
12 funding company industry.

13 (Source: P.A. 102-987, eff. 5-27-22.)