

**Illinois Compiled Statutes
Business Transactions
Retail Installment Sales Act
815 ILCS 405/**

(815 ILCS 405/)

(815 ILCS 405/1)

Sec. 1. This Act may be cited as the Retail Installment Sales Act.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/2)

Sec. 2. For the purposes of this Act, unless the context otherwise requires, the terms specified in the following Sections preceding Section 3 have the meanings ascribed to them in those Sections.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/2.1)

Sec. 2.1. "Goods" means all goods used or purchased primarily for personal, family, or household purposes. "Goods" includes goods purchased primarily for agricultural purposes only for the purposes of the credit disclosure requirements of this Act. "Goods" includes merchandise certificates or coupons issued by a retail seller to be used in their face amount in the purchase of goods or services sold by such a seller but does not include money or other things in action. It also includes goods which are furnished or used, at the time of sale or subsequently, in the modernization, rehabilitation, repair, alteration, improvement, or construction of real estate so as to become a part of that real estate whether or not severable therefrom. "Goods" does not

include a motor vehicle as defined in The Illinois Vehicle Code, but does include bicycles, motorcycles, motor scooters, snowmobiles and trailers when purchased primarily for personal, family or household purposes. "Goods" does not include goods used or purchased primarily for business or commercial purposes.

(Source: P. A. 77-1166.)

(815 ILCS 405/2.2)

Sec. 2.2. "Services" means work, labor or services of any kind rendered or furnished or agreed to be rendered or furnished by a retail seller for a use other than in business (including farming or a profession), but does not include services for which tariffs, rates, premiums or charges are required by law to be determined or approved or to be filed with and subject to approval or disapproval by this State or the United States or by any department, division, agency, officer, or official of either this State or the United States; nor does it include professional services such as those performed by an accountant, a lawyer, a physician, a veterinarian, a surgeon, a psychiatrist, a nurse, or a dentist unless the furnishing of those professional services is the subject of a signed retail installment sales contract.

"Services" means work, labor or services rendered or furnished for use in agriculture or farming only for the purposes of the credit disclosure requirements of this Act.

(Source: P. A. 76-1780.)

(815 ILCS 405/2.3)

Sec. 2.3. "Retail buyer" or "buyer" means a person who buys goods or

obtains services from a retail seller in a retail installment transaction.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/2.4)

Sec. 2.4. "Retail seller" or "seller" means a person regularly engaged in, and whose business consists to a substantial extent of, selling, and who in the ordinary course of business regularly sells or offers to sell goods or services to retail buyers. The term includes the licensee or concessionaire under a lease or license agreement for a department in a shop, store or other establishment if the department is conducted in the name of the licensor or store and the licensor or store is liable to customers in respect to goods sold or services furnished or rendered in the licensed or leased department.

(Source: P. A. 76-1780.)

(815 ILCS 405/2.5)

Sec. 2.5. "Retail installment transaction" means a credit sale of goods or a furnishing or rendering of services by a retail seller to a retail buyer for a deferred payment price payable in one or more installments pursuant to a retail installment contract or a retail charge agreement.

(Source: P.A. 76-1780.)

(815 ILCS 405/2.6)

Sec. 2.6. "Retail installment contract", "installment contract" or "contract" means an instrument or instruments, other than a retail

charge agreement or an instrument reflecting a sale made pursuant thereto, entered into in this State and prescribing the terms of a retail installment transaction.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/2.7)

Sec. 2.7. "Retail charge agreement" or "charge agreement" means an instrument prescribing the terms of a retail installment transaction which is made pursuant to the instrument, whether secured or unsecured, in which the buyer's total unpaid balance under the instrument is payable in one or more installments over a period of time and under the terms of which the finance charge is to be computed in relation to the buyer's unpaid balance from time to time.

(Source: P. A. 76-1780.)

(815 ILCS 405/2.8)

Sec. 2.8. "Cash sale price" means the price stated in a retail installment contract, or in a sales slip or other memorandum furnished by a retail seller to a retail buyer in connection with a retail charge agreement, for which the seller in good faith and in the regular course of business would have sold or furnished to the buyer and the buyer would have bought or obtained from the seller the goods or services which are the subject matter of a retail installment transaction, if the sale had been a sale for cash. The cash sale price may include any taxes and the cash sale prices for accessories and their installation and for delivery, servicing, repairing, or improving the goods.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/2.9)

Sec. 2.9. "Official fees" means the taxes and fees prescribed by law that actually are, or will be, paid to public officials for determining the existence of, or for perfecting, releasing or satisfying a security interest retained by a seller under a retail installment transaction.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/2.10)

Sec. 2.10. "Amount financed" means the cash sale price of the goods or services which are the subject matter of a retail installment contract plus all other charges individually itemized, which are included in the amount financed but which are not a part of the finance charge minus the amount of the buyer's down payment in money or goods.

(Source: P. A. 76-1780.)

(815 ILCS 405/2.11)

Sec. 2.11. "Finance charge" means the sum of all charges payable, directly or indirectly by the buyer and imposed directly or indirectly by the seller as an incident to or as a condition of the extension of credit, whether payable by the buyer, the seller, or any other person on behalf of the buyer to the seller or a third party including any of the following types of charges:

(1) Interest, time price differential, and any amount payable under a discount or other system of additional charges.

(2) Service, transaction, activity, or carrying charge.

(3) Loan fee, points, finder's fee, or similar charge.

(4) Fee for an appraisal, investigation, or credit report.

(5) Charges or premiums for credit life, accident, health, or loss of income insurance, written in connection with any credit transaction unless

(i) the insurance coverage is not required by the creditor and this fact is clearly and conspicuously disclosed in writing to the customer; and

(ii) any customer desiring such insurance coverage gives specific dated and separately signed affirmative written indication of such desire after receiving written disclosure to him of the cost of such insurance.

(6) Charges or premiums for insurance, written in connection with any credit transaction, against loss of or damage to property or against liability arising out of the ownership or use of property, unless a clear, conspicuous, and specific statement in writing is furnished by the creditor to the customer setting forth the cost of the insurance if obtained from or through the creditor and stating that the customer may choose the person through which the insurance is to be obtained.

(7) Premium or other charge for any other guarantee or insurance protecting the creditor against the customer's default or other credit loss.

(8) Any charge imposed by a creditor upon another creditor for purchasing or accepting an obligation of a customer if the customer is required to pay any part of that charge in cash, as an addition to the obligation, or as a deduction from the proceeds of the obligation.

If itemized and disclosed to the customer, any charges of the following types need not be included in the finance charge:

(a) Fees and charges prescribed by law which actually are or will be paid to public officials for determining the existence of or for perfecting or releasing or satisfying any security related to the credit transaction.

(b) The premium payable for any insurance in lieu of perfecting any security interest otherwise required by the creditor in connection with the transaction, if the premium does not exceed the fees and charges described in subparagraph (1) of this paragraph which would otherwise be payable.

(c) Taxes not included in the cash price.

(d) License, certificate of title, and registration fees imposed by law.

(e) Other charges as authorized by this Act.

A late payment, delinquency, default, reinstatement, or other such charge is not a finance charge if imposed for actual unanticipated late payment, delinquency, default or other such occurrence.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/2.12)

Sec.2.12. "Deferred payment price" means the total of (1) the cash sale price of the goods or services purchased, (2) all other charges individually itemized which are included in the amount financed but which are not a part of the finance charge, and (3) the finance charge.

(Source: P.A. 76-1780.)

(815 ILCS 405/2.13)

Sec. 2.13. "Sales finance agency" means a person engaged, in whole

or in part, in the business of purchasing or making loans upon the security of retail installment contracts or retail charge agreements. The term includes, but is not limited to, banks, trust companies, private bankers and industrial banks authorized to do business and to accept deposits in this State, if so engaged.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/2.14)

Sec. 2.14. "Holder" of a retail installment contract or a retail charge agreement means the retail seller of the goods or services under the installment contract or charge agreement or the sales finance agency or other assignee which purchases or makes a loan upon the security of the installment contract or the charge agreement.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/2.15)

Sec. 2.15.

"Annual percentage rate" means the nominal annual percentage rate of finance charge determined in accordance with the actuarial method of computation with an accuracy at least to the nearest 1/4 of 1%; or at the option of the seller, by application of the United States rule so that it may be disclosed with an accuracy at least to the nearest 1/4 of 1%.

(Source: P. A. 76-1780.)

(815 ILCS 405/2.16)

Sec. 2.16. Truth-in Lending Act. "Truth-in-Lending Act" means the

federal Truth-in-Lending Act, 15 U.S.C. 1601 et seq., and Regulation Z, 12 C.F.R. Part 226.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/2.17)

Sec. 2.17. Precomputed. A contract is "precomputed" if the debt is expressed as a sum of the amount financed plus the amount of the finance charge computed in advance.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/3)

Sec. 3. (a) Every retail installment contract must be in writing, dated, signed by both the buyer and the seller, and, except as otherwise provided in this Act, completed as to all essential provisions, before it is signed by the buyer.

(b) The printed or typed portion of the contract, other than instructions for completion, must be in size equal to at least 8 point type.

(c) The contract must contain printed or written in a size equal to at least 10 point bold type:

(1) Both at the top of the contract and directly above the space reserved for the signature of the buyer, the words "RETAIL INSTALLMENT CONTRACT";

(2) A notice as follows:

"Notice to the buyer.

1. Do not sign this agreement before you read it or if it contains any blank spaces.

2. You are entitled to an exact copy of the agreement you sign.

3. Under the law you have the right, among others, to pay in advance the full amount due and to obtain under certain conditions a partial refund of the finance charge.

(Source: P. A. 76-1780.)

(815 ILCS 405/4)

Sec. 4. Every retail installment contract must contain the names of the seller and of the buyer, the place of business of the seller, the residence of the buyer as specified by the buyer, and a description or identification of the goods sold or to be sold or services furnished or rendered or to be furnished or rendered. The contract must clearly state and describe any security taken or retained by the seller. No charge may be made to a buyer under an installment contract or charge agreement for insurance against loss or damage to the goods, for insurance against liability for personal injury or property damage caused to others by reason of ownership or operation of the goods, for credit life insurance, for credit health and accident insurance or for any other kind of insurance, unless the installment contract or charge agreement separately specifies for each kind of insurance the type of coverage, the term of coverage and the separate, identified charge made therefor. However, a single charge may be made for credit life, credit health and accident insurance whose issuance in a single form or package has been authorized by the Director of Insurance and whose charges for its various parts can not be separately stated, and, in the case of contracts or charge agreements negotiated and entered into by mail or telephone, in which the kind of insurance, type of coverage, the term of

coverage and the charge to be made therefor is clearly set forth in a catalog or other printed solicitation of the seller, disclosure shall be made in the manner required by Section 24 or Section 25 of this Act, whichever one is applicable.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/5)

Sec. 5. Every retail installment contract shall disclose the following items, as applicable:

(1) The cash price of the property or service purchased, using the term "cash price".

(2) The amount of the down payment itemized, as applicable, as down payment in money, using the term "cash down payment", down payment in property, using the term "trade-in" and the sum, using the term "total down payment".

(3) The difference between the amounts described in subparagraphs (1) and (2) of this paragraph, using the term "unpaid balance of cash price".

(4) All other charges, individually itemized, which are included in the amount financed but which are not part of the finance charge.

(5) The sum of the amounts determined under subparagraphs (3) and (4) of this paragraph, using the term "unpaid balance".

(6) Any amounts required to be deducted under this Act using, as applicable, the terms "prepaid finance charge" and "required deposit balance", and, if both are applicable, the total of such items using the term "total prepaid finance charge and required deposit balance".

(7) The difference between the amounts determined under

subparagraphs (5) and (6) of this paragraph, using the term "amount financed".

(8) The total amount of the finance charge, with description of each amount included, using the term "finance charge".

(9) The sum of the amounts determined under subparagraphs (1), (4), and (8) of this paragraph, using the term "deferred payment price".

(10) The finance charge expressed as an annual percentage rate, using the term "annual percentage rate", except in the case of a finance charge

(i) which does not exceed \$5 and is applicable to an amount financed not exceeding \$75, or

(ii) which does not exceed \$7.50 and is applicable to an amount financed exceeding \$75.

(11) The number, amount, and due dates or periods of payments scheduled to repay the indebtedness and the sum of such payments using the term "total of payments". If installment payments are stated in terms of a series of scheduled amounts and if the amount of the final installment payment does not exceed the scheduled amount of any preceding installment payment, the maximum number of payments and the amount and date of each payment need not be separately stated and the amount of the scheduled final installment payment may be stated as the remaining unpaid balance. The due date of the first installment payment may be fixed by a calendar date, by reference to the date of the contract or by reference to the date of delivery or installation of the goods.

(12) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments.

(13) A description or identification of the type of any security interest held or to be retained or acquired by the seller in connection with the extension of credit, and a clear identification of the property to which the security interest relates.

(14) A description of any penalty charge that may be imposed by the seller or his assignee for prepayment of the principal of the obligation with an explanation of the method of computation of such penalty and the conditions under which it may be imposed.

(15) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the buyer.

(16) The date on which the finance charge begins to accrue if different from the date of the transaction.

The disclosures required to be given by this Section shall be made clearly, conspicuously and in meaningful sequence. Where the terms "finance charge" and "annual percentage rate" are required to be used, they shall be printed more conspicuously than other terminology required.

A retail installment contract which complies with the federal Truth in Lending Act, amendments thereto, and any regulations issued or which may be issued thereunder, shall be deemed to be in compliance with the provisions of this Section.

Notwithstanding any other provision of this Act or any other law of this State, there is no obligation or duty to disclose to an obligor under a retail installment contract: (i) any agreement to sell, assign,

or otherwise transfer the contract to a third party for an amount which is equal to, in excess of, or less than the amount financed under the contract; or (ii) that the assignee of the contract or the person who funded it may pay the seller or the person who originated the contract all or a portion of the prepaid finance charges and other fees or a portion of the finance charge to be paid by the buyer over the term of the transaction or any other compensation irrespective of how the compensation is determined.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/6)

Sec. 6. (a) Every retail installment contract must provide for a schedule of periodic installment payments from the due date of the first installment payment to the date of the final maturity of the contract.

(b) Retail installment contracts may provide for balloon-note financing. For the purpose of this Section, "balloon-note financing" means the manner of purchase whereby a consumer agrees to select and perform, at the conclusion of a predetermined schedule of installment payments made in periodic or monthly amounts, one of the following options:

(1) satisfy the balance of the contractual amount owing; or

(2) refinance any balance owing, on the terms previously agreed upon at the time of executing the retail installment contract.

(c) Retail installment contracts may provide for deferred payment of a down payment provided any deferred portion of a down payment is payable not later than 10 days prior to the due date of the first

regularly scheduled payment and is not subject to a finance charge.

(d) Retail installment sales contracts may be precomputed or interest bearing.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/7)

Sec. 7. Notwithstanding the provisions of any retail installment contract to the contrary, the buyer may prepay the contract in full, whether by payment in cash, extension, renewal or otherwise, at any time before maturity, and if he does so, shall receive a refund credit thereon for that prepayment. The amount of refund credit shall represent at least as great a proportion of the finance charge, less an acquisition cost of \$25, as the sum of the periodical time balances beginning with the next payment period bears to the sum of all the periodical time balances under the schedule of installment payments in the contract. In those instances where a buyer's overpayment requires the refund credit to be given through the issuance of a negotiable instrument by the holder, no refund credit need be made if the amount of refund credit is less than \$5, provided that a buyer may obtain a cash refund at the seller's or holder's location. In all other cases where the buyer's prepayment permits the refund credit to be given to the buyer as a credit on the buyer's account, no refund credit need be made if the amount of refund credit is less than \$1.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/8)

Sec. 8. (a) A seller under a retail installment contract or retail

charge agreement may require insurance against substantial risk of loss of or damage to the goods protecting the seller or holder, as well as the buyer, and may, if the buyer elects, include therefor in the contract an amount not exceeding the premiums chargeable for similar insurance in accordance with rate filings made with the Director of Insurance. No seller or holder may require, as a condition precedent to or as a part of a retail installment transaction, that such insurance be purchased from or through the seller or holder, or any employee, affiliate, or associate of seller or holder. A seller under a retail installment contract may not require other insurance; but if the buyer voluntarily contracts therefor, the seller may then include in the contract an amount for that other insurance not exceeding the premiums paid or payable by the seller or holder. In those transactions where the buyer elects to select the insurance company, broker or agent for the purpose of obtaining insurance required by the holder under this Section, the buyer must furnish the holder with satisfactory evidence of insurance on or before the date when the buyer takes possession of the goods.

(b) If the obligor fails to furnish evidence that he has procured insurance on the property, the licensee may purchase substitute insurance that may be substantially equivalent to or more limited than coverage the obligor is required to maintain. Such insurance must comply with the Collateral Protection Act.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/9)

Sec. 9. The seller may not decline existing insurance written by an

insurance company authorized to do business in this State and must afford the buyer the privilege of purchasing any required insurance from or through an insurance company, broker or agent of his own selection, if the insurance company is approved by the holder. All insurance which is purchased by the holder and for which an amount is included in a contract or charge agreement must be written by an insurance company authorized to do business in this State. The holder of a contract or charge agreement which includes an amount for insurance purchased by the seller or holder must, within 30 days after the date of the contract or charge agreement, cause to be sent to the buyer the policies or certificates of insurance clearly setting forth the amount of the premium, the types of insurance, the coverages and all the terms, exceptions, limitations, restrictions and conditions of the insurance or, in respect to group credit life insurance and credit accident and health insurance, a notice or statement for that insurance clearly setting forth the name of the insurer, the identity of the insured buyer by name or otherwise and a description of the coverage.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/10)

Sec. 10. Credit life insurance and credit accident and health insurance issued in connection with a retail installment contract or retail charge agreement and any charge therefor made to the buyer, must comply with Article IX 1/2 of the "Illinois Insurance Code," approved June 29, 1937, as now or hereafter amended, and all lawful requirements of the Director of Insurance related thereto.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/11)

Sec. 11. If any insurance for which an amount is included in the contract or charge agreement is cancelled, any unearned insurance refund exceeding one dollar received or receivable by the holder or, if the amount included for insurance in the contract or charge agreement exceeds the premiums paid or payable by the holder, any unearned portion of the amount so included exceeding one dollar shall be credited on the final maturing installments of the contract except to the extent those amounts are applied toward payment for similar insurance protecting the interests of the buyer and the holder or either of them.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/11.1)

Sec. 11.1. Disclosure of consideration paid to seller. Consideration or another thing of value may be paid to or retained by the seller or holder or an affiliate of the seller or holder in connection with any insurance, debt cancellation contract, or other such product purchased pursuant to the retail installment sales contract made or held by the seller and all or a portion of the consideration may be included in the amount charged to the obligor, so long as the seller or holder discloses to the obligor that the seller, holder, or any of their affiliates may receive something of value in connection with the purchase.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/12)

Sec. 12. Delinquency charges. A retail installment contract or a retail charge agreement may provide for a delinquency and collection charge, on each installment in default for a period of not less than 10 days, in an amount not exceeding 5% of the installment on installments in excess of \$200 or \$10 on installments of \$200 or less. Only one delinquency and collection charge may be collected on any installment regardless of the period during which it remains in default. In addition, a retail installment contract or a retail charge agreement may provide for the payment by the buyer of reasonable attorney's fees incurred in the collection or enforcement of the contract or retail charge agreement. Any clause or provision of any retail installment contract or retail charge agreement entered into after December 31, 1973, to the contrary notwithstanding with respect to attorney's fees incurred in the collection or enforcement of such contract or retail charge agreement the court in its discretion may award attorney's fees to either party as the interest of justice may require.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/12.1)

Sec. 12.1. Final installment. Fifteen days after the final installment is due as originally scheduled or deferred, the holder may compute and charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the annual percentage rate stated in the retail installment contract until fully paid or until reduced to judgment. At the time the final installment is due, the holder shall give notice to the buyer stating any amounts unpaid.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/13)

Sec. 13. No provision in a retail installment contract under which, in the absence of the buyer's default, the holder may, arbitrarily and without reasonable cause, accelerate the maturity of any part of or all of the amount owing thereunder is enforceable.

No provision in a retail installment contract under which the holder may accelerate the maturity of any part or all of the amount owing thereunder is enforceable, unless prior to such acceleration, the buyer has been in default for at least 30 days or the buyer has abandoned or destroyed the property or the holder has reasonable cause to believe that the buyer is about to leave the state.

No provision in a retail installment contract relieving the seller from liability for any remedies provided by law which the buyer may have against the seller under the contract is enforceable.

No provision in a retail installment contract purporting to waive any of the provisions of this Act is enforceable.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/14)

Sec. 14. The seller shall deliver to the buyer a copy of the retail installment contract signed by the seller. Any acknowledgment by the buyer of delivery of a copy of the contract must be printed or written in a size equal to at least 10 point bold type and, if contained in the contract, must appear directly above the legend required above the buyer's signature by Section 3. The buyer's written acknowledgment of delivery of a copy of the contract conforming to the requirements of

this Act is conclusive proof of that delivery and of compliance with this Section in any action by or against an assignee of the contract without knowledge to the contrary when he purchases the contract. Until the seller delivers a copy of the contract to him, a buyer who has not received delivery of the goods or has not been furnished or rendered the services has the right to cancel his agreement and to receive a refund of all payments made and a return of all goods traded in to the seller on account of or in contemplation of the contract or, if those goods cannot be returned, the value thereof. However, this Section shall not apply when merchandise has been specially ordered or custom made to the specifications of the purchaser and evidence of such order is provided the seller.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/15)

Sec. 15. Notwithstanding Sections 4 and 5 and paragraph (a) of Section 3 of this Act, if delivery of the goods is not made at the time of the execution of the retail installment contract, and the contract so provides, the identifying number or marks of the goods or similar information and the due date of the first installment may be inserted by the seller in the seller's counterpart of the contract after it has been signed by the buyer.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/16)

Sec. 16. The seller or holder of a retail installment contract must give the buyer a written receipt for any payment made in cash. Upon the

buyer's written request, the holder of a retail installment contract shall give or forward to the buyer a written statement of the amounts of payments and the total amount unpaid under the contract covering transactions during a period not to exceed 18 months from the date of the buyer's written request. A buyer is entitled to such a statement once every 6 months without charge. The holder may require payment of a charge not exceeding \$10 for each additional statement furnished.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/17)

Sec. 17. An agreement by a buyer that he will not assert against the assignee or the holder of a retail installment contract executed by the buyer any claim or defense which he may have against the seller and the rights of a holder in due course of any negotiable note executed in connection with a retail installment contract are enforceable by an assignee or holder who takes his assignment or indorsement for value in good faith and without notice of a claim or defense unless:

(a) the assignee or holder is an affiliate of the seller. "Affiliate" includes a parent or subsidiary corporation, any person holding substantial common ownership of stock of the assignee and the seller and any person having the common ownership of the legal or commercial entities of assignee and seller;

(b) the assignee or the holder has actual knowledge or has received notice before the contract or note is acquired (1) of repetitive complaints of a substantial nature by other buyers to any governmental agency that the seller has failed or refused to perform his agreements with such buyers; and (2) of the failure of the seller to perform his

agreements with such buyers within a reasonable time after the governmental agency has determined that the complaints are well-founded and has notified seller thereof, and the assignee, if known; or

(c) the assignee or the holder has actual knowledge or has received notice from its course of dealing with the seller or from its own records of substantial complaints by other buyers that seller has failed or refused to perform his agreements with such buyers within a reasonable time after such complaints are made.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/18)

Sec. 18. All defenses available against a holder in due course of a negotiable instrument under subsection (2) of Section 3-305 of the Uniform Commercial Code are available to a buyer under a retail installment contract notwithstanding any agreement to the contrary.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/19)

Sec. 19. Each person, other than a seller or holder, who signs a retail installment contract, retail charge agreement, or any other agreement or instrument in a retail installment transaction may be held liable only to the extent that he actually receives the goods sold or services furnished in the retail installment transaction, except that a parent or spouse who co-signs such contract, agreement or instrument may be held liable to the full extent of the deferred payment price notwithstanding such parent or spouse has not actually received the goods sold or services furnished under such retail installment

transaction and except to the extent such person other than a seller or holder, signs in the capacity of a guarantor of collection.

The obligation of such guarantor is secondary, and not primary. The obligation arises only after the seller or holder has reduced his claim against the primary obligor and execution has been returned unsatisfied, or after the primary obligor has become insolvent or it is otherwise apparent that it is useless to proceed against him.

No provision in a retail installment contract obligating such guarantor is valid unless:

(1) there appears below the signature space provided for such guarantor the following:

"I, hereby guarantee the collection of the above described amount upon failure of the seller named herein to collect said amount from the buyer named herein."; and

(2) unless the guarantor, in addition to signing the retail installment contract, signs a separate instrument in the following form:

"EXPLANATION OF GUARANTOR'S OBLIGATION

You (name of guarantor) by signing the retail installment contract and this document are agreeing that you will pay \$ (total deferred payment price) for the purchase of (description of goods or services) purchased by (name of buyer) from (name of seller).

Your obligation arises only after the seller or holder has attempted through the use of the court system to collect this amount from the buyer.

If the seller cannot collect this amount from the buyer, you will be obligated to pay even though you are not entitled to any of the goods or

services furnished. The seller is entitled to sue you in court for the payment of the amount due."

The instrument must be printed, typed or otherwise reproduced in a size and style equal to at least 8 point bold type, and may contain no other matter (except a union printing label) than above set forth and must bear the signature of the co-signer and no other person. The seller shall give the co-signer a copy of the retail installment contract and a copy of the co-signer statement.

A person actually receives the goods sold or services furnished in a retail installment transaction when he or she physically possesses the goods or benefits from the goods or services or when someone authorized by the person physically possesses the goods or benefits from the goods or services. A person's separately signed written authorization is conclusive proof of that person actually receiving the goods sold or services furnished in any action by or against an assignee of the contract. Notwithstanding the provisions of this paragraph, a person signing a retail installment contract as a guarantor is liable only pursuant to the provisions in this Act relating to guarantors.

(Source: P.A. 89-650, eff. 1-1-97.)

(815 ILCS 405/20)

Sec. 20. The holder of a contract, upon request by the buyer, may extend the scheduled due date of all or any part of any installment or installments, or renew or restate the unpaid time balance of the contract, the amounts and due dates of the installments, and may collect for that extension, renewal or restatement a refinance charge computed as follows: If the unpaid time balance of the contract is extended,

renewed or restated, the holder may compute the refinance charge on an amount determined by adding to the unpaid balance the cost to the holder for insurance and official fees incidental to the refinancing and accrued delinquency and collection charges and deducting any refund credit which may be due the buyer for prepayment under Section 7 at the rate of finance charge applicable to the net balance at the time of refinancing.

(Source: P. A. 76-1780.)

(815 ILCS 405/21)

Sec. 21. If, in a retail installment transaction, a buyer makes any subsequent purchase of goods or services from a seller from whom he has previously purchased goods or services under one or more retail installment contracts, and the amounts under the previous contract or contracts have not been fully paid, the subsequent purchases may, at the seller's option, be included in and consolidated with one or more of the previous contracts. Each subsequent purchase must be evidenced by a separate retail installment contract under this Act, notwithstanding that the purchase may be included in and consolidated with one or more of those in the previous contracts. All of the provisions of this Act with respect to retail installment contracts apply to these subsequent purchases except as otherwise provided in this Section. If installment purchases are consolidated, the seller may, instead of having the buyer execute a retail installment contract for each subsequent purchase as provided in this Act, prepare a written memorandum of each subsequent purchase, in which case Sections 3 and 14 and paragraph (a) of Section 5 do not apply. Unless previously furnished in writing to the buyer by the

seller, by sales slip, memoranda or otherwise, the memorandum must set forth with respect to each subsequent purchase the following:

- (1) all items of disclosure required by Section 5 of this Act for a retail installment contract;
- (2) the outstanding balance of the previous contract or contracts;
- (3) the consolidated balance;
- (4) the deferred payment price of the subsequent purchase; and
- (5) the revised Total of Payments applicable to the previous contract or contracts and the subsequent purchase.

The seller must deliver to the buyer a copy of this memorandum before the due date of the first installment under the consolidated contract.

(Source: P.A. 90-437, eff. 1-1-98; 91-357, eff. 7-29-99.)

(815 ILCS 405/22)

Sec. 22. When subsequent purchases are made, if the seller has retained or taken a security interest in any of the goods purchased under any one of the contracts included in the consolidation he

(1) shall apply the entire amount of all payments made before the subsequent purchases to the previous purchases;

(2) shall allocate each payment on the consolidated contract after the subsequent purchases to all of the various purchases in the same ratio as the original cash sale prices of the various purchases bear to the total of all;

(3) may, at his option, where the amount of each installment payment is increased in connection with a subsequent purchase, allocate

the subsequent payments by applying an amount equal to the original periodic payment to the previous purchase and the balance to the subsequent purchase. However, he must allocate the amount of any down payment on the subsequent purchase in its entirety to the subsequent purchase.

This Section does not apply to subsequent purchases involving equipment or other goods attached or affixed to goods previously purchased and not fully paid for, or to services in connection therewith rendered by the seller at the buyer's request.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/23)

Sec. 23. If a retail installment transaction is a sale of goods for a cash sale price of \$150 or less where no security interest is retained or taken by the seller, the retail installment contract may consist of an original document signed by the retail buyer, stated to be applicable to purchases of goods or services to be made by the retail buyer from time to time. In such a case, the original document, together with the sales slip, account book or other written statement relating to each purchase, must set forth all of the information required by Sections 3, 4, 5 and 6 of this Act and constitutes the retail installment contract for each purchase. On each succeeding purchase under that original document, the sales slip, account book or other written statement may, at the option of the seller, constitute the memorandum required by Section 21.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/23.1)

Sec. 23.1. Other fees. The seller may charge a premium for insurance, in lieu of perfecting a security interest, to the extent that the premium does not exceed the fees paid to public officials for determining the existence of or for perfecting or satisfying a security interest. The premium must be disclosed in the itemization of the amount financed.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/24)

Sec. 24. Retail installment contracts negotiated and entered into by mail or telephone without personal solicitation by salesmen or other representatives of the seller and based upon a catalog of the seller or other printed solicitation clearly setting forth the cash sale prices and other terms of sales to be made through that medium, may be made as provided in this Section. The provisions of this Act with respect to retail installment contracts apply to those sales, except that the designation and notice provisions of paragraphs (b) and (c) of Section 3 are inapplicable to such contracts.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/25)

Sec. 25. Agreement requirements.

(a) A retail charge agreement must be in writing and must be signed by the buyer. If a charge agreement was executed on or after January 1, 1968, the seller must deliver or mail to the buyer a copy of that charge agreement before the date when the first payment is due under that

agreement except where such charge agreement was negotiated by mail and otherwise meets the requirements of this Section. An acknowledgment of the delivery of the agreement when contained in the body of the charge agreement is presumptive proof of delivery in any action. All charge agreements executed on or after January 1, 1968 must state the amount or rate of the finance charge to be charged and paid pursuant thereto.

A retail charge agreement shall be deemed to be signed or accepted by the buyer if, after a request for a retail charge account, that retail charge agreement or application for a retail charge account is in fact signed by the buyer, or if that retail charge account is used by the buyer, or if that retail charge account is used by another person authorized by the buyer to use it. The retail charge agreement shall not become effective unless and until the buyer has received the disclosures required pursuant to the federal Truth in Lending Act (15 U.S.C. 1601 et seq.), and the buyer or a person authorized by the buyer uses the retail charge account.

(b) The seller under a holder of a retail charge agreement must promptly supply the buyer under the agreement, as of the end of each monthly period (which need not be a calendar month) or other regular period agreed upon by the seller and the buyer in which there is any unpaid balance under that agreement, a statement reciting the following terms (although not necessarily in the sequence stated):

(1) the unpaid balance under the retail charge agreement at the beginning and end of the period;

(2) unless otherwise furnished by the seller to the buyer by sales slip, memorandum, or otherwise, an identification of the goods or services purchased during the period, the cash price and the date

of each purchase;

(3) the payments made by the buyer to the seller and any other credits to the buyer during the period;

(4) the amount of any finance charge expressed as an annual percentage rate.

(c) (Blank)

(d) Additionally, the following information shall be printed either on an application for a retail charge agreement, literature accompanying the application or on or with any retail charge account solicitation:

(1) the annual percentage rate or rates of the finance charge applicable to the account, or if the rate is variable, that fact, and the rate as of a specified date or the index from which the rate is determined; (2) the annualized membership or participation fee or charge, if any; (3) the grace period, which is defined as the period within which any credit extended under such credit plan must be repaid to avoid incurring a finance charge represented in terms of an annual percentage rate, and if no such period is offered such fact shall be clearly stated; (4) transaction fees, if assessed, for the use of the charge account, a late payment charge, minimum finance charge and over limit charge. The term "solicitation" means written material mailed or any other solicitation in a written form which constitutes an application for, or an offer to open a charge account without completing an application.

Additional items may be included to explain the computations made in determining the amount to be paid by the buyer.

A retail charge agreement which complies with the Federal Truth in Lending Act, amendments thereto, and any regulations issued or which may be issued thereunder, shall be deemed to be in compliance with the

provisions of this Section.

(Source: P.A. 88-546; 89-321, eff. 1-1-96; 89-635, eff. 8-9-96.)

(815 ILCS 405/25.1)

Sec. 25.1. (Repealed).

(Source: Repealed by P.A. 88-546.)

(815 ILCS 405/26)

Sec. 26. Unless otherwise limited by this Section, the parties shall have the rights and remedies provided in Article 9 of the Uniform Commercial Code with respect to default and disposition of collateral.

If the buyer has paid an amount equal to 60% or more of the deferred payment price at the time of his default under the contract and if the buyer, at the request of the holder and without legal proceedings, surrenders the goods to the holder in ordinary condition and free from malicious damage, the holder must, within a period of 5 days from the date of receipt of the goods at his place of business, elect either (a) to retain the goods and release the buyer from further obligation under the contract, or (b) to return the goods to the buyer at the holder's expense and be limited to an action to recover the balance of the indebtedness.

If the buyer has paid an amount equal to 30% or more of the deferred payment price at the time of repossession, the buyer may, within 15 days, redeem the collateral from the holder by tendering (a) the total of all unpaid amounts, including any unpaid delinquency or deferral charges due at the time of tender, without acceleration, and (b) performance necessary to cure any default other than nonpayment of the

amounts due, and (c) any reasonable costs or fees incurred by the holder in the retaking of the goods. Tender of payment and performance pursuant to this Section restores to the buyer his rights under the contract as though no default had occurred. The buyer has a right to redeem the collateral from the holder only once under this Section.

(Source: P.A. 82-550.)

(815 ILCS 405/27)

Sec. 27. Notwithstanding the provisions of any other statute, retail installment contracts executed after the effective date of this amendatory Act of 1981, there shall be no limit on the finance charges which may be charged, collected and received.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/28)

Sec. 28. Notwithstanding the provisions of any other statute, a retail charge agreement may provide for the charging, collection and receipt of finance charges at any specified rate on the unpaid balances incurred after the effective date of this amendatory Act of 1981. If a seller or holder under a retail charge agreement entered into on, prior to or after the effective date of this amendatory Act of 1981 notifies the retail buyer at least 15 days in advance of any lawful increase in the finance charges to be charged under the agreement, and the retail buyer, after the effective date of such notice, makes a new or additional purchase or incurs additional debt pursuant to the agreement, the increased finance charges may be applied only to any such new or additional purchase or additional debt incurred regardless of any other

terms of the agreement. For purposes of determining the balances to which the increased interest rate applies, all payments and other credits may be deemed to be applied to the balance existing prior to the change in rate until that balance is paid in full.

(Source: P.A. 90-437, eff. 1-1-98.)

(815 ILCS 405/28.1)

Sec. 28.1. Upon the account holder's request, the total amount of finance charges charged to or paid by the account holder during the year shall be provided to the account holder within 60 days after the end of the year, or if the account has been terminated during such year, within 60 days after such termination.

(Source: P.A. 89-321, eff. 1-1-96.)

(815 ILCS 405/29)

Sec. 29. No retail seller whose sales are regulated under this Act may advertise to the public on price tags, on signs, in public media, or in any other manner that indicates or implies that the finance charge or interest rates he charges are in any way "recommended", "approved", "set" by the State government or by this Act.

(Source: P. A. 76-1780.)

(815 ILCS 405/29.1)

Sec. 29.1. (a) No advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit may state:

(1) that a specific periodic consumer credit amount or installment amount can be arranged, unless the creditor usually and customarily

arranges credit payments or installments for that period and in that amount.

(2) that a specified down payment is required in connection with any extension of consumer credit, unless the creditor usually and customarily arranges down payments in that amount.

(b) This Section applies to any advertisement to aid, promote, or assist directly or indirectly any consumer credit sale or other extension of credit subject to the provisions of this Act.

(c) If any advertisement to which this Section applies states the rate of a finance charge, the advertisement must state the rate of that charge expressed as an annual percentage rate.

(d) If any advertisement to which this Section applies states the amount of the down payment, if any, the amount of any installment payment, the dollar amount of any finance charge, or the number of installments or the period of repayment, then the advertisement must state all of the following items:

(1) The cash price.

(2) The down payment, if any.

(3) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended.

(4) The rate of the time price differential expressed as an annual percentage rate.

(e) If a catalog or other multiple-page advertisement sets forth or gives information in sufficient detail to permit determination of the disclosures required by this Section in a table or schedule of credit terms, such catalog or multiple-page advertisement shall be considered a single advertisement provided:

(1) The table or schedule and the disclosures made therein are set forth clearly and conspicuously, and

(2) Any statement of credit terms appearing in any place other than in that table or schedule of credit terms clearly and conspicuously refers to the page or pages on which that table or schedule appears, unless that statement discloses all of the credit terms required to be stated under this Section. For the purpose of this subparagraph, cash price is not a credit term.

(f) A lender or creditor who complies with the federal Truth in Lending Act, amendments thereto, and any regulations issued or which may be issued thereunder, shall be deemed to be in compliance with the provisions of this Section.

(Source: P.A. 82-169.)

(815 ILCS 405/29.2)

Sec. 29.2. (Repealed).

(Source: Repealed by P.A. 88-546.)

(815 ILCS 405/30)

Sec. 30. The Attorney General or the State's Attorney of any county in this State may bring an action in the name of the State against any person to restrain and prevent any violation of this Act. In the enforcement of this Act, the Attorney General or the State's Attorney may accept an assurance of discontinuance of any act or practice deemed in violation of this Act from any person engaging in, or who has engaged in, that act or practice. Failure to perform the terms of any such assurance constitutes prima facie proof of a violation of this Act.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/31)

Sec. 31.

(a) Any person who knowingly violates this Act is guilty of a Class A misdemeanor.

(b) No person who violates this Act, except as a result of an accident or bona fide error of computation, may recover any finance charge, any delinquency or collection charge or any refinance charge in connection with the related retail installment contract or retail charge agreement.

(Source: P.A. 77-2265.)

(815 ILCS 405/32)

Sec. 32. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of this Act which can be effected without the invalid provision or application, and to this end the provisions of this Act are severable.

(Source: Laws 1967, p. 2149.)

(815 ILCS 405/33)

Sec. 33. The Retail Installment Sales Act, approved June 17, 1957, as amended, is repealed. Transactions entered into before January 1, 1968 and the rights, duties and interests flowing from them remain valid thereafter and may be satisfied, completed, consummated or enforced as required or permitted by the Retail Installment Sales Act repealed by

this Act as though that repeal had not occurred.

(Source: Laws 1967, p. 2149.)

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