



Office of the City Clerk

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Legislation Details (With Text)

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Title: Support for passage of Illinois Senate Bill 885 regarding contract for deed sales
Sponsors: Emanuel, Rahm
Indexes: ILLINOIS, STATE OF
Attachments: 1. R2017-292.pdf

Date	Ver.	Action By	Action	Result
5/24/2017	1	City Council	Adopted	Pass
5/17/2017	1	Committee on License and Consumer Protection	Recommended to Pass	Pass
4/19/2017	1	City Council	Referred	

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL MAYOR

April 19, 2017

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY
OF CHICAGO

Ladies and Gentlemen:

I transmit herewith a resolution regarding "Contract for Deed" financing. Your favorable consideration of this resolution will be appreciated.

Mayor

Very truly yours,

RESOLUTION

WHEREAS, a contract for deed sale, also known as a land sales contract, land installment contract, or rent-to-own contract, is a financing method whereby the seller retains the legal title to the property until the homebuyer finishes paying all principal payments and interest owed under the contract; and

WHEREAS, Contract for deed sales are only minimally regulated under Illinois law and prone to contain misleading and unfair terms and conditions; and

WHEREAS, Because of the lack of regulation, contract for deed agreements are sometimes oral, contracts are often not recorded, the buyers lack the protections enjoyed by purchasers in conjunction with a mortgage, contracts are unclear about responsibilities for paying property taxes, paying insurance, making repairs, and are often structured with hidden interest and balloon payments imposed on the buyer; and

WHEREAS, African-American and Latino communities are disproportionately targets of contract for deed sales; and

WHEREAS, Less sophisticated buyers can more easily be caught up in the lure of owning a home because the lack of protections leave them less informed about the challenges the property may present; and

WHEREAS, Contracts for deed sales can result in the buyers investing all of their money into the property and then losing it all simply because they missed one payment; and

WHEREAS, Contracts for deed sales allow the seller to avoid health and safety regulations, and crucial repairs to the property, while transferring the burden of repairing and maintaining the property to the homebuyer; and

WHEREAS, Contracts for deed sales are often consummated between the home-buyer and the seller without the benefit of title searches and title insurance and standardized legal documents; and

WHEREAS, Senate Bill 885, which is currently pending in the Illinois Senate, significantly improves upon the current regulation by providing many needed protections to potential buyers, including requiring a written contract and recordation; a right of rescission; disclosure of the amount payments, of any known liens, the interest rate being charged, the term of the loan, the amount of any balloon payments, the assessed value of the property, that real estate taxes and property insurance will have to be paid and their recent amounts; an explanation as to when the buyer will obtain the title; a statement defining what repairs the buyer is financially responsible for making; the right the buyer has to an inspection and an appraisal of the property; the right of the buyer to recover from a default; and many more protections; now, therefore,

BE IT RESOLVED, That we, the Mayor and Members of the City Council of the City of Chicago, assembled this nineteenth day of April, 2017, do hereby support the passage of Senate Bill 885; and

BE IT FURTHER RESOLVED, that copies of this resolution be delivered to the Governor of the State of Illinois, the President of the Illinois Senate, the Minority Leader of the Illinois Senate, the Speaker of the Illinois House of Representatives, and the Minority Leader of the Illinois House of Representatives.