**Section 140.50 General Operations**

a) The licensee shall explain clearly and distinctly to each customer exactly the services to be rendered and the fees to be paid.

b) If, after analyzing the debtor's total income and expenses, it is determined that a payment plan should be developed, the licensee shall create a Debt Management Plan (DMP) that is considered feasible and practical to allow a payment of funds by the debtor for distribution to debtor's creditors as may be mutually agreed upon.

1) The licensee shall seek to obtain the consent of a majority of the creditors to accept the terms of the payment plan. Creditor acceptance may be determined by acceptance of a payment without written objection.

2) The debtor has the right to cancel the Debt Management Plan at any time by notifying the licensee, in writing, of debtor's desire to discontinue.

3) The cancellation will take effect on the first day of the month following receipt of the cancellation notice from the debtor.

c) When a contract is paid-in-full or satisfied, a statement shall be issued promptly to the debtor showing that the obligation has been satisfied. Licensee shall retain a copy of the contract marked "Paid" or "Satisfied" in the client file.

1) If the debtor terminates payment to the licensee for a period exceeding 30 days, the licensee shall not consider pro rata fees as having been earned beyond 30 days following the next monthly contract date.

2) The licensee is prohibited from charging a penalty for cancellation by either the debtor or the licensee except as provided in Section 12 of the Act.

d) Every contract between a licensee and debtor shall:

1) List every debt to be prorated, with the creditor's name, and disclose the total of all such debts;

2) Disclose in precise terms the rate and amount of the licensee's charge;

3) Disclose the approximate number and amount of installments required to pay the debts in full;

4) Disclose the name and address of the licensee and of the debtor;

5) Contain such other provisions or disclosures as the Director shall determine is necessary for the protection of the debtor and the proper conduct of business by a licensee;

6) Disclose the right of the debtor to cancel at any time;

7) Inform the debtor of any relationship that exists between the licensee and any creditor.

e) All contracts shall be originated at the office of the licensee or its agent.

f) When adjustments are needed to change the indebtedness listed in the contract, the licensee may execute a new contract using the revised figures or use a rider form executed in accordance with instructions provided in the rider.

g) All legal documents and other forms that a debtor shall be required to sign shall be filed with the Director prior to use.

h) A licensee shall deliver a copy of any contract, agreement, or Debt Management Plan between the licensee and the debtor to the debtor immediately after the debtor executes it, and the debtor's copy shall be executed by the licensee.

i) A calendar month is the period from the given date in one month to the same numbered date in the following month and if there is no same numbered date in the following month, to the last date in the following month. Not more than one month's service fee may be considered earned in any calendar month. A calendar month commences on the anniversary date of the contract.

j) A licensee shall deliver a receipt to the debtor for each cash payment.

k) The licensee shall make distribution to the debtor's creditors within 30 days after initial receipt of funds, and thereafter distributions shall be made to creditors within 30 days after receipt, less fees and costs, unless the reasonable payment of one or more of the debtor's obligations requires that such funds be held for a longer period to accumulate a certain sum, but in any case not to exceed an additional 30 days, or as authorized by the contract.

l) At least once each 3 months, the licensee shall render an accounting to the debtors which shall itemize the total amount received from the debtor, the total amount paid to each creditor, the total amount which any creditor has agreed to accept as payment in full on any debt owed him by the debtor, the amount of charges deducted, and any amounts held in reserve. A licensee shall render such an accounting to a debtor within 5 days after receipt of a written demand.

(Source: Amended at 35 Ill. Reg. 6350, effective March 29, 2011)