



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3461

Introduced 2/17/2023, by Rep. Debbie Meyers-Martin

SYNOPSIS AS INTRODUCED:

815 ILCS 505/2Z	from Ch. 121 1/2, par. 262Z
815 ILCS 605/1	from Ch. 121 1/2, par. 2101
815 ILCS 605/3	from Ch. 121 1/2, par. 2103
815 ILCS 605/5	from Ch. 121 1/2, par. 2105
815 ILCS 605/5.5 new	
815 ILCS 605/6	from Ch. 121 1/2, par. 2106
815 ILCS 605/7	from Ch. 121 1/2, par. 2107
815 ILCS 605/8	from Ch. 121 1/2, par. 2108
815 ILCS 605/9	from Ch. 121 1/2, par. 2109
815 ILCS 605/11	from Ch. 121 1/2, par. 2111
815 ILCS 605/14	from Ch. 121 1/2, par. 2114
815 ILCS 605/15	from Ch. 121 1/2, par. 2115
815 ILCS 605/17 new	
815 ILCS 605/10 rep.	

Amends the Credit Services Organizations Act. Changes the name of the Act to the Credit Repair Organizations Act. Provides that the Director of Financial and Professional Regulation shall oversee the activities of credit repair organizations and compliance with the Act. Provides that a credit repair organization shall submit a report every 6 months to the Director containing specified information. Provides that the Director may adopt rules necessary to administer the Act. Makes changes in provisions concerning contracts between a buyer and a credit repair organization; registration of credit repair organizations; violations of the Act; and remedies. Repeals provisions concerning surety bonds. Defines terms. Repeals provisions concerning surety bonds. Amends the Consumer Fraud and Deceptive Business Practices Act to make conforming changes. Effective January 1, 2024.

LRB103 25804 SPS 52155 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 Fraud and Deceptive Business
5 Practices Act is amended by changing Section 2Z as follows:

6 (815 ILCS 505/2Z) (from Ch. 121 1/2, par. 262Z)

7 Sec. 2Z. Violations of other Acts. Any person who
8 knowingly violates the Automotive Repair Act, the Automotive
9 Collision Repair Act, the Home Repair and Remodeling Act, the
10 Dance Studio Act, the Physical Fitness Services Act, the
11 Hearing Instrument Consumer Protection Act, the Illinois Union
12 Label Act, the Installment Sales Contract Act, the Job
13 Referral and Job Listing Services Consumer Protection Act, the
14 Travel Promotion Consumer Protection Act, the Credit Repair
15 ~~Services~~ Organizations Act, the Automatic Telephone Dialers
16 Act, the Pay-Per-Call Services Consumer Protection Act, the
17 Telephone Solicitations Act, the Illinois Funeral or Burial
18 Funds Act, the Cemetery Oversight Act, the Cemetery Care Act,
19 the Safe and Hygienic Bed Act, the Illinois Pre-Need Cemetery
20 Sales Act, the High Risk Home Loan Act, the Payday Loan Reform
21 Act, the Predatory Loan Prevention Act, the Mortgage Rescue
22 Fraud Act, subsection (a) or (b) of Section 3-10 of the
23 Cigarette Tax Act, subsection (a) or (b) of Section 3-10 of the

1 Cigarette Use Tax Act, the Electronic Mail Act, the Internet
2 Caller Identification Act, paragraph (6) of subsection (k) of
3 Section 6-305 of the Illinois Vehicle Code, Section 11-1431,
4 18d-115, 18d-120, 18d-125, 18d-135, 18d-150, or 18d-153 of the
5 Illinois Vehicle Code, Article 3 of the Residential Real
6 Property Disclosure Act, the Automatic Contract Renewal Act,
7 the Reverse Mortgage Act, Section 25 of the Youth Mental
8 Health Protection Act, the Personal Information Protection
9 Act, or the Student Online Personal Protection Act commits an
10 unlawful practice within the meaning of this Act.

11 (Source: P.A. 100-315, eff. 8-24-17; 100-416, eff. 1-1-18;
12 100-863, eff. 8-14-18; 101-658, eff. 3-23-21.)

13 Section 10. The Credit Services Organizations Act is
14 amended by changing Sections 1, 3, 5, 6, 7, 8, 9, 11, 14, and
15 15, and by adding Sections 5.5 and 17 as follows:

16 (815 ILCS 605/1) (from Ch. 121 1/2, par. 2101)

17 Sec. 1. This Act shall be known and may be cited as the
18 "Credit Repair ~~Services~~ Organizations Act".

19 (Source: P.A. 85-1384.)

20 (815 ILCS 605/3) (from Ch. 121 1/2, par. 2103)

21 Sec. 3. As used in this Act:

22 (a) "Buyer" means an individual who is solicited to
23 purchase or who purchases the services of a credit repair

1 ~~services~~ organization.

2 (b) "Consumer reporting agency" has the meaning assigned
3 by Section 603(f), Fair Credit Reporting Act (15 U.S.C.
4 Section 1681a(f)).

5 (c) "Extension of Credit" means the right to defer payment
6 of a debt or to incur a debt and defer its payment offered or
7 granted primarily for personal, family, or household purposes.

8 (d) "Credit Repair ~~Services~~ Organization" means a person
9 who, ~~with respect to the extension of credit by others and in~~
10 return for the payment of money or other valuable
11 consideration, provides, or represents that the person can or
12 will provide, any of the following services:

13 (i) improving a buyer's credit record, history, or
14 rating;

15 (ii) obtaining an extension of credit for a buyer; or

16 (iii) providing advice or assistance to a buyer with
17 regard to either subsection (i) or (ii).

18 "Credit Repair ~~Services~~ Organization" does not include any
19 of the following:

20 (i) a person authorized to make loans or extensions of
21 credit under the laws of this State or the United States
22 who is subject to regulation and supervision by this State
23 or the United States, or a lender approved by the United
24 States Secretary of Housing and Urban Development for
25 participation in a mortgage insurance program under the
26 National Housing Act (12 U.S.C. Section 1701 et seq.);

1 (ii) a bank or savings and loan association whose
2 deposits or accounts are eligible for insurance by the
3 Federal Deposit Insurance Corporation or the Federal
4 Savings and Loan Insurance Corporation, or a subsidiary of
5 such a bank or savings and loan association;

6 (iii) a credit union doing business in this State;

7 (iv) a nonprofit organization exempt from taxation
8 under Section 501(c)(3) of the Internal Revenue Code of
9 1986, provided that such organization does not charge or
10 receive any money or other valuable consideration prior to
11 or upon the execution of a contract or other agreement
12 between the buyer and the nonprofit organization;

13 (v) a person licensed as a real estate broker by this
14 state if the person is acting within the course and scope
15 of that license;

16 (vi) an attorney licensed or otherwise authorized to
17 practice in this State if: ~~a person licensed to practice~~
18 ~~law in this State acting within the course and scope of the~~
19 ~~person's practice as an attorney;~~

20 (1) the attorney's practice does not principally
21 involve services regulated by this Act, other than
22 litigation;

23 (2) the attorney does not have any relationship
24 with a credit repair organization that provides
25 services regulated by this Act; or

26 (3) any services provided by the attorney that are

1 regulated by this Act and are incidental to the
2 primary purpose of the representation;

3 (vii) a broker-dealer registered with the Securities
4 and Exchange Commission or the Commodity Futures Trading
5 Commission acting within the course and scope of that
6 regulation;

7 (viii) a consumer reporting agency; and

8 (ix) a residential mortgage loan broker or banker who
9 is duly licensed under the Illinois Residential Mortgage
10 License Act of 1987.

11 (e) "Person" means an individual, corporation,
12 partnership, joint venture or any business entity.

13 (f) "Consumer report" has the meaning assigned by Section
14 1681a(d) of the Fair Credit Reporting Act (15 U.S.C. Section
15 1681a(d)).

16 (g) "Contract start date" means the date the consumer
17 entered into a contract with a credit repair organization.

18 (h) "Director" means the Director of Financial and
19 Professional Regulation.

20 (i) "Permanent change" means any removal of negative items
21 from a consumer's credit report or any change that turns a
22 negative item on a consumer's credit report into a neutral or
23 positive item change to the consumer's credit report that
24 remains in place for at least 6 months.

25 (Source: P.A. 88-120.)

1 (815 ILCS 605/5) (from Ch. 121 1/2, par. 2105)

2 Sec. 5. No credit repair ~~services~~ organization, its
3 salespersons, agents or representatives, or any independent
4 contractor who sells or attempts to sell the services of a
5 credit repair ~~services~~ organization shall:

6 (1) Charge or receive any money or other valuable
7 consideration prior to:

8 (A) the full and complete achievement of a permanent
9 change; and

10 (B) demonstrating achievement of the permanent change
11 by providing the buyer with:

12 (i) a copy of the buyer's credit report pulled on
13 or before the contract start date;

14 (ii) a second copy of the buyer's credit report,
15 pulled after the contract start date, that shows the
16 change for which the buyer is to be charged if the
17 change persists for 6 months; and

18 (iii) a third copy of the buyer's credit report,
19 pulled 6 months after the issuance of the copy
20 described in item (ii), that shows the persistence of
21 the change described in item (ii) ~~performance of the~~
22 ~~services the credit services organization has agreed~~
23 ~~to perform for or on behalf of the buyer, unless the~~
24 ~~credit services organization has, in conformity with~~
25 ~~Section 10 of this Act, obtained a surety bond issued~~
26 ~~by a surety company licensed to do business in this~~

1 ~~State. If a credit services organization is in~~
2 ~~compliance with this subsection the salespersons,~~
3 ~~agents, and representatives who sell the services of~~
4 ~~such organization shall not be required to obtain the~~
5 ~~surety bond provided for by this Act.~~

6 (1.5) Deny a buyer's request for a copy of all
7 communications contemporaneously sent to a credit reporting
8 agency related to the achievement of a specified permanent
9 change.

10 (2) Charge or receive any money or other valuable
11 consideration solely for the referral of a buyer to a retail
12 seller who will or may extend credit to the buyer if such
13 extension of credit is in substantially the same terms as
14 those available to the general public.

15 (2.5) Pay, offer, or receive any money or other variable
16 consideration for the referral of a buyer to or from the credit
17 repair organization.

18 (2.6) Represent temporary changes to a buyer's credit
19 report, as described in paragraph (4) of subsection (b) of
20 Section 5.5 as successful results in advertisements.

21 (3) Make, or advise any buyer to make, any statement that
22 is untrue or misleading, or that should be known by the
23 exercise of reasonable care to be untrue or misleading, with
24 respect to a buyer's credit reporting agency or to any person
25 who has extended credit to a buyer or to whom a buyer has made
26 application for an extension of credit.

1 (4) Make or use any untrue or misleading representations
2 in the offer or sale of the services of a credit repair
3 ~~services~~ organization or engage, directly or indirectly, in
4 any act, practice or course of business intended to defraud or
5 deceive a buyer in connection with the offer or sale of such
6 services; including but not limited to: the amount or type of
7 credit a consumer can expect to receive as a result of the
8 performance of the services offered; the qualifications,
9 training or experience of its personnel; or the amount of
10 credit improvement the consumer can expect to receive as a
11 result of the services.

12 (Source: P.A. 85-1384.)

13 (815 ILCS 605/5.5 new)

14 Sec. 5.5. Duties of the Director.

15 (a) The Director shall oversee the activities of credit
16 repair organizations and compliance with this Act.

17 (b) A credit repair organization shall submit a report
18 every 6 months to the Director, in a form and manner as the
19 Director may prescribe, containing the following information:

20 (1) the number of buyers under contract with the
21 credit repair organization during the reporting term;

22 (2) the number of credit report items questioned for
23 each buyer under contract through a dispute, a complaint,
24 or some other documented action by the credit repair
25 organization since the contract start date;

1 (3) the number of items successfully removed from each
2 buyer's credit report;

3 (4) the number of items reinserted in a buyer's credit
4 reports within 6 months;

5 (5) the number of items that stayed off a buyers'
6 credit reports for 6 or more months; and

7 (6) any additional information as determined by the
8 Director.

9 (c) A credit repair organization shall file with the
10 Director, every 6 months, the statistical proof that confirms
11 the information used to demonstrate successful results in
12 advertisements, including, but not limited to, advertisements
13 sent by mail, posted on the Internet, printed in newspapers or
14 other publications, and sent electronically by text or e-mail.

15 (d) The Director shall routinely audit the accuracy of the
16 advertisements sent by credit services organizations.

17 (e) The Director shall issue an annual report to the
18 General Assembly, including a compilation of the statistical
19 proof received from credit repair organizations as described
20 in subsection (c) and an assessment of the quality of services
21 provided by credit repair organizations to consumers.

22 (815 ILCS 605/6) (from Ch. 121 1/2, par. 2106)

23 Sec. 6. Before the execution of a contract or other form of
24 agreement between a buyer and a credit repair ~~services~~
25 organization or before the receipt by any such organization of

1 money or other valuable consideration, whichever occurs first,
2 such organization shall provide the buyer with a statement, in
3 writing, containing the following:

4 (1) a complete and accurate statement of the buyer's
5 right to review any file on the buyer maintained by a
6 consumer reporting agency, as provided under the Fair
7 Credit Reporting Act (15 U.S.C. Section 1681 et seq.);

8 (2) a statement that the buyer may review his consumer
9 reporting agency file at no charge if a request therefor
10 is made to such agency within 30 days after receipt by the
11 buyer of notice that credit has been denied and if such
12 request is not made within the allotted time, the
13 approximate charge to the buyer for such review;

14 (3) a complete and accurate statement of the buyer's
15 right to dispute the completeness or accuracy of any item
16 contained in any file on the buyer maintained by a
17 consumer reporting agency;

18 (4) (blank); ~~a complete and detailed description of~~
19 ~~the services to be performed by the credit services~~
20 ~~organization and the total cost to the buyer for such~~
21 ~~services;~~

22 (5) a statement notifying the buyer that: (i) credit
23 reporting agencies have no obligation to remove
24 information from credit reports unless the information is
25 erroneous, cannot be verified or is more than 7 years old;
26 and (ii) credit reporting agencies have no obligation to

1 remove information concerning bankruptcies unless such
2 information is more than 10 years old;

3 (6) (blank); and ~~a statement asserting the buyer's~~
4 ~~right to proceed against the surety bond required under~~
5 ~~Section 10; and~~

6 (7) (blank). ~~the name and business address of any such~~
7 ~~surety company together with the name and the number of~~
8 ~~the account.~~

9 The credit repair ~~services~~ organization shall maintain on
10 file, for a period of 2 years after the date the statement is
11 provided, an exact copy of the statement, signed by the buyer,
12 acknowledging receipt of the statement.

13 (Source: P.A. 91-357, eff. 7-29-99.)

14 (815 ILCS 605/7) (from Ch. 121 1/2, par. 2107)

15 Sec. 7. (a) Each contract between the buyer and a credit
16 repair ~~services~~ organization for the purchase of the services
17 of the credit repair ~~services~~ organization shall be in
18 writing, dated, signed by the buyer, and shall include all of
19 the following:

20 (1) A complete and detailed description of the terms and
21 conditions of payment described in Section 5, whether to the
22 credit repair organization or to another person. ~~a conspicuous~~
23 ~~statement in boldfaced type, in immediate proximity to the~~
24 ~~space reserved for the signature of the buyer, as follows:~~

25 ~~"You, the buyer, may cancel this contract at any time~~

1 ~~before midnight of the third day after the date of the~~
2 ~~transaction. See the attached notice of cancellation form for~~
3 ~~an explanation of this right";~~

4 (2) A complete and detailed description of the
5 cancellation policy of the credit repair organization, that
6 shall include the following provisions: ~~the terms and~~
7 ~~conditions of payment, including the total of all payments to~~
8 ~~be made by the buyer, whether to the credit services~~
9 ~~organization or to another person;~~

10 (A) If a buyer seeks to stop using the services of a
11 credit repair organization, the buyer shall submit a
12 request to the credit repair organization to cancel the
13 contract. A credit repair organization shall allow
14 submission of a cancellation request electronically.

15 (B) A credit repair organization that has received a
16 request to cancel services for a buyer shall process the
17 cancellation within 15 days after the postmark of any
18 written request or of receipt of an electronic request,
19 and cease to conduct any additional work on behalf of the
20 buyer.

21 (C) Consumers whose cancellation requests are
22 processed and completed, remain obligated to pay for any
23 permanent change resulting from actions taken by the
24 credit repair organization during the contract term from
25 the contract start date through the date the cancellation
26 is processed.

1 (3) ~~A~~ a full and detailed description of the services to be
 2 performed by the credit repair ~~services~~ organization for the
 3 buyer, including ~~all guarantees and all promises of full or~~
 4 ~~partial refunds,~~ and the estimated date by which the services
 5 are to be performed or the estimated length of time for
 6 performing the services. ~~and~~

7 (4) The ~~the~~ address of the credit repair ~~services~~
 8 organization's principal place of business and the name and
 9 address of its agent in the State authorized to receive
 10 service of process.

11 (b) (Blank). ~~The contract must have two easily detachable~~
 12 ~~copies of a notice of cancellation. The notice must be in~~
 13 ~~boldfaced type and in the following form:~~

14 ~~"Notice of Cancellation"~~

15 ~~"You may cancel this contract, without any penalty or~~
 16 ~~obligation, within three days after the date the contract is~~
 17 ~~signed.~~

18 ~~If you cancel, any payment made by you under this contract~~
 19 ~~will be returned within 10 days after the date of receipt by~~
 20 ~~the seller of your cancellation notice.~~

21 ~~To cancel this contract, mail or deliver a signed, dated~~
 22 ~~copy of this cancellation notice, or other written notice to:~~

23 ~~(name of seller) at (address of seller) (place of~~
 24 ~~business) not later than midnight (date)~~

25 ~~I hereby cancel this transaction."~~

26 ~~.....~~

1 _____ (date) _____ (~~purchaser's signature~~)

2 (c) The credit repair ~~services~~ organization shall give to
3 the buyer a copy of the completed contract and all other
4 documents the credit repair ~~services~~ organization requires the
5 buyer to sign at the time they are signed.

6 (Source: P.A. 85-1384.)

7 (815 ILCS 605/8) (from Ch. 121 1/2, par. 2108)

8 Sec. 8. (a) Any contract for services which does not
9 comply with applicable provisions of this article shall be
10 void and unenforceable as contrary to public policy. Any
11 waiver by a buyer of the provisions of this Act shall be deemed
12 void and unenforceable by a credit services organization as
13 contrary to public policy. Any attempt by a credit repair
14 ~~services~~ organization to have a buyer waive rights granted by
15 this Act shall constitute a violation of this Act.

16 (b) The provisions of this Act shall apply to any person
17 who seeks to evade its application by any device, subterfuge,
18 or pretense, including, without limitation:

19 (1) instructing or suggesting that a buyer make
20 payments into an account controlled by a third party;

21 (2) using any agents, affiliates, or subsidiaries in
22 an attempt to avoid the application of the provisions of
23 this Act; or

24 (3) having any affiliation or other business
25 arrangement with an entity that is exempt from the

1 provisions of this Act for the purpose of evading the
2 provisions of this Act.

3 (c) A violation of this Section shall constitute a
4 violation of this Act.

5 (Source: P.A. 85-1384.)

6 (815 ILCS 605/9) (from Ch. 121 1/2, par. 2109)

7 Sec. 9. (a) A credit repair ~~services~~ organization shall
8 file a registration statement with the Secretary of State
9 before conducting business in this State. The registration
10 statement shall contain:

11 (1) the name and address of the credit repair ~~services~~
12 organization;

13 (2) the name and address of the registered agent
14 authorized to accept service of process on behalf of the
15 credit repair ~~services~~ organization;

16 (3) the name and address of any person who directly or
17 indirectly owns or controls 10 percent or more of the
18 outstanding shares of stock in the credit repair ~~services~~
19 organization; and

20 (4) the name, numbers, and location of the surety
21 company issuing a surety bond maintained as required by
22 Section 10 of this Act.

23 (b) The registration statement must also contain either:

24 (1) a full and complete disclosure of any litigation
25 or unresolved complaint filed with a governmental

1 authority of this State, any other state or the United
2 States relating to the operation of the credit repair
3 ~~services~~ organization; or

4 (2) a notarized statement that states that there has
5 been no litigation or unresolved complaint filed with a
6 governmental authority of this State, any other state or
7 the United States relating to the operation of the credit
8 repair ~~services~~ organization.

9 (c) The credit repair ~~services~~ organization shall update
10 such statement not later than the 90th day after the date on
11 which a change in the information required in the statement
12 occurs.

13 (d) Each credit repair ~~services~~ organization registering
14 under this Section shall maintain a copy of the registration
15 statement in their files. The credit repair ~~services~~
16 organization shall allow a buyer to inspect the registration
17 statement on request.

18 (e) The Secretary of State may charge each credit repair
19 ~~services~~ organization that files a registration statement a
20 reasonable fee not to exceed \$100 to cover the cost of filing.

21 (Source: P.A. 85-1384.)

22 (815 ILCS 605/11) (from Ch. 121 1/2, par. 2111)

23 Sec. 11. (a) Any person injured by a violation of this Act
24 or by the credit repair ~~services~~ organization's breach of a
25 contract entered into pursuant to Section 7 of this Act, may

1 bring any action for recovery of actual damages. Such person
2 may also be awarded punitive damages, reasonable attorney's
3 fees and court costs.

4 (b) A violation of this Act shall be subject to a civil
5 penalty of \$5,000 for a first offense and \$10,000 for a second
6 and any subsequent offense.

7 (Source: P.A. 85-1384.)

8 (815 ILCS 605/14) (from Ch. 121 1/2, par. 2114)

9 Sec. 14. (a) In an action under this Act the burden of
10 proving an exemption under paragraph (d) of Section 3 is on the
11 person claiming the exemption.

12 (b) Proof of reliance shall not be required to pursue a
13 claim based on misrepresentation, false statements, or the
14 omission of any material fact.

15 (Source: P.A. 85-1384.)

16 (815 ILCS 605/15) (from Ch. 121 1/2, par. 2115)

17 Sec. 15. The remedies provided by this Act are in addition
18 to other remedies provided by law. A violation of this Act
19 shall also constitute a violation of the Consumer Fraud and
20 Deceptive Business Practices Act. A violation of the
21 Telemarketing and Consumer Fraud and Abuse Prevention Act (15
22 U.S.C. Section 6101 et seq.), and its implementing
23 regulations, 16 CFR 310.1 et seq., or of the Credit Repair
24 Organizations Act (15 U.S.C. Section 1679 et seq.) shall also

1 be a violation of this Act.

2 (Source: P.A. 85-1384.)

3 (815 ILCS 605/17 new)

4 Sec. 17. Rulemaking. The Director may adopt rules
5 necessary to administer this Act.

6 (815 ILCS 605/10 rep.)

7 Section 15. The Credit Services Organizations Act is
8 amended by repealing Section 10.

9 Section 99. Effective date. This Act takes effect January
10 1, 2024.