



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB4100

Introduced 5/18/2023, by Rep. Debbie Meyers-Martin

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Credit Services Organizations Act. Expands the list of prohibitions imposed on a credit services organization to include: (i) charging or receiving any money or other valuable consideration before providing services listed in the contract (rather than charging or receiving any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform); (ii) making a guarantee that a buyer's credit score or credit report will be improved through that buyer contracting with the credit services organization; (iii) adding an authorized user to a credit card account for payment of money or other valuable consideration; (iv) seeking an investigation by a third party of a trade line on a credit report without the authorization of the buyer; (v) failing to allow the buyer to cancel a contract with the credit services organization by phone call, email, text message, or a website; and other prohibitions as specified. In a provision concerning written statements a credit services organization must provide to a buyer before executing a contract or other agreement with the buyer, provides that, if a credit services organization agrees to provide services on a periodic basis, the organization must provide a detailed written description of those services that explains how the buyer will be billed in substantially equal periodic payments at fixed time intervals. In a provision requiring each written contract to include certain statements and information, provides that: (i) a statement alerting the buyer of the cancellation notice form attached to the contract must be written in at least 10-point boldface type; and (ii) the written contract must include a complete and detailed description of the services to be performed by the credit services organization and the total cost to the buyer for such services, including a detailed description on how a buyer will be billed for services provided by the credit services organization on a periodic basis. Requires a credit services organization to obtain a surety bond and adhere to certain procedures. Provides that the surety bond shall be maintained for a period of 5 (rather than 2) years after the date that the credit services organization ceases operations. Makes a change to the definition of "credit services organization".

LRB103 31881 SPS 60548 b

A BILL FOR

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 Credit Services Organizations Act is  
5 amended by changing Sections 3, 5, 6, 7, and 10 as follows:

6 (815 ILCS 605/3) (from Ch. 121 1/2, par. 2103)

7 Sec. 3. As used in this Act:

8 (a) "Buyer" means an individual who is solicited to  
9 purchase or who purchases the services of a credit services  
10 organization.

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

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

17 (d) "Credit Services Organization" means a person who,  
18 with respect to the extension of credit by others and in return  
19 for the payment of money or other valuable consideration,  
20 provides, or represents that the person can or will provide,  
21 any of the following services:

22 (i) improving a buyer's credit record, history, or  
23 rating;

1           (ii) obtaining an extension of credit for a buyer; or  
2           (iii) providing advice or assistance to a buyer with  
3 regard to either subsection (i) or (ii).

4           "Credit Services Organization" does not include any of the  
5 following:

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

13           (ii) a bank or savings and loan association whose  
14 deposits or accounts are eligible for insurance by the  
15 Federal Deposit Insurance Corporation or the Federal  
16 Savings and Loan Insurance Corporation, or a subsidiary of  
17 such a bank or savings and loan association;

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

19           (iv) a nonprofit organization exempt from taxation  
20 under Section 501(c)(3) of the Internal Revenue Code of  
21 1986, provided that such organization does not charge or  
22 receive any money or other valuable consideration prior to  
23 or upon the execution of a contract or other agreement  
24 between the buyer and the nonprofit organization;

25           (v) a person licensed as a real estate broker by this  
26 state if the person is acting within the course and scope

1 of that license;

2 (vi) a person licensed to practice law in this State  
3 if rendering services to buyers as clients ~~acting~~ within  
4 the course and scope of the person's practice as an  
5 attorney;

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

10 (viii) a consumer reporting agency; and

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

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

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

17 (815 ILCS 605/5) (from Ch. 121 1/2, par. 2105)

18 Sec. 5. No credit services organization, its salespersons,  
19 agents or representatives, or any independent contractor who  
20 sells or attempts to sell the services of a credit services  
21 organization shall:

22 (1) Charge or receive any money or other valuable  
23 consideration before providing services listed in the contract  
24 ~~prior to full and complete performance of the services the~~  
25 ~~credit services organization has agreed to perform for or on~~

1 ~~behalf of the buyer, unless the credit services organization~~  
2 ~~has, in conformity with Section 10 of this Act, obtained a~~  
3 ~~surety bond issued by a surety company licensed to do business~~  
4 ~~in this State. If a credit services organization is in~~  
5 ~~compliance with this subsection the salespersons, agents, and~~  
6 ~~representatives who sell the services of such organization~~  
7 ~~shall not be required to obtain the surety bond provided for by~~  
8 ~~this Act.~~

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

14 (3) Make, or advise any buyer to make, any statement that  
15 is untrue or misleading, or that should be known by the  
16 exercise of reasonable care to be untrue or misleading, with  
17 respect to a buyer's credit reporting agency or to any person  
18 who has extended credit to a buyer or to whom a buyer has made  
19 application for an extension of credit.

20 (4) Make or use any untrue or misleading representations  
21 in the offer or sale of the services of a credit services  
22 organization or engage, directly or indirectly, in any act,  
23 practice or course of business intended to defraud or deceive  
24 a buyer in connection with the offer or sale of such services;  
25 including but not limited to: the amount or type of credit a  
26 consumer can expect to receive as a result of the performance

1 of the services offered; the qualifications, training or  
2 experience of its personnel; or the amount of credit  
3 improvement the consumer can expect to receive as a result of  
4 the services.

5 (5) Guarantee that a buyer's credit score or credit report  
6 will be improved through that buyer contracting with the  
7 credit services organization.

8 (6) For payment of money or other valuable consideration,  
9 add an authorized user to a credit card account.

10 (7) Seek an investigation by a third party of a trade line  
11 on a credit report without the authorization of the buyer.

12 (8) Make any statement, or counsel or advise any buyer to  
13 make any statement, the intended effect of which is to alter  
14 the buyer's identification to prevent the display of the  
15 buyer's credit record, history, or rating for the purpose of  
16 concealing adverse information that is fair, accurate, and not  
17 obsolete to any consumer reporting agency or to any person who  
18 has extended credit to the buyer or to whom the buyer has  
19 applied or is applying for an extension of credit.

20 (9) Engage, directly or indirectly, in any act, practice,  
21 or course of business that constitutes or results in the  
22 commission of, or an attempt to commit, a fraud or deception on  
23 any person in connection with the offer or sale of the services  
24 of the credit services organization.

25 (10) Fail to obtain a bond in the amount of \$100,000, which  
26 shall be filed pursuant to Section 10 of this Act.

1       (11) Fail to allow the buyer to cancel a contract with the  
2       credit services organization by phone call, email, text  
3       message, or a website.

4       (12) Fail to permit the buyer to cancel a contract with the  
5       credit services organization without obligation within 5  
6       business days after the contract was signed by the buyer.

7       (13) Fail to provide the buyer with a copy of the fully  
8       completed contract and all other documents the credit services  
9       organization requires the buyer to sign at the time they are  
10       signed.

11       (Source: P.A. 85-1384.)

12       (815 ILCS 605/6) (from Ch. 121 1/2, par. 2106)

13       Sec. 6. Before the execution of a contract or other form of  
14       agreement between a buyer and a credit services organization  
15       or before the receipt by any such organization of money or  
16       other valuable consideration, whichever occurs first, such  
17       organization shall provide the buyer with a statement, in  
18       writing, containing the following:

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

23               (2) a statement that the buyer may review his consumer  
24       reporting agency file at no charge if a request therefor  
25       is made to such agency within 30 days after receipt by the

1 buyer of notice that credit has been denied and if such  
2 request is not made within the allotted time, the  
3 approximate charge to the buyer for such review;

4 (3) a complete and accurate statement of the buyer's  
5 right to dispute the completeness or accuracy of any item  
6 contained in any file on the buyer maintained by a  
7 consumer reporting agency;

8 (4) a complete and detailed description of the  
9 services to be performed by the credit services  
10 organization and the total cost to the buyer for such  
11 services, and, if the credit services organization  
12 provides services on a periodic basis, the description  
13 shall explain how the buyer will be billed in  
14 substantially equal periodic payments at fixed time  
15 intervals;

16 (5) a statement notifying the buyer that: (i) credit  
17 reporting agencies have no obligation to remove  
18 information from credit reports unless the information is  
19 unfair, inaccurate, or unsubstantiated, erroneous, cannot  
20 be verified or is more than 7 years old; and (ii) credit  
21 reporting agencies have no obligation to remove  
22 information concerning bankruptcies unless such  
23 information is more than 10 years old;

24 (6) a statement asserting the buyer's right to proceed  
25 against the surety bond required under Section 10; and

26 (7) the name and business address of any such surety



1 company together with the name and the number of the  
2 account.

3 The credit services organization shall maintain on file,  
4 for a period of 2 years after the date the statement is  
5 provided, an exact copy of the statement, signed by the buyer,  
6 acknowledging receipt of the statement.

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

8 (815 ILCS 605/7) (from Ch. 121 1/2, par. 2107)

9 Sec. 7. (a) Each contract between the buyer and a credit  
10 services organization for the purchase of the services of the  
11 credit services organization shall be in writing, dated,  
12 signed by the buyer, and shall include:

13 (1) a conspicuous statement in size equal to at least  
14 10-point boldface ~~boldfaced~~ type, in immediate proximity to  
15 the space reserved for the signature of the buyer, as follows:

16 "You, the buyer, may cancel this contract at any time  
17 before midnight of the third day after the date of the  
18 transaction. See the attached notice of cancellation form for  
19 an explanation of this right";

20 (2) a complete and detailed description of the services to  
21 be performed by the credit services organization and the total  
22 cost to the buyer for such services, and, if the credit  
23 services organization provides services on a periodic basis,  
24 the description shall explain how the buyer will be billed in  
25 substantially equal periodic payments at fixed time intervals

1 ~~the terms and conditions of payment, including the total of~~  
2 ~~all payments to be made by the buyer, whether to the credit~~  
3 ~~services organization or to another person;~~

4 (3) (blank); ~~and a full and detailed description of the~~  
5 ~~services to be performed by the credit services organization~~  
6 ~~for the buyer, including all guarantees and all promises of~~  
7 ~~full or partial refunds, and the estimated date by which the~~  
8 ~~services are to be performed or the estimated length of time~~  
9 ~~for performing the services; and~~

10 (4) the address of the credit services organization's  
11 principal place of business and the name and address of its  
12 agent in the State authorized to receive service of process.

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

16 "Notice of Cancellation"

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

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

23 To cancel this contract, mail or deliver a signed, dated  
24 copy of this cancellation notice, or other written notice to:

25 (name of seller) at (address of seller) (place of  
26 business) not later than midnight (date)

1 I hereby cancel this transaction."

2 .....

3 (date) (purchaser's signature)

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

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

9 (815 ILCS 605/10) (from Ch. 121 1/2, par. 2110)

10 Sec. 10. A ~~If a~~ credit services organization is required  
11 to obtain a surety bond and must adhere to the following  
12 procedures pursuant to paragraph (1) of Section 5 of this Act,  
13 ~~the following procedures shall be applicable:~~

14 (a) A ~~If a bond is obtained,~~ a copy of the bond ~~it~~ shall be  
15 filed with the Office of the Secretary of State.

16 (b) The required bond shall be in favor of the State of  
17 Illinois for the benefit of any person who is damaged by any  
18 violation of this Act. The bond shall also be in favor of any  
19 person damaged by such practices. Any person claiming against  
20 the bond for a violation of this Act may maintain an action at  
21 law against the credit services organization and against the  
22 surety. The surety shall be liable only for actual damages and  
23 not the punitive damages permitted under Section 11-~~(b)~~ of this  
24 Act. The aggregate liability of the surety to all persons  
25 damaged by a credit services organization's violation of this

1 Act shall in no event exceed the amount of the bond.

2 (c) The bond shall be in the amount of \$100,000 and shall  
3 be maintained for a period of 5 ~~2~~ years after the date that the  
4 credit services organization ceases operations.

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

1 INDEX

2 Statutes amended in order of appearance

3	815 ILCS 605/3	from Ch. 121 1/2, par. 2103
4	815 ILCS 605/5	from Ch. 121 1/2, par. 2105
5	815 ILCS 605/6	from Ch. 121 1/2, par. 2106
6	815 ILCS 605/7	from Ch. 121 1/2, par. 2107
7	815 ILCS 605/10	from Ch. 121 1/2, par. 2110