

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Collection Agency Act is amended by
5 changing Section 2 and by adding Section 9.6 as follows:

6 (205 ILCS 740/2) (was 225 ILCS 425/2)

7 (Section scheduled to be repealed on January 1, 2026)

8 Sec. 2. Definitions. In this Act:

9 "Address of record" means the designated address recorded
10 by the Department in the applicant's or licensee's application
11 file or license file as maintained by the Department's
12 licensure maintenance unit.

13 "Board" means the Collection Agency Licensing and
14 Disciplinary Board.

15 "Charge-off balance" means an account principal and other
16 legally collectible costs, expenses, and interest accrued
17 prior to the charge-off date, less any payments or settlement.

18 "Charge-off date" means the date on which a receivable is
19 treated as a loss or expense.

20 "Coerced debt" means any debt as defined by this Act or a
21 portion of the debt, except for debt secured by real property,
22 that was incurred by the debtor because of fraud, duress,
23 intimidation, threat, force, coercion, undue influence, or the

1 non-consensual use of the debtor's personal identifying
2 information between family or household members as defined in
3 Section 103 of the Illinois Domestic Violence Act of 1986, as a
4 result of abuse or exploitation as defined in Section 103 of
5 the Illinois Domestic Violence Act of 1986, or due to human
6 trafficking as defined in subsections (b), (c), and (d) of
7 Section 10-9 of the Criminal Code of 2012.

8 "Collection agency" means any person who, in the ordinary
9 course of business, regularly, on behalf of himself or herself
10 or others, engages in the collection of a debt.

11 "Consumer debt" or "consumer credit" means money or
12 property, or their equivalent, due or owing or alleged to be
13 due or owing from a natural person by reason of a consumer
14 credit transaction.

15 "Credit transaction" means a transaction between a natural
16 person and another person in which property, service, or money
17 is acquired on credit by that natural person from such other
18 person primarily for personal, family, or household purposes.

19 "Creditor" means a person who extends consumer credit to a
20 debtor.

21 "Current balance" means the charge-off balance plus any
22 legally collectible costs, expenses, and interest, less any
23 credits or payments.

24 "Debt" means money, property, or their equivalent which is
25 due or owing or alleged to be due or owing from a person to
26 another person.

1 "Debt buyer" means a person or entity that is engaged in
2 the business of purchasing delinquent or charged-off consumer
3 loans or consumer credit accounts or other delinquent consumer
4 debt for collection purposes, whether it collects the debt
5 itself or hires a third-party for collection or an
6 attorney-at-law for litigation in order to collect such debt.

7 "Debtor" means a person from whom a collection agency
8 seeks to collect a consumer or commercial debt that is due and
9 owing or alleged to be due and owing from such person.

10 "Department" means the Department of Financial and
11 Professional Regulation.

12 "Email address of record" means the designated email
13 address recorded by the Department in the applicant's
14 application file or the licensee's license file, as maintained
15 by the Department's licensure maintenance unit.

16 "Perpetrator of coerced debt" or "perpetrator" means an
17 individual who caused coerced debt to be incurred by another.

18 "Person" means a natural person, partnership, corporation,
19 limited liability company, trust, estate, cooperative,
20 association, or other similar entity.

21 "Licensed collection agency" means a person who is
22 licensed under this Act to engage in the practice of debt
23 collection in Illinois.

24 "Multi-state licensing system" means a web-based platform
25 that allows licensure applicants to submit their applications
26 and renewals to the Department online.

1 "Secretary" means the Secretary of Financial and
2 Professional Regulation or his or her designee.

3 (Source: P.A. 102-975, eff. 1-1-23.)

4 (205 ILCS 740/9.6 new)

5 Sec. 9.6. Coerced debt.

6 (a) A debtor is not liable for any coerced debt, as defined
7 in this Act, and may assert that the debtor has incurred a
8 coerced debt by providing to a collection agency a written
9 statement of coerced debt. The statement of coerced debt
10 shall:

11 (1) contain enough information about the debt or
12 portion of the debt to allow a collection agency to
13 identify any account associated with the debt;

14 (2) inform the collection agency that the debtor did
15 not willingly authorize the use of the debtor's name,
16 account, or personal information for incurring the debt or
17 portion of the debt or to claim that a debt or portion of
18 the debt is a coerced debt;

19 (3) provide facts describing how the debt was
20 incurred;

21 (4) include the debtor's preferred contact methods and
22 information such as a phone number, email address,
23 physical address, or safe address for either the debtor or
24 a qualified third party whom the debtor designates to
25 receive information about the coerced debt;

1 (5) be supported by at least one of the following:

2 (A) a police report that identifies the coerced
3 debt, or a portion of the debt, and describes the
4 circumstances under which the coerced debt was
5 incurred;

6 (B) an order from a court setting forth findings
7 of coerced debt;

8 (C) written verification on letterhead or on a
9 form published by the Department, verified by
10 certification under Section 1-109 of the Code of Civil
11 Procedure of 1963, from a qualified third party to
12 whom the debtor reported the coerced debt that
13 identifies the name, organization, address, and
14 telephone number of the qualified third party,
15 identifies the coerced debt or a portion of the debt,
16 and attests that the debtor sought the qualified third
17 party's assistance related to the coerced debt, abuse
18 or exploitation under the Illinois Domestic Violence
19 Act of 1986, or because they are a victim of human
20 trafficking under Section 10-9 of the Criminal Code of
21 2012. Provision of a written verification under this
22 Section does not waive any privilege or
23 confidentiality between the third party and the debtor
24 under federal, State, or local law; or

25 (D) any other document that individually, or in
26 combination with other documents, demonstrates that a

1 person was subject to coerced debt, including, but not
2 limited to, text messages, email messages, phone
3 records, voicemail messages, social media posts,
4 letters, credit card applications, or orders of
5 protection under Article 2 of the Illinois Domestic
6 Violence Act of 1986 or protective orders under
7 Section 112A of the Code of Criminal Procedure of
8 1963.

9 (6) be verified by signing the following attestation:

10 "By signing below, I am certifying that the information
11 provided on this form is true and correct to the best of my
12 knowledge and recollection, and that one or more members
13 of my household is or has been a victim of human
14 trafficking, domestic violence, dating violence, sexual
15 assault, or stalking.".

16 As used in this Section, "qualified third party" means any
17 law enforcement officer; attorney; physician, physician
18 assistant, psychiatrist, psychologist, social worker, nurse,
19 therapist, clinical professional counselor, or other medical
20 professional; person who advises or provides services to
21 persons regarding domestic violence, family violence, sexual
22 assault, human trafficking, or abuse of children, the elderly,
23 or dependent adults; or member of the clergy of a church,
24 religious society, or denomination.

25 (b) A debtor shall submit a statement of coerced debt and
26 accompanying materials either electronically or by certified

1 mail, overnight delivery, completion of an online form, or by
2 any other delivery method that confirms the date on which the
3 documentation was delivered.

4 (1) A statement of coerced debt and accompanying
5 materials submitted by first class mail, certified mail,
6 or overnight delivery must be sent to the address
7 published by the collection agency on its materials as the
8 address at which the collection agency receives
9 correspondence.

10 (2) A statement of coerced debt and accompanying
11 materials submitted electronically must be sent to the
12 email address provided by the collection agency on its
13 collection letters, emails, or website and a hard copy of
14 the emailed materials must also be sent to the collection
15 agency by first class mail.

16 (3) A statement of coerced debt and accompanying
17 materials may be submitted by completing an online form on
18 the website provided by the collection agency on its
19 collection letters or emails. The collection agency is not
20 required to offer an online form on its website for the
21 submission of a statement of coerced debt.

22 (c) If a debtor notifies a collection agency orally that
23 the debt it is pursuing is coerced debt or is partially coerced
24 debt, the collection agency shall notify the debtor orally or
25 in writing, within 14 days after receiving oral notice, that
26 the debtor's claim must be in writing and refer the debtor to

1 any model statement that is posted by the Department on its
2 website. A collection agency receiving an oral notice of
3 coerced debt must notify any consumer reporting agency to
4 which the collection agency furnished adverse information
5 about the debtor that the debtor disputes the adverse
6 information.

7 (d) If the statement of coerced debt is incomplete in any
8 respect, the collection agency shall notify the debtor using
9 the debtor's preferred contact method within 21 days after
10 receipt that the statement is incomplete and the type of
11 additional information needed to complete the statement of
12 coerced debt. If the collection agency provides this notice
13 orally, the collection agency shall also provide notice to the
14 debtor in writing via email or first-class mail if the debtor
15 identifies an email address or mailing address as a preferred
16 contact method on the statement of coerced debt. A debtor
17 shall have 21 days after receipt that the statement is
18 incomplete to respond with the additional information
19 required. The collection agency may resume collection
20 activities if a complete statement of coerced debt has not
21 been provided by the debtor to the collection agency on or
22 before 30 days after notice of an incomplete statement of
23 coerced debt was provided to the debtor.

24 (e) Upon receiving the debtor's complete statement of
25 coerced debt and supporting information described in
26 subsection (a), the collection agency shall review and

1 consider all the information received from the debtor as well
2 as any other information available in the collection agency's
3 file or from the creditor related to the alleged coerced debt
4 within 90 days after receipt.

5 (1) Within 10 days after receipt of the complete
6 statement of coerced debt and supporting information, the
7 collection agency shall (i) cease any pre-judgment
8 attempts to collect the coerced debt from the debtor,
9 including refraining from filing any lawsuit or
10 arbitration to collect the coerced debt; and (ii) notify
11 any consumer reporting agency to which the collection
12 agency or creditor furnished adverse information about the
13 debtor that the debtor disputes the adverse information.

14 (2) If, after review, the collection agency makes a
15 good faith determination that the debt or any portion of
16 the debt does not qualify as coerced debt, the collection
17 agency shall provide the debtor with a written statement
18 setting forth the determination, along with any evidence
19 relied upon in forming this determination. A collection
20 agency may only resume collection activities after
21 providing debtor with a copy of this written statement and
22 supporting evidence at the debtor's preferred email or
23 mailing address from the statement of coerced debt or, if
24 not provided as part of the statement, at their last known
25 mailing address.

26 (3) If, after its review of the statement of coerced

1 debt and accompanying materials, the collection agency
2 makes a good faith determination that the debt qualifies
3 as coerced debt, it shall: (i) refrain from any further
4 collection activities, including the filing of any lawsuit
5 or arbitration, to collect the coerced debt from the
6 debtor who submitted the statement of coerced debt; (ii)
7 notify the debtor through their preferred contact method
8 that it is ceasing all attempts to collect the debt from
9 the debtor based on the debtor's claim of coerced debt;
10 and (iii) contact any consumer reporting agency to which
11 it furnished information about the coerced debt and
12 request they delete such information.

13 (4) Upon the collection agency's request, the debtor
14 shall provide the identity of the alleged perpetrator and
15 the individual's contact information to the collection
16 agency, if known.

17 (5) A collection agency shall not provide the contact
18 information of debtor or a copy of the statement of
19 coerced debt or supporting information to an alleged
20 perpetrator of coerced debt or another person but may
21 summarize the allegations about how the coerced debt was
22 incurred in order to collect the debt from the
23 perpetrator.

24 (f) In any lawsuit or arbitration to collect a debt, it
25 shall be an affirmative defense that the debt is or is
26 partially coerced debt. A debtor establishes a prima facie

1 affirmative defense to any action by a collection agency to
2 collect a debt by submitting a complete statement of coerced
3 debt as set forth in subsection (a) to the collection agency
4 and the court or arbitrator. A collection agency has the
5 burden to disprove the debtor's defense by a preponderance of
6 the evidence.

7 (g) A person found by a court or arbitrator to be a
8 perpetrator of coerced debt shall be civilly liable to (1) the
9 collection agency for the full amount of the debt, less any
10 portion that has been satisfied by the debtor or otherwise,
11 and (2) the debtor for any actual damages incurred for
12 payments, garnishments, or any other costs related to the
13 coerced debt.

14 (h) A qualified third party who fraudulently certifies
15 that the debtor sought assistance from the qualified third
16 party related to the coerced debt, abuse, exploitation, or
17 human trafficking shall be liable to the collection agency for
18 actual damages, court costs, and reasonable attorney's fees.

19 (i) Any statute of limitation that may apply to a debt that
20 is alleged to be coerced debt shall be tolled for the duration
21 of any time period during which the collection agency is
22 temporarily prevented from commencing legal action related to
23 the debt or any portion of the debt.

24 (j) During any court action or arbitration under
25 subsections (f) and (g), the presiding official shall take
26 appropriate steps necessary to protect the debtor or any

1 immediate family member or household member of the debtor from
2 an alleged perpetrator of coerced debt, including, but not
3 limited to, sealing court records, redacting personally
4 identifiable information about the debtor and any immediate
5 family member or household member of the debtor, and directing
6 that any deposition or evidentiary hearing be conducted
7 remotely.

8 (k) A debtor who receives a good faith determination under
9 paragraph (2) of subsection (e) that the debt or portion of the
10 debt does not constitute coerced debt may not submit a second
11 or subsequent statement of coerced debt to the collection
12 agency for the same debt or portion of the debt prior to any
13 lawsuit or arbitration to collect that debt and the collection
14 agency is not required to respond to the debtor regarding such
15 second or subsequent statement of coerced debt.

16 (l) No agreement between a debtor and any other person may
17 contain any provision that constitutes a waiver of any right
18 conferred or cause of action created by this Section, and any
19 such waiver is void.

20 (m) Any collection agency who fails to comply with any
21 provision of this Section is liable to the debtor for the
22 greater of actual damages or damages of up to \$2,500 as the
23 court may allow for each debt, court costs, and reasonable
24 attorney's fees.

25 (n) Within 180 days after the effective date of this
26 amendatory Act of the 104th General Assembly, the Department

1 shall design and publish a model statement of coerced debt and
2 a model third-party written verification form in English and
3 any other language it determines, within its discretion, is
4 the first language of a significant number of consumers in the
5 State. The model statement of coerced debt shall include the
6 verification language required under paragraph (6) of
7 subsection (a). The model third-party verification form shall
8 require verification under Section 1-109 of the Code of Civil
9 Procedure. The design and publication of the model statement
10 of coerced debt and third-party written verification form is a
11 prescription of a standardized form and shall not constitute a
12 rule subject to the Illinois Administrative Procedure Act.

13 (o) Nothing in this Section shall reduce or eliminate any
14 other rights or defenses available at law.

15 (p) The provisions of this Section are severable under
16 Section 1.31 of the Statute on Statutes.