Illinois Department of Financial and Professional Regulation

Division of Financial Institutions

JB Pritzker
Governor

Deborah Hagan
Secretary

FRANCISCO MENCHACA
Director
Division of Financial Institutions

Consumer Credit Licensees – COVID-19 Best Practices

JB Pritzker, Governor of Illinois, declared all counties in the State of Illinois as a disaster area on March 9, 2020 in response to the outbreak of Coronavirus Disease 2019 ("COVID-19") and again on April 1, 2020 ("Gubernatorial Disaster Proclamations"). The Gubernatorial Disaster Proclamations extend at least through April 30, 2020. As it develops, the COVID-19 pandemic will continue to present many yet to be determined challenges for consumer credit licensees and their customers, Illinois consumers.

During this crisis, the Department of Financial and Professional Regulation (Department) reminds all consumer credit licensees that they are required to comply with any Executive Order issued by the Governor of Illinois or other federal, state, or local mandate regarding the origination, servicing, or collection of consumer debt including, but not limited to **Executive Order 2020-16**, which suspends the provisions of the Uniform Commercial Code, 810 ILCS 5/9-609, regarding the possession or usability of a vehicle, and the provisions of the Illinois Vehicle Code, 625 ILCS 5/3-114, regarding the repossession of vehicles, through at least April 30, 2020.

In addition to complying with these mandates, the Department expects Illinois consumer credit licensees to work proactively with consumers during this crisis, and to be flexible with repayment of debt.

During the Gubernatorial Disaster Proclamation and for the next several months after the term of the final Gubernatorial Disaster Proclamation, the Department recommends licensees follow the best practices described below to assist consumers impacted by the crisis:

- Increase communication with consumers and provide multiple, easily accessible methods for consumers to contact the business, especially if the business has altered operations due to COVID-19.
- Proactively reach out to consumers to offer payment options, including deferred or partial payments, which would avoid delinquencies and negative credit reporting.
- Waive all late charges and finance charges that might result from a payment deferment or partial payments.
- Waive non-sufficient funds fees for dishonored payments or unsuccessful ACH withdrawals.
- Consider suspension of debt collection efforts for consumers negatively impacted by COVID-19.
- Proactively reach out to customers on automatic payment plans and, upon request of the consumer, temporarily suspend these automatic repayment plans **and** place the consumer in forbearance without fees or interest.
- Proactively reach out to customers who have granted wage assignments and, upon the request of the consumer, revoke any wage assignment action and place the consumer in forbearance without fees or interest.
- Ensure sufficient staffing of customer service phone lines and alternative methods of providing customer service support.
- Give borrowers the option to voluntarily surrender collateral with no deficiency.

- To the extent legally permissible, use the already available natural disaster code and report the account as current or deferred.

The above are recommendations on best practices from the Department that will serve the best interests of consumers and licensees.

These recommendations do not alter any applicable law, and nothing in this document shall be interpreted as conflicting with or superseding any federal, state, or local mandate.

Licensees are further advised that the Department will carefully examine lending and collection activity during the COVID-19 crisis. Licensees found engaging in unlawful conduct that harms consumers during this crisis will be subject to prompt and significant discipline by the Department. Discipline may include the imposition of fines and, if appropriate, license suspension, or revocation.

Written and Signed By:

David Berland Digitally signed by David Berland Date: 2020.04.14 12:52:59 -05'00'

David Berland
Deputy General Counsel, Chief Counsel of the Division of Financial Institutions

Approved by:

Francisco Menchaca
Director, Division of Financial Institutions

Dated: April 14, 2020