



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB5776

by Rep. Emanuel Chris Welch

SYNOPSIS AS INTRODUCED:

740 ILCS 170/2	from Ch. 48, par. 39.2
740 ILCS 170/2.1	from Ch. 48, par. 39.2a
740 ILCS 170/2.2	from Ch. 48, par. 39.2b
740 ILCS 170/4.1	from Ch. 48, par. 39.4a
740 ILCS 170/4.2	from Ch. 48, par. 39.4b

Amends the Illinois Wage Assignment Act. Provides that an employee may revoke a wage assignment at any time by submitting written notice that he or she is revoking the wage assignment to the creditor. Makes corresponding changes.

LRB099 18520 HEP 44879 b

1 AN ACT concerning civil law.

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

4 Section 5. The Illinois Wage Assignment Act is amended by
5 changing Sections 2, 2.1, 2.2, 4.1, and 4.2 as follows:

6 (740 ILCS 170/2) (from Ch. 48, par. 39.2)

7 Sec. 2. Demand on an employer for the wages of wage-earner
8 by virtue of a wage assignment may not be served on the
9 employer unless:

10 (1) There has been a default of more than 40 days in
11 payment of the indebtedness secured by the assignment and
12 the default has continued to the date of the demand;

13 (2) The demand contains a correct statement as to the
14 amount the wage-earner is in default and the original or a
15 photostatic copy of the assignment is exhibited to the
16 employer; and

17 (3) Not less than 20 days before serving the demand, a
18 notice of intention to make the demand and a revocation
19 notice form has been served upon the employee, and an
20 advice copy sent to the employer, by 2 methods: (i) first
21 class mail; and (ii) registered or certified mail.

22 Service of any demand without complying with this Section
23 has no legal effect.

1 A demand under this Section applies only to wages due at
2 the time of service of the demand and upon subsequent wages
3 until the total amount due under the assignment is paid, until
4 the employee revokes the wage assignment, or until the
5 expiration of the employer's payroll period ending immediately
6 prior to 84 days after service of such demand, whichever first
7 occurs.

8 (Source: P.A. 88-395.)

9 (740 ILCS 170/2.1) (from Ch. 48, par. 39.2a)

10 Sec. 2.1. A demand shall be in the following form:

11 "Demand is hereby made upon an assignment of salary, wages,
12 commissions or other compensation for services, executed by
13 and delivered to on (insert date), to secure a debt
14 contracted on (insert date).

15 The total amount of the debt is \$..... Payments in the
16 amount of \$.... have been made. The duration of the contract is
17 months. There is now due and owing without acceleration
18 the sum of \$....., the last payment having been made on (insert
19 date).

20 The employee herein named has been in default in his
21 payments in the amount of \$....., of which \$.... has been due
22 and owing for more than 40 days.

23 Unless you have received a notice from the employee herein
24 named that he or she is revoking the wage assignment ~~within the~~
25 ~~past 20 days, or do receive within 5 days after the service~~

1 ~~hereof, a notice of defense from the employee herein named, you~~
 2 are required by law to make payment in accordance with such
 3 assignment., first being duly sworn, deposes and says that
 4 the facts stated in the demand above are true and correct; and
 5 further deposes and says that he (or his principal, if he is an
 6 agent for the assignee) has not been notified by the debtor
 7 that he or she is revoking the wage assignment ~~no notice of any~~
 8 ~~defenses of the debtor.~~

9 Payments must be made until the total amount due under the
 10 assignment is paid, until the employee revokes the wage
 11 assignment, or until the expiration of the employer's payroll
 12 period ending immediately prior to 84 days after service of
 13 such demand, whichever first occurs.

14

15 Subscribed and sworn to before me on (insert date).

16

17 Notary Public".

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

19 (740 ILCS 170/2.2) (from Ch. 48, par. 39.2b)
 20 Sec. 2.2. Forms; notice of intent to assign wages;
 21 revocation.

22 (a) The notice to an employee required by Section 2 shall
 23 be in the following form:

24 "NOTICE OF INTENT TO ASSIGN WAGES
 25 This notice is required by the Illinois Wage Assignment

1 Act. The notice has been sent to tell you that a creditor (name
2 and address listed below) plans to have your wages assigned.
3 This notice contains important information. You should read the
4 entire notice carefully.

5 WHY THE CREDITOR WANTS TO ASSIGN YOUR WAGES

6 You signed a wage assignment on (date) The
7 wage assignment was signed as security if you failed to make
8 payment on the contract you signed on (date)
9 A copy of the wage assignment is attached. The
10 creditor's records show that you have not made a payment since
11 (date) and that you now owe \$..... on the
12 contract. The creditor will send a demand for wages to your
13 employer 20 days from the date you receive this.

14 WHAT YOU CAN DO TO STOP ~~PREVENT~~ YOUR WAGES FROM BEING ASSIGNED

15 ~~You If you have a legal defense to the wage assignment you~~
16 can stop the wage assignment at any time by filling out the
17 enclosed Revocation Notice of Defense Form or by writing a
18 letter stating that you are revoking the wage assignment and
19 ~~(1)~~ sending it to the creditor by registered or certified mail.
20 If you choose to revoke the wage assignment, it is highly
21 recommended that you give a copy to your employer so your
22 employer can stop any pending payments. Submitting this form or
23 a letter will not eliminate your debt; it simply stops your
24 wages from being assigned. The wage assignment will begin 20
25 days after you receive this notice. You can stop the wage
26 assignment at any time before or after the wage assignment

1 begins. If you choose to write a letter, it should include:

2 (i) your name;

3 (ii) the account number; and

4 (iii) the following statement: "I am revoking the wage
5 assignment. You no longer have my permission to use this
6 wage assignment."

7 The letter should be addressed to the creditor at the
8 address listed on this notice and sent by registered or
9 certified mail. You have the right to contact an attorney
10 concerning the wage assignment or the loan product. and (2)
11 giving a copy to your employer. You must do those 2 things
12 within 20 days of receiving this notice. You have the right to
13 contact an attorney concerning the wage assignment. In the
14 event a false defense is made, you will be subject to payment
15 of attorneys' fees, court costs and other expenses.

16 The creditor's name and address are:

17
18
19
20

21 (Signed by) "

22 (b) The Notice of Intent to Assign Wages to an employee
23 required by Section 2 of this Act shall be accompanied by the
24 following Revocation Notice Form, with the relevant
25 information inserted by the creditor:

26 "REVOCATION NOTICE

1 The employee's name and address are:

2

3

4

5

6 The creditor's name and address are:

7

8

9

10

11 Re: (insert account number)

12 I, (insert name), hereby revoke your right to use the wage
13 assignment I signed on (insert date the wage assignment was
14 signed). You no longer have my permission to use this wage
15 assignment.

16

17 (Signed by) (Date)"

18 (Source: P.A. 83-867.)

19 (740 ILCS 170/4.1) (from Ch. 48, par. 39.4a)

20 Sec. 4.1. Revocation of wage assignment. The employee may
21 revoke the wage assignment at any time by submitting the
22 revocation notice as provided in subsection (b) of Section 2.2
23 of this Act or otherwise providing written notice that he or
24 she is revoking the wage assignment to the creditor. Regardless

1 of how the employee serves the revocation notice, the
 2 revocation notice is not void if the creditor receives the
 3 revocation notice. Failure to use the sample language provided
 4 in the notice described in Section 2.2 does not make the letter
 5 revoking the wage assignment void. The employee may submit a
 6 copy of the notice to his or her employer if the employee so
 7 chooses. If the revocation notice is served upon the creditor
 8 prior to the creditor's service of demand upon the employer,
 9 the demand shall not be served by the creditor. Within 20 days
 10 after receiving the notice required by Section 2 or within 5
 11 days after service of the demand, the employee may notify his
 12 employer, in writing, of any defense he may have to the wage
 13 assignment. A copy of such notice shall be served upon the
 14 creditor by registered or certified mail. If served upon the
 15 creditor prior to the creditor's service of demand upon the
 16 employer, such demand shall not be served by the creditor. The
 17 notice shall be by affidavit and shall be in substantially the
 18 following form:

19 "I,, hereby (swear) (affirm) that I have a bona fide
 20 defense to the claim of, which claim is based on a debt
 21 contracted on (insert date), and for security on which debt a
 22 wage assignment was executed.

.....
 Address for service of summons

Employee

1 ~~Subscribed and sworn to before me on (insert date).~~

2 ~~....."~~

3 Notary Public

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

5 (740 ILCS 170/4.2) (from Ch. 48, par. 39.4b)

6 Sec. 4.2.

7 If the employee has not given a revocation notice as
8 provided in Section 4.1 of this Act or has not otherwise
9 provided the creditor with written notice that he or she is
10 revoking the wage assignment ~~notice of defense~~ as provided in
11 this Act within 20 days after receiving the notice of intention
12 to make a demand, the creditor may proceed with his demand, and
13 the employer shall commence payment to the creditor not sooner
14 than 5 business days after service of such demand, unless a
15 revocation notice as set forth Section 4.1 of this Act or other
16 written notice from the employee revoking the wage assignment
17 is received by the employer ~~notice of defense is received~~
18 ~~within that 5 day period.~~ If the employee cures the default
19 stated in the demand or revokes the wage assignment, the
20 creditor shall notify the employer and release the demand. No
21 employer shall be liable for payments made in compliance with
22 this Section.

23 If a revocation notice as set forth in Section 4.1 of this
24 Act or other written notice from the employee revoking the wage
25 assignment is received by an employer, ~~If a notice of defense~~

1 ~~is received by an employer within the period specified in~~
2 ~~Section 4.1,~~ no wages are subject to a demand served by the
3 creditor and the employer shall cease any pending wage
4 assignments ~~described in that notice of defense;~~ unless the
5 employer receives a copy of a subsequent written agreement
6 between the creditor and employee authorizing such payments. If
7 such an agreement is not reached, the creditor may not
8 institute further proceedings on the wage assignment. ~~If a~~
9 ~~notice of defense has been given, service of summons in any~~
10 ~~subsequent proceeding on the debt for which the wage assignment~~
11 ~~was given as security may be made by registered or certified~~
12 ~~mail.~~

13 (Source: Laws 1967, p. 2049.)