

## Governor Quinn Signs Laws to Protect Consumers

Written by Katelyn Tye  
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### *New Laws Strengthen Repossession Regulation, Security Deposit Safeguards*

CHICAGO - August 26, 2011. As part of his ongoing commitment to consumer protection, Governor Pat Quinn today signed legislation that will enhance safeguards for borrowers and tenants. The new laws will give the Illinois Commerce Commission (ICC) increased oversight of entities that repossess collateral in the case of defaulted loans. They will also strengthen tenants' rights to their security deposits after a change in property ownership.

"In these tough economic times, many people are struggling to fulfill a loan or are living in a foreclosed property," said Governor Quinn. "Today's action will increase regulation of repossession businesses and create greater safeguards for tenants following foreclosure."

Senate Bill 1306, sponsored by Rep. Frank Mautino (D-Spring Valley) and Sen. John Mulroe (D-Chicago), creates the Collateral Recovery Act and allows the ICC to regulate entities that repossess collateral should a debtor become delinquent on their loans. The new law establishes procedures and sets fees for license application, as well as permits for repossession business employees.

The license and permit procedure will include a criminal background check and will ensure that repossession agencies' names cannot be designed to misrepresent themselves to consumers. The law also includes a number of new consumer safeguards, such as owner notification when

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personal property is found in repossessed vehicles.

House Bill 1574, sponsored by Rep. Elizabeth Hernandez (D-Cicero) and Sen. Jacqueline Collins (D-Chicago), protects tenants in foreclosed properties by requiring a mortgagor to transfer security deposits and accumulated interest to the purchaser of rental properties with five units or more.

Prior to this legislation, the security deposits of tenants in foreclosures that became bank-owned were not protected under Illinois law. The new law requires all new owners of rental properties – including banks following a foreclosure – to assume liability for any transferred security deposits. Residents of the purchased property must be notified within 21 days that their security deposit has been transferred to the purchaser. The legislation was proposed by the Sargent Shriver National Center on Poverty Law.

“This legislation represents an important step towards protecting innocent tenants in foreclosed properties,” said Sam Tuttle, Housing Staff Attorney from the Sargent Shriver National Center on Poverty Law.

Senate Bill 1306 takes effect July 1, 2012; House Bill 1574 is effective immediately.

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