

COVID-19 has had a significant economic impact throughout Illinois, including widespread loss of income and wages, which pose new challenges to our client communities. For this reason, **LEGAL AID CHICAGO** has compiled this FAQ on consumer debt collection to assist clients who may be encountering new financial hardships.

**WHAT SHOULD I DO IF I AM HAVING TROUBLE STAYING ON TOP OF MY BILLS BECAUSE OF THE CORONAVIRUS EMERGENCY?** Your first step should be to contact your lender or servicer directly to let them know about your situation. The company may be able help you avoid falling behind by waiving certain fees or have assistance available in light of the public health emergency. The federal regulators that oversee banks, for example, have encouraged banks to work with their customers to help them meet their financial needs, including by waiving certain fees, increasing credit limits, and offering or modifying payment arrangements.

**WHAT IF I HAVE ALREADY FALLEN BEHIND AND HAVE BEEN CONTACTED BY A DEBT COLLECTOR?** If you have debt that has already gone to collection, consider contacting the debt collector directly to gather information about the debt they are claiming from you. If you dispute that you owe the debt they are claiming, if you think the amount is wrong, or if your income is not collectable, you can send them a letter explaining that. You can refer to the sample letters on the Consumer Financial Protection Bureau's website, here: <https://bit.ly/3bBsDwK>. If you agree that you owe the money they are claiming, you may want to propose affordable repayment terms.

Keep in mind that federal law says that a debt collector is not allowed to use unfair practices, such as making misleading statements or threats. If you think your rights have been violated by a debt collector, be sure to keep detailed records about your communications with the debt collector, and contact Legal Aid Chicago to assess whether you might have a legal claim.

**HOW DO I KNOW IF MY INCOME IS COLLECTABLE?** In Illinois, your income is protected – meaning that it cannot be collected by a debt collector or creditor, even if that creditor files a lawsuit, goes to court, and gets a judgment against you – if the following four criteria are met:

1. **Your income is from a protected source** (which includes child support, social security, or public benefits) **or your weekly take-home pay is less than \$416.24 per week;**
2. **If you own a home or any real estate, its equity is less than \$15,000;**
3. **If you have a car, its value is less than \$2,400; and**
4. **The value of your personal property is less than \$4000.**

**If a debt collector threatens to or attempts to collect your protected income, including by freezing a bank account or garnishing your wages, contact LEGAL AID CHICAGO right away.**



Call

**312.341.1070**

Monday to Friday  
between 8 AM and 4:30 PM

OR



**Apply Online**

[www.legalaidchicago.org](http://www.legalaidchicago.org)

**WHAT IF I OWE MONEY TO THE CITY OF CHICAGO?** The City of Chicago has announced several changes of policy to ease the burden on consumers who are struggling to keep up with their bills during the current public health emergency. Through April 30, 2020, the City will:

- *Delay referral of parking tickets, red light, speed camera tickets to collection;*
- *Delay referral of utility bills to collection firms;*
- *Delay driver's license suspensions and booting of vehicles;*
- *Delay referral of administrative fees to collections ;*
- *Delay defaults on payment plans for utility bills, tickets, and administrative fees.*

You can read more about the City's policy changes, here: <https://bit.ly/39ujGUw>. This means that, while your debt to the City will not disappear as a result of the current public health emergency, you can prioritize the expenses that are necessary for your health and safety during this time.

**WHAT IF I HAVE FALLEN BEHIND ON MY CAR PAYMENTS?** Car lenders can typically repossess your vehicle soon after you fall behind on your car payments. For this reason, it is very important to stay current on your car payments to avoid the risk of losing your car. In Illinois, the Governor recently issued an order suspending the repossession of cars during this public health crisis. This means that, during this time, you will no longer face the immediate risk of repossession if you fall behind on your car payments. It does not mean that your debt will disappear or be reduced, or that additional fees may not be assessed. Additionally, your car may still be repossessed when the order is lifted, unless you are current on your car payments at the time. For that reason, if you are able to keep your car payments current, you should plan to do so to avoid the future risk of repossession. You should also continue to prioritize your car note payments over payments on any unsecured debts, like credit cards.

**WHAT IF I HAVE STUDENT LOAN DEBT, MEDICAL DEBT, UTILITY DEBT, OR DEBT TO MY MORTGAGE LENDER?** Please refer to Legal Aid Chicago's other handouts addressing these specific issues.

**HOW WILL MY CURRENT BANKRUPTCY CASE BE IMPACTED IF I AM FACING A NEW FINANCIAL HARDSHIP?** There are new laws providing assistance for debts with court-approved Chapter 13 bankruptcy plans. If you are facing a financial hardship as a result of the public health crisis, you can ask the court to adjust your monthly payments. Instead of 5 years, you can now have up to 7 years to repay your debt. If you have a bankruptcy attorney, you should contact your attorney about any financial hardship that you experience during this time. If you do not have an attorney, you may be able to obtain assistance from Legal Aid Chicago's bankruptcy help desk by calling 312-229-6344 and leaving a message.

**If you have individual legal questions or are seeking representation in a debt collection matter, please consult with an attorney or contact LEGAL AID CHICAGO at (312) 341-1070.**



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