

# Know your rights if you default on a payday loan!

If you are unable to make payments on your payday loan and you default, sometimes payday lenders will use a **wage assignment** to collect what you owe.

A wage assignment is a way lenders can take part of your wages without taking you to court.

## Your Rights in a Wage Assignment:

- ✓ You have the right to stop a wage assignment at any time & for any reason.
- ✓ You have the right to receive a notice about the wage assignment by first class and registered/certified mail.
- ✓ You have the right to contact an attorney at any time.
- ✓ The lender can't take more than 15% of your wages.

## Common Questions about Wage Assignments

### Are wage assignments and wage garnishments the same thing?

No. Lenders get a wage garnishment by taking the borrower to court. Wage assignments do not go through the courts. Instead, the lender just sends the borrower a notice & begins taking a portion of their wages.

### How will I know if a lender is going to assign my wages?

Starting January 1, 2017, lenders have to follow new and improved standards for how they let you know about the wage assignment. Beginning in 2017, you should receive a notice from the lender by both first class mail, and registered/certified mail. The lender can begin taking your wages 20 days from when they send the notice.

### What are my options if I get a wage assignment notice?

You have a few options if a lender starts a wage assignment. If you want help figuring out the best option, we recommend that you reach out to a free legal aid organization. Your options include:

1. **You can stop the wage assignment at any time, for any reason.** You should receive a form that you can use to stop the wage assignment. You can stop the wage assignment at any time before or after the lender starts taking your wages.
2. **You can allow the lender to assign your wages to pay back the loan.** The lender is only allowed to take up to 15% of your wages.
3. **You can contact the lender to ask about a repayment plan.**

### What happens if I stop a wage assignment?

If you contact the lender to stop a wage assignment, they should not take any additional wages from your paychecks. Stopping the wage assignment does not get rid of the debt, so the lender may try to collect the debt another way. For instance, the lender could file a lawsuit.

### Check out a sample wage assignment notice on the back.

### Questions?

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## NOTICE OF INTENT TO ASSIGN WAGES

This notice is required by the Illinois Wage Assignment Act. The notice has been sent to tell you that a creditor (name and address listed below) plans to have your wages assigned. A wage assignment is a document you signed at the time you signed the contract for your debt. **It authorizes your creditor to receive a portion of your wages directly from your employer, in order to pay your debt.** This notice contains important information about the debt and what your options are. You should read the entire notice carefully.

## WHY THE CREDITOR WANTS TO ASSIGN YOUR WAGES

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

The creditor's name, address, and phone number are: \_\_\_\_\_

## UNDERSTANDING YOUR CHOICES UNDER THE ILLINOIS WAGE ASSIGNMENT ACT

There are options available to you in this process. You should consider your options and determine the one that is best for you. You have the right to contact an attorney at any point concerning the wage assignment, or to help you determine your best option. Your options include:

**(1) You can stop the wage assignment at any time, which will stop your wages from being deducted.** It will not eliminate your debt, and interest may continue to accrue. You may contact your creditor for more information about the interest rate on your contract, and to determine how much interest might accrue if you stop the wage assignment.

Your creditor will still be able to pursue other means of collecting any debt you may owe, including filing a lawsuit against you for the full amount owed under the contract and any interest that might accrue. A lawsuit might result in you owing legal fees and other costs.

You can stop the wage assignment by filling out the enclosed Revocation Notice Form, or by writing a letter stating that you are revoking the wage assignment. Send the Revocation Notice Form or letter by registered or certified mail to the creditor, at the address listed above. It is highly recommended that you give a copy of the Revocation Notice Form or letter to your employer so your employer can stop any pending payments.

If you choose to write a letter, it should be addressed to the creditor, and should include:

- (i) your name;
- (ii) the account number; and
- (iii) a statement that you are revoking the wage assignment, such as, "I am revoking the wage assignment."

Even if the wage assignment has already begun, you can still stop it now or at any point in the future.

**(2) You can do nothing, and allow the wage assignment process to proceed.** Starting in 20 days, part of your wages will be sent directly to the creditor to pay off your debt. This will reduce your take-home pay every pay period until the total amount of the debt is repaid. Up to 15% of your wages will be sent to the creditor every pay period. Once the total amount is repaid, the creditor will send a notice to you and to your employer that includes the creditor's name, your name, and the account number, stating that the wage assignment is closed and no further wages should be assigned.

**(3) You can contact your creditor to repay the debt, or to explore other options, including a repayment plan or refinancing, if available.** You can contact your creditor at the address and phone number listed above. If you agree on another repayment option with your creditor, the creditor will send a notice to your employer stating that your wages should not be assigned.

***A Revocation Notice form, which you can use to stop the wage assignment, should be included with this notice.***