



SUPPORT HB 2642

**Amendments to Labor and Storage Lien Act 770 ILCS 45
Labor and Storage Lien (Small Amount) Act 770 ILCS 50
House Sponsor: Representative Cassidy
Senate Sponsor: Sen. Koehler**

BACKGROUND

The Illinois Labor and Storage Lien Act governs the manner in which persons or businesses who have expended material and/or labor, or furnished storage, at the request of an owner may lawfully impose a lien for the services and storage. A lien may be filed for the contract price or reasonable worth of the expenditure on labor, skill, materials or storage. The Illinois Labor and Storage Lien (Small Amount) Act similarly authorizes such liens in situations where the claimed amount due is less than \$2,000.

The Labor and Storage Lien Acts are typically utilized in situations of vehicle repair. When a vehicle is repaired and the owner fails to pick up his or her vehicle, a lien may be created for the cost of the repair and storage fees incurred. An issue arises if the vehicle is serving as collateral on an outstanding loan and a financial institution holds a properly perfected lien on the title. Under current law, the garageman is not required to notify the financial institution that storage fees are accruing above and beyond the initial amount due for repair.

PROPOSED CHANGE AND EFFECT

HB 2642 amends both the Labor and Storage Lien Act and the Labor and Storage Lien (Small Amount) Act to insert a notice provision for lienholders. In both Acts, the new language would provide that any entity seeking to impose fees in connection with storing a vehicle in its possession must provide written notice to the lienholder of record, prior to the accrual of such fees. Further, the notice would provide the rate at which fees will accrue and give the lienholder an opportunity to inspect the vehicle. If the lienholder chooses to inspect a vehicle in the possession of a repair shop and ultimately pay any applicable fees, the bill provides that payment may be made in cash or by cashier's check, certified check, or wire transfer at the option of the lienholder.

This proposal would be beneficial to both a financial institution lender with a recorded lien on a vehicle and the repair shop storing the vehicle. By ensuring that the proper parties are put on notice when storage fees are accruing, the financial institution lienholder will have the opportunity to satisfy the amounts due and alleviate the repairer's burden of storing the vehicle.

SUPPORT THIS LEGISLATION!

The Illinois Credit Union League, Community Bankers Association of Illinois, and Illinois Bankers Association support this legislation. On behalf of the Illinois depository institutions they serve, they urge you to vote **"YES"** on HB 2642.

For more information about ICUL's position on this legislative measure, please contact Keith Sias at (217) 341-5855 or Ashley Niebur at (217) 372-7555.