

HOUSE BILL No. 2793

By Committee on Appropriations

4-27

1 AN ACT concerning the Kansas credit services organization act; relating
2 to the exemptions therefrom; amending K.S.A. 50-1116 and 50-1117
3 and repealing the existing sections.

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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 50-1116 is hereby amended to read as follows: 50-
7 1116. (a) K.S.A. 50-1116 through 50-1135, and amendments thereto, shall
8 be known and may be cited as the Kansas credit services organization act.

9 (b) Any person licensed to practice law in this state acting within the
10 course and scope of such person's practice as an attorney, *and such*
11 *person's law firm*, shall be exempt from the provisions of this act.

12 Sec. 2. K.S.A. 50-1117 is hereby amended to read as follows: 50-
13 1117. Definitions as used in this act: (a) "Commissioner" means the state
14 bank commissioner.

15 (b) "Consumer" means an individual who is a resident of this state.

16 (c) "Credit services organization" means a person who engages in, or
17 holds out to the public as willing to engage in, the business of debt
18 management services for a fee, compensation or gain, or in the expectation
19 of a fee, compensation or gain.

20 (d) "Debt management service" means:

21 (1) Receiving or offering to receive funds from a consumer for the
22 purpose of distributing the funds among such consumer's creditors in full
23 or partial payment of such consumer's debts;

24 (2) improving or offering to improve a consumer's credit record,
25 history or rating; or

26 (3) negotiating or offering to negotiate to defer or reduce a
27 consumer's obligations with respect to credit extended by others.

28 (e) "Insolvent" means a person whose debts exceed their assets.

29 (f) "*Law firm*" means a lawyer or lawyers in a law partnership,
30 professional corporation, sole proprietorship or other association
31 authorized to practice law; or lawyers employed in a legal services
32 organization or the legal department of a corporation or other
33 organization.

34 (g) "Person" means any individual, corporation, partnership,
35 association, unincorporated organization or other form of entity, however
36 organized, including a nonprofit entity.

1 ~~(g)~~ (h) "Related interest" means a person:

2 (1) With respect to an individual who is:

3 (A) The spouse of the individual;

4 (B) a brother, brother-in-law, sister, sister-in-law of the individual;

5 (C) an ancestor or lineal descendant of the individual or the
6 individual's spouse; and

7 (D) any other relative, by blood, adoption or marriage, of the
8 individual or such individual's spouse who shares the same residence with
9 the individual.

10 (2) With respect to a corporation, partnership, association,
11 unincorporated organization or other form of entity, however organized,
12 including a nonprofit entity, which is:

13 (A) Directly or indirectly controlling, controlled by or under common
14 control by a person; or

15 (B) an officer or director of a person or a person performing similar
16 functions.

17 ~~(h)~~ (i) "Registrant" means a person who is registered by the
18 commissioner as a credit services organization.

19 ~~(i)~~ (j) "Trust account" means an account established by the applicant
20 or registrant in a federally insured financial institution used to hold funds
21 paid by consumers to a credit services organization for disbursement to
22 creditors of consumers that is designated as a trust account or other
23 appropriate designation indicating the funds in the account are:

24 (1) Not funds of the applicant or registrant or its owners, officers or
25 employees; and

26 (2) unavailable to creditors of the applicant or registrant.

27 Sec. 3. K.S.A. 50-1116 and 50-1117 are hereby repealed.

28 Sec. 4. This act shall take effect and be in force from and after its
29 publication in the Kansas register.

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