

FIRST REGULAR SESSION

# HOUSE BILL NO. 943

101ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE DEGROOT.

1796H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

To repeal sections 407.635 and 407.638, RSMo, and to enact in lieu thereof three new sections relating to credit service organizations.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 407.635 and 407.638, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 407.635, 407.638, and 407.645, to read as follows:

407.635. As used in sections 407.635 to ~~407.644~~ **407.645**, the following words and phrases shall mean:

(1) "Buyer", an individual who is solicited to purchase or who purchases the services of a credit services organization;

(2) "Consumer reporting agency" has the meaning assigned by section 603(f) of the federal Fair Credit Reporting Act, 15 U.S.C. Section 1681a(f);

(3) "Extension of credit", the right to defer payment of debt or to incur debt and defer its payment offered or granted primarily for personal family or household purposes.

407.638. A credit services organization, a salesperson, agent or representative of a credit services organization, or an independent contractor who sells or attempts to sell the services of a credit services organization may not:

(1) Charge a buyer or receive from a buyer money or other valuable consideration before completing performance of all services the credit services organization has agreed to perform for the buyer, unless the credit services organization has obtained in accordance with section 407.639 a surety bond in the amount required by subsection 4 of section 407.639, issued by a surety company authorized to do business in this state, or has established and maintained a surety

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

9 account at a federally insured bank or savings and loan association located in this state in which  
10 the amount required by subsection 5 of section 407.639 is held in trust as required by section  
11 407.639;

12 (2) Charge a buyer or receive from a buyer money or other valuable consideration solely  
13 for referral of the buyer to a retail seller who will or may extend credit to the buyer if the credit  
14 that is or will be extended to the buyer is substantially the same as that available to the general  
15 public;

16 (3) Make or use a false or misleading representation in the offer or sale of the services  
17 of a credit services organization, including:

18 (a) Guaranteeing to [~~"]erase or improve bad credit["]~~ or words to that effect unless the  
19 representation clearly discloses that this can be done only if the credit history is inaccurate or  
20 obsolete; [~~and]~~

21 (b) Guaranteeing an extension of credit regardless of the person's previous credit  
22 problem or credit history unless the representation clearly discloses the eligibility requirements  
23 for obtaining an extension of credit; or

24 (c) **Requiring that a buyer waive a right that is protected by state or federal law;**

25 (4) Engage, directly or indirectly, in a fraudulent or deceptive act, practice, or course of  
26 business in connection with the offer or sale of the services of a credit services organization,  
27 **including:**

28 (a) **Taking a power of attorney from a buyer for any purpose other than inspecting**  
29 **documents as provided by law; or**

30 (b) **Failing to include all the information that is required under section 407.645;**

31 (5) Make, or advise a buyer to make, a statement with respect to a buyer's credit  
32 worthiness, credit standing, or credit capacity that is false or misleading or that should be known  
33 by the exercise of reasonable care to be false or misleading, to a consumer reporting agency or  
34 to a person who has extended credit to a buyer or to whom a buyer is applying for an extension  
35 of credit;

36 (6) Advertise or cause to be advertised, in any manner whatsoever, the services of a  
37 credit services organization without filing a registration statement with the director of finance,  
38 unless otherwise provided by this chapter.

**407.645. After August 28, 2021, all written communications from a credit services  
2 organization to buyers, data furnishers, creditors, or credit reporting agencies shall  
3 include:**

4 (1) **The complete name and address of the credit services organization; and**

5 (2) **A statement that the communication is from a credit services organization.**

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