

As Amended by House Committee

Session of 2012

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

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

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

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

21 (d) "Debt management service" means:

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

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

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

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

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

35 (g) "Person" means any individual, corporation, partnership,
36 association, unincorporated organization or other form of entity, however

1 organized, including a nonprofit entity.

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

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

4 (A) The spouse of the individual;

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

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

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

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

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

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

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

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

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

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

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

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

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