

HOUSE RESEARCH

Bill Summary

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- 1 **Definitions.** Adjusts the definition of debt management services provider to exclude exempt attorneys at law.
- 2 **Exempt attorney at law.** Defines an exempt attorney at law as an attorney authorized to practice law in the state who does not have a business relationship with a debt settlement service provider, but who provides debt management services in relation to their representation of a client.
- 3 **Debt settlement service provider.** Updates current law by adding a reference to exempt attorneys at law.
- 4 **Exempt attorney at law.** Defines an exempt attorney at law as an attorney authorized to practice law in the state who does not have a business relationship with a debt settlement service provider, but who provides debt management services in relation to their representation of a client.
- 5 **Written agreements.** Amends current law to allow for written agreements in a language other than the debtor's primary language if agreed upon.
- 6 **Disclosures.** Amends current law to allow for disclosures to be written in a language other than the debtor's primary language if negotiated.
- 7 **Fees.** Amends current law by requiring that fees negotiated under a debt settlement services agreement be either 15% of the aggregate debt under a percentage of debt basis, or 30% of the savings actually negotiated by the service provider on a percentage of savings basis. For the latter, savings should be calculated as the difference between the aggregate debt that is

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stated in the services agreement at the time of its execution and the total amount that the debtor actually pays to settle all debts included in the agreement. Only savings actually negotiated by the services provider will be used to calculate this figure.

This section also amends the law regarding collection of fees associated with a contract for debt services agreements. Under this bill, the debt settlement services provider cannot collect any payments pursuant to an agreement until the provider has performed all services contained in the agreement, as well as any other services that the provider has agreed to perform. If the agreement contains multiple debts, the provider can only collect fees in proportion to the aggregate debt of the individual settled debts represented.