

BY: Finance Committee

AMENDMENTS TO HOUSE BILL NO. 640

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 9, after “fees,” insert “and”; in line 10, strike “, and file evidence of a certain surety bond”; and strike beginning with “before” in line 21 down through “Commissioner” in line 24 and substitute “in connection with certain proposed changes”.

On page 2, strike beginning with “requiring” in line 3 down through “amount;” in line 4; in line 6, after “circumstances;” insert “requiring a licensee to disclose certain services and charges to a consumer;”; in line 10, after “of” insert “modification or”; in line 11, after “consumer” insert “and notification”; and strike beginning with “establishing” in line 37 down through “contingency;” in line 39.

On page 3, strike in their entirety lines 6 through 11, inclusive.

AMENDMENT NO. 2

On page 4, in line 9, strike “(1)”; strike beginning with “EVALUATION” in line 10 down through “WITH” in line 12; and in line 23, after “PROVIDER” insert “OR ITS AGENT”.

On page 12, in line 5, after “ANALYSIS” insert “AND INITIAL BUDGET”; and in line 6, strike “IS” and substitute “ARE”.

AMENDMENT NO. 3

On page 15, in line 32, after “LICENSEE” insert “OR AN AGENT OF A LICENSEE, INCLUDING AN AGENT MANAGING A TRUST ACCOUNT”.

On page 16, in line 7, strike “\$500,000” and substitute “\$350,000”; in line 10, after “LICENSEE” insert “AND ITS AGENT”; in line 15, after “LICENSEE” insert “OR ITS AGENT”; in line 16, after “LICENSEE” insert “OR ITS AGENT”; and in line 17, after “LICENSEE” insert “,”

(Over)

AND TRANSACTIONS OF ITS AGENT ON BEHALF OF THE LICENSEE.”.

On pages 17 through 19, strike in their entirety the lines beginning with line 35 on page 17 through line 13 on page 19, inclusive, and substitute:

“(A) (1) A LICENSEE SHALL GIVE THE COMMISSIONER WRITTEN NOTICE OF ANY CHANGE IN THE INFORMATION REQUIRED TO BE INCLUDED IN THE LICENSEE’S APPLICATION UNDER § 12-908(B)(1) AND (2) OF THIS SUBTITLE AT LEAST 30 DAYS BEFORE THE CHANGE IS EFFECTIVE.

(2) THE LICENSEE SHALL PROVIDE WITH THE NOTICE EVIDENCE THAT, AFTER THE CHANGE DESCRIBED IN THE NOTICE, THE LICENSEE WILL CONTINUE TO SATISFY THE SURETY BOND REQUIREMENT UNDER § 12-914 OF THIS TITLE.

(B) UNLESS APPROVED BY THE COMMISSIONER, A LICENSEE MAY NOT CHANGE AN OWNER, OFFICER, DIRECTOR, OR PRINCIPAL OF THE LICENSEE, OR AN AGENT WHO IS ACTING ON BEHALF OF THE LICENSEE TO MANAGE A TRUST ACCOUNT, LISTED ON THE LICENSEE'S APPLICATION UNDER § 12-908(B)(3) AND (6) OF THIS SUBTITLE.

(C) (1) TO REQUEST APPROVAL OF A PROPOSED CHANGE DESCRIBED IN SUBSECTION (B) OF THIS SECTION, THE LICENSEE SHALL NOTIFY THE COMMISSIONER IN WRITING OF THE PROPOSED CHANGE AND SUBMIT ANY INFORMATION THAT THE COMMISSIONER REQUIRES.

(2) FOR A PROPOSED CHANGE IN OWNER OR AGENT ACTING ON BEHALF OF THE LICENSEE TO MANAGE A TRUST ACCOUNT, THE COMMISSIONER MAY DETERMINE THAT THE FILING OF A NEW APPLICATION FOR THE ISSUANCE OF A LICENSE IS WARRANTED.

(3) UNLESS THE COMMISSIONER NOTIFIES THE LICENSEE THAT A DIFFERENT TIME PERIOD IS NECESSARY, THE COMMISSIONER SHALL APPROVE OR DENY A REQUEST FOR A CHANGE DESCRIBED IN SUBSECTION (B) OF THIS SECTION WITHIN 60 DAYS AFTER THE DATE THE COMMISSIONER RECEIVES ALL INFORMATION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.”.

On page 19, in line 15, after “(A)” insert “(1)”; in lines 17, 19, 21, 23, 25, 27, 30, and 33, strike “(1)”, “(2)”, “(I)”, “(II)”, “(III)”, “1.”, “2.”, and “(3)”, respectively, and substitute “(I)”, “(II)”,

“1.”, “2.”, “3.”, “A.”, “B.”, and “(III)”, respectively; in line 27, strike “WILL” and substitute “THE LICENSEE REASONABLY EXPECTS TO”; in line 30, strike “WILL” and substitute “THE LICENSEE REASONABLY EXPECTS”; and in the same line, after “NOT” insert “TO”.

On page 20, in lines 1 and 6, strike “(4)” and “(5)”, respectively, and substitute “(IV)” and “(V)”, respectively; in line 1, strike “ESTABLISHED AN AGREEMENT, WITH” and substitute “A REASONABLE EXPECTATION BASED ON THE LICENSEE’S PAST EXPERIENCE THAT”; in lines 3 and 5, in each instance, strike “FINAL”; in line 3, strike “, FOR THE” and substitute “WILL ACCEPT”; in line 6, strike “FINAL” and substitute “COMPLETED”; after line 7, insert:

“(2) (I) A LICENSEE MAY PROVIDE TO A CONSUMER THE MATERIALS REQUIRED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION USING THE INTERNET IF:

1. A DEBT MANAGEMENT COUNSELOR OF THE LICENSEE HAS REVIEWED AND APPROVED THE COMPUTER PROGRAM OR APPLICATION USED TO CREATE THE FINANCIAL ANALYSIS AND INITIAL BUDGET PLAN; AND

2. THE CONSUMER IS:

A. ADVISED OF THE AVAILABILITY OF COUNSELING;  
AND

B. AFFORDED THE OPPORTUNITY FOR COUNSELING AND FOR DISCUSSION OF THE FINANCIAL ANALYSIS AND INITIAL BUDGET PLAN WITH A DEBT MANAGEMENT COUNSELOR AT ANY TIME.

(II) TITLE 21 OF THE COMMERCIAL LAW ARTICLE APPLIES TO THE PROVISION OF MATERIALS AND ASSOCIATED TRANSACTIONS UNDER THIS PARAGRAPH.”;

in line 8, strike “FINAL”; in line 24, strike “CANCEL” and substitute “RESCIND”; and in line 25,

strike “CANCELLATION” and substitute “RESCISSION”.

On page 21, in line 9, strike “WILL” and substitute “THE LICENSEE REASONABLY EXPECTS”; in the same line, after “NOT” insert “TO”; after line 14, insert:

“(X) A DISCLOSURE THAT THE LICENSEE MAY NOT, AS A CONDITION OF ENTERING INTO A DEBT MANAGEMENT SERVICES AGREEMENT, REQUIRE A CONSUMER TO PURCHASE FOR A FEE A COUNSELING SESSION, AN EDUCATIONAL PROGRAM, OR MATERIALS AND SUPPLIES;”;

and in lines 15, 18, 25, and 28, strike “(X)”, “(XI)”, “(XII)”, and “(XIII)”, respectively, and substitute “(XI)”, “(XII)”, “(XIII)”, and “(XIV)”, respectively.

On page 22, in line 10, strike “5” and substitute “8”; and strike in their entirety lines 19 through 28, inclusive.

#### AMENDMENT NO. 4

On page 22, in line 30, after “(A)” insert “WITH RESPECT TO THE PROVISION OF DEBT MANAGEMENT SERVICES;”; in line 33, after “(1)” insert “EXCEPT AS PROVIDED IN SUBSECTIONS (G)(3) AND (I) OF THIS SECTION;”; and in line 34, strike “FINAL”.

On page 23, in line 6, strike “\$5” and substitute “\$8”; in line 10, strike “\$30” and substitute “\$40”; in line 14, after “TO” insert a colon; after line 14 insert:

“(1) PREPARE A FINANCIAL ANALYSIS OR AN INITIAL BUDGET PLAN FOR THE CONSUMER;

(2) COUNSEL A CONSUMER ABOUT DEBT MANAGEMENT;

(3) PROVIDE A CONSUMER WITH THE CONSUMER EDUCATION PROGRAM DESCRIBED IN THE LICENSEE'S LICENSE APPLICATION; OR”;

in line 18, strike “CANCEL” and substitute “(4) RESCIND”; in line 22, strike “ANY” and substitute “A DEBT MANAGEMENT”; in line 24, after “CONSUMER” insert “FOR DEBT MANAGEMENT SERVICES”; after line 26, insert:

“(G) (1) BEFORE PROVIDING DEBT MANAGEMENT SERVICES TO A CONSUMER, A LICENSEE SHALL PROVIDE THE CONSUMER A LIST OF SERVICES AND THEIR CHARGES DESCRIBING:

(I) THOSE SERVICES THAT THE LICENSEE OFFERS:

1. FREE OF CHARGE IF THE CONSUMER ENTERS INTO A DEBT MANAGEMENT SERVICES AGREEMENT WITH THE LICENSEE; AND

2. FOR A CHARGE IF THE CONSUMER DOES NOT ENTER INTO A DEBT MANAGEMENT SERVICES AGREEMENT WITH THE LICENSEE; AND

(II) THOSE SERVICES THAT THE LICENSEE OFFERS FOR A CHARGE THAT ARE NOT OFFERED AS A PART OF DEBT MANAGEMENT SERVICES.

(2) A LICENSEE MAY NOT, AS A CONDITION OF ENTERING INTO A DEBT MANAGEMENT SERVICES AGREEMENT, REQUIRE A CONSUMER TO PURCHASE FOR A FEE A COUNSELING SESSION, AN EDUCATIONAL PROGRAM, OR MATERIALS AND SUPPLIES.

(3) A LICENSEE MAY CHARGE A CONSUMER A FEE FOR A COUNSELING SESSION, AN EDUCATIONAL PROGRAM, OR MATERIALS AND SUPPLIES IF THE CONSUMER DOES NOT ENTER INTO A DEBT MANAGEMENT SERVICES AGREEMENT WITH THE LICENSEE.

(H) (1) IN ADDITION TO ANY OTHER RIGHT OF RESCISSION CONTAINED IN THE DEBT MANAGEMENT SERVICES AGREEMENT, A CONSUMER MAY MODIFY OR RESCIND A DEBT MANAGEMENT SERVICES AGREEMENT IF THE CONSUMER IS NOTIFIED OF A CREDITOR’S NONPARTICIPATION UNDER THIS SUBSECTION.

(2) IF A CREDITOR THAT IS LISTED AS PARTICIPATING IN THE DEBT MANAGEMENT SERVICES AGREEMENT DECLINES TO PARTICIPATE IN DEBT MANAGEMENT SERVICES UNDER THE AGREEMENT, THE LICENSEE SHALL NOTIFY

THE CONSUMER BY CERTIFIED MAIL, OR OTHER VERIFIABLE MEANS APPROVED BY THE CONSUMER, AT LEAST 5 BUSINESS DAYS BEFORE THE CONSUMER'S NEXT SCHEDULED PAYMENT UNDER THE AGREEMENT.

(3) THE NOTICE SHALL INCLUDE:

(I) THE IDENTITY OF THE CREDITOR; AND

(II) THE RIGHT OF THE CONSUMER TO MODIFY OR RESCIND THE AGREEMENT.

(4) A CONSUMER WHO RESCINDS A DEBT MANAGEMENT SERVICES AGREEMENT UNDER THIS SUBSECTION IS ENTITLED TO A REFUND OF ALL UNEXPENDED FUNDS THAT THE CONSUMER HAS PAID TO THE LICENSEE FOR THE REDUCTION OF THE CONSUMER'S DEBT.

(I) IF A PAYMENT BY A CONSUMER UNDER THIS SECTION TO A LICENSEE IS DISHONORED, THE LICENSEE MAY CHARGE THE CONSUMER THE AMOUNT ALLOWABLE FOR DISHONORED CHECKS OR OTHER INSTRUMENTS UNDER § 15-802 OF THE COMMERCIAL LAW ARTICLE, WHETHER OR NOT THE CONSUMER HAS ENTERED INTO A DEBT MANAGEMENT SERVICES AGREEMENT WITH THE LICENSEE.”;

in line 27, strike “(G)” and substitute “(J) WITH RESPECT TO THE PROVISION OF DEBT MANAGEMENT SERVICES,”.

On pages 23 and 24, strike in their entirety the lines beginning with line 34 on page 23 through line 7 on page 24, inclusive.

AMENDMENT NO. 5

On page 32, after line 27, insert:

“(2) AN ORDER ISSUED UNDER THIS SUBSECTION MAY APPLY TO A LICENSEE'S AGENT THAT VIOLATES ANY PROVISION OF THIS SUBTITLE OR THE REGULATIONS ADOPTED UNDER THIS SUBTITLE.”;

and in line 28, strike “(2)” and substitute “(3)”.

On page 34, strike in their entirety, lines 12 through 33, inclusive.

On page 35, strike in their entirety, lines 1 through 29, inclusive; in line 30, strike “7.” and substitute “5.”; and strike beginning with the second comma in line 30 down through the first comma in line 31.