

SENATE BILL No. 454

By Senator Betts

1-26

9 AN ACT amending the Kansas credit services organization act; concern-
10 ing nonprofit entities; amending K.S.A. 50-1117 and repealing the ex-
11 isting section.

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

14 Section 1. K.S.A. 50-1117 is hereby amended to read as follows: 50-
15 1117. Definitions as used in this act: (a) "Commissioner" means the state
16 bank commissioner.

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

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

22 (d) "Debt management service" means:

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

26 (2) improving or offering to improve a consumer's credit record, his-
27 tory or rating; or

28 (3) negotiating or offering to negotiate to defer or reduce a con-
29 sumer's obligations with respect to credit extended by others.

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

31 (f) "Person" means any individual, corporation, partnership, associa-
32 tion, unincorporated organization or other form of entity, however or-
33 ganized, ~~including~~ *but shall not include* a nonprofit entity.

34 (g) "Related interest" means a person:

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

36 (A) The spouse of the individual;

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

38 (C) an ancestor or lineal descendant of the individual or the individ-
39 ual's spouse; and

40 (D) any other relative, by blood, adoption or marriage, of the indi-
41 vidual or such individual's spouse who shares the same residence with the
42 individual.

43 (2) With respect to a corporation, partnership, association, unincor-

- 1 porated organization or other form of entity, however organized, includ-
2 ing a nonprofit entity, which is:
- 3 (A) Directly or indirectly controlling, controlled by or under common
4 control by a person; or
- 5 (B) an officer or director of a person or a person performing similar
6 functions.
- 7 (h) “Registrant” means a person who is registered by the commis-
8 sioner as a credit services organization.
- 9 (i) “Trust account” means an account established by the applicant or
10 registrant in a federally insured financial institution used to hold funds
11 paid by consumers to a credit services organization for disbursement to
12 creditors of consumers that is designated as a trust account or other ap-
13 propriate designation indicating the funds in the account are:
- 14 (1) Not funds of the applicant or registrant or its owners, officers or
15 employees; and
- 16 (2) unavailable to creditors of the applicant or registrant.
- 17 Sec. 2. K.S.A. 50-1117 is hereby repealed.
- 18 Sec. 3. This act shall take effect and be in force from and after its
19 publication in the statute book.