S T A T E O F N E W Y O R K

3735--A

2011-2012 Regular Sessions

I N S E N A T E

March 2, 2011

Introduced by Sen. GRIFFO -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general business law, in relation to debt management services; and to amend the banking law, in relation to the uniform debt-management services act; and repealing certain provisions of such laws relating thereto

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The article heading of article 28-B of the general business law, as added by chapter 1031 of the laws of 1965, is amended to read as follows:

[BUDGET PLANNING] DEBT-MANAGEMENT SERVICES

S 2. Section 455 of the general business law is REPEALED and a new section 455 is added to read as follows:

S 455. DEFINITIONS. DEBT-MANAGEMENT SERVICES, AS USED IN THIS ARTICLE, MEANS THE MAKING OF A CONTRACT BETWEEN A PERSON OR ENTITY ENGAGED IN THE BUSINESS OF PROVIDING DEBT-MANAGEMENT SERVICES AS DEFINED IN ARTICLE TWELVE-C OF THE BANKING LAW.

S 3. Section 456 of the general business law, as amended by chapter 456 of the laws of 2006, is amended to read as follows:

S 456. [Budget planning] DEBT-MANAGEMENT prohibited. No person or entity shall engage in the business of [budget planning] PROVIDING DEBT-MANAGEMENT SERVICES as defined in section four hundred fifty-five of this article, except as authorized in article twelve-C of the banking law.

S 4. Article 12-C of the banking law is REPEALED and a new article 12-C is added to read as follows:

ARTICLE 12-C

UNIFORM DEBT-MANAGEMENT SERVICES ACT

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD00513-03-1

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588-C. TRANSITIONAL PROVISIONS; APPLICATION TO EXISTING TRANSACTIONS.

S 579. SHORT TITLE. THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE "UNIFORM DEBT-MANAGEMENT SERVICES ACT".

S 579-A. DEFINITIONS. IN THIS ARTICLE:

1. "SUPERINTENDENT" MEANS THE SUPERINTENDENT OF BANKS.

2. "AFFILIATE":

(A) WITH RESPECT TO AN INDIVIDUAL, MEANS:

(I) THE SPOUSE OF THE INDIVIDUAL;

(II) A SIBLING OF THE INDIVIDUAL OR THE SPOUSE OF A SIBLING;

(III) AN INDIVIDUAL OR THE SPOUSE OF AN INDIVIDUAL WHO IS A LINEAL ANCESTOR OR LINEAL DESCENDANT OF THE INDIVIDUAL OR THE INDIVIDUAL'S SPOUSE;

(IV) AN AUNT, UNCLE, GREAT AUNT, GREAT UNCLE, FIRST COUSIN, NIECE, NEPHEW, GRANDNIECE, OR GRANDNEPHEW, WHETHER RELATED BY WHOLE OR HALF BLOOD OR ADOPTION, OR THE SPOUSE OF ANY OF THEM; OR

(V) ANY OTHER INDIVIDUAL OCCUPYING THE RESIDENCE OF THE INDIVIDUAL; AND

(B) WITH RESPECT TO AN ENTITY, MEANS:

(I) A PERSON THAT DIRECTLY OR INDIRECTLY CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH THE ENTITY;

(II) AN OFFICER OF, OR AN INDIVIDUAL PERFORMING SIMILAR FUNCTIONS WITH RESPECT TO, THE ENTITY;

(III) A DIRECTOR OF, OR AN INDIVIDUAL PERFORMING SIMILAR FUNCTIONS WITH RESPECT TO, THE ENTITY;

(IV) AN EXECUTIVE OFFICER OR DIRECTOR OF, OR AN INDIVIDUAL PERFORMING SIMILAR FUNCTIONS WITH RESPECT TO, A PERSON DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH;

(V) THE SPOUSE OF, OR AN INDIVIDUAL OCCUPYING THE RESIDENCE OF, AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPHS (I) THROUGH (IV) OF THIS PARAGRAPH; OR

(VI) AN INDIVIDUAL WHO HAS THE RELATIONSHIP SPECIFIED IN SUBPARAGRAPH (IV) OF PARAGRAPH (A) OF THIS SUBDIVISION TO AN INDIVIDUAL OR THE SPOUSE OF AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPHS (I) THROUGH (IV) OF THIS PARAGRAPH.

3. "AGREEMENT" MEANS AN AGREEMENT BETWEEN A PROVIDER AND AN INDIVIDUAL FOR THE PERFORMANCE OF DEBT-MANAGEMENT SERVICES.

4. "BANK" MEANS A FINANCIAL INSTITUTION, INCLUDING A COMMERCIAL BANK, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION, AND TRUST COMPANY, ENGAGED IN THE BUSINESS OF BANKING, CHARTERED UNDER FEDERAL OR STATE LAW, AND REGULATED BY A FEDERAL OR STATE BANKING REGULATORY AUTHORITY.

5. "BUSINESS ADDRESS" MEANS THE PHYSICAL LOCATION OF A BUSINESS, INCLUDING THE NAME AND NUMBER OF A STREET.

6. (A) "CERTIFIED COUNSELOR" MEANS AN INDIVIDUAL CERTIFIED BY A TRAINING PROGRAM OR CERTIFYING ORGANIZATION, APPROVED BY THE SUPERINTENDENT, THAT AUTHENTICATES THE COMPETENCE OF INDIVIDUALS PROVIDING EDUCATION AND ASSISTANCE TO OTHER INDIVIDUALS IN CONNECTION WITH DEBT-MANAGEMENT SERVICES IN WHICH AN AGREEMENT CONTEMPLATES THAT CREDITORS WILL REDUCE FINANCE CHARGES OR FEES FOR LATE PAYMENT, DEFAULT, OR DELINQUENCY.

(B) "CERTIFIED DEBT SPECIALIST" MEANS AN INDIVIDUAL CERTIFIED BY A TRAINING PROGRAM OR CERTIFYING ORGANIZATION, APPROVED BY THE SUPERINTENDENT, THAT AUTHENTICATES THE COMPETENCE OF INDIVIDUALS PROVIDING EDUCATION AND ASSISTANCE TO OTHER INDIVIDUALS IN CONNECTION WITH DEBT-MANAGEMENT SERVICES IN WHICH AN AGREEMENT CONTEMPLATES THAT CREDITORS WILL SETTLE DEBTS FOR LESS THAN THE FULL PRINCIPAL AMOUNT OF DEBT OWED.

7. "CONCESSIONS" MEANS ASSENT TO REPAYMENT OF A DEBT ON TERMS MORE FAVORABLE TO AN INDIVIDUAL THAN THE TERMS OF THE CONTRACT BETWEEN THE INDIVIDUAL AND A CREDITOR.

8. "DAY" MEANS CALENDAR DAY.

9. "DEBT-MANAGEMENT SERVICES" MEANS SERVICES AS AN INTERMEDIARY BETWEEN AN INDIVIDUAL AND ONE OR MORE CREDITORS OF THE INDIVIDUAL FOR THE PURPOSE OF OBTAINING CONCESSIONS, BUT DOES NOT INCLUDE:

(A) LEGAL SERVICES PROVIDED IN AN ATTORNEY-CLIENT RELATIONSHIP BY AN ATTORNEY LICENSED OR OTHERWISE AUTHORIZED TO PRACTICE LAW IN THIS STATE IF THE PROVISION OF DEBT MANAGEMENT SERVICES IS INCIDENTAL TO THE PRACTICE OF LAW;

(B) ACCOUNTING SERVICES PROVIDED IN AN ACCOUNTANT-CLIENT RELATIONSHIP BY A CERTIFIED PUBLIC ACCOUNTANT LICENSED TO PROVIDE ACCOUNTING SERVICES IN THIS STATE; OR

(C) FINANCIAL-PLANNING SERVICES PROVIDED IN A FINANCIAL PLANNER-CLIENT RELATIONSHIP BY A MEMBER OF A FINANCIAL-PLANNING PROFESSION WHOSE MEMBERS THE SUPERINTENDENT, BY RULE, DETERMINES ARE:

(I) LICENSED BY THIS STATE;

(II) SUBJECT TO A DISCIPLINARY MECHANISM;

(III) SUBJECT TO A CODE OF PROFESSIONAL RESPONSIBILITY; AND

(IV) SUBJECT TO A CONTINUING-EDUCATION REQUIREMENT.

10. "ENTITY" MEANS A PERSON OTHER THAN AN INDIVIDUAL.

11. "GOOD FAITH" MEANS HONESTY IN FACT AND THE OBSERVANCE OF REASONABLE STANDARDS OF FAIR DEALING.

12. "PERSON" MEANS AN INDIVIDUAL, CORPORATION, BUSINESS TRUST, ESTATE, TRUST, PARTNERSHIP, LIMITED LIABILITY COMPANY, ASSOCIATION, JOINT VENTURE, OR ANY OTHER LEGAL OR COMMERCIAL ENTITY. THE TERM DOES NOT INCLUDE A PUBLIC CORPORATION, GOVERNMENT, OR GOVERNMENTAL SUBDIVISION, AGENCY, OR INSTRUMENTALITY.

13. "PLAN" MEANS A PROGRAM OR STRATEGY IN WHICH A PROVIDER FURNISHES DEBT-MANAGEMENT SERVICES TO AN INDIVIDUAL AND WHICH INCLUDES A SCHEDULE OF PAYMENTS TO BE MADE BY OR ON BEHALF OF THE INDIVIDUAL AND USED TO PAY DEBTS OWED BY THE INDIVIDUAL.

14. "PRINCIPAL AMOUNT OF THE DEBT" MEANS THE AMOUNT OF A DEBT AT THE TIME OF AN AGREEMENT.

15. "PROVIDER" MEANS A PERSON THAT PROVIDES, OFFERS TO PROVIDE, OR AGREES TO PROVIDE DEBT-MANAGEMENT SERVICES DIRECTLY OR THROUGH OTHERS.

16. "RECORD" MEANS INFORMATION THAT IS INSCRIBED ON A TANGIBLE MEDIUM OR THAT IS STORED IN AN ELECTRONIC OR OTHER MEDIUM AND IS RETRIEVABLE IN PERCEIVABLE FORM.

17. "SETTLEMENT FEE" MEANS A CHARGE IMPOSED ON OR PAID BY AN INDIVIDUAL IN CONNECTION WITH A CREDITOR'S ASSENT TO ACCEPT IN FULL SATISFACTION OF A DEBT AN AMOUNT LESS THAN THE PRINCIPAL AMOUNT OF THE DEBT.

18. "SIGN" MEANS, WITH PRESENT INTENT TO AUTHENTICATE OR ADOPT A RECORD:

(A) TO EXECUTE OR ADOPT A TANGIBLE SYMBOL; OR

(B) TO ATTACH TO OR LOGICALLY ASSOCIATE WITH THE RECORD AN ELECTRONIC SOUND, SYMBOL, OR PROCESS.

19. "STATE" MEANS A STATE OF THE UNITED STATES, THE DISTRICT OF COLUMBIA, PUERTO RICO, THE UNITED STATES VIRGIN ISLANDS, OR ANY TERRITORY OR INSULAR POSSESSION SUBJECT TO THE JURISDICTION OF THE UNITED STATES.

20. "TRUST ACCOUNT" MEANS AN ACCOUNT HELD BY A PROVIDER THAT IS:

(A) ESTABLISHED BY AND IN THE NAME OF THE PROVIDER IN AN INSURED BANK;

(B) SEPARATE FROM OTHER ACCOUNTS OF THE PROVIDER OR ITS DESIGNEE;

(C) DESIGNATED AS A TRUST ACCOUNT OR OTHER ACCOUNT DESIGNATED TO INDICATE THAT THE MONEY IN THE ACCOUNT IS NOT THE MONEY OF THE PROVIDER OR ITS DESIGNEE; AND

(D) USED TO HOLD MONEY OF ONE OR MORE INDIVIDUALS FOR DISBURSEMENT BY THE PROVIDER TO CREDITORS OF THE INDIVIDUALS.

21. "DEDICATED ACCOUNT" MEANS AN ACCOUNT THAT IS:

(A) ESTABLISHED BY AND IN THE NAME OF AN INDIVIDUAL IN AN INSURED BANK;

(B) AT ALL TIMES THE PROPERTY AND UNDER THE CONTROL OF THE INDIVIDUAL, INCLUDING ANY INTEREST THAT MAY ACCRUE THEREUPON, IF THE ACCOUNT IS INTEREST-BEARING; AND

(C) ESTABLISHED BY THE INDIVIDUAL DIRECTLY OR THROUGH AN AGENT THAT IS NOT UNDER THE CONTROL OF THE PROVIDER.

S 579-B. EXEMPT AGREEMENTS AND PERSONS. 1. THIS ARTICLE DOES NOT APPLY TO AN AGREEMENT WITH AN INDIVIDUAL WHO THE PROVIDER HAS NO REASON TO KNOW RESIDES IN THIS STATE AT THE TIME OF THE AGREEMENT.

2. THIS ARTICLE DOES NOT APPLY TO A PROVIDER TO THE EXTENT THAT THE PROVIDER:

(A) PROVIDES OR AGREES TO PROVIDE DEBT-MANAGEMENT, EDUCATIONAL, OR COUNSELING SERVICES TO AN INDIVIDUAL WHO THE PROVIDER HAS NO REASON TO KNOW RESIDES IN THIS STATE AT THE TIME THE PROVIDER AGREES TO PROVIDE THE SERVICES; OR

(B) RECEIVES NO COMPENSATION FOR DEBT-MANAGEMENT SERVICES FROM OR ON BEHALF OF THE INDIVIDUALS TO WHOM IT PROVIDES THE SERVICES OR FROM THEIR CREDITORS.

3. THIS ARTICLE DOES NOT APPLY TO THE FOLLOWING PERSONS OR THEIR EMPLOYEES WHEN THE PERSON OR THE EMPLOYEE IS ENGAGED IN THE REGULAR COURSE OF THE PERSON'S BUSINESS OR PROFESSION:

(A) A JUDICIAL OFFICER, A PERSON ACTING UNDER AN ORDER OF A COURT OR AN ADMINISTRATIVE AGENCY, OR AN ASSIGNEE FOR THE BENEFIT OF CREDITORS;

(B) A BANK;

(C) AN AFFILIATE OR AGENT OF A BANK IF THE AFFILIATE IS REGULATED BY A FEDERAL OR STATE BANKING REGULATORY AUTHORITY; OR

(D) A TITLE INSURER, ESCROW COMPANY, OR OTHER PERSON THAT PROVIDES BILL-PAYING SERVICES IF THE PROVISION OF DEBT-MANAGEMENT SERVICES IS INCIDENTAL TO THE BILL-PAYING SERVICES.

S 579-C. REGISTRATION. 1. EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION TWO OF THIS SECTION, A PROVIDER MAY NOT PROVIDE DEBT-MANAGEMENT SERVICES TO AN INDIVIDUAL WHO IT REASONABLY SHOULD KNOW RESIDES IN THIS STATE AT THE TIME IT AGREES TO PROVIDE THE SERVICES, UNLESS THE PROVIDER IS REGISTERED UNDER THIS ARTICLE.

2. IF A PROVIDER IS REGISTERED UNDER THIS ARTICLE, SUBDIVISION ONE OF THIS SECTION DOES NOT APPLY TO AN EMPLOYEE OR AGENT OF THE PROVIDER.

3. THE SUPERINTENDENT SHALL MAINTAIN AND PUBLICIZE A LIST OF THE NAMES OF ALL REGISTERED PROVIDERS.

S 580. APPLICATION FOR REGISTRATION; FORM, FEE, AND ACCOMPANYING DOCUMENTS. 1. AN APPLICATION FOR REGISTRATION AS A PROVIDER MUST BE IN A FORM PRESCRIBED BY THE SUPERINTENDENT.

2. SUBJECT TO ADJUSTMENT OF DOLLAR AMOUNTS PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, AN APPLICATION FOR REGISTRATION AS A PROVIDER MUST BE ACCOMPANIED BY:

(A) THE FEE ESTABLISHED BY THE SUPERINTENDENT;

(B) THE BOND REQUIRED BY SECTION FIVE HUNDRED EIGHTY-TWO OF THIS ARTICLE;

(C) IDENTIFICATION OF ALL TRUST ACCOUNTS REQUIRED BY SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE AND AN IRREVOCABLE CONSENT AUTHORIZING THE SUPERINTENDENT TO REVIEW AND EXAMINE THE TRUST ACCOUNTS;

(D) EVIDENCE OF INSURANCE IN THE AMOUNT OF TWO HUNDRED FIFTY THOUSAND DOLLARS:

(I) AGAINST THE RISKS OF DISHONESTY, FRAUD, THEFT, AND OTHER MISCONDUCT ON THE PART OF THE APPLICANT OR A DIRECTOR, EMPLOYEE, OR AGENT OF THE APPLICANT;

(II) ISSUED BY AN INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN THIS STATE AND RATED AT LEAST A OR EQUIVALENT BY A NATIONALLY RECOGNIZED RATING ORGANIZATION APPROVED BY THE SUPERINTENDENT;

(III) WITH A DEDUCTIBLE NOT EXCEEDING FIVE THOUSAND DOLLARS;

(IV) PAYABLE FOR THE BENEFIT OF THE APPLICANT, THIS STATE, AND INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE, AS THEIR INTERESTS MAY APPEAR; AND

(V) NOT SUBJECT TO CANCELLATION BY THE APPLICANT OR THE INSURER UNTIL SIXTY DAYS AFTER WRITTEN NOTICE HAS BEEN GIVEN TO THE SUPERINTENDENT;

(E) A RECORD CONSENTING TO THE JURISDICTION OF THIS STATE CONTAINING:

(I) THE NAME, BUSINESS ADDRESS, AND OTHER CONTACT INFORMATION OF ITS REGISTERED AGENT IN THIS STATE FOR PURPOSES OF SERVICE OF PROCESS; OR

(II) THE APPOINTMENT OF THE SUPERINTENDENT AS AGENT OF THE PROVIDER FOR PURPOSES OF SERVICE OF PROCESS; AND

(F) IF THE APPLICANT IS EXEMPT FROM TAXATION, EVIDENCE OF TAX-EXEMPT STATUS APPLICABLE TO THE APPLICANT UNDER THE INTERNAL REVENUE CODE, 26 U.S.C. SECTION 501, AS AMENDED.

S 580-A. APPLICATION FOR REGISTRATION; REQUIRED INFORMATION. AN APPLICATION FOR REGISTRATION MUST BE SIGNED UNDER OATH AND INCLUDE:

1. THE APPLICANT'S NAME, PRINCIPAL BUSINESS ADDRESS AND TELEPHONE NUMBER, AND ALL OTHER BUSINESS ADDRESSES IN THIS STATE, ELECTRONIC-MAIL ADDRESSES, AND INTERNET WEBSITE ADDRESSES;

2. ALL NAMES UNDER WHICH THE APPLICANT CONDUCTS BUSINESS;

3. THE ADDRESS OF EACH LOCATION IN THIS STATE AT WHICH THE APPLICANT WILL PROVIDE DEBT-MANAGEMENT SERVICES OR A STATEMENT THAT THE APPLICANT WILL HAVE NO SUCH LOCATION;

4. THE NAME AND HOME ADDRESS OF EACH OFFICER AND DIRECTOR OF THE APPLICANT AND EACH PERSON THAT OWNS AT LEAST TEN PERCENT OF THE APPLICANT;

5. IDENTIFICATION OF EVERY JURISDICTION IN WHICH, DURING THE FIVE YEARS IMMEDIATELY PRECEDING THE APPLICATION:

(A) THE APPLICANT OR ANY OF ITS OFFICERS OR DIRECTORS HAS BEEN LICENSED OR REGISTERED TO PROVIDE DEBT-MANAGEMENT SERVICES; OR

(B) INDIVIDUALS HAVE RESIDED WHEN THEY RECEIVED DEBT-MANAGEMENT SERVICES FROM THE APPLICANT;

6. A STATEMENT DESCRIBING, TO THE EXTENT IT IS KNOWN OR SHOULD BE KNOWN BY THE APPLICANT, ANY MATERIAL CIVIL OR CRIMINAL JUDGMENT OR LITIGATION AND ANY MATERIAL ADMINISTRATIVE OR ENFORCEMENT ACTION BY A GOVERNMENTAL AGENCY IN ANY JURISDICTION AGAINST THE APPLICANT, ANY OF ITS OFFICERS, DIRECTORS, OWNERS, OR AGENTS, OR ANY PERSON WHO IS AUTHORIZED TO HAVE ACCESS TO THE TRUST ACCOUNT REQUIRED BY SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE;

7. THE APPLICANT'S FINANCIAL STATEMENTS FOR EACH OF THE TWO YEARS IMMEDIATELY PRECEDING THE APPLICATION OR, IF IT HAS NOT BEEN IN OPERATION FOR THE TWO YEARS PRECEDING THE APPLICATION, FOR THE PERIOD OF ITS EXISTENCE, HOWEVER, IF THE COMPANY DOES NOT HOLD DEBTOR FUNDS FOR PAYMENT TO CREDITORS IN TRUST PURSUANT TO SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE THE FINANCIAL STATEMENTS NEED ONLY BE REVIEWED BY A LICENSED ACCOUNTANT;

8. EVIDENCE OF ACCREDITATION BY AN INDEPENDENT ACCREDITING ORGANIZATION APPROVED BY THE SUPERINTENDENT;

9. EVIDENCE THAT, WITHIN TWELVE MONTHS AFTER INITIAL EMPLOYMENT, EACH OF THE APPLICANT'S COUNSELORS BECOMES CERTIFIED AS A CERTIFIED COUNSELOR OR CERTIFIED DEBT SPECIALIST;

10. IF THE APPLICANT PROVIDES OR INTENDS TO PROVIDE EDUCATIONAL PROGRAMS TO INDIVIDUALS WHO RESIDE IN THIS STATE, A DESCRIPTION OF THE THREE MOST COMMONLY USED EDUCATIONAL PROGRAMS THAT THE APPLICANT PROVIDES OR INTENDS TO PROVIDE AND A COPY OF ANY MATERIALS USED OR TO BE USED IN THOSE PROGRAMS;

11. A DESCRIPTION OF THE APPLICANT'S FINANCIAL ANALYSIS AND INITIAL BUDGET PLAN, INCLUDING ANY FORM OR ELECTRONIC MODEL, USED TO EVALUATE THE FINANCIAL CONDITION OF INDIVIDUALS;

12. A COPY OF EACH FORM OF AGREEMENT THAT THE APPLICANT WILL USE WITH INDIVIDUALS WHO RESIDE IN THIS STATE;

13. THE SCHEDULE OF FEES AND CHARGES THAT THE APPLICANT WILL USE WITH INDIVIDUALS WHO RESIDE IN THIS STATE;

14. AT THE APPLICANT'S EXPENSE, THE RESULTS OF A CRIMINAL-RECORDS CHECK, INCLUDING FINGERPRINTS, CONDUCTED WITHIN THE IMMEDIATELY PRECEDING TWELVE MONTHS, COVERING EVERY OFFICER OF THE APPLICANT AND EVERY EMPLOYEE OR AGENT OF THE APPLICANT WHO IS AUTHORIZED TO HAVE ACCESS TO THE TRUST ACCOUNT REQUIRED BY SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE;

15. THE NAMES AND ADDRESSES OF ALL EMPLOYERS OF EACH DIRECTOR DURING THE TEN YEARS IMMEDIATELY PRECEDING THE APPLICATION;

16. A DESCRIPTION OF ANY VOTING INTEREST OF AT LEAST TEN PERCENT BY A DIRECTOR, OWNER, OR EMPLOYEE OF THE APPLICANT IN:

(A) ANY AFFILIATE OF THE APPLICANT; OR

(B) ANY ENTITY THAT PROVIDES PRODUCTS OR SERVICES TO THE APPLICANT OR ANY INDIVIDUAL RELATING TO THE APPLICANT'S DEBT-MANAGEMENT SERVICES;

17. IF AN APPLICANT IS EXEMPT FROM TAXATION, A STATEMENT OF THE AMOUNT OF COMPENSATION OF THE APPLICANT'S FIVE MOST HIGHLY COMPENSATED EMPLOYEES FOR EACH OF THE THREE YEARS IMMEDIATELY PRECEDING THE APPLICATION OR, IF IT HAS NOT BEEN IN OPERATION FOR THE THREE YEARS PRECEDING THE APPLICATION, FOR THE PERIOD OF ITS EXISTENCE;

18. THE IDENTITY OF EACH DIRECTOR WHO IS AN AFFILIATE OF THE APPLICANT; AND

19. ANY OTHER INFORMATION THAT THE SUPERINTENDENT REASONABLY REQUIRES TO PERFORM THE SUPERINTENDENT'S DUTIES UNDER SECTION FIVE HUNDRED EIGHTY-ONE OF THIS ARTICLE.

S 580-B. APPLICATION FOR REGISTRATION; OBLIGATION TO UPDATE. AN APPLICANT OR REGISTERED PROVIDER SHALL NOTIFY THE SUPERINTENDENT WITHIN TEN DAYS AFTER A CHANGE IN THE INFORMATION SPECIFIED IN SECTION FIVE HUNDRED EIGHTY OF THIS ARTICLE.

S 580-C. APPLICATION FOR REGISTRATION; PUBLIC INFORMATION. EXCEPT FOR THE INFORMATION REQUIRED BY SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE AND THE ADDRESSES REQUIRED BY SUBDIVISION FOUR OF SUCH SECTION, THE SUPERINTENDENT SHALL MAKE THE INFORMATION IN AN APPLICATION FOR REGISTRATION AS A PROVIDER AVAILABLE TO THE PUBLIC.

S 581. CERTIFICATE OF REGISTRATION; ISSUANCE OR DENIAL. 1. EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISIONS THREE AND FOUR OF THIS SECTION, THE SUPERINTENDENT SHALL ISSUE A CERTIFICATE OF REGISTRATION AS A PROVIDER TO A PERSON THAT COMPLIES WITH SECTIONS FIVE HUNDRED EIGHTY AND FIVE HUNDRED EIGHTY-A OF THIS ARTICLE.

2. IF AN APPLICANT HAS OTHERWISE COMPLIED WITH SECTIONS FIVE HUNDRED EIGHTY AND FIVE HUNDRED EIGHTY-A OF THIS ARTICLE, INCLUDING A TIMELY EFFORT TO OBTAIN THE INFORMATION REQUIRED BY SUBDIVISION FOURTEEN OF SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE BUT THE INFORMATION HAS NOT BEEN RECEIVED, THE SUPERINTENDENT MAY ISSUE A TEMPORARY CERTIFICATE OF REGISTRATION. THE TEMPORARY CERTIFICATE SHALL EXPIRE NO LATER THAN ONE HUNDRED EIGHTY DAYS AFTER ISSUANCE.

3. THE SUPERINTENDENT MAY DENY REGISTRATION IF:

(A) THE APPLICATION CONTAINS INFORMATION THAT IS MATERIALLY ERRONEOUS OR INCOMPLETE;

(B) AN OFFICER OR DIRECTOR OF THE APPLICANT HAS BEEN CONVICTED OF A CRIME, OR SUFFERED A CIVIL JUDGMENT, INVOLVING DISHONESTY OR THE VIOLATION OF STATE OR FEDERAL SECURITIES LAWS;

(C) THE APPLICANT OR ANY OF ITS OFFICERS OR DIRECTORS HAS DEFAULTED IN THE PAYMENT OF MONEY COLLECTED FOR OTHERS; OR

(D) THE SUPERINTENDENT FINDS THAT THE FINANCIAL RESPONSIBILITY, EXPERIENCE, CHARACTER, OR GENERAL FITNESS OF THE APPLICANT OR ITS DIRECTORS, EMPLOYEES, OR AGENTS DOES NOT WARRANT BELIEF THAT THE BUSINESS WILL BE OPERATED IN COMPLIANCE WITH THIS ARTICLE.

4. THE SUPERINTENDENT SHALL DENY REGISTRATION IF, WITH RESPECT TO AN APPLICANT THAT IS ORGANIZED AS A NOT-FOR-PROFIT ENTITY OR HAS OBTAINED TAX-EXEMPT STATUS UNDER THE INTERNAL REVENUE CODE, 26 U.S.C. SECTION 501, AS AMENDED, THE APPLICANT'S BOARD OF DIRECTORS IS NOT INDEPENDENT OF THE APPLICANT'S EMPLOYEES AND AGENTS.

5. SUBJECT TO ADJUSTMENT OF THE DOLLAR AMOUNT PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, A BOARD OF DIRECTORS IS NOT INDEPENDENT FOR PURPOSES OF SUBDIVISION FOUR OF THIS SECTION IF MORE THAN ONE-FOURTH OF ITS MEMBERS:

(A) ARE AFFILIATES OF THE APPLICANT; OR

(B) AFTER THE DATE TEN YEARS BEFORE FIRST BECOMING A DIRECTOR OF THE APPLICANT, WERE EMPLOYED BY OR DIRECTORS OF A PERSON THAT RECEIVED FROM THE APPLICANT MORE THAN TWENTY-FIVE THOUSAND DOLLARS IN EITHER THE CURRENT YEAR OR THE PRECEDING YEAR.

S 581-A. CERTIFICATE OF REGISTRATION; TIMING. 1. THE SUPERINTENDENT SHALL APPROVE OR DENY AN INITIAL REGISTRATION AS A PROVIDER WITHIN ONE HUNDRED TWENTY DAYS AFTER AN APPLICATION IS FILED. IN CONNECTION WITH A REQUEST PURSUANT TO SUBDIVISION NINETEEN OF SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE FOR ADDITIONAL INFORMATION, THE SUPERINTENDENT MAY EXTEND THE ONE HUNDRED TWENTY-DAY PERIOD FOR NOT MORE THAN SIXTY DAYS. WITHIN SEVEN DAYS AFTER DENYING AN APPLICATION, THE SUPERINTENDENT, IN A RECORD, SHALL INFORM THE APPLICANT OF THE REASONS FOR THE DENIAL.

2. IF THE SUPERINTENDENT DENIES AN APPLICATION FOR REGISTRATION AS A PROVIDER OR DOES NOT ACT ON AN APPLICATION WITHIN THE TIME PRESCRIBED IN SUBDIVISION ONE OF THIS SECTION, THE APPLICANT MAY APPEAL AND REQUEST A HEARING PURSUANT TO THE STATE ADMINISTRATIVE PROCEDURE ACT.

3. SUBJECT TO SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-ONE-B AND SECTION FIVE HUNDRED EIGHT-SEVEN-A OF THIS ARTICLE, A REGISTRATION AS A PROVIDER IS VALID FOR ONE YEAR.

S 581-B. RENEWAL OF REGISTRATION. 1. A PROVIDER MUST OBTAIN A RENEWAL OF ITS REGISTRATION ANNUALLY.

2. AN APPLICATION FOR RENEWAL OF REGISTRATION AS A PROVIDER MUST BE IN A FORM PRESCRIBED BY THE SUPERINTENDENT, SIGNED UNDER OATH, AND:

(A) BE FILED NO FEWER THAN THIRTY AND NO MORE THAN SIXTY DAYS BEFORE THE REGISTRATION EXPIRES;

(B) BE ACCOMPANIED BY THE FEE ESTABLISHED BY THE SUPERINTENDENT AND THE BOND REQUIRED BY SECTION FIVE HUNDRED EIGHTY-TWO OF THIS ARTICLE;

(C) CONTAIN THE MATTER REQUIRED FOR INITIAL REGISTRATION AS A PROVIDER BY SUBDIVISIONS EIGHT AND NINE OF SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE AND A FINANCIAL STATEMENT, AUDITED BY AN ACCOUNTANT LICENSED TO CONDUCT AUDITS, FOR THE APPLICANT'S FISCAL YEAR IMMEDIATELY PRECEDING THE APPLICATION;

(D) DISCLOSE ANY CHANGES IN THE INFORMATION CONTAINED IN THE APPLICANT'S APPLICATION FOR REGISTRATION OR ITS IMMEDIATELY PREVIOUS APPLICATION FOR RENEWAL, AS APPLICABLE. IF AN APPLICATION IS OTHERWISE COMPLETE AND THE APPLICANT HAS MADE A TIMELY EFFORT TO OBTAIN THE INFORMATION REQUIRED BY SUBDIVISION FOURTEEN OF SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE BUT THE INFORMATION HAS NOT BEEN RECEIVED, THE SUPERINTENDENT MAY ISSUE A TEMPORARY RENEWAL OF REGISTRATION. THE TEMPORARY RENEWAL SHALL EXPIRE NO LATER THAN ONE HUNDRED EIGHTY DAYS AFTER ISSUANCE;

(E) SUPPLY EVIDENCE OF INSURANCE IN AN AMOUNT EQUAL TO THE LARGER OF TWO HUNDRED FIFTY THOUSAND DOLLARS OR THE HIGHEST DAILY BALANCE IN THE TRUST ACCOUNT REQUIRED BY SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE DURING THE SIX-MONTH PERIOD IMMEDIATELY PRECEDING THE APPLICATION:

(I) AGAINST RISKS OF DISHONESTY, FRAUD, THEFT, AND OTHER MISCONDUCT ON THE PART OF THE APPLICANT OR A DIRECTOR, EMPLOYEE, OR AGENT OF THE APPLICANT;

(II) ISSUED BY AN INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN THIS STATE AND RATED AT LEAST A OR EQUIVALENT BY A NATIONALLY RECOGNIZED RATING ORGANIZATION APPROVED BY THE SUPERINTENDENT;

(III) WITH A DEDUCTIBLE NOT EXCEEDING FIVE THOUSAND DOLLARS;

(IV) PAYABLE FOR THE BENEFIT OF THE APPLICANT, THIS STATE, AND INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE, AS THEIR INTERESTS MAY APPEAR; AND

(V) NOT SUBJECT TO CANCELLATION BY THE APPLICANT OR THE INSURER UNTIL SIXTY DAYS AFTER WRITTEN NOTICE HAS BEEN GIVEN TO THE SUPERINTENDENT;

(VI) IF AN APPLICANT'S BUSINESS PRACTICES INVOLVE HOLDING, ACCESSING OR OTHERWISE CONTROLLING A CONSUMER'S FUNDS, DISCLOSE THE TOTAL AMOUNT OF MONEY RECEIVED BY THE APPLICANT PURSUANT TO PLANS DURING THE PRECEDING TWELVE MONTHS FROM OR ON BEHALF OF INDIVIDUALS WHO RESIDE IN THIS STATE AND THE TOTAL AMOUNT OF MONEY DISTRIBUTED TO CREDITORS OF THOSE INDIVIDUALS DURING THAT PERIOD;

(VII) IF AN APPLICANT'S BUSINESS PRACTICES INVOLVE HOLDING, ACCESSING OR OTHERWISE CONTROLLING A CONSUMER'S FUNDS, DISCLOSE, TO THE BEST OF THE APPLICANT'S KNOWLEDGE, THE GROSS AMOUNT OF MONEY ACCUMULATED DURING THE PRECEDING TWELVE MONTHS PURSUANT TO PLANS BY OR ON BEHALF OF INDIVIDUALS WHO RESIDE IN THIS STATE AND WITH WHOM THE APPLICANT HAS AGREEMENTS; AND

(VIII) PROVIDE ANY OTHER INFORMATION THAT THE SUPERINTENDENT REASONABLY REQUIRES TO PERFORM THE SUPERINTENDENT'S DUTIES UNDER THIS SECTION.

3. EXCEPT FOR THE INFORMATION REQUIRED BY SUBDIVISIONS SEVEN, FOURTEEN AND SEVENTEEN OF SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE AND THE ADDRESSES REQUIRED BY SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE, THE SUPERINTENDENT SHALL MAKE THE INFORMATION IN AN APPLICATION FOR RENEWAL OF REGISTRATION AS A PROVIDER AVAILABLE TO THE PUBLIC.

4. IF A REGISTERED PROVIDER FILES A TIMELY AND COMPLETE APPLICATION FOR RENEWAL OF REGISTRATION, THE REGISTRATION REMAINS EFFECTIVE UNTIL THE SUPERINTENDENT, IN A RECORD, NOTIFIES THE APPLICANT OF A DENIAL AND STATES THE REASONS FOR THE DENIAL.

5. IF THE SUPERINTENDENT DENIES AN APPLICATION FOR RENEWAL OF REGISTRATION AS A PROVIDER, THE APPLICANT, WITHIN THIRTY DAYS AFTER RECEIVING NOTICE OF THE DENIAL, MAY APPEAL AND REQUEST A HEARING PURSUANT TO THE STATE ADMINISTRATIVE PROCEDURE ACT. SUBJECT TO SECTION FIVE HUNDRED EIGHTY-SEVEN-A OF THIS ARTICLE, WHILE THE APPEAL IS PENDING THE APPLICANT SHALL CONTINUE TO PROVIDE DEBT-MANAGEMENT SERVICES TO INDIVIDUALS WITH WHOM IT HAS AGREEMENTS. IF THE DENIAL IS AFFIRMED, SUBJECT TO THE SUPERINTENDENT'S ORDER AND SECTION FIVE HUNDRED EIGHTY-SEVEN-A OF THIS ARTICLE, THE APPLICANT SHALL CONTINUE TO PROVIDE DEBT-MANAGEMENT SERVICES TO INDIVIDUALS WITH WHOM IT HAS AGREEMENTS UNTIL, WITH THE APPROVAL OF THE SUPERINTENDENT, IT TRANSFERS THE AGREEMENTS TO ANOTHER REGISTERED PROVIDER OR RETURNS TO THE INDIVIDUALS ALL UNEXPENDED MONEY THAT IS UNDER THE APPLICANT'S CONTROL.

S 581-C. REGISTRATION IN ANOTHER STATE. IF A PROVIDER HOLDS A LICENSE OR CERTIFICATE OF REGISTRATION IN ANOTHER STATE AUTHORIZING IT TO

PROVIDE DEBT-MANAGEMENT SERVICES, THE PROVIDER MAY SUBMIT A COPY OF THAT LICENSE OR CERTIFICATE AND THE APPLICATION FOR IT INSTEAD OF AN APPLICATION IN THE FORM PRESCRIBED BY SECTION FIVE HUNDRED EIGHTY OF THIS ARTICLE. THE SUPERINTENDENT SHALL ACCEPT THE APPLICATION AND THE LICENSE OR CERTIFICATE FROM THE OTHER STATE AS AN APPLICATION FOR REGISTRATION AS A PROVIDER OR FOR RENEWAL OF REGISTRATION AS A PROVIDER, AS APPROPRIATE, IN THIS STATE IF:

1. THE APPLICATION IN THE OTHER STATE CONTAINS INFORMATION SUBSTANTIALLY SIMILAR TO OR MORE COMPREHENSIVE THAN THAT REQUIRED IN AN APPLICATION SUBMITTED IN THIS STATE;

2. THE APPLICANT PROVIDES THE INFORMATION REQUIRED BY SECTION FIVE HUNDRED EIGHTY-A OF THIS ARTICLE; AND

3. THE APPLICANT, UNDER OATH, CERTIFIES THAT THE INFORMATION CONTAINED IN THE APPLICATION IS CURRENT OR, TO THE EXTENT IT IS NOT CURRENT, SUPPLEMENTS THE APPLICATION TO MAKE THE INFORMATION CURRENT.

S 582. BOND REQUIRED. 1. EXCEPT AS OTHERWISE PROVIDED IN SECTION FIVE HUNDRED EIGHTY-TWO-A OF THIS ARTICLE, A PROVIDER THAT IS REQUIRED TO BE REGISTERED UNDER THIS ARTICLE SHALL FILE A SURETY BOND WITH THE SUPERINTENDENT, WHICH MUST:

(A) BE IN EFFECT DURING THE PERIOD OF REGISTRATION AND FOR TWO YEARS AFTER THE PROVIDER CEASES PROVIDING DEBT-MANAGEMENT SERVICES TO INDIVIDUALS IN THIS STATE; AND

(B) RUN TO THIS STATE FOR THE BENEFIT OF THIS STATE AND OF INDIVIDUALS WHO RESIDE IN THIS STATE WHEN THEY AGREE TO RECEIVE DEBT-MANAGEMENT SERVICES FROM THE PROVIDER, AS THEIR INTERESTS MAY APPEAR.

2. SUBJECT TO ADJUSTMENT OF THE DOLLAR AMOUNT PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, A SURETY BOND FILED PURSUANT TO SUBDIVISION ONE MUST:

(A) BE IN THE AMOUNT OF FIFTY THOUSAND DOLLARS OR OTHER LARGER OR SMALLER AMOUNT THAT THE SUPERINTENDENT DETERMINES IS WARRANTED BY THE FINANCIAL CONDITION AND BUSINESS EXPERIENCE OF THE PROVIDER, THE HISTORY OF THE PROVIDER IN PERFORMING DEBT-MANAGEMENT SERVICES, THE RISK TO INDIVIDUALS, AND ANY OTHER FACTOR THE SUPERINTENDENT CONSIDERS APPROPRIATE;

(B) BE ISSUED BY A BONDING, SURETY, OR INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN THIS STATE AND RATED AT LEAST A BY A NATIONALLY RECOGNIZED RATING ORGANIZATION; AND

(C) HAVE PAYMENT CONDITIONED UPON NONCOMPLIANCE OF THE PROVIDER OR ITS AGENT WITH THIS ARTICLE.

3. IF THE PRINCIPAL AMOUNT OF A SURETY BOND IS REDUCED BY PAYMENT OF A CLAIM OR A JUDGMENT, THE PROVIDER SHALL IMMEDIATELY NOTIFY THE SUPERINTENDENT AND, WITHIN THIRTY DAYS AFTER NOTICE BY THE SUPERINTENDENT, FILE A NEW OR ADDITIONAL SURETY BOND IN AN AMOUNT SET BY THE SUPERINTENDENT. THE AMOUNT OF THE NEW OR ADDITIONAL BOND MUST BE AT LEAST THE AMOUNT OF THE BOND IMMEDIATELY BEFORE PAYMENT OF THE CLAIM OR JUDGMENT. IF FOR ANY REASON A SURETY TERMINATES A BOND, THE PROVIDER SHALL IMMEDIATELY FILE A NEW SURETY BOND IN THE AMOUNT OF FIFTY THOUSAND DOLLARS OR OTHER AMOUNT DETERMINED PURSUANT TO SUBDIVISION TWO OF THIS SECTION.

4. THE SUPERINTENDENT OR AN INDIVIDUAL MAY OBTAIN SATISFACTION OUT OF THE SURETY BOND PROCURED PURSUANT TO THIS SECTION IF:

(A) THE SUPERINTENDENT ASSESSES EXPENSES UNDER PARAGRAPH (B) OF SUBDIVISION TWO OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, ISSUES A FINAL ORDER UNDER PARAGRAPH (B) OF SUBDIVISION ONE OF SECTION FIVE HUNDRED EIGHTY-SEVEN OF THIS ARTICLE, OR RECOVERS A FINAL JUDGMENT UNDER PARAGRAPH (D) OR (E) OF SUBDIVISION ONE OR SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-SEVEN OF THIS ARTICLE; OR

(B) AN INDIVIDUAL RECOVERS A FINAL JUDGMENT PURSUANT TO SUBDIVISION ONE OR TWO OR PARAGRAPH (A), (B) OR (D) OF SUBDIVISION THREE OF SECTION FIVE HUNDRED EIGHTY-SEVEN-B OF THIS ARTICLE.

5. IF CLAIMS AGAINST A SURETY BOND EXCEED OR ARE REASONABLY EXPECTED TO EXCEED THE AMOUNT OF THE BOND, THE SUPERINTENDENT, ON THE INITIATIVE OF THE SUPERINTENDENT OR ON PETITION OF THE SURETY, SHALL, UNLESS THE PROCEEDS ARE ADEQUATE TO PAY ALL COSTS, JUDGMENTS, AND CLAIMS, DISTRIBUTE THE PROCEEDS IN THE FOLLOWING ORDER:

(A) TO SATISFACTION OF A FINAL ORDER OR JUDGMENT UNDER PARAGRAPH (B), (D) OR (E) OF SUBDIVISION ONE OR SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-SEVEN OF THIS ARTICLE;

(B) TO FINAL JUDGMENTS RECOVERED BY INDIVIDUALS PURSUANT TO SUBDIVISION ONE OR TWO OR PARAGRAPH (A), (B) OR (D) OF SUBDIVISION THREE OF SECTION FIVE HUNDRED EIGHTY-SEVEN-B OF THIS ARTICLE, PRO RATA;

(C) TO CLAIMS OF INDIVIDUALS ESTABLISHED TO THE SATISFACTION OF THE SUPERINTENDENT, PRO RATA; AND

(D) IF A FINAL ORDER OR JUDGMENT IS ISSUED UNDER SUBDIVISION ONE OF SECTION FIVE HUNDRED EIGHTY-SEVEN OF THIS ARTICLE, TO THE EXPENSES CHARGED PURSUANT TO PARAGRAPH (A) OF SUBDIVISION TWO OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE.

S 582-A. BOND REQUIRED; SUBSTITUTE. 1. INSTEAD OF THE SURETY BOND REQUIRED BY SECTION FIVE HUNDRED EIGHTY-TWO OF THIS ARTICLE, A PROVIDER MAY DELIVER TO THE SUPERINTENDENT, IN THE AMOUNT REQUIRED BY SUBDIVISION TWO OF SECTION FIVE HUNDRED EIGHTY-TWO OF THIS ARTICLE, AND, EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (I) OF PARAGRAPH (B) OF THIS SUBDIVISION, PAYABLE OR AVAILABLE TO THIS STATE AND TO INDIVIDUALS WHO RESIDE IN THIS STATE WHEN THEY AGREE TO RECEIVE DEBT-MANAGEMENT SERVICES FROM THE PROVIDER, AS THEIR INTERESTS MAY APPEAR, IF THE PROVIDER OR ITS AGENT DOES NOT COMPLY WITH THIS ARTICLE:

(A) A CERTIFICATE OF INSURANCE

(I) ISSUED BY AN INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN THIS STATE AND RATED AT LEAST A OR EQUIVALENT BY A NATIONALLY RECOGNIZED RATING ORGANIZATION APPROVED BY THE SUPERINTENDENT; AND

(II) WITH NO DEDUCTIBLE, OR IF THE PROVIDER SUPPLIES A BOND IN THE AMOUNT OF FIVE THOUSAND DOLLARS, A DEDUCTIBLE NOT EXCEEDING FIVE THOUSAND DOLLARS; OR

(B) WITH THE APPROVAL OF THE SUPERINTENDENT:

(I) AN IRREVOCABLE LETTER OF CREDIT, ISSUED OR CONFIRMED BY A BANK APPROVED BY THE SUPERINTENDENT, PAYABLE UPON PRESENTATION OF A CERTIFICATE BY THE SUPERINTENDENT STATING THAT THE PROVIDER OR ITS AGENT HAS NOT COMPLIED WITH THIS ARTICLE; OR

(II) BONDS OR OTHER OBLIGATIONS OF THE UNITED STATES OR GUARANTEED BY THE UNITED STATES OR BONDS OR OTHER OBLIGATIONS OF THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE, TO BE DEPOSITED AND MAINTAINED WITH A BANK APPROVED BY THE SUPERINTENDENT FOR THIS PURPOSE.

2. IF A PROVIDER FURNISHES A SUBSTITUTE PURSUANT TO SUBDIVISION ONE OF THIS SECTION, THE PROVISIONS OF SUBDIVISIONS ONE, THREE, FOUR AND FIVE OF SECTION FIVE HUNDRED EIGHTY-TWO OF THIS ARTICLE SHALL APPLY TO THE SUBSTITUTE.

S 582-B. REQUIREMENT OF GOOD FAITH. A PROVIDER SHALL ACT IN GOOD FAITH IN ALL MATTERS UNDER THIS ARTICLE.

S 582-C. CUSTOMER SERVICE. EACH PROVIDER SHALL MAINTAIN A TOLL-FREE COMMUNICATION SYSTEM, STAFFED AT A LEVEL THAT REASONABLY PERMITS AN INDIVIDUAL TO SPEAK TO A CERTIFIED COUNSELOR, CERTIFIED DEBT SPECIALIST, OR CUSTOMER-SERVICE REPRESENTATIVE, AS APPROPRIATE, DURING ORDINARY BUSINESS HOURS.

S 583. PREREQUISITES FOR PROVIDING DEBT-MANAGEMENT SERVICES. 1. BEFORE PROVIDING DEBT-MANAGEMENT SERVICES, A PROVIDER SHALL GIVE THE INDIVIDUAL AN ITEMIZED LIST OF GOODS AND SERVICES AND THE CHARGES FOR EACH. THE LIST MUST BE CLEAR AND CONSPICUOUS, BE IN A RECORD THE INDIVIDUAL MAY KEEP WHETHER OR NOT THE INDIVIDUAL ASSENTS TO AN AGREEMENT, AND DESCRIBE THE GOODS AND SERVICES THE PROVIDER OFFERS:

(A) FREE OF ADDITIONAL CHARGE IF THE INDIVIDUAL ENTERS INTO AN AGREEMENT;

(B) FOR A CHARGE IF THE INDIVIDUAL DOES NOT ENTER INTO AN AGREEMENT; AND

(C) FOR A CHARGE IF THE INDIVIDUAL ENTERS INTO AN AGREEMENT, USING THE FOLLOWING TERMINOLOGY, AS APPLICABLE, AND FORMAT:

SETTLEMENT FEE _____
DOLLAR AMOUNT OF FEE OR METHOD OF DETERMINING AMOUNT

GOODS AND SERVICES IN ADDITION TO THOSE PROVIDED IN CONNECTION WITH A PLAN:

_____
(ITEM) DOLLAR AMOUNT OR METHOD OF DETERMINING AMOUNT

_____
(ITEM) DOLLAR AMOUNT OR METHOD OF DETERMINING AMOUNT.

2. A PROVIDER MAY NOT FURNISH DEBT-MANAGEMENT SERVICES UNLESS THE PROVIDER, THROUGH THE SERVICES OF A CERTIFIED COUNSELOR OR CERTIFIED DEBT SPECIALIST:

(A) PROVIDES THE INDIVIDUAL WITH REASONABLE INFORMATION ABOUT THE SERVICES OFFERED;

(B) HAS PREPARED A FINANCIAL ANALYSIS; AND

(C) IF THE INDIVIDUAL IS TO MAKE REGULAR, PERIODIC PAYMENTS TO CREDITORS:

(I) HAS PREPARED A PLAN FOR THE INDIVIDUAL;

(II) HAS MADE A DETERMINATION, BASED ON THE PROVIDER'S ANALYSIS OF THE INFORMATION PROVIDED BY THE INDIVIDUAL AND OTHERWISE AVAILABLE TO IT, THAT THE PLAN IS SUITABLE FOR THE INDIVIDUAL AND THE INDIVIDUAL WILL BE ABLE TO MEET THE PAYMENT OBLIGATIONS UNDER THE PLAN; AND

(III) BELIEVES THAT EACH CREDITOR OF THE INDIVIDUAL LISTED AS A PARTICIPATING CREDITOR IN THE PLAN WILL ACCEPT PAYMENT OF THE INDIVIDUAL'S DEBTS AS PROVIDED IN THE PLAN.

3. BEFORE AN INDIVIDUAL ASSENTS TO AN AGREEMENT TO ENGAGE IN A PLAN, A PROVIDER SHALL:

(A) PROVIDE THE INDIVIDUAL WITH A COPY OF THE ANALYSIS AND PLAN REQUIRED BY SUBDIVISION TWO OF THIS SECTION IN A RECORD THAT IDENTIFIES THE PROVIDER AND THAT THE INDIVIDUAL MAY KEEP WHETHER OR NOT THE INDIVIDUAL ASSENTS TO THE AGREEMENT;

(B) INFORM THE INDIVIDUAL OF THE AVAILABILITY, AT THE INDIVIDUAL'S OPTION, OF ASSISTANCE BY A TOLL-FREE COMMUNICATION SYSTEM OR IN PERSON TO DISCUSS THE FINANCIAL ANALYSIS AND PLAN REQUIRED BY SUBDIVISION TWO OF THIS SECTION; AND

(C) IN PLANS THAT PROVIDE FOR REGULAR PERIODIC PAYMENTS TO CREDITORS, WITH RESPECT TO ALL CREDITORS IDENTIFIED BY THE INDIVIDUAL OR OTHERWISE KNOWN BY THE PROVIDER TO BE CREDITORS OF THE INDIVIDUAL, PROVIDE THE INDIVIDUAL WITH A LIST OF:

(I) CREDITORS THAT THE PROVIDER EXPECTS TO PARTICIPATE IN THE PLAN AND GRANT CONCESSIONS:

(II) CREDITORS THAT THE PROVIDER EXPECTS TO PARTICIPATE IN THE PLAN BUT NOT GRANT CONCESSIONS;

(III) CREDITORS THAT THE PROVIDER EXPECTS NOT TO PARTICIPATE IN THE PLAN; AND

(IV) ALL OTHER CREDITORS.

4. BEFORE AN INDIVIDUAL ASSENTS TO AN AGREEMENT, THE PROVIDER SHALL INFORM THE INDIVIDUAL, IN A SEPARATE RECORD THAT THE INDIVIDUAL MAY KEEP WHETHER OR NOT THE INDIVIDUAL ASSENTS TO THE AGREEMENTS:

(A) OF THE NAME AND BUSINESS ADDRESS OF THE PROVIDER;

(B) THAT PLANS ARE NOT SUITABLE FOR ALL INDIVIDUALS AND THE INDIVIDUAL MAY ASK THE PROVIDER ABOUT OTHER WAYS, INCLUDING BANKRUPTCY, TO DEAL WITH INDEBTEDNESS;

(C) THAT ESTABLISHMENT OF A PLAN MAY ADVERSELY AFFECT THE INDIVIDUAL'S CREDIT RATING OR CREDIT SCORES;

(D) THAT NONPAYMENT OF DEBT MAY LEAD CREDITORS TO INCREASE FINANCE AND OTHER CHARGES OR UNDERTAKE COLLECTION ACTIVITY, INCLUDING LITIGATION;

(E) UNLESS IT IS NOT TRUE, THAT THE PROVIDER MAY RECEIVE COMPENSATION FROM THE CREDITORS OF THE INDIVIDUAL; AND

(F) THAT, UNLESS THE INDIVIDUAL IS INSOLVENT, IF A CREDITOR SETTLES FOR LESS THAN THE FULL AMOUNT OF THE DEBT, THE PLAN MAY RESULT IN THE CREATION OF TAXABLE INCOME TO THE INDIVIDUAL, EVEN THOUGH THE INDIVIDUAL DOES NOT RECEIVE ANY MONEY.

5. IF A PROVIDER MAY RECEIVE PAYMENTS FROM AN INDIVIDUAL'S CREDITORS AND THE PLAN CONTEMPLATES THAT THE INDIVIDUAL'S CREDITORS WILL REDUCE FINANCE CHARGES OR FEES FOR LATE PAYMENT, DEFAULT, OR DELINQUENCY, THE PROVIDER MAY COMPLY WITH SUBDIVISION FOUR OF THIS SECTION BY PROVIDING THE FOLLOWING DISCLOSURE, SURROUNDED BY BLACK LINES:

IMPORTANT INFORMATION FOR YOU TO CONSIDER

(A) DEBT-MANAGEMENT PLANS ARE NOT RIGHT FOR ALL INDIVIDUALS, AND YOU MAY ASK US TO PROVIDE INFORMATION ABOUT OTHER WAYS, INCLUDING BANKRUPTCY, TO DEAL WITH YOUR DEBTS.

(B) USING A DEBT-MANAGEMENT PLAN MAY MAKE IT HARDER FOR YOU TO OBTAIN CREDIT.

(C) WE MAY RECEIVE COMPENSATION FOR OUR SERVICES FROM YOUR CREDITORS.

_____

NAME AND BUSINESS ADDRESS OF PROVIDER

6. IF A PROVIDER WILL NOT RECEIVE PAYMENTS FROM AN INDIVIDUAL'S CREDITORS AND THE PLAN CONTEMPLATES THAT THE INDIVIDUAL'S CREDITORS WILL REDUCE FINANCE CHARGES OR FEES FOR LATE PAYMENT, DEFAULT, OR DELINQUENCY, A PROVIDER MAY COMPLY WITH SUBDIVISION FOUR OF THIS SECTION BY PROVIDING THE FOLLOWING DISCLOSURE, SURROUNDED BY BLACK LINES:

IMPORTANT INFORMATION FOR YOU TO CONSIDER

(A) DEBT-MANAGEMENT PLANS ARE NOT RIGHT FOR ALL INDIVIDUALS, AND YOU MAY ASK US TO PROVIDE INFORMATION ABOUT OTHER WAYS, INCLUDING BANKRUPTCY, TO DEAL WITH YOUR DEBTS.

(B) USING A DEBT-MANAGEMENT PLAN MAY MAKE IT HARDER FOR YOU TO OBTAIN CREDIT.

_____

NAME AND BUSINESS ADDRESS OF PROVIDER

7. IF AN AGREEMENT CONTEMPLATES THAT CREDITORS WILL SETTLE DEBTS FOR LESS THAN THE FULL PRINCIPAL AMOUNT OF DEBT OWED, A PROVIDER MAY COMPLY WITH SUBDIVISION FOUR OF THIS SECTION BY PROVIDING THE FOLLOWING DISCLOSURE, SURROUNDED BY BLACK LINES:

IMPORTANT INFORMATION FOR YOU TO CONSIDER

(A) OUR PROGRAM IS NOT RIGHT FOR ALL INDIVIDUALS, AND YOU MAY ASK US TO PROVIDE INFORMATION ABOUT BANKRUPTCY AND OTHER WAYS TO DEAL WITH YOUR DEBTS.

(B) NONPAYMENT OF YOUR DEBTS UNDER OUR PROGRAM MAY

(I) HURT YOUR CREDIT RATING OR CREDIT SCORES;

(II) LEAD YOUR CREDITORS TO INCREASE FINANCE AND OTHER CHARGES; AND

(III) LEAD YOUR CREDITORS TO UNDERTAKE ACTIVITY, INCLUDING LAWSUITS, TO COLLECT THE DEBTS.

(C) REDUCTION OF DEBT UNDER OUR PROGRAM MAY RESULT IN TAXABLE INCOME TO YOU, EVEN THOUGH YOU WILL NOT ACTUALLY RECEIVE ANY MONEY.

NAME AND BUSINESS ADDRESS OF PROVIDER

S 583-A. COMMUNICATION BY ELECTRONIC OR OTHER MEANS. 1. IN THIS SECTION:

(A) "FEDERAL ACT" MEANS THE ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT, 15 U.S.C. SECTION 7001 ET SEQ., AS AMENDED.

(B) "CONSUMER" MEANS AN INDIVIDUAL WHO SEEKS OR OBTAINS GOODS OR SERVICES THAT ARE USED PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

2. A PROVIDER MAY SATISFY THE REQUIREMENTS OF SECTION FIVE HUNDRED EIGHTY-THREE OF THIS ARTICLE BY MEANS OF THE INTERNET OR OTHER ELECTRONIC MEANS IF THE PROVIDER OBTAINS A CONSUMER'S CONSENT IN THE MANNER PROVIDED BY SECTION 101(C)(1) OF THE FEDERAL ACT.

3. THE DISCLOSURES AND MATERIALS REQUIRED BY SECTION FIVE HUNDRED EIGHTY-THREE-B, OR FIVE HUNDRED EIGHTY-FIVE-B OF THIS ARTICLE SHALL BE PRESENTED IN A FORM THAT IS CAPABLE OF BEING ACCURATELY REPRODUCED FOR LATER REFERENCE.

4. WITH RESPECT TO DISCLOSURE BY MEANS OF AN INTERNET WEBSITE, THE DISCLOSURE OF THE INFORMATION REQUIRED BY SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-THREE OF THIS ARTICLE MUST APPEAR ON ONE OR MORE SCREENS THAT:

(A) CONTAIN NO OTHER INFORMATION; AND

(B) THE INDIVIDUAL MUST SEE BEFORE PROCEEDING TO ASSENT TO FORMATION OF AN AGREEMENT.

5. AT THE TIME OF PROVIDING THE MATERIALS AND AGREEMENT REQUIRED BY SUBDIVISION THREE OF SECTION FIVE HUNDRED EIGHTY-THREE, SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-THREE-B OR SECTION FIVE HUNDRED EIGHTY-FIVE-B OF THIS ARTICLE, A PROVIDER SHALL INFORM THE INDIVIDUAL THAT UPON ELECTRONIC, TELEPHONIC, OR WRITTEN REQUEST, IT WILL SEND THE INDIVIDUAL A WRITTEN COPY OF THE MATERIALS, AND SHALL COMPLY WITH A REQUEST AS PROVIDED IN SUBDIVISION SIX OF THIS SECTION.

6. IF A PROVIDER IS REQUESTED, BEFORE THE EXPIRATION OF NINETY DAYS AFTER AN AGREEMENT IS COMPLETED OR TERMINATED, TO SEND A WRITTEN COPY OF THE MATERIALS REQUIRED BY SUBDIVISION THREE OF SECTION FIVE HUNDRED EIGHTY-THREE, SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-THREE-B OR SECTION FIVE HUNDRED EIGHTY-FIVE-B OF THIS ARTICLE, THE PROVIDER SHALL SEND THEM AT NO CHARGE WITHIN THREE BUSINESS DAYS AFTER THE REQUEST IS RECEIVED, BUT THE PROVIDER NEED NOT COMPLY WITH A REQUEST MORE THAN ONCE PER CALENDAR MONTH OR IF IT REASONABLY BELIEVES THE REQUEST IS MADE FOR PURPOSES OF HARASSMENT. IF A REQUEST IS MADE MORE THAN NINETY DAYS AFTER AN AGREEMENT IS COMPLETED OR TERMINATED, THE PROVIDER SHALL SEND WITHIN A REASONABLE TIME A WRITTEN COPY OF THE MATERIALS REQUESTED.

7. A PROVIDER THAT MAINTAINS AN INTERNET WEBSITE SHALL DISCLOSE ON THE HOME PAGE OF ITS WEBSITE OR ON A PAGE THAT IS CLEARLY AND CONSPICUOUSLY CONNECTED TO THE HOME PAGE BY A LINK THAT CLEARLY REVEALS ITS CONTENTS:

(A) ITS NAME AND ALL NAMES UNDER WHICH IT DOES BUSINESS;

(B) ITS PRINCIPAL BUSINESS ADDRESS, TELEPHONE NUMBER, AND ELECTRONIC-MAIL ADDRESS, IF ANY; AND

(C) THE NAMES OF ITS PRINCIPAL OFFICERS.

8. SUBJECT TO SUBDIVISION NINE OF THIS SECTION, IF A CONSUMER WHO HAS CONSENTED TO ELECTRONIC COMMUNICATION IN THE MANNER PROVIDED BY SECTION

101 OF THE FEDERAL ACT WITHDRAWS CONSENT AS PROVIDED IN THE FEDERAL ACT, A PROVIDER MAY TERMINATE ITS AGREEMENT WITH THE CONSUMER.

9. IF A PROVIDER WISHES TO TERMINATE AN AGREEMENT WITH A CONSUMER PURSUANT TO SUBDIVISION EIGHT OF THIS SECTION, IT SHALL NOTIFY THE CONSUMER THAT IT WILL TERMINATE THE AGREEMENT UNLESS THE CONSUMER, WITHIN THIRTY DAYS AFTER RECEIVING THE NOTIFICATION, CONSENTS TO ELECTRONIC COMMUNICATION IN THE MANNER PROVIDED IN SECTION 101(C) OF THE FEDERAL ACT. IF THE CONSUMER CONSENTS, THE PROVIDER MAY TERMINATE THE AGREEMENT ONLY AS PERMITTED BY SUBDIVISION ONE OF SECTION FIVE HUNDRED EIGHTY-THREE-B OF THIS ARTICLE.

S 583-B. FORM AND CONTENTS OF AGREEMENT. 1. AN AGREEMENT MUST:

(A) BE IN A RECORD;

(B) BE DATED AND SIGNED BY THE PROVIDER AND THE INDIVIDUAL;

(C) INCLUDE THE NAME OF THE INDIVIDUAL AND THE ADDRESS WHERE THE INDIVIDUAL RESIDES;

(D) INCLUDE THE NAME, BUSINESS ADDRESS, AND TELEPHONE NUMBER OF THE PROVIDER;

(E) BE DELIVERED TO THE INDIVIDUAL IMMEDIATELY UPON FORMATION OF THE AGREEMENT; AND

(F) DISCLOSE:

(I) THE SERVICES TO BE PROVIDED;

(II) THE AMOUNT, OR METHOD OF DETERMINING THE AMOUNT, OF ALL FEES, INDIVIDUALLY ITEMIZED, TO BE PAID BY THE INDIVIDUAL;

(III) IF A PLAN CONTEMPLATES THAT CREDITORS WILL SETTLE AN INDIVIDUAL'S DEBTS FOR LESS THAN THE PRINCIPAL AMOUNT OF THE DEBT, A GOOD FAITH ESTIMATE OF:

(A) THE AMOUNT OF TIME NECESSARY TO ACHIEVE THE REPRESENTED RESULTS, WHICH SHALL COINCIDE WITH THE ESTIMATED PROGRAM LENGTH; AND

(B) THE AMOUNT OF SAVINGS NEEDED BEFORE NEGOTIATIONS WILL BEGIN IN ANTICIPATION OF THE SETTLEMENT OF A DEBT, WHICH AMOUNT MAY BE EXPRESSED AS A PERCENTAGE OF THE BALANCE OF A DEBT OR THE NUMBER OF DEPOSITS OF A FIXED AMOUNT THAT MUST BE MADE INTO A DEDICATED BANK ACCOUNT;

(IV) IF A PLAN PROVIDES FOR REGULAR PERIODIC PAYMENTS TO CREDITORS:

(A) EACH CREDITOR OF THE INDIVIDUAL TO WHICH PAYMENT WILL BE MADE, THE AMOUNT OWED TO EACH CREDITOR, AND ANY CONCESSIONS THE PROVIDER REASONABLY BELIEVES EACH CREDITOR WILL OFFER; AND

(B) THE SCHEDULE OF EXPECTED PAYMENTS TO EACH CREDITOR, INCLUDING THE AMOUNT OF EACH PAYMENT AND THE DATE ON WHICH IT WILL BE MADE;

(C) EACH CREDITOR THAT THE PROVIDER BELIEVES WILL NOT PARTICIPATE IN THE PLAN AND TO WHICH THE PROVIDER WILL NOT DIRECT PAYMENT;

(V) IF A PLAN PROVIDES FOR REGULAR PERIODIC PAYMENTS TO CREDITORS HOW THE PROVIDER WILL COMPLY WITH ITS OBLIGATIONS UNDER SUBDIVISION ONE OF SECTION FIVE HUNDRED EIGHTY-FIVE-B OF THIS ARTICLE;

(VI) IF A PLAN PROVIDES FOR REGULAR PERIODIC PAYMENTS TO CREDITORS THAT THE PROVIDER MAY TERMINATE THE AGREEMENT FOR GOOD CAUSE, UPON RETURN OF UNEXPENDED MONEY HELD IN TRUST OF THE INDIVIDUAL;

(VII) THAT THE INDIVIDUAL MAY CANCEL THE AGREEMENT AS PROVIDED IN SECTION FIVE HUNDRED EIGHTY-THREE-C OF THIS ARTICLE;

(VIII) THAT THE INDIVIDUAL MAY CONTACT THE SUPERINTENDENT WITH ANY QUESTIONS OR COMPLAINTS REGARDING THE PROVIDER; AND

(IX) THE ADDRESS, TELEPHONE NUMBER, AND INTERNET ADDRESS OR WEBSITE OF THE SUPERINTENDENT.

2. FOR PURPOSES OF PARAGRAPH (E) OF SUBDIVISION ONE OF THIS SECTION, DELIVERY OF AN ELECTRONIC RECORD OCCURS WHEN IT IS MADE AVAILABLE IN A FORMAT IN WHICH THE INDIVIDUAL MAY RETRIEVE, SAVE, AND PRINT IT AND THE INDIVIDUAL IS NOTIFIED THAT IT IS AVAILABLE.

3. IF THE SUPERINTENDENT SUPPLIES THE PROVIDER WITH ANY INFORMATION REQUIRED UNDER SUBPARAGRAPH (IX) OF PARAGRAPH (F) OF SUBDIVISION ONE OF THIS SECTION, THE PROVIDER MAY COMPLY WITH THAT REQUIREMENT ONLY BY DISCLOSING THE INFORMATION SUPPLIED BY THE SUPERINTENDENT.

4. AN AGREEMENT MUST PROVIDE THAT:

(A) THE INDIVIDUAL HAS A RIGHT TO TERMINATE THE AGREEMENT AT ANY TIME, WITHOUT PENALTY OR OBLIGATION, BY GIVING THE PROVIDER WRITTEN OR ELECTRONIC NOTICE;

(B) THE INDIVIDUAL AUTHORIZES ANY BANK IN WHICH THE PROVIDER OR ITS AGENT HAS ESTABLISHED A TRUST ACCOUNT TO DISCLOSE TO THE SUPERINTENDENT ANY FINANCIAL RECORDS RELATING TO THE TRUST ACCOUNT; AND

(C) THE PROVIDER WILL NOTIFY THE INDIVIDUAL WITHIN FIVE DAYS AFTER LEARNING OF A CREDITOR'S FINAL DECISION TO REJECT OR WITHDRAW FROM A PLAN AND THAT THIS NOTICE WILL INCLUDE:

(I) THE IDENTITY OF THE CREDITOR; AND

(II) THE RIGHT OF THE INDIVIDUAL TO MODIFY OR TERMINATE THE AGREEMENT.

5. AN AGREEMENT MAY NOT CONFER ON A PROVIDER A POWER OF ATTORNEY TO SETTLE THE INDIVIDUAL'S DEBT. AN AGREEMENT MUST PROVIDE THAT THE PROVIDER WILL OBTAIN THE ASSENT OF THE INDIVIDUAL AFTER A CREDITOR HAS ASSENTED TO A SETTLEMENT.

6. AN AGREEMENT MAY NOT:

(A) PROVIDE FOR APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE UNITED STATES AND THIS STATE;

(B) EXCEPT AS PERMITTED BY SECTION 2 OF THE FEDERAL ARBITRATION ACT, 9 U.S.C. SECTION 2, AS AMENDED, OR ARTICLE SEVENTY-FIVE OF THE CIVIL PRACTICE LAW AND RULES CONTAIN A PROVISION THAT MODIFIES OR LIMITS OTHERWISE AVAILABLE FORUMS OR PROCEDURAL RIGHTS, INCLUDING THE RIGHT TO TRIAL BY JURY, THAT ARE GENERALLY AVAILABLE TO THE INDIVIDUAL UNDER LAW OTHER THAN THIS ARTICLE;

(C) CONTAIN A PROVISION THAT RESTRICTS THE INDIVIDUAL'S REMEDIES UNDER THIS ARTICLE OR LAW OTHER THAN THIS ARTICLE; OR

(D) CONTAIN A PROVISION THAT:

(I) LIMITS OR RELEASES THE LIABILITY OF ANY PERSON FOR NOT PERFORMING THE AGREEMENT OR FOR VIOLATING THIS ARTICLE; OR

(II) INDEMNIFIES ANY PERSON FOR LIABILITY ARISING UNDER THE AGREEMENT OR THIS ARTICLE.

7. ALL RIGHTS AND OBLIGATIONS SPECIFIED IN SUBDIVISION FOUR OF THIS SECTION AND SECTION FIVE HUNDRED EIGHTY-THREE-C OF THIS ARTICLE EXIST EVEN IF NOT PROVIDED IN THE AGREEMENT. A PROVISION IN AN AGREEMENT WHICH VIOLATES SUBDIVISION FOUR, FIVE OR SIX OF THIS SECTION IS VOID.

S 583-C. CANCELLATION OF AGREEMENT; WAIVER. 1. AN INDIVIDUAL MAY CANCEL AN AGREEMENT BEFORE MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE INDIVIDUAL ASSENTS TO IT, UNLESS THE AGREEMENT DOES NOT COMPLY WITH SUBDIVISION TWO OF THIS SECTION OR SECTION FIVE HUNDRED EIGHTY-THREE-B OR FIVE HUNDRED EIGHTY-FIVE-C OF THIS ARTICLE, IN WHICH EVENT THE INDIVIDUAL MAY CANCEL THE AGREEMENT WITHIN THIRTY DAYS AFTER THE INDIVIDUAL ASSENTS TO IT. TO EXERCISE THE RIGHT TO CANCEL, THE INDIVIDUAL MUST GIVE NOTICE IN A RECORD TO THE PROVIDER. NOTICE BY MAIL IS GIVEN WHEN MAILED.

2. AN AGREEMENT MUST BE ACCOMPANIED BY A FORM THAT CONTAINS IN BOLD-FACE TYPE, SURROUNDED BY BOLD BLACK LINES:

NOTICE OF RIGHT TO CANCEL

YOU MAY CANCEL THIS AGREEMENT, WITHOUT ANY PENALTY OR OBLIGATION, AT ANY TIME BEFORE MIDNIGHT OF THE THIRD BUSINESS DAY THAT BEGINS THE DAY AFTER YOU AGREE TO IT BY ELECTRONIC COMMUNICATION OR BY SIGNING IT.

TO CANCEL THIS AGREEMENT DURING THIS PERIOD, SEND AN E-MAIL TO _____ OR MAIL OR DELIVER A SIGNED, DATED COPY OF THIS
E-MAIL ADDRESS OF PROVIDER
NOTICE, OR ANY OTHER WRITTEN NOTICE TO
_____
NAME OF PROVIDER
AT _____ BEFORE MIDNIGHT ON _____.
ADDRESS OF PROVIDER DATE
IF YOU CANCEL THIS AGREEMENT WITHIN THE 3-DAY PERIOD, WE WILL REFUND ALL MONEY YOU ALREADY HAVE PAID US.
YOU ALSO MAY TERMINATE THIS AGREEMENT AT ANY LATER TIME, BUT WE MAY NOT BE REQUIRED TO REFUND FEES YOU HAVE PAID US.
I CANCEL THIS AGREEMENT,
_____
PRINT YOUR NAME
_____
SIGNATURE
_____
DATE

3. IF A PERSONAL FINANCIAL EMERGENCY NECESSITATES THE DISBURSEMENT OF AN INDIVIDUAL'S MONEY TO ONE OR MORE OF THE INDIVIDUAL'S CREDITORS BEFORE THE EXPIRATION OF THREE DAYS AFTER AN AGREEMENT IS SIGNED, AN INDIVIDUAL MAY WAIVE THE RIGHT TO CANCEL. TO WAIVE THE RIGHT, THE INDIVIDUAL MUST SEND OR DELIVER A SIGNED, DATED STATEMENT IN THE INDIVIDUAL'S OWN WORDS DESCRIBING THE CIRCUMSTANCES THAT NECESSITATE A WAIVER. THE WAIVER MUST EXPLICITLY WAIVE THE RIGHT TO CANCEL. A WAIVER BY MEANS OF A STANDARD-FORM RECORD IS VOID.

S 584. REQUIRED LANGUAGE. UNLESS THE SUPERINTENDENT, BY RULE, PROVIDES OTHERWISE, THE DISCLOSURES AND DOCUMENTS REQUIRED BY THIS ARTICLE MUST BE IN ENGLISH. IF A PROVIDER COMMUNICATES WITH AN INDIVIDUAL PRIMARILY IN A LANGUAGE OTHER THAN ENGLISH, THE PROVIDER MUST FURNISH A TRANSLATION INTO THE OTHER LANGUAGE OF THE DISCLOSURES AND DOCUMENTS REQUIRED BY THIS ARTICLE.

S 584-A. TRUST ACCOUNT. 1. IF AN AGREEMENT PROVIDES FOR PERIODIC PAYMENT TO CREDITORS, ALL MONEY PAID TO A PROVIDER BY OR ON BEHALF OF AN INDIVIDUAL FOR DISTRIBUTION TO CREDITORS PURSUANT TO A PLAN MUST BE HELD IN TRUST. WITHIN TWO BUSINESS DAYS AFTER RECEIPT, THE PROVIDER SHALL DEPOSIT THE MONEY IN A TRUST ACCOUNT ESTABLISHED FOR THE BENEFIT OF INDIVIDUALS TO WHOM THE PROVIDER IS FURNISHING DEBT-MANAGEMENT SERVICES.

2. MONEY HELD IN TRUST BY A PROVIDER IS NOT PROPERTY OF THE PROVIDER OR ITS DESIGNEE. THE MONEY IS NOT AVAILABLE TO CREDITORS OF THE PROVIDER OR DESIGNEE, EXCEPT AN INDIVIDUAL FROM WHOM OR ON WHOSE BEHALF THE PROVIDER RECEIVED MONEY, TO THE EXTENT THAT THE MONEY HAS NOT BEEN DISBURSED TO CREDITORS OF THE INDIVIDUAL.

3. A PROVIDER SHALL:

(A) MAINTAIN SEPARATE RECORDS OF ACCOUNT FOR EACH INDIVIDUAL TO WHOM THE PROVIDER IS FURNISHING DEBT-MANAGEMENT SERVICES;

(B) IF AN AGREEMENT PROVIDES FOR PERIODIC PAYMENTS TO CREDITORS, DISBURSE MONEY PAID BY OR ON BEHALF OF THE INDIVIDUAL TO CREDITORS OF THE INDIVIDUAL AS DISCLOSED IN THE AGREEMENT, EXCEPT THAT:

(I) THE PROVIDER MAY DELAY PAYMENT TO THE EXTENT THAT A PAYMENT BY THE INDIVIDUAL IS NOT FINAL; AND

(II) THE DISBURSEMENT MUST COMPLY WITH THE DUE DATES ESTABLISHED BY EACH CREDITOR; AND

(C) IF A PLAN PROVIDES FOR REGULAR PERIODIC PAYMENTS TO CREDITORS, PROMPTLY CORRECT ANY PAYMENTS THAT ARE NOT MADE OR THAT ARE MISDIRECTED AS A RESULT OF AN ERROR BY THE PROVIDER OR OTHER PERSON IN CONTROL OF THE TRUST ACCOUNT AND REIMBURSE THE INDIVIDUAL FOR ANY COSTS OR FEES IMPOSED BY A CREDITOR AS A RESULT OF THE FAILURE TO PAY OR MISDIRECTION.

4. A PROVIDER MAY NOT COMMINGLE MONEY IN A TRUST ACCOUNT ESTABLISHED FOR THE BENEFIT OF INDIVIDUALS TO WHOM THE PROVIDER IS FURNISHING DEBT-MANAGEMENT SERVICES WITH MONEY OF OTHER PERSONS.

5. A TRUST ACCOUNT MUST AT ALL TIMES HAVE A CASH BALANCE EQUAL TO THE SUM OF THE BALANCES OF EACH INDIVIDUAL'S ACCOUNT.

6. IF A PROVIDER HAS ESTABLISHED A TRUST ACCOUNT PURSUANT TO SUBDIVISION ONE OF THIS SECTION, THE PROVIDER SHALL RECONCILE THE TRUST ACCOUNT AT LEAST ONCE A MONTH. THE RECONCILIATION MUST COMPARE THE CASH BALANCE IN THE TRUST ACCOUNT WITH THE SUM OF THE BALANCES IN EACH INDIVIDUAL'S ACCOUNT. IF THE PROVIDER OR ITS DESIGNEE HAS MORE THAN ONE TRUST ACCOUNT, EACH TRUST ACCOUNT MUST BE INDIVIDUALLY RECONCILED.

7. IF A PROVIDER DISCOVERS, OR HAS A REASONABLE SUSPICION OF, EMBEZZLEMENT OR OTHER UNLAWFUL APPROPRIATION OF MONEY HELD IN TRUST, THE PROVIDER IMMEDIATELY SHALL NOTIFY THE SUPERINTENDENT BY A METHOD APPROVED BY THE SUPERINTENDENT. UNLESS THE SUPERINTENDENT BY RULE PROVIDES OTHERWISE, WITHIN FIVE DAYS THEREAFTER, THE PROVIDER SHALL GIVE NOTICE TO THE SUPERINTENDENT DESCRIBING THE REMEDIAL ACTION TAKEN OR TO BE TAKEN.

8. IF AN INDIVIDUAL TERMINATES AN AGREEMENT OR IT BECOMES REASONABLY APPARENT TO A PROVIDER THAT A PLAN HAS FAILED, THE PROVIDER SHALL PROMPTLY REFUND TO THE INDIVIDUAL ALL MONEY PAID BY OR ON BEHALF OF THE INDIVIDUAL WHICH HAS NOT BEEN PAID TO CREDITORS, LESS FEES THAT ARE PAYABLE TO THE PROVIDER UNDER SECTION FIVE HUNDRED EIGHTY-FOUR-B OF THIS ARTICLE.

9. BEFORE RELOCATING A TRUST ACCOUNT FROM ONE BANK TO ANOTHER, A PROVIDER SHALL INFORM THE SUPERINTENDENT OF THE NAME, BUSINESS ADDRESS, AND TELEPHONE NUMBER OF THE NEW BANK. AS SOON AS PRACTICABLE, THE PROVIDER SHALL INFORM THE SUPERINTENDENT OF THE ACCOUNT NUMBER OF THE TRUST ACCOUNT AT THE NEW BANK.

S 584-B. FEES AND OTHER CHARGES. 1. A PROVIDER MAY NOT IMPOSE DIRECTLY OR INDIRECTLY A FEE OR OTHER CHARGE ON AN INDIVIDUAL OR RECEIVE MONEY FROM OR ON BEHALF OF AN INDIVIDUAL FOR DEBT-MANAGEMENT SERVICES EXCEPT AS PERMITTED BY THIS SECTION.

2. A PROVIDER MAY NOT IMPOSE CHARGES OR RECEIVE PAYMENT FOR DEBT-MANAGEMENT SERVICES UNTIL THE PROVIDER AND THE INDIVIDUAL HAS SIGNED AN AGREEMENT THAT COMPLIES WITH SECTIONS FIVE HUNDRED EIGHTY-THREE-B AND FIVE HUNDRED EIGHTY-FIVE-B OF THIS ARTICLE.

3. IF AN INDIVIDUAL ASSENTS TO AN AGREEMENT, A PROVIDER MAY NOT IMPOSE A FEE OR OTHER CHARGE FOR EDUCATIONAL OR COUNSELING SERVICES, OR THE LIKE, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION AND SUBDIVISION FOUR OF THIS SECTION. THE SUPERINTENDENT MAY AUTHORIZE A PROVIDER TO CHARGE A FEE BASED ON THE NATURE AND EXTENT OF THE EDUCATIONAL OR COUNSELING SERVICES FURNISHED BY THE PROVIDER.

4. SUBJECT TO ADJUSTMENT OF DOLLAR AMOUNTS PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, THE FOLLOWING RULES APPLY:

(A) IF AN INDIVIDUAL ASSENTS TO A PLAN THAT CONTEMPLATES THAT CREDITORS WILL REDUCE FINANCE CHARGES OR FEES FOR LATE PAYMENT, DEFAULT, OR DELINQUENCY, THE PROVIDER MAY CHARGE:

(I) A FEE NOT EXCEEDING FIFTY DOLLARS FOR CONSULTATION, OBTAINING A CREDIT REPORT, SETTING UP AN ACCOUNT, AND THE LIKE; AND

(II) A MONTHLY SERVICE FEE, NOT TO EXCEED TEN DOLLARS TIMES THE NUMBER OF CREDITORS REMAINING IN A PLAN AT THE TIME THE FEE IS ASSESSED, BUT NOT MORE THAN FIFTY DOLLARS IN ANY MONTH.

(B) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, IF AN INDIVIDUAL DOES NOT ASSENT TO AN AGREEMENT, A PROVIDER MAY RECEIVE FOR EDUCATIONAL AND COUNSELING SERVICES IT PROVIDES TO THE INDIVIDUAL A FEE NOT EXCEEDING ONE HUNDRED DOLLARS OR, WITH THE APPROVAL OF THE SUPERINTENDENT, A LARGER FEE. THE SUPERINTENDENT MAY APPROVE A FEE LARGER THAN ONE HUNDRED DOLLARS IF THE NATURE AND EXTENT OF THE EDUCATIONAL AND COUNSELING SERVICES WARRANT THE LARGER FEE.

5. IF, BEFORE THE EXPIRATION OF NINETY DAYS AFTER THE COMPLETION OR TERMINATION OF EDUCATIONAL OR COUNSELING SERVICES, AN INDIVIDUAL ASSENTS TO AN AGREEMENT, THE PROVIDER SHALL REFUND TO THE INDIVIDUAL ANY FEE PAID PURSUANT TO PARAGRAPH (B) OF SUBDIVISION FOUR OF THIS SECTION.

6. IF A PLAN CONTEMPLATES THAT CREDITORS WILL SETTLE AN INDIVIDUAL'S DEBTS FOR LESS THAN THE PRINCIPAL AMOUNT OF THE DEBT, A PROVIDER MAY NOT CHARGE OR COLLECT COMPENSATION FOR SERVICES UNTIL SUCH TIME AS A SETTLEMENT AGREEMENT HAS BEEN REACHED WITH A CREDITOR AND AT LEAST ONE PAYMENT HAS BEEN MADE TOWARDS SUCH AGREEMENT BY THE INDIVIDUAL. A PROVIDER MAY THEN COLLECT A FEE THAT:

(A) IS A PERCENTAGE OF THE AMOUNT OF THE PRINCIPAL AMOUNT OF THE DEBT, WHICH PERCENTAGE BEARS THE SAME PROPORTIONAL RELATIONSHIP TO THE TOTAL FEE FOR RENEGOTIATING, SETTLING, REDUCING, OR ALTERING THE TERMS OF THE ENTIRE DEBT BALANCE AS THE INDIVIDUAL DEBT AMOUNT BEARS TO THE ENTIRE DEBT AMOUNT BASED ON THE TIME THE DEBT WAS ENROLLED IN THE SERVICE; OR

(B) IS A PERCENTAGE OF THE AMOUNT SAVED AS A RESULT OF THE RENEGOTIATION, SETTLEMENT, REDUCTION, OR ALTERATION, PROVIDED THAT THE PERCENTAGE CHARGED TO AN INDIVIDUAL CANNOT CHANGE FROM ONE DEBT TO ANOTHER, AND PROVIDED FURTHER THAT THE AMOUNT SAVED SHALL BE CALCULATED AS THE DIFFERENCE BETWEEN THE AMOUNT OWED AT THE TIME THE DEBT WAS ENROLLED IN THE PLAN AND THE AMOUNT ACTUALLY PAID TO SATISFY THE DEBT.

(C) ANY FEE PERMITTED TO BE CHARGED OR COLLECTED BY A PROVIDER PURSUANT TO PARAGRAPHS (A) OR (B) OF THIS SUBDIVISION, SHALL BE REDUCED DOLLAR-FOR-DOLLAR BY ANY FEE OR OTHER CONSIDERATION PREVIOUSLY PAID BY THE CONSUMER TO THE PROVIDER, OR TO ANY AFFILIATE OF THE PROVIDER, FOR THE PROVISION OF DEBT RELIEF SERVICES OF ANY SORT OR CHARACTER, INCLUDING BUT NOT LIMITED TO CREDIT COUNSELING, DEBT SETTLEMENT, DEBT NEGOTIATION OR OTHER DEBT RELIEF SERVICE.

7. SUBJECT TO ADJUSTMENT OF THE DOLLAR AMOUNT PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, IF A PAYMENT TO A PROVIDER BY AN INDIVIDUAL UNDER THIS ARTICLE IS DISHONORED, A PROVIDER MAY IMPOSE A REASONABLE CHARGE ON THE INDIVIDUAL, NOT TO EXCEED THE LESSER OF TWENTY-FIVE DOLLARS AND THE AMOUNT PERMITTED BY LAW OTHER THAN THIS ARTICLE.

S 584-C. VOLUNTARY CONTRIBUTIONS. A PROVIDER MAY NOT SOLICIT A VOLUNTARY CONTRIBUTION FROM AN INDIVIDUAL OR AN AFFILIATE OF THE INDIVIDUAL FOR ANY SERVICE PROVIDED TO THE INDIVIDUAL. A PROVIDER MAY ACCEPT VOLUNTARY CONTRIBUTIONS FROM AN INDIVIDUAL BUT, UNTIL THIRTY DAYS AFTER COMPLETION OR TERMINATION OF A PLAN, THE AGGREGATE AMOUNT OF MONEY RECEIVED FROM OR ON BEHALF OF THE INDIVIDUAL MAY NOT EXCEED THE TOTAL AMOUNT THE PROVIDER MAY CHARGE THE INDIVIDUAL UNDER SECTION FIVE HUNDRED EIGHTY-FOUR-B OF THIS ARTICLE.

S 585. VOIDABLE AGREEMENTS. 1. IF A PROVIDER IMPOSED A FEE OR OTHER CHARGE OR RECEIVES MONEY OR OTHER PAYMENTS NOT AUTHORIZED BY SECTION FIVE HUNDRED EIGHTY-FOUR-B OR FIVE HUNDRED EIGHTY-FOUR-C OF THIS ARTI-

CLE, THE INDIVIDUAL MAY VOID THE AGREEMENT AND RECOVER AS PROVIDED IN SECTION FIVE HUNDRED EIGHTY-SEVEN-B OF THIS ARTICLE.

2. IF A PROVIDER IS NOT REGISTERED AS REQUIRED BY THIS ARTICLE WHEN AN INDIVIDUAL ASSENTS TO AN AGREEMENT, THE AGREEMENT IS VOIDABLE BY THE INDIVIDUAL.

3. IF AN INDIVIDUAL IS NOT REGISTERED AS REQUIRED BY THIS ARTICLE, THE PROVIDER DOES NOT HAVE A CLAIM AGAINST THE INDIVIDUAL FOR BREACH OF CONTRACT OR FOR RESTITUTION.

S 585-A. TERMINATION OF AGREEMENT. 1. IF AN INDIVIDUAL WHO HAS ENTERED INTO AN AGREEMENT FAILS FOR SIXTY DAYS TO MAKE PAYMENTS REQUIRED BY THE AGREEMENT, A PROVIDER MAY TERMINATE THE AGREEMENT.

2. IF A PROVIDER OR AN INDIVIDUAL TERMINATES AN AGREEMENT, THE PROVIDER SHALL IMMEDIATELY RETURN TO THE INDIVIDUAL ANY MONEY OF THE INDIVIDUAL HELD IN TRUST FOR THE BENEFIT OF THE INDIVIDUAL.

S 585-B. PERIODIC REPORTS AND RETENTION OF RECORDS. 1. IF AN AGREEMENT PROVIDES FOR PERIODIC PAYMENTS TO CREDITORS, A PROVIDER SHALL PROVIDE THE ACCOUNTING REQUIRED BY SUBDIVISION TWO OF THIS SECTION:

(A) UPON CANCELLATION OR TERMINATION OF AN AGREEMENT; AND

(B) BEFORE CANCELLATION OR TERMINATION OF ANY AGREEMENT:

(I) AT LEAST ONCE EACH MONTH; AND

(II) WITHIN FIVE BUSINESS DAYS AFTER A REQUEST BY AN INDIVIDUAL, BUT THE PROVIDER NEED NOT COMPLY WITH MORE THAN ONE REQUEST IN ANY CALENDAR MONTH.

2. IF AN AGREEMENT PROVIDES FOR PERIODIC PAYMENTS TO CREDITORS, A PROVIDER, IN A RECORD, SHALL PROVIDE EACH INDIVIDUAL FOR WHOM IT HAS ESTABLISHED A PLAN AN ACCOUNTING OF THE FOLLOWING INFORMATION:

(A) THE AMOUNT OF MONEY RECEIVED FROM THE INDIVIDUAL SINCE THE LAST REPORT;

(B) THE AMOUNTS AND DATES OF DISBURSEMENT MADE ON THE INDIVIDUAL'S BEHALF, OR BY THE INDIVIDUAL UPON THE DIRECTION OF THE PROVIDER, SINCE THE LAST REPORT TO EACH CREDITOR LISTED IN THE PLAN;

(C) THE AMOUNT DEDUCTED FROM THE AMOUNT RECEIVED FROM THE INDIVIDUAL;

(D) THE AMOUNT HELD IN RESERVE; AND

(E) IF, SINCE THE LAST REPORT, A CREDITOR HAS AGREED TO ACCEPT AS PAYMENT IN FULL AN AMOUNT LESS THAN THE PRINCIPAL AMOUNT OF THE DEBT OWED BY THE INDIVIDUAL:

(I) THE TOTAL AMOUNT AND TERMS OF THE SETTLEMENT;

(II) THE AMOUNT OF THE DEBT WHEN THE INDIVIDUAL ASSENTED TO THE PLAN;

(III) THE AMOUNT OF THE DEBT WHEN THE CREDITOR AGREED TO THE SETTLEMENT; AND

(IV) THE CALCULATION OF A SETTLEMENT FEE.

3. A PROVIDER SHALL MAINTAIN RECORDS FOR EACH INDIVIDUAL FOR WHOM IT PROVIDES DEBT-MANAGEMENT SERVICES FOR FIVE YEARS AFTER THE FINAL PAYMENT MADE BY THE INDIVIDUAL AND PRODUCE A COPY OF THEM TO THE INDIVIDUAL WITHIN A REASONABLE TIME AFTER A REQUEST FOR THEM. THE PROVIDER MAY USE ELECTRONIC OR OTHER MEANS OF STORAGE OF THE RECORDS.

S 585-C. PROHIBITED ACTS AND PRACTICES. 1. A PROVIDER MAY NOT, DIRECTLY OR INDIRECTLY:

(A) MISAPPROPRIATE OR MISAPPLY MONEY HELD IN TRUST;

(B) SETTLE A DEBT ON BEHALF OF AN INDIVIDUAL UNLESS THE INDIVIDUAL ASSENTS TO THE SETTLEMENT AFTER THE CREDITOR HAS ASSENTED;

(C) EXERCISE OR ATTEMPT TO EXERCISE A POWER OF ATTORNEY AFTER AN INDIVIDUAL HAS TERMINATED AN AGREEMENT;

(D) INITIATE A TRANSFER FROM AN INDIVIDUAL'S ACCOUNT AT A BANK OR WITH ANOTHER PERSON UNLESS THE TRANSFER IS:

(I) A RETURN OF MONEY TO THE INDIVIDUAL; OR

(II) BEFORE TERMINATION OF AN AGREEMENT, PROPERLY AUTHORIZED BY THE AGREEMENT AND THIS ARTICLE, AND FOR:

(A) PAYMENT TO ONE OR MORE CREDITORS PURSUANT TO AN AGREEMENT; OR

(B) PAYMENT OF A FEE;

(E) OFFER A GIFT OR BONUS, PREMIUM, REWARD, OR OTHER COMPENSATION TO AN INDIVIDUAL FOR EXECUTING AN AGREEMENT;

(F) OFFER, PAY, OR GIVE A GIFT OR BONUS, PREMIUM, REWARD, OR OTHER COMPENSATION TO A PERSON FOR REFERRING A PROSPECTIVE CUSTOMER, IF THE PERSON MAKING THE REFERRAL HAS A FINANCIAL INTEREST IN THE OUTCOME OF DEBT-MANAGEMENT SERVICES PROVIDED TO THE CUSTOMER, UNLESS NEITHER THE PROVIDER NOR THE PERSON MAKING THE REFERRAL COMMUNICATES TO THE PROSPECTIVE CUSTOMER THE IDENTITY OF THE SOURCE OF THE REFERRAL;

(G) RECEIVE A BONUS, COMMISSION, OR OTHER BENEFIT FOR REFERRING AN INDIVIDUAL TO A PERSON;

(H) STRUCTURE A PLAN IN A MANNER THAT WOULD RESULT IN A NEGATIVE AMORTIZATION OF ANY OF AN INDIVIDUAL'S DEBTS, UNLESS A CREDITOR THAT IS OWED A NEGATIVELY AMORTIZING DEBT AGREES TO REFUND OR WAIVE THE FINANCE CHARGE UPON PAYMENT OF THE PRINCIPAL AMOUNT OF THE DEBT;

(I) COMPENSATE ITS EMPLOYEES ON THE BASIS OF A FORMULA THAT INCORPORATES THE NUMBER OF INDIVIDUALS THE EMPLOYEE INDUCES TO ENTER INTO AGREEMENTS;

(J) SETTLE A DEBT OR LEAD AN INDIVIDUAL TO BELIEVE THAT A PAYMENT TO A CREDITOR IS IN SETTLEMENT OF A DEBT TO THE CREDITOR UNLESS, AT THE TIME OF SETTLEMENT, THE INDIVIDUAL RECEIVES A CERTIFICATION BY THE CREDITOR THAT THE PAYMENT IS IN FULL SETTLEMENT OF THE DEBT OR IS PART OF A PAYMENT PLAN, THE TERMS OF WHICH ARE INCLUDED IN THE CERTIFICATION, THAT UPON COMPLETION, WILL LEAD TO FULL SETTLEMENT OF THE DEBT;

(K) MAKE A REPRESENTATION THAT:

(I) THE PROVIDER WILL FURNISH MONEY TO PAY BILLS OR PREVENT ATTACHMENTS;

(II) PAYMENT OF A CERTAIN AMOUNT WILL PERMIT SATISFACTION OF A CERTAIN AMOUNT OR RANGE OF INDEBTEDNESS; OR

(III) PARTICIPATION IN A PLAN WILL OR MAY PREVENT LITIGATION, GARNISHMENT, ATTACHMENT, REPOSSESSION, FORECLOSURE, EVICTION, OR LOSS OF EMPLOYMENT;

(L) MISREPRESENT THAT IT IS AUTHORIZED OR COMPETENT TO FURNISH LEGAL ADVICE OR PERFORM LEGAL SERVICES;

(M) REPRESENT IN ITS AGREEMENTS, DISCLOSURES REQUIRED BY THIS ARTICLE, ADVERTISEMENTS, OR INTERNET WEBSITE THAT IT IS

(I) A NOT-FOR-PROFIT ENTITY UNLESS IT IS ORGANIZED AND PROPERLY OPERATING AS A NOT-FOR-PROFIT ENTITY UNDER THE LAW OF THE STATE IN WHICH IT WAS FORMED; OR

(II) A TAX-EXEMPT ENTITY UNLESS IT HAS RECEIVED CERTIFICATION OF TAX-EXEMPT STATUS FROM THE INTERNAL REVENUE SERVICE AND IS PROPERLY OPERATING AS A NOT-FOR-PROFIT ENTITY UNDER THE LAW OF THE STATE IN WHICH IT WAS FORMED;

(N) TAKE A CONFESSION OF JUDGMENT OR POWER OF ATTORNEY TO CONFESS JUDGMENT AGAINST AN INDIVIDUAL; OR

(O) EMPLOY AN UNFAIR, UNCONSCIONABLE, OR DECEPTIVE ACT OR PRACTICE, INCLUDING THE KNOWING OMISSION OF ANY MATERIAL INFORMATION.

2. IF A PROVIDER FURNISHES DEBT-MANAGEMENT SERVICES TO AN INDIVIDUAL, THE PROVIDER MAY NOT, DIRECTLY OR INDIRECTLY:

(A) PURCHASE A DEBT OR OBLIGATION OF THE INDIVIDUAL;

(B) RECEIVE FROM OR ON BEHALF OF THE INDIVIDUAL:

(I) A PROMISSORY NOTE OR OTHER NEGOTIABLE INSTRUMENT OTHER THAN A CHECK OR A DEMAND DRAFT; OR

(II) A POST-DATED CHECK OR DEMAND DRAFT;
(C) OTHER THAN THROUGH AN AFFILIATE THAT IS SEPERATELY LICENSED IN THIS STATE OR EXEMPT FROM LICENSURE, LEND MONEY OR PROVIDE CREDIT TO THE INDIVIDUAL, EXCEPT AS A DEFERRAL OF A SETTLEMENT FEE AT NO ADDITIONAL EXPENSE TO THE INDIVIDUAL;
(D) OBTAIN A MORTGAGE OR OTHER SECURITY INTEREST FROM ANY PERSON IN CONNECTION WITH THE SERVICES PROVIDED TO THE INDIVIDUAL;
(E) EXCEPT AS PERMITTED BY FEDERAL LAW, DISCLOSE THE IDENTITY OR IDENTIFYING INFORMATION OF THE INDIVIDUAL OR THE IDENTITY OF THE INDIVIDUAL'S CREDITORS, EXCEPT TO:
(I) THE SUPERINTENDENT, UPON PROPER DEMAND;
(II) A CREDITOR OF THE INDIVIDUAL, TO THE EXTENT NECESSARY TO SECURE THE COOPERATION OF THE CREDITOR IN A PLAN; OR
(III) THE EXTENT NECESSARY TO ADMINISTER THE PLAN;
(F) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-FOUR-B OF THIS ARTICLE, PROVIDE THE INDIVIDUAL LESS THAN THE FULL BENEFIT OF A COMPROMISE OF A DEBT ARRANGED BY THE PROVIDER;
(G) CHARGE THE INDIVIDUAL FOR OR PROVIDE CREDIT OR OTHER INSURANCE, COUPONS FOR GOODS OR SERVICES, MEMBERSHIP IN A CLUB, ACCESS TO COMPUTERS OR THE INTERNET, OR ANY OTHER MATTER NOT DIRECTLY RELATED TO DEBT-MANAGEMENT SERVICES OR EDUCATIONAL SERVICES CONCERNING PERSONAL FINANCE, EXCEPT TO THE EXTENT SUCH GOODS OR SERVICES ARE EXPRESSLY AUTHORIZED BY THE SUPERINTENDENT; OR
(H) FURNISH LEGAL OR BANKRUPTCY ADVICE OR PERFORM LEGAL SERVICES, UNLESS THE PERSON FURNISHING THAT ADVICE TO OR PERFORMING THOSE SERVICES FOR THE INDIVIDUAL IS LICENSED TO PRACTICE LAW.
3. THIS ARTICLE DOES NOT AUTHORIZE ANY PERSON TO ENGAGE IN THE PRACTICE OF LAW.
4. A PROVIDER MAY NOT RECEIVE A GIFT OR BONUS, PREMIUM, REWARD, OR OTHER COMPENSATION, DIRECTLY OR INDIRECTLY, FOR ADVISING, ARRANGING, OR ASSISTING AN INDIVIDUAL IN CONNECTION WITH OBTAINING, AN EXTENSION OF CREDIT UNRELATED TO THE DEBT MANAGEMENT SERVICES FROM A LENDER, EXCEPT FOR EDUCATIONAL OR COUNSELING SERVICES REQUIRED IN CONNECTION WITH A GOVERNMENT-SPONSORED PROGRAM.
5. UNLESS A PERSON SUPPLIES GOODS, SERVICES, OR FACILITIES GENERALLY AND SUPPLIES THEM TO THE PROVIDER AT A COST NO GREATER THAN THE COST THE PERSON GENERALLY CHARGES TO OTHERS, A PROVIDER MAY NOT PURCHASE GOODS, SERVICES, OR FACILITIES FROM THE PERSON IF AN EMPLOYEE OR A PERSON THAT THE PROVIDER SHOULD REASONABLY KNOW IS AN AFFILIATE OF THE PROVIDER:
(A) OWNS MORE THAN TEN PERCENT OF THE PERSON; OR
(B) IS AN EMPLOYEE OR AFFILIATE OF THE PERSON.
S 586. NOTICE OF LITIGATION. NO LATER THAN THIRTY DAYS AFTER A PROVIDER HAS BEEN SERVED WITH NOTICE OF A CIVIL ACTION FOR VIOLATION OF THIS ARTICLE BY OR ON BEHALF OF AN INDIVIDUAL WHO RESIDES IN THIS STATE AT EITHER THE TIME OF AN AGREEMENT OR AT THE TIME THE NOTICE IS SERVED, THE PROVIDER SHALL NOTIFY THE SUPERINTENDENT IN A RECORD THAT IT HAS BEEN SUED.
S 586-A. ADVERTISING. 1. IF THE AGREEMENTS OF A PROVIDER CONTEMPLATE THAT CREDITORS WILL REDUCE FINANCE CHARGES OR FEES FOR LATE PAYMENT, DEFAULT, OR DELINQUENCY AND THE PROVIDER ADVERTISES DEBT-MANAGEMENT SERVICES, IT SHALL DISCLOSE, IN AN EASILY COMPREHENSIBLE MANNER, THAT USING A DEBT-MANAGEMENT PLAN MAY MAKE IT HARDER FOR THE INDIVIDUAL TO OBTAIN CREDIT.
2. IF THE AGREEMENTS OF A PROVIDER CONTEMPLATE THAT CREDITORS WILL SETTLE FOR LESS THAN THE FULL PRINCIPAL AMOUNT OF DEBT AND THE PROVIDER ADVERTISES DEBT-MANAGEMENT SERVICES, IT SHALL DISCLOSE, IN AN EASILY

COMPREHENSIBLE MANNER, THE INFORMATION SPECIFIED IN PARAGRAPHS (C) AND (D) OF SUBDIVISION FOUR OF SECTION FIVE HUNDRED EIGHTY-THREE OF THIS ARTICLE.

S 586-B. LIABILITY FOR THE CONDUCT OF OTHER PERSONS. IF A PROVIDER DELEGATES ANY OF ITS DUTIES OR OBLIGATIONS UNDER AN AGREEMENT OR THIS ARTICLE TO A THIRD PARTY, INCLUDING AN INDEPENDENT CONTRACTOR, THE PROVIDER IS LIABLE FOR CONDUCT OF THE PERSON WHICH, IF DONE BY THE PROVIDER, WOULD VIOLATE THE AGREEMENT OR THIS ARTICLE.

S 586-C. POWERS OF SUPERINTENDENT. 1. THE SUPERINTENDENT MAY ACT ON HIS OR HER OWN INITIATIVE OR IN RESPONSE TO COMPLAINTS AND MAY RECEIVE COMPLAINTS, TAKE ACTION TO OBTAIN VOLUNTARY COMPLIANCE WITH THIS ARTICLE, REFER CASES TO THE ATTORNEY GENERAL, AND SEEK OR PROVIDE REMEDIES AS PROVIDED IN THIS ARTICLE.

2. THE SUPERINTENDENT MAY INVESTIGATE AND EXAMINE, IN THIS STATE OR ELSEWHERE, BY SUBPOENA OR OTHERWISE, THE ACTIVITIES, BOOKS, ACCOUNTS, AND RECORDS OF A PERSON THAT PROVIDES OR OFFERS TO PROVIDE DEBT-MANAGEMENT SERVICES, OR A PERSON TO WHICH A PROVIDER HAS DELEGATED ITS OBLIGATIONS UNDER AN AGREEMENT OR THIS ARTICLE, TO DETERMINE COMPLIANCE WITH THIS ARTICLE. INFORMATION THAT IDENTIFIES INDIVIDUALS WHO HAVE AGREEMENTS WITH THE PROVIDER SHALL NOT BE DISCLOSED TO THE PUBLIC. IN CONNECTION WITH THE INVESTIGATION, THE SUPERINTENDENT MAY:

(A) CHARGE THE PERSON THE REASONABLE EXPENSES NECESSARILY INCURRED TO CONDUCT THE EXAMINATION;

(B) REQUIRE OR PERMIT A PERSON TO FILE A STATEMENT UNDER OATH AS TO ALL THE FACTS AND CIRCUMSTANCES OF A MATTER TO BE INVESTIGATED; AND

(C) SEEK A COURT ORDER AUTHORIZING SEIZURE FROM A BANK AT WHICH THE PERSON MAINTAINS A TRUST ACCOUNT REQUIRED BY SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE, ANY OR ALL MONEY, BOOKS, RECORDS, ACCOUNTS, AND OTHER PROPERTY OF THE PROVIDER THAT IS IN THE CONTROL OF THE BANK AND RELATES TO INDIVIDUALS WHO RESIDE IN THIS STATE.

3. THE SUPERINTENDENT MAY ADOPT RULES TO IMPLEMENT THE PROVISIONS OF THIS ARTICLE IN ACCORDANCE WITH THE STATE ADMINISTRATIVE PROCEDURE ACT.

4. THE SUPERINTENDENT MAY ENTER INTO COOPERATIVE ARRANGEMENTS WITH ANY OTHER FEDERAL OR STATE AGENCY HAVING AUTHORITY OVER PROVIDERS AND MAY EXCHANGE WITH ANY OF THOSE AGENCIES INFORMATION ABOUT A PROVIDER, INCLUDING INFORMATION OBTAINED DURING AN EXAMINATION OF THE PROVIDER.

5. THE SUPERINTENDENT, BY RULE, SHALL ESTABLISH REASONABLE FEES TO BE PAID BY PROVIDERS FOR THE EXPENSE OF ADMINISTERING THIS ARTICLE.

6. THE SUPERINTENDENT, BY RULE, SHALL ADOPT DOLLAR AMOUNTS INSTEAD OF THOSE SPECIFIED IN SECTIONS FIVE HUNDRED SEVENTY-NINE-A, FIVE HUNDRED EIGHTY, FIVE HUNDRED EIGHTY-ONE, FIVE HUNDRED EIGHTY-TWO, FIVE HUNDRED EIGHTY-SEVEN, AND FIVE HUNDRED EIGHTY-SEVEN-B OF THIS ARTICLE TO REFLECT INFLATION, AS MEASURED BY THE UNITED STATES BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS OR, IF THAT INDEX IS NOT AVAILABLE, ANOTHER INDEX ADOPTED BY RULE BY THE SUPERINTENDENT. THE SUPERINTENDENT SHALL ADOPT A BASE YEAR AND ADJUST THE DOLLAR AMOUNTS, EFFECTIVE ON JULY FIRST OF EACH YEAR, IF THE CHANGE IN THE INDEX FROM THE BASE YEAR, AS OF DECEMBER THIRTY-FIRST OF THE PRECEDING YEAR, IS AT LEAST TEN PERCENT. THE DOLLAR AMOUNT MUST BE ROUNDED TO THE NEAREST ONE HUNDRED DOLLARS, EXCEPT THAT THE AMOUNTS IN SECTION FIVE HUNDRED EIGHTY-FOUR-B OF THIS ARTICLE MUST BE ROUNDED TO THE NEAREST DOLLAR.

7. THE SUPERINTENDENT SHALL NOTIFY REGISTERED PROVIDERS OF ANY CHANGE IN DOLLAR AMOUNTS MADE PURSUANT TO SUBDIVISION SIX OF THIS SECTION AND MAKE THAT INFORMATION AVAILABLE TO THE PUBLIC.

S 587. ADMINISTRATIVE REMEDIES. 1. THE SUPERINTENDENT MAY ENFORCE THIS ARTICLE AND RULES ADOPTED UNDER THIS ARTICLE BY TAKING ONE OR MORE OF THE FOLLOWING ACTIONS:

(A) ORDERING A PROVIDER OR A DIRECTOR, EMPLOYEE, OR OTHER AGENT OF A PROVIDER TO CEASE AND DESIST FROM ANY VIOLATIONS;

(B) ORDERING A PROVIDER OR A PERSON THAT HAS CAUSED A VIOLATION TO CORRECT THE VIOLATION, INCLUDING MAKING RESTITUTION OF MONEY OR PROPERTY TO A PERSON AGGRIEVED BY A VIOLATION;

(C) SUBJECT TO ADJUSTMENT OF THE DOLLAR AMOUNT PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, IMPOSING ON A PROVIDER OR A PERSON THAT HAS CAUSED A VIOLATION A CIVIL PENALTY NOT EXCEEDING TEN THOUSAND DOLLARS FOR EACH VIOLATION;

(D) PROSECUTING A CIVIL ACTION TO:

(I) ENFORCE AN ORDER;

(II) OBTAIN RESTITUTION OR AN INJUNCTION OR OTHER EQUITABLE RELIEF, OR BOTH; OR

(E) INTERVENING IN AN ACTION BROUGHT UNDER SECTION FIVE HUNDRED EIGHTY-SEVEN-B OF THIS ARTICLE.

2. SUBJECT TO ADJUSTMENT OF THE DOLLAR AMOUNT PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, IF A PERSON VIOLATES OR KNOWINGLY AUTHORIZES, DIRECTS, OR AIDS IN THE VIOLATION OF A FINAL ORDER ISSUED UNDER PARAGRAPH (A) OR (B) OF SUBDIVISION ONE OF THIS SECTION, THE SUPERINTENDENT MAY IMPOSE A CIVIL PENALTY NOT EXCEEDING TWENTY THOUSAND DOLLARS FOR EACH VIOLATION.

3. THE SUPERINTENDENT MAY MAINTAIN AN ACTION TO ENFORCE THIS ARTICLE IN ANY COUNTY.

4. THE SUPERINTENDENT MAY RECOVER THE REASONABLE COSTS OF ENFORCING THIS ARTICLE UNDER SUBDIVISIONS ONE THROUGH THREE OF THIS SECTION, INCLUDING ATTORNEY'S FEES BASED ON THE HOURS REASONABLY EXPENDED AND THE HOURLY RATES FOR ATTORNEYS OF COMPARABLE EXPERIENCE IN THE COMMUNITY.

5. IN DETERMINING THE AMOUNT OF A CIVIL PENALTY TO IMPOSE UNDER SUBDIVISION ONE OR TWO OF THIS SECTION, THE SUPERINTENDENT SHALL CONSIDER THE SERIOUSNESS OF THE VIOLATION, THE GOOD FAITH OF THE VIOLATOR, ANY PREVIOUS VIOLATIONS BY THE VIOLATOR, THE DELETERIOUS EFFECT OF THE VIOLATION ON THE PUBLIC, THE NET WORTH OF THE VIOLATOR, AND ANY OTHER FACTOR THE SUPERINTENDENT CONSIDERS RELEVANT TO THE DETERMINATION OF THE CIVIL PENALTY.

S 587-A. SUSPENSION, REVOCATION, OR NONRENEWAL OF REGISTRATION. 1. IN THIS SECTION, "INSOLVENT" MEANS:

(A) HAVING GENERALLY CEASED TO PAY DEBTS IN THE ORDINARY COURSE OF BUSINESS OTHER THAN AS A RESULT OF GOOD-FAITH DISPUTE;

(B) BEING UNABLE TO PAY DEBTS AS THEY BECOME DUE; OR

(C) BEING INSOLVENT WITHIN THE MEANING OF THE FEDERAL BANKRUPTCY LAW, 11 U.S.C. SECTION 101 ET SEQ., AS AMENDED.

2. THE SUPERINTENDENT MAY SUSPEND, REVOKE, OR DENY RENEWAL OF A PROVIDER'S REGISTRATION IF:

(A) A FACT OR CONDITION EXISTS THAT, IF IT HAD EXISTED WHEN THE REGISTRANT APPLIED FOR REGISTRATION AS A PROVIDER, WOULD HAVE BEEN A REASON FOR DENYING REGISTRATION;

(B) THE PROVIDER HAS COMMITTED A MATERIAL VIOLATION OF THIS ARTICLE OR A RULE OR ORDER OF THE SUPERINTENDENT UNDER THIS ARTICLE;

(C) THE PROVIDER IS INSOLVENT;

(D) THE PROVIDER OR AN EMPLOYEE OR AFFILIATE OF THE PROVIDER HAS REFUSED TO PERMIT THE SUPERINTENDENT TO MAKE AN EXAMINATION AUTHORIZED BY THIS ARTICLE, FAILED TO COMPLY WITH PARAGRAPH (B) OF SUBDIVISION TWO OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE WITHIN FIFTEEN DAYS

AFTER REQUEST, OR MADE A MATERIAL MISREPRESENTATION OR OMISSION IN COMPLYING WITH PARAGRAPH (B) OF SUBDIVISION TWO OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE; OR

(E) THE PROVIDER HAS NOT RESPONDED WITHIN A REASONABLE TIME AND IN AN APPROPRIATE MANNER TO COMMUNICATIONS FROM THE SUPERINTENDENT.

3. IF A PROVIDER DOES NOT COMPLY WITH SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE OR IF THE SUPERINTENDENT OTHERWISE FINDS THAT THE PUBLIC HEALTH OR SAFETY OR GENERAL WELFARE REQUIRES EMERGENCY ACTION, THE SUPERINTENDENT MAY ORDER A SUMMARY SUSPENSION OF THE PROVIDER'S REGISTRATION, EFFECTIVE ON THE DATE SPECIFIED IN THE ORDER.

4. IF THE SUPERINTENDENT SUSPENDS, REVOKES, OR DENIES RENEWAL OF THE REGISTRATION OF A PROVIDER, THE SUPERINTENDENT MAY SEEK A COURT ORDER AUTHORIZING SEIZURE OF ANY OR ALL OF THE MONEY IN A TRUST ACCOUNT REQUIRED BY SECTION FIVE HUNDRED EIGHTY-FOUR-A OF THIS ARTICLE, BOOKS, RECORDS, ACCOUNTS, AND OTHER PROPERTY OF THE PROVIDER WHICH ARE LOCATED IN THIS STATE.

5. IF THE SUPERINTENDENT SUSPENDS OR REVOKES A PROVIDER'S REGISTRATION, THE PROVIDER MAY APPEAL AND REQUEST A HEARING IN ACCORDANCE WITH THE PROVISIONS OF THE STATE ADMINISTRATIVE PROCEDURE ACT.

S 587-B. PRIVATE ENFORCEMENT. 1. IF AN INDIVIDUAL VOIDS AN AGREEMENT PURSUANT TO SUBDIVISION TWO OF SECTION FIVE HUNDRED EIGHTY-FIVE OF THIS ARTICLE, THE INDIVIDUAL MAY RECOVER IN A CIVIL ACTION ALL MONEY PAID OR DEPOSITED BY OR ON BEHALF OF THE INDIVIDUAL PURSUANT TO THE AGREEMENT, EXCEPT AMOUNTS PAID TO CREDITORS, IN ADDITION TO THE RECOVERY UNDER PARAGRAPHS (C) AND (D) OF SUBDIVISION THREE OF THIS SECTION.

2. IF AN INDIVIDUAL VOIDS AN AGREEMENT PURSUANT TO SUBDIVISION TWO OF SECTION FIVE HUNDRED EIGHTY-FIVE OF THIS ARTICLE, THE INDIVIDUAL MAY RECOVER IN A CIVIL ACTION THREE TIMES THE TOTAL AMOUNT OF THE FEES, CHARGES, MONEY, AND PAYMENTS MADE BY THE INDIVIDUAL TO THE PROVIDER, IN ADDITION TO THE RECOVERY UNDER PARAGRAPH (D) OF SUBDIVISION THREE OF THIS SECTION.

3. SUBJECT TO SUBDIVISION FOUR OF THIS SECTION, AN INDIVIDUAL WITH RESPECT TO WHOM A PROVIDER VIOLATES THIS ARTICLE MAY RECOVER IN A CIVIL ACTION FROM THE PROVIDER AND ANY THIRD PARTY THAT CAUSED THE VIOLATION:

(A) ACTUAL DAMAGES FOR INJURY, CAUSED BY THE VIOLATION;

(B) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION FOUR OF THIS SECTION AND SUBJECT TO ADJUSTMENT OF THE DOLLAR AMOUNT PURSUANT TO SUBDIVISION SIX OF SECTION FIVE HUNDRED EIGHTY-SIX-C OF THIS ARTICLE, WITH RESPECT TO A VIOLATION OF SECTION FIVE HUNDRED EIGHTY-THREE, FIVE HUNDRED EIGHTY-THREE-B, FIVE HUNDRED EIGHTY-THREE-C, FIVE HUNDRED EIGHTY-FOUR, FIVE HUNDRED EIGHTY-FOUR-A, FIVE HUNDRED EIGHTY-FOUR-B, FIVE HUNDRED EIGHTY-FOUR-C, FIVE HUNDRED EIGHTY-FIVE-B, OR SUBDIVISION ONE, TWO OR FOUR OF SECTION FIVE HUNDRED EIGHTY-FIVE-C OF THIS ARTICLE, THE GREATER OF THE AMOUNT RECOVERABLE UNDER PARAGRAPH (A) OF THIS SUBDIVISION OR FIVE THOUSAND DOLLARS;

(C) PUNITIVE DAMAGES; AND

(D) REASONABLE ATTORNEY'S FEES AND COSTS.

4. IN A CLASS ACTION, EXCEPT FOR A VIOLATION OF PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION FIVE HUNDRED EIGHTY-FIVE-C OF THIS ARTICLE, THE MINIMUM DAMAGES PROVIDED IN PARAGRAPH (B) OF SUBDIVISION THREE OF THIS SECTION DO NOT APPLY.

5. IN ADDITION TO THE REMEDY AVAILABLE UNDER SUBDIVISION THREE OF THIS SECTION, IF A PROVIDER VIOLATES AN INDIVIDUAL'S RIGHTS UNDER SECTION FIVE HUNDRED EIGHTY-THREE-C OF THIS ARTICLE, THE INDIVIDUAL MAY RECOVER IN A CIVIL ACTION ALL MONEY PAID OR DEPOSITED BY OR ON BEHALF OF THE

INDIVIDUAL PURSUANT TO THE AGREEMENT, EXCEPT FOR AMOUNTS PAID TO CREDITORS.

6. A PROVIDER IS NOT LIABLE UNDER THIS SECTION FOR A VIOLATION OF THIS ARTICLE IF THE PROVIDER PROVES THAT THE VIOLATION WAS NOT INTENTIONAL AND RESULTED FROM A GOOD-FAITH ERROR NOTWITHSTANDING THE MAINTENANCE OF PROCEDURES REASONABLY ADAPTED TO AVOID THE ERROR. AN ERROR OF LEGAL JUDGMENT WITH RESPECT TO A PROVIDER'S OBLIGATIONS UNDER THIS ARTICLE IS NOT A GOOD-FAITH ERROR. IF, IN CONNECTION WITH A VIOLATION, THE PROVIDER HAS RECEIVED MORE MONEY THAN AUTHORIZED BY AN AGREEMENT OR THIS ARTICLE, THE DEFENSE PROVIDED BY THIS SUBDIVISION IS NOT AVAILABLE UNLESS THE PROVIDER REFUNDS THE EXCESS WITHIN TWO BUSINESS DAYS OF LEARNING OF THE VIOLATION.

7. THE SUPERINTENDENT SHALL ASSIST AN INDIVIDUAL IN ENFORCING A JUDGMENT AGAINST THE SURETY BOND OR OTHER SECURITY PROVIDED UNDER SECTION FIVE HUNDRED EIGHTY-TWO OR FIVE HUNDRED EIGHTY-TWO-A OF THIS ARTICLE.

S 587-C. VIOLATION OF THE GENERAL BUSINESS LAW. IF AN ACT OR PRACTICE OF A PROVIDER VIOLATED BOTH THIS ARTICLE AND ARTICLE TWENTY-TWO-A OF THE GENERAL BUSINESS LAW AN INDIVIDUAL MAY NOT RECOVER UNDER BOTH FOR THE SAME ACT OR PRACTICE.

S 588. STATUTE OF LIMITATIONS. 1. AN ACTION OR PROCEEDING BROUGHT PURSUANT TO SUBDIVISIONS ONE, TWO AND THREE OF SECTION FIVE HUNDRED EIGHTY-SEVEN OF THIS ARTICLE MUST BE COMMENCED WITHIN FOUR YEARS AFTER THE CONDUCT THAT IS THE BASIS OF THE SUPERINTENDENT'S COMPLAINT.

2. AN ACTION BROUGHT PURSUANT TO SECTION FIVE HUNDRED EIGHTY-SEVEN-B OF THIS ARTICLE MUST BE COMMENCED WITHIN TWO YEARS AFTER THE LATEST OF:

(A) THE INDIVIDUAL'S LAST TRANSMISSION OF MONEY TO A PROVIDER;

(B) THE INDIVIDUAL'S LAST TRANSMISSION OF MONEY TO A CREDITOR AT THE DIRECTION OF THE PROVIDER;

(C) THE PROVIDER'S LAST DISBURSEMENT TO A CREDITOR OF THE INDIVIDUAL;

(D) THE PROVIDER'S LAST ACCOUNTING TO THE INDIVIDUAL PURSUANT TO SUBDIVISION ONE OF SECTION FIVE HUNDRED EIGHTY-FIVE-B OF THIS ARTICLE;

(E) THE DATE ON WHICH THE INDIVIDUAL DISCOVERED OR REASONABLY SHOULD HAVE DISCOVERED THE FACTS GIVING RISE TO THE INDIVIDUAL'S CLAIM; OR

(F) TERMINATION OF ACTIONS OR PROCEEDINGS BY THE SUPERINTENDENT WITH RESPECT TO A VIOLATION OF THIS ARTICLE.

3. THE PERIOD PRESCRIBED IN PARAGRAPH (E) OF SUBDIVISION TWO OF THIS SECTION IS TOLLED DURING ANY PERIOD DURING WHICH THE PROVIDER OR, IF DIFFERENT, THE DEFENDANT HAS MATERIALLY AND WILLFULLY MISREPRESENTED INFORMATION REQUIRED BY THIS ARTICLE TO BE DISCLOSED TO THE INDIVIDUAL, IF THE INFORMATION SO MISREPRESENTED IS MATERIAL TO THE ESTABLISHMENT OF THE LIABILITY OF THE DEFENDANT UNDER THIS ARTICLE.

S 588-A. UNIFORMITY OF APPLICATION AND CONSTRUCTION. IN APPLYING AND CONSTRUING THIS UNIFORM ACT, CONSIDERATION MUST BE GIVEN TO THE NEED TO PROMOTE UNIFORMITY OF THE LAW WITH RESPECT TO ITS SUBJECT MATTER AMONG STATES THAT ENACT IT.

S 588-B. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. THIS ARTICLE MODIFIES, LIMITS, AND SUPERSEDES THE FEDERAL ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT (15 U.S.C. SECTION 7001 ET SEQ.) BUT DOES NOT MODIFY, LIMIT, OR SUPERSEDE SECTION 101(C) OF THAT ACT (15 U.S.C. SECTION 7001(C)) OR AUTHORIZE ELECTRONIC DELIVERY OF ANY OF THE NOTICES DESCRIBED IN SECTION 103(B) OF THAT ACT (15 U.S.C. SECTION 7003(B)).

S 588-C. TRANSITIONAL PROVISIONS; APPLICATION TO EXISTING TRANSACTIONS. TRANSACTIONS ENTERED INTO BEFORE THIS ARTICLE TAKES EFFECT AND THE RIGHTS, DUTIES, AND INTERESTS RESULTING FROM THEM MAY BE COMPLETED, TERMINATED, OR ENFORCED AS REQUIRED OR PERMITTED BY A LAW AMENDED,

REPEALED, OR MODIFIED BY THIS ARTICLE AS THOUGH THE AMENDMENT, REPEAL, OR MODIFICATION HAD NOT OCCURRED.

S 5. Severability. If any clause, sentence, paragraph, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid and after exhaustion of all further judicial review, the judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part of this act directly involved in the controversy in which the judgment shall have been rendered.

S 6. This act shall take effect one year after it shall have become a law; provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for implementation of this act on its effective date are authorized and directed to be made and completed on or before such effective date.