

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Amend the Debt Management Services Laws

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 32 MRSA §6171, as enacted by PL 1999, c. 560, §3, is amended to read:

§ 6171. Short title

This chapter may be known and cited as the "Nonprofit Debt Management Services Act."

Sec. 2. 32 MRSA §6172, sub-§3, as enacted by PL 1999, c. 560, §3, is amended to read:

3. Debt management service provider. "Debt management service provider" means a person, wherever located, that provides or offers to provide to a consumer in this State any debt management services, in return for a fee or other consideration, and a person located in this State that provides or offers to provide to a consumer who is not a resident of this State any debt management services, in return for a fee or other consideration. "Debt management service provider" does not include:

A. A supervised financial organization;

B. A supervised lender; or

C. A person admitted to the practice of law in this State as of the effective date of this chapter, except to the extent that debt management services constitute the exclusive activity of that attorney.

Sec. 3. 32 MRSA §6173, sub-§1, as enacted by PL 1999, c. 560, §3, is repealed.

Sec. 4. 32 MRSA §6173, sub-§2, as enacted by PL 1999, c. 560, §3, is amended to read:

2. Registration and reregistration. ~~A nonprofit~~An organization that is exempt from taxation under the United States Internal Revenue Code, Section 501(c)(3) desiring to act, or continue to act, with respect to consumers in this State as a debt management service provider shall apply to the administrator for registration or reregistration in accordance with this chapter. The application must be in a form prescribed by the administrator. The administrator may refuse the application if it contains erroneous or incomplete information. A registration may not be issued unless the administrator, upon investigation, finds that the financial soundness and responsibility, insurance coverage, consumer education programs and services component, character and fitness of the applicant and, when applicable, its partners, officers or directors, warrant belief that the business will be operated honestly and fairly within the purposes of this chapter. The initial application for registration may be filed at any time and must include a fee of \$500. A registration or reregistration under this chapter expires on December 31st of the year approved. An annual reregistration application must be filed by December 1st of each year for the following year and must include a fee of \$250.

Sec. 5. 32 MRSA §6174-A is enacted to read:

§ 6174-A. Limits on fees and charges

A debt management service provider may not charge fees to a consumer in excess of:

1. One-time set-up fees and debt management service. For a one-time initial or account set-up fee, \$75. For a debt management service provider that distributes monthly payments to a consumer's creditor or creditors, a monthly fee of \$40; or

2. Debt management service intermediary. For a debt management service provider that acts or offers to act as an intermediary between a consumer and one or more creditors of the consumer for the purpose of adjusting, settling, discharging, reaching a compromise on or otherwise altering the terms of payment of the consumer's obligation, 15% of the amount by which the consumer's debt is reduced as part of each settlement.

Sec. 6. Maine Revised Statutes headnote amended; revision clause. In the Maine Revised Statutes, Title 32, chapter 80-A, in the chapter headnote, the words "nonprofit debt management services" are amended to read "debt management services" and the Revisor of Statutes shall implement this revision when updating, publishing or republishing the statutes.

SUMMARY

This bill amends the State's debt management services laws by permitting for-profit companies to obtain licenses as debt management service providers. The bill clarifies that a debt management service provider must be registered if it serves consumers in this State or if it is located in this State. This bill establishes caps on fees and charges that may be assessed to consumers.