

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Banking and Insurance Committee

BILL: CS/SB 336

INTRODUCER: Banking and Insurance Committee and Senators Richter and Gaetz

SUBJECT: Debt Settlement Services

DATE: January 19, 2012 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Burgess	BI	Fav/CS
2.	_____	_____	CM	_____
3.	_____	_____	BC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

In recent years, an increasing number of disreputable companies have been targeting consumers who have significant delinquent debts. These unscrupulous entities engage in deceptive and misleading marketing practices (i.e., promising the cancellation of debts for pennies on the dollar) or charge egregious fees for debt management, settlement, or negotiation services that will never be provided.

Part IV of ch. 817, F.S., governs the regulation of services offered by credit counseling agencies, which include credit counseling and debt management. Debt management services include the adjustment, compromise, or discharge of unsecured debt. The negotiation of debt may include the reduction of interest rates or fees (traditional debt management) as well as the reduction of principal and interest through debt settlement services.

The bill provides the following changes governing debt settlement and credit counseling services, including codification of provisions of the amended Telemarketing Sales Rule adopted by the Federal Trade Commission and fee revisions:

- Increases the fee cap applicable to debt settlement services to a maximum of 30 percent of the amount saved. At least 16 out of 50 states have enacted laws authorizing a fee cap of 30

percent or more of the amount saved. Currently, the law prohibits a fee or contribution greater than \$50 for the initial setup or initial consultation. Subsequently, the law provides that a person may not charge or accept a fee or contribution from a debtor residing in this state greater than \$120 per year for additional consultations. As an alternative, the law provides that if services as defined in s. 817.801(4)(b), F.S., are provided, a person may charge the greater of 7.5 percent of the amount paid monthly by the debtor to the person or \$35 per month.

- Codifies provisions of the Federal Trade Commission’s (FTC) Telemarketing Sales Regulation governing debt settlement transactions, such as prohibiting upfront fees, requiring specified disclosures, and prohibiting misrepresentation regarding services. Current Florida law allows an entity to charge or accept a monthly fee.
- Requires nonprofits, as well as for profit, debt settlement providers, offering debt settlement services to comply with the FTC provisions. The FTC regulation does not apply to nonprofit entities providing debt settlement services.
- Requires debt settlement providers offering debt settlement services through a “face-to-face” encounter, internet only, or intrastate-only sales to comply with the FTC provisions. The FTC regulation generally applies only to businesses engaging in inbound or outbound interstate telephone telemarketing.¹ As such, the federal regulation does not cover telemarketing transactions conducted face-to-face, internet only, or intrastate only.
- Provides that debt management services do not include debt settlement services.
- Clarifies current definition of services that a credit counseling agency may offer and creates definitions relating to debt settlement services.

The bill creates the following section of the Florida Statutes: 817.8035. The bill amends the following sections of the Florida Statutes: 817.801, 817.802, 817.803, 817.804, and 817.805.

II. Present Situation:

Consumers with debt problems may have several options, contingent upon their financial situation. Although a consumer may negotiate directly with a creditor to modify the terms of the debt, a consumer may seek assistance from a third party to facilitate this process for a fee. Those who have sufficient assets and income to repay their full debts over time can enroll in a debt management plan with a credit counseling agency, if their creditors make certain concessions (e.g., a reduction in interest rate or fees). On the other end of the spectrum, for consumers who are so far in debt that they can never catch up, declaring bankruptcy might be the only solution. Providers of debt settlement services market their services to consumers who fall between these two options, i.e., consumers who cannot repay their full debt amount, but could pay some percentage of it.

Providers of debt management services, which are typically nonprofit credit counseling agencies, work with creditors to develop repayment plans for consumers.² These plans typically permit a

¹ 16 CFR 310.2(cc).

² The 2005 federal Bankruptcy Abuse Prevention and Consumer Protection Act generally provides that an individual may not be a debtor in bankruptcy unless such individual has, within 180 days of filing a petition for bankruptcy, received from an approved nonprofit credit counseling agency, a briefing that outlines the opportunities for available credit counseling and assists the individual in performing a related budget analysis. Therefore, many credit counseling agencies are established as nonprofit, tax-exempt organizations under the Internal Revenue Code. A non-profit credit counseling agency cannot refuse to

consumer to repay the balance owed under renegotiated terms, such as substantially reduced interest rates and fees. A debt management plan allows a consumer to reduce debt through monthly deposits to the credit counseling organization, which then distributes those funds to creditors. Nonprofit credit counseling organizations use various methods for producing income for the organization. Many creditors, particularly credit card issuers or financial institutions, make voluntary contributions or “fair share” payments to nonprofit credit counseling organizations for providing an alternative means of debt collection. Since credit card issuers limit their fair-share payments to nonprofit agencies, the majority of these credit counseling agencies are organized as nonprofits. Additionally, credit counseling agencies may request donations or fees from consumers for their services.

For consumers who are unable to repay the full balance owed, debt settlement companies offer to negotiate with a consumer's creditors to enable the consumer to make a lump-sum payment of less than the entire principal and interest owed to the creditor, thereby settling the debt obligation. In contrast to the traditional, nonprofit credit counseling organization, debt settlement companies generally operate as for-profit entities. In return for a settlement, the consumer pays the provider a fee based on the savings on the principal plus monthly fees and consultation fees or a fee based on the enrolled debt.

Regulation of Credit Counseling Services in Florida

Florida law does not assign any specific state agency with the duty of enforcing the laws governing credit counseling agencies, debt management services, and debt settlement services. However, the Department of Legal Affairs and state attorneys do protect consumers from the entities that employ unfair practices by using the enforcement authority under part II of ch. 501, F.S., the Florida Deceptive and Unfair Trade Practices Act, and part IV of ch. 817, F.S., relating to credit counseling.

Florida Deceptive and Unfair Trade Practices Act -- The Florida Deceptive and Unfair Trade Practices Act,³ provides remedies and penalties for “unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce.”⁴ Violations of this part include any violation of this act and rules adopted pursuant to the FTC Act, including the standards of unfairness and deception set forth and interpreted by the FTC or the federal courts. Willful violations of the act occur when the person knew or should have known that the conduct was unfair, deceptive, or prohibited by rule. Remedies for practices prohibited by the act may include an action to enjoin a person from committing such acts,⁵ an action to recover actual damages caused by the violation, and the imposition of a civil penalty, generally not more than \$10,000 for each willful violation. Actions can be brought by a state attorney, the Department of Legal Affairs,⁶ or by a consumer.⁷

provide counseling services due to a consumer’s inability to pay or the ineligibility or unwillingness of a consumer to establish a debt management plan. Moreover, a non-profit agency must charge reasonable fees. [Sections 501c (3), 501c (4), and 501 (q) of the Internal Revenue Code]

³ Part II of ch. 501, F.S.

⁴ Section 501.204, F.S.

⁵ Section 501.207(1)(b), F.S.

⁶ Section 501.203(2), F.S.

⁷ Section 501.211(1), F.S.

Credit Counseling Services and Debt Management Services -- In Florida, credit counseling organizations provide credit counseling and debt management services.⁸ The term “credit counseling services” means money management, debt reduction, and financial educational services. “Debt management services” generally means services provided for a fee to adjust or discharge the indebtedness of the debtor.⁹ Debt management services include the provision of debt settlement services. Part IV of ch. 817, F.S., exempts numerous entities from the provisions of this part, including any debt management or credit counseling services provided in the practice of law in this state.

Any person engaged in credit counseling or debt management services is prohibited from charging fees to any consumer or debtor residing in Florida in excess of amounts prescribed in s. 817.802, F.S. This provision prohibits a person, while engaging in debt management services or credit counseling services, from charging or accepting a fee greater than \$50 for the initial consultation. Subsequently, the person may not charge or accept a fee greater than \$120 per year for additional consultations or, alternatively, if debt management services are provided, the person may charge 7.5 percent of the amount paid monthly by the debtor or \$35 per month, whichever is greater.

A violation of any provision of part IV of ch. 817, F.S., is an unfair or deceptive trade practice under the Florida Deceptive and Unfair Trade Practices Act. The Department of Legal Affairs can enforce part II of ch. 501, F.S., against credit counseling agencies engaging in unfair and deceptive trade practices. A person who violates any provision of the act commits a third-degree felony. A consumer harmed by a violation of this act may bring an action for recovery of damages, costs, and attorney’s fees.

Federal Laws and Regulations Related to Consumer Debt

Many federal laws protect consumers from deceptive and fraudulent practices related to debt relief services. The Federal Trade Commission (FTC) has jurisdiction to enforce certain federal consumer protection laws through the Federal Trade Commission Act,¹⁰ the Telemarketing and Consumer Fraud and Abuse Prevention Act,¹¹ and other acts.

Federal Trade Commission Act -- The FTC is authorized to (1) prevent unfair methods of competition, and unfair or deceptive acts or practices affecting commerce; (2) seek monetary redress for conduct injurious to consumers; (3) adopt trade regulation rules defining acts or practices that are unfair or deceptive; and (4) conduct investigations relating to the business practices.

⁸ Part IV, ch. 817, F.S.

⁹ Section 817.801, F.S.

¹⁰ 15 U.S.C. 41-58.

¹¹ 15 U.S.C. 6101-6108.

The Telemarketing and Consumer Fraud and Abuse Prevention Act—This act targets deceptive and abusive telemarketing practices, and directs the FTC to adopt a rule with antifraud and privacy protections for consumers receiving telephone solicitations to purchase goods or services. Specifically, this act directed the FTC to issue a rule defining and prohibiting deceptive and abusive telemarketing acts or practices. In addition, the act mandated that the FTC adopt regulations addressing some specific practices, which the act designated as “abusive.” The act also authorized state attorneys general or other appropriate state officials, as well as private persons who meet stringent jurisdictional requirements, to bring civil actions in federal district court. The FTC promulgated the original Telemarketing Sales Rule (TSR) in 1995.

Federal Telemarketing Sales Rule -- In 2010, the Federal Trade Commission adopted amendments to the TSR to combat deceptive and abusive telemarketing of debt relief services. However, these provisions only apply to for-profit entities.¹² The amended TSR provides the following protections:

- Defines “debt relief service” as any service or program represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a person and one or more unsecured creditors or debt collectors, including, but not limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured creditor or debt collector;
- Prohibits providers from charging or collecting fees until they have provided the debt relief services, but permits such fees as individual debts are resolved on a proportional basis, or if the fee is a percentage of savings;
- Allows providers to require customers to place funds in a dedicated bank account that meets certain criteria;
- Requires the following four disclosures in promoting debt relief services, in addition to the existing disclosures required by the TSR: (1) the amount of time it will take to obtain the promised debt relief; (2) with respect to debt settlement services, the amount of money or percentage of each outstanding debt that the customer must accumulate before the provider will make a bona fide settlement offer; (3) if the debt relief program entails not making timely payments to creditors, a warning of the specific consequences thereof; and (4) if the debt relief provider requests or requires the customer to place funds in a dedicated bank account, that the customer owns the funds held in the account and may withdraw from the debt relief service at any time without penalty, and receive all funds remitted to the account;
- Prohibits misrepresentations about material aspects of debt relief services, including success rates and a provider’s nonprofit status; and
- Extends the TSR to cover calls consumers make to debt relief services in response to advertisements disseminated through any medium, including direct mail or email.

The FTC notes that the TSR applies only to persons, regardless of their professional affiliation, who engage in “telemarketing” – i.e., “a plan, program, or campaign which is conducted to induce the purchase of goods or services” and that involves interstate telephone calls.^{13 14} The

¹² Although nonprofit entities are exempt, telemarketers or sellers that solicit on their behalf are nonetheless covered by the TSR. See *TSR Amended Rule*, 68 FR at 4631.

¹³ 16 CFR 310.2(cc).

existing TSR currently covers attorneys who engage in telemarketing.¹⁵ The FTC states that the final amended Rule permits attorneys to engage in providing bona fide legal services yet curbs deceptive and abusive practices engaged in by some attorneys in this industry. Thus, an attorney who makes telephone calls to clients on an individual basis to provide assistance and legal advice generally would not be engaged in “telemarketing.” Second, even if an attorney is engaged in telemarketing as defined in the TSR, it is common for the attorney to meet with prospective clients in person before agreeing to represent them. These attorneys would not be covered by the TSR under the TSR’s exemption for transactions where payment is not required until after a face-to-face meeting.¹⁶ The FTC contends that it is important to retain TSR coverage for attorneys, and those collaborating with attorneys, who principally rely on telemarketing to obtain clients, because they have engaged in the same types of deceptive and abusive practices as those committed by nonattorneys and that are proscribed by the Rule. According to the FTC, some attorneys have been sued in numerous law enforcement actions alleging deceptive practices in violation of the TSR.¹⁷

The Business Law Section of the Florida Bar notes that the TSR includes numerous *implicit* exemptions – while not explicitly labeled as “attorney exemptions” for any sellers or telemarketers that qualify for those exemptions, *including lawyers who so qualify*, as the FTC stated.¹⁸ The Business Law Section suggests that any (or perhaps all) of the following four exemptions, would cover most Florida attorneys:

- **The Catalog Exemption:** Because 16 CFR 310.2(cc) uses the same definition as the Telemarketing Act, 15 U.S.C. 6106(4), it excludes from the definition of telemarketing: “solicitation of sales [of services] through the mailing... a catalog which: contains a written description or illustration of the services offered for sale; includes the business address of the seller; includes multiple pages of written material or illustrations; and has been issued not less frequently than once a year, when the person making the solicitation does not solicit customers by telephone but only receives calls initiated by customers in response to the catalog and during those calls takes orders only without further solicitation.” That scenario provides an exemption under the 2010 TSR Amendments, and is available to attorneys.
- **The Non-Telemarketing Exemption:** An exemption exists for an attorney who markets bona fide debt relief services without telemarketing, such as in non-interstate telephone calls [that comply with the National Do Not Call Registry] or in local or state-wide media (road-side signage or billboards, flyers, and newspapers of local circulation) 16 CFR 310.2(cc).

¹⁴ 15 U.S.C. 44, 45(a)(2), which exclude or limit from the Commission’s jurisdiction several types of entities, including bona fide nonprofits, bank entities (including, among others, banks, thrifts, and federally chartered credit unions), and common carriers, as well as the business of insurance.

¹⁵ The only explicit exemption for attorneys found in the TSR is a very limited one that permits attorneys who help consumers recover funds lost because of telemarketing fraud to collect an upfront fee. *See* 16 CFR 310.4(a)(3); *TSR Final Rule*, 60 FR at 43854.

¹⁶ 16 CFR 310.6(b)(3). The FTC considered whether the TSR should explicitly exempt attorneys representing clients in bankruptcy proceedings from the rule’s coverage, as attorneys in such proceedings generally advise their clients about handling their debt. The Commission determined that such an exemption was unnecessary, because bankruptcy attorneys typically would not be involved in “telemarketing,” and, in any event, likely would meet with their clients face-to-face.

¹⁷ *FTC v. Express Consolidation*, No. 06-cv-61851-WJZ (S.D. Fla. Am. Compl. filed Mar. 21, 2007) (a Florida attorney, his debt management services company, and a telemarketer charged with using abusive telemarketing and deception to sell debt management services to consumers nationwide); *Florida v. Hess*, No. 08007686 (17th Jud. Cir., Broward Cty. 2008).

¹⁸ *Credit counseling, Debt management, and Debt Settlement (White Paper concerning 2011 Legislation, SB 1828 and HB 1433)*, The Florida Bar, Business Law Section, June 21, 2011.

- **The Meeting With Prospective Clients Exemption:** An exemption exists for attorneys who telemarket but actually meet with prospective clients before they accept money for services, or agree to represent them. [It is unclear whether a teleconference would suffice for the initial meeting, although if that is most efficient, it probably would meet the intent of the TSR.] 16 CFR 310.6(b)(3).
- **The Exemption for Attorney Outbound Calls on an Individual Basis, or Inbound Calls From Existing Clients:** An attorney who makes telephone calls to clients on an individual basis to offer to provide assistance with legal advice, or who offers to provide debt relief services in a letter or as a “stuffer” in a monthly statement for services, pursuant to which a client responds to the attorney, would not be deemed to “telemarket” as defined in the TSR, and thus would be exempt.

Regulation of Debt Settlement Services in Other States

Many states have enacted statutes specifically designed to combat deceptive debt settlement practices. According to the FTC, some states impose certain requirements or restrictions, for example, prohibiting advance fees,¹⁹ requiring that providers be licensed in the state,²⁰ providing consumers with certain key disclosures (*e.g.*, a schedule of payments and fees),²¹ and granting consumers some right to cancel their enrollment.²² At least 16 out of the 50 states have fee caps equivalent to or above 30 percent of the savings.

III. Effect of Proposed Changes:

Section 1 amends s. 817.801, F.S., relating to the definition, to clarify the services a credit counseling agency and a debt settlement provider may provide. Currently, the definition of the term, “credit counseling agency,” means an organization providing debt management services or credit counseling services. Under current law, the term, “debt management services,” includes the adjustment, compromise, or discharge of unsecured debt, which could include principal and interest rate or interest rate only. Currently, debt management services include debt settlement services. The bill specifies that debt management services do not include debt settlement services. The bill revises the definition of debt management services to specify services that are provided by a credit counseling agency and revises the definition of such services to include the adjustment of, compromise, or reduction of interest rate or fees or modification of terms and negotiations. The bill creates a separate definition of the term, “debt settlement services,” to provide that such services are provided to a debtor with the expectation of obtaining the creditor’s agreement to accept less than the principal amount of debt. This section also defines the associated terms such as debt management plan, debt settlement plan, and principal amount of the debt.

Section 2 amends s. 817.802, F.S., relating to unlawful fees and costs to retain the current fee caps for credit counseling services and debt management services provided to any person residing in Florida. Fees applicable to debt settlement plans are created in section 4 of the bill.

¹⁹ N.C. Gen. Stat. s. 14-423 et seq.

²⁰ *See, e.g.*, Kan. Stat. Ann. s. § 50-1116, et seq.; Me. Rev. Stat. Ann. Title 17 § 701, et seq. & Title 32 § 6171, et seq., 1101-03; N.H. Rev. Stat. Ann. s. 339-D:1, et seq.; Va. Code Ann. s. 6.1-363.2, et seq.

²¹ *See, e.g.*, Kan. Stat. Ann. s. 50-1116, et seq.; N.H. Rev. Stat. Ann. s. 339-D:1, et seq.; S.C. Code Ann. s. 37-7-101, et seq.; Wash. Rev. Code s. 18.28.010, et seq.

²² *See, e.g.*, S.C. Code Ann. s. 37-7-101, et seq.; Va. Code Ann. s. 6.1-363.2, et seq.; Wash. Rev. Code s. 18.28.010, et seq.

Presently, any person engaged in credit counseling or debt management services is prohibited from charging fees to any consumer or debtor residing in Florida in excess of amounts prescribed in s. 817.802, F.S.

Section 3 amends s. 817.803, F.S., relating to exemptions, to clarify the current exemption for attorneys.

Section 4 creates s. 817.8035, F.S., relating to debt settlement plans, disclosures to debtors, payments, and refunds. A debt settlement provider is required to disclose the following information, in writing, to a debtor prior to the debtor consenting for the payment of debt settlement services:

Disclosures

- The amount of time necessary to achieve the represented results and the anticipated time by which the debt settlement provider will make a bona fide settlement offer to each of the debtor's creditors.
- The amount of money or the percentage of each outstanding debt that the debtor must accumulate before the debt settlement provider will make a bona fide settlement offer to each of the creditors, if applicable.
- To the extent that any aspect of the debt settlement service relies upon or results in the debtor's failure to make timely payments to creditors or debt collectors, that the use of the debt settlement service will likely adversely affect the debtor's creditworthiness, may result in the debtor being subject to collection actions or litigation by creditors or debt collectors, and may increase the amount of money the debtor owes due to the accrual of fees and interest.
- To the extent that the debt settlement provider requests or requires the debtors to place funds in an account at a financial institution, that the debtor owns the funds and may withdraw such funds at any time without penalty. If the debtor requests a withdrawal of all funds, other than funds earned by the debt settlement provider, the debtor must receive such funds within 7 business days after such request.

Prohibited Acts

The bill provides that a debt settlement provider may not:

- Misrepresent any material aspect of any service, including the amount of money or the percentage of the debt amount which a debtor may save by using such services, the amount of time necessary to achieve the represented results, the effect of the service on the collection efforts of the debtor's creditors or debt collectors, the effect of the service on a debtor's creditworthiness, the percentage or number of debtors who attain the represented results, and whether a debt settlement service is offered or provided by a nonprofit entity;
- Receive payment of any fee for any debt settlement service until the debt settlement provider has renegotiated, settled, or otherwise altered the terms of at least one debt pursuant to a debt settlement plan; the debtor has made at least one payment pursuant to that debt settlement plan; and
- Charge a fee that exceeds 30 percent of the amount saved.

A debt settlement provider is authorized to request or require the debtor to place funds in an account of a financial institution to be used for the debt settlement provider's fees and for payments to creditors or debt collectors in connection with a renegotiation, settlement, or reduction of the terms of payment or other terms of a debt if the following conditions are met:

- The funds are held in a financial institution account insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- The debtor owns the funds held in the account and is paid accrued interest on the account, if any;
- The entity administering the account is not owned or controlled, or affiliated with, the debt settlement provider; and
- The entity administering the account does not give or accept any money or other compensation in exchange for referrals of business by the debt settlement provider.

The debtor is allowed to withdraw from the debt settlement service at any time without penalty and must receive all funds held in the account, other than funds earned by the debt settlement provider within 7 business days after the debtor's request.

Section 5 amends 817.804, F.S., relating to financial reporting. Under current law, any person engaged in debt management services or credit counseling services is required to obtain an annual audit. The bill requires debt settlement providers to obtain an annual audit, too. The bill provides that if another person is administering accounts on behalf of a debtor under agreement with a debt settlement provider, or under the direction or control of that provider, the scope of the audit must include all accounts in which the funds of Florida residents are deposited and from which payments are made at the direction or control of the debt settlement provider or its affiliate.

Section 6 amends s. 817.805, F.S., relating to disbursement of funds. The section provides an exception to the current requirement of disbursing payments to a creditor of all funds received from a debtor within 30 days if the reasonable payment of one or more of the debtor's obligations under a debt settlement plan requires that the funds be held for a longer period in order to accumulate.

Section 7 requests the Division of Statutory Revision to rename part IV of ch. 817, F.S. as "Credit Counseling and Debt Settlement Services."

Section 8 provides that this act applies to debt settlement plans executed on or after July 1, 2012.

Section 9 provides that this act takes effect October 1, 2012.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill codifies consumer protection provisions of the FTC Telemarketing Sales Regulation relating to debt settlement services, such as prohibiting upfront fees, requiring disclosures, and prohibiting misrepresentation regarding services.

The bill expands the scope of transactions and entities subject to the TSR and state oversight by covering companies engaging in face-to-face, internet only, or intrastate-only sales. The FTC regulation applies only to businesses covered by the TSR, which generally applies to a transaction in which an entity is engaging in inbound or outbound interstate telemarketing. As such, the federal regulation does not cover a company that engages in face-to-face, internet only, or intrastate only sales. Although the FTC regulations do not apply to nonprofits, the bill would apply to profits as well as nonprofits.

The bill increases the fee applicable to debt settlement services to a maximum of 30 percent of the amount saved. The current fees for debt management services are retained.

C. Government Sector Impact:

The bill would codify FTC regulations relating to debt settlement services, which would give the state the authority to enforce these consumer protections.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Banking and Insurance on January 19, 2012

The CS provides the following changes:

- Provides that the scope of debt management services, which are provided by credit counseling agencies, does not include debt settlement services.
- Clarifies current statutory exemption relating to attorneys.
- Requires a debt settlement provider to provide the debtor with a copy of the required disclosures before the debtor consents to pay for the debt settlement services rather than within 7 days after the debtor consents.
- Requests the Division of Statutory Revision to rename part IV of ch. 817, F.S. as “Credit Counseling and Debt Settlement Services.”
- Provides that the act applies to debt settlement plans executed on or after July 1, 2012.
- Provides technical and conforming changes.

- B. **Amendments:**

None.