

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 329**  
**94TH GENERAL ASSEMBLY**

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Reported from the Special Committee on Financial Institutions March 15, 2007 with recommendation that House Committee Substitute for House Bill No. 329 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

D. ADAM CRUMBLISS, Chief Clerk

1135L.03C

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**AN ACT**

To repeal sections 425.010 and 425.020, RSMo, and to enact in lieu thereof four new sections relating to debt adjusters, with a penalty provision.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 425.010 and 425.020, RSMo, are repealed and four new sections  
2 enacted in lieu thereof, to be known as sections 425.010, 425.020, 425.025, and 1, to read as  
3 follows:

425.010. As used in this chapter, the following terms mean:

2 (1) "Debt adjuster", a person who acts or offers to act for a consideration as an  
3 intermediary between a debtor and his creditors for the purpose of settling, compounding, or in  
4 any wise altering the terms of payment of any debts of the debtor; and to that end **the person**  
5 receives money or other property from the debtor, or on behalf of the debtor, for payment to **the**  
6 **debtor's credit by the person**, or distribution among, the creditors [of the debtor] **by the**  
7 **person**;

8 (2) "Debt management plan" or "DMP", a written agreement or contract between  
9 a debt adjuster and a debtor whereby the debt adjuster agrees to provide its services as  
10 such to the debtor in return for payment by the debtor of no more than reasonable  
11 consideration;

12 (3) "Debtor", an individual or individuals jointly and severally or jointly or severally  
13 indebted **for any obligation or alleged obligation to pay money arising out of a transaction**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14 in which the money, property, insurance or services which are the subject of the  
15 transaction are primarily for personal, family, or household purposes, whether or not such  
16 obligation has been reduced to judgment;

17 (4) "Reasonable consideration", a fee or contribution to cover the cost of  
18 administering a debt management plan, not to exceed:

19 (a) Fifty dollars for an initial or set-up fee or charge for establishing a DMP; and

20 (b) The greater of thirty-five dollars per month or eight percent of the amount  
21 distributed monthly to creditors under such DMP.

425.020. Any person who acts or offers to act as a debt adjuster in this state **other than**  
2 **under a debt management plan** is guilty of a misdemeanor and upon conviction shall be  
3 punished as provided by law.

**425.025. Nothing in this chapter shall be construed to prevent any individual or**  
2 **organization from administering a debt management plan free of charge.**

**Section 1. A debt adjuster shall provide a blanket bond in the amount of one**  
2 **hundred thousand dollars in favor of the state of Missouri and a copy of the bond shall be**  
3 **filed with the director of the division of finance. The bond shall be for the benefit of any**  
4 **debtor who is damaged by the debt adjuster's breach of the debt management plan or the**  
5 **debt adjuster's failure to properly administer debtor funds collected or disbursed under**  
6 **the debt management plan. The director of the division of finance may investigate any**  
7 **debtor complaint and make claim on a bond for the benefit of a debtor or release the bond**  
8 **to a debtor to make a claim.**

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