AN ACT concerning the Kansas credit services organization act; relating to the exemptions therefrom; amending K.S.A. 50-1116 and 50-1117 and repealing the existing sections.

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

Section 1. K.S.A. 50-1116 is hereby amended to read as follows: 50-1116. (a) K.S.A. 50-1116 through 50-1135, and amendments thereto, shall be known and may be cited as the Kansas credit services organization act.

(b) Any person licensed to practice law in this state acting within the course and scope of such person's practice as an attorney, and such person's law firm, shall be exempt from the provisions of this act.

Sec. 2. K.S.A. 50-1117 is hereby amended to read as follows: 50-1117. Definitions as used in this act: (a) "Commissioner" means the state bank commissioner.

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

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

(d) "Debt management service" means:

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

(2) improving or offering to improve a consumer's credit record, history or rating; or

(3) negotiating or offering to negotiate to defer or reduce a consumer's obligations with respect to credit extended by others.

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

(f) "Law firm" means a lawyer or lawyers in a law partnership, professional corporation, sole proprietorship or other association authorized to practice law; or lawyers employed in a legal services organization or the legal department of a corporation or other organization.

(g) "Person" means any individual, corporation, partnership, association, unincorporated organization or other form of entity, however organized, including a nonprofit entity.
(h) "Related interest" means a person:
(1) With respect to an individual who is:
(A) The spouse of the individual;
(B) a brother, brother-in-law, sister, sister-in-law of the individual;
(C) an ancestor or lineal descendant of the individual or the individual's spouse; and
(D) any other relative, by blood, adoption or marriage, of the individual or such individual's spouse who shares the same residence with the individual.
(2) With respect to a corporation, partnership, association, unincorporated organization or other form of entity, however organized, including a nonprofit entity, which is:
(A) Directly or indirectly controlling, controlled by or under common control by a person; or
(B) an officer or director of a person or a person performing similar functions.
(i) "Registrant" means a person who is registered by the commissioner as a credit services organization.
(j) "Trust account" means an account established by the applicant or registrant in a federally insured financial institution used to hold funds paid by consumers to a credit services organization for disbursement to creditors of consumers that is designated as a trust account or other appropriate designation indicating the funds in the account are:
(1) Not funds of the applicant or registrant or its owners, officers or employees; and
(2) unavailable to creditors of the applicant or registrant.
Sec. 3. K.S.A. 50-1116 and 50-1117 are hereby repealed.
Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.