



State of Tennessee

PUBLIC CHAPTER NO. 639

SENATE BILL NO. 1446

By Overbey

Substituted for: House Bill No. 1394

By Keisling

AN ACT to amend Tennessee Code Annotated, Title 47, Chapter 18, Part 55, relative to debt management services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 47-18-5523, is amended by deleting subdivisions (d)(2) and (3) and by redesignating subdivision (4) as subdivision (2).

SECTION 2. Tennessee Code Annotated, Section 47-18-5523, is further amended by deleting subsections (e) and (f) and by substituting instead the following:

(e) If, before the expiration of ninety (90) 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 subdivision (d)(2).

(f) If an individual assents to an agreement that contemplates that creditors will settle debts for less than the amount of the debt owed at the time of settlement, a provider may not request or receive payment of any fee or consideration until and unless:

(1) The provider has renegotiated, settled, reduced or otherwise altered the terms of at least one (1) debt pursuant to a settlement agreement or other valid contractual agreement executed by the individual;

(2) The individual has made at least one (1) payment pursuant to that settlement agreement or other valid contractual agreement between the individual and the creditor or debt collector; and

(3) To the extent that debts enrolled in a service are renegotiated, settled, reduced or otherwise altered individually, the fee or consideration either:

(A) Bears the same proportional relationship to the total fee for renegotiating, settling, reducing or otherwise altering the terms of the entire debt balance as the individual debt amount bears to the entire debt amount. The individual debt amount and the entire debt amount are those owed at 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. The percentage charged cannot change from one individual debt to another. The amount saved is the difference between the amount owed at the time the debt was enrolled in the service and the amount actually paid to satisfy the debt.

SECTION 3. This act shall take effect July 1, 2014, the public welfare requiring it.

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PASSED: March 24, 2014



RON RAMSEY
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 8th day of April 2014



BILL HASLAM, GOVERNOR