

**SUBJECT:** Regulating credit service organizations

**COMMITTEE:** Financial Institutions — favorable, without amendment

**VOTE:** 8 ayes — Marchant, Ehrhardt, Elkins, Giddings, Grusendorf, Patterson, Smith, Solomons

0 nays

1 absent — Gutierrez

**WITNESSES:** For — None

Against — None

On — Guy Joyner, Secretary of State's Office

**BACKGROUND :** Credit service organizations are businesses that improve a buyer's credit record, history or rating, obtain credit extensions for a buyer, or provide advice or assistance on the such matters.

Credit service organizations are required to register once with the Secretary of State. The registration fee cannot be more than \$100. Credit service organizations that charge and receive money or other valuables for their services are required to have a bond or surety account valued at not more than \$10,000.

**DIGEST:** HB 2105 would require credit service organizations to renew their registration annually with the Secretary of State. The registration or renewal fee could not be more than \$100. Registrations in effect on September 1, 1997, would be valid until September 1, 1998. The Secretary of State's Office could determine the expiration date of those registering on September 1, 1998 and prorate the registration fee to reflect the renewal period.

The bill also would require credit service organizations that charge or receive money or other valuables for their service to have a bond or surety account of up to \$10,000 for each of their business locations.

The bill would take effect September 1, 1997.

**SUPPORTERS  
SAY:**

HB 2105 would assure consumers who use credit service organizations that the organization is properly bonded for each business location and registered with the secretary of state. Many fly-by-night companies have set up shop in the state, and this bill would help assure the public that when they use these types of businesses to help them reorganize their debts that they are legitimate.

Many credit consumer organizations already put up a \$10,000 surety bond for each of their locations, and this bill would only place in law current business practice.

**OPPONENTS  
SAY:**

No apparent opposition

**NOTES:**

The companion bill, SB 1331 by Ellis, was referred to the Senate Economic Development Committee.