

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1958

5 By: Representative M. Gray
6 By: Senator Hester
7

For An Act To Be Entitled

9 AN ACT CONCERNING THE CREDIT SERVICES ORGANIZATIONS
10 ACT OF 1987; AND FOR OTHER PURPOSES.
11

Subtitle

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13 CONCERNING THE CREDIT SERVICES
14 ORGANIZATIONS ACT OF 1987.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code § 4-91-102, concerning the definitions under
21 the Credit Services Organizations Act of 1987, is amended to add an
22 additional subdivision to read as follows:

23 (4)(A) "Guaranty" means a contractual arrangement between a
24 credit services organization and a buyer in which, in return for the payment
25 of a fee from the buyer, the credit services organization assists the buyer
26 in obtaining from a third-party lender an extension of credit and:

27 (i) Guarantees in full the buyer's repayment of the
28 extension of credit; or

29 (ii) Procures from another party a guaranty that
30 guarantees in full the buyer's repayment of the extension of credit.

31 (B) For purposes of this chapter, a guaranty shall be
32 provided at the request of the buyer and upon payment by the buyer and for
33 the benefit of the buyer to assist the buyer in qualifying for an extension
34 of credit.
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36 SECTION 2. Arkansas Code § 4-91-107 is amended to read as follows:



1 4-91-107. Information statement – Requirements – Registration.

2 (a) Before the execution of a contract or agreement between the buyer
3 and a credit services organization or before the receipt by the credit
4 services organization of any money or other valuable consideration, whichever
5 occurs first, the credit services organization shall provide the buyer with a
6 statement in writing containing all the information required by § 4-91-108.

7 (b) The credit services organization shall maintain on file for a
8 period of two (2) years an exact copy of the statement, personally signed by
9 the buyer, acknowledging receipt of a copy of the statement.

10 (c)(1) A credit services organization that contracts to provide or
11 procure a guaranty in addition to other services shall file a registration
12 statement with the Secretary of State before conducting business in this
13 state.

14 (2) The registration statement shall contain:

15 (A) The name and main address of the credit services
16 organization; and

17 (B) The name and address of any person who owns or
18 controls ten percent (10%) or more of the credit services organization.

19 (d) The credit services organization shall update the registration
20 statement no later than the ninetieth day after the date that a change occurs
21 in the information required in the statement.

22 (e) Each credit services organization registering under this chapter
23 shall maintain a copy of the registration statement in the main office of the
24 credit services organization.

25 (f) A credit services organization is not required to provide
26 information other than that provided in the registration statement as part of
27 the registration process.

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29 SECTION 3. Arkansas Code Title 4, Chapter 91, Subchapter 1, is amended
30 to add additional sections to read as follows:

31 4-91-110. Payments.

32 (a) A credit services organization shall not:

33 (1) Make or transfer, in full or in part, payments for credit
34 services received by a buyer to a third party lender that extends credit to
35 the buyer;

36 (2) Disburse any part of the payments received for credit

1 services to the third party lender as compensation or to cover the overhead
2 expenses of the third party lender; or

3 (3) Fund a loan that the credit services organization provides
4 or procures as a guaranty.

5 (b) This section does not prevent a guarantor from honoring a guaranty
6 and making payment to the third party lender at the time that the payment is
7 contractually required under the guaranty.

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9 4-91-111. Consumer protections.

10 (a) A credit services organization shall not advertise or cause to be
11 advertised the services of a credit services organization, including without
12 limitation providing or procuring a guaranty without filing a registration
13 statement under this chapter.

14 (b) A credit services organization shall not provide or procure a
15 guaranty for a buyer that guarantees less than the total amount due from the
16 buyer to the third party lender on the extension of credit that the buyer
17 obtained with the assistance of the credit services organization.