

**Department of State
Division of Publications**

312 Rosa L. Parks Avenue, 8th Floor Snodgrass/TN Tower
Nashville, TN 37243
Phone: 615-741-2650
Fax: 615-741-5133
Email: register.information@tn.gov

For Department of State Use Only

Sequence Number: 05-11-14
Rule ID(s): 5708
File Date: 5/16/14
Effective Date: 8/14/14

Rulemaking Hearing Rule(s) Filing Form

Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing. TCA Section 4-5-205

Agency/Board/Commission:	Department of Commerce and Insurance
Division:	Consumer Affairs
Contact Person:	Aaron Rochelle
Address:	500 James Robertson Parkway Davy Crockett Tower, 5 th Floor Nashville, TN
Zip:	37243
Phone:	615-741-9355
Email:	aaron.rochelle@tn.gov

Revision Type (check all that apply):

- Amendment
 New
 Repeal

Rule(s) Revised (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only ONE Rule Number/Rule Title per row)

Chapter Number	Chapter Title
0780-08-01	Rules and Regulations for Debt Management Services
Rule Number	Rule Title
0780-08-01-.01	Purpose of Rules
0780-08-01-.02	Short Title
0780-08-01-.03	Retained Powers
0780-08-01-.04	Definitions
0780-08-01-.05	Administration of Act
0780-08-01-.06	Applicability
0780-08-01-.07	Registration Application
0780-08-01-.08	Renewal of Registration
0780-08-01-.09	Fees
0780-08-01-.10	Submission of Information
0780-08-01-.11	Standards of Practice
0780-08-01-.12	Examinations, Records, and Reports
0780-08-01-.13	Severability

(Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to <http://state.tn.us/sos/rules/1360/1360.htm>)

Rules of Tennessee Department of Commerce and Insurance
Division of Consumer Affairs
Chapter 0780-8-01
Rules and Regulations for Debt Management Services

New Rules

Table of Contents

0780-08-01-.01 Purpose of Rules
0780-08-01-.02 Short Title
0780-08-01-.03 Retained Powers
0780-08-01-.04 Definitions
0780-08-01-.05 Administration of Act
0780-08-01-.06 Applicability
0780-08-01-.07 Registration Application
0780-08-01-.08 Renewal of Registration
0780-08-01-.09 Fees
0780-08-01-.10 Submission of Information
0780-08-01-.11 Standards of Practice
0780-08-01-.12 Examinations, Records, and Reports
0780-08-01-.13 Severability

0780-08-01-.01 Purpose of Rules

The purpose of these rules is to institute the registration and regulation of providers of debt-management services and to protect the interests of consumers as required by the Uniform Debt-Management Services Act.

Authority: T.C.A. §§ 47-18-5501 and 47-18-5532

0780-08-01-.02 Short Title

These rules may be cited as the Tennessee Debt-Management Services Rules.

Authority: T.C.A. § 47-18-5501

0780-08-01-.03 Retained Powers

It is the express intent of these rules that such powers as are herein delegated by the Administrator are also retained and may be exercised by the Administrator at the Administrator's election.

Authority: T.C.A. § 47-18-5532

0780-08-01-.04 Definitions

- (1) When used in these rules and in the Uniform Debt-Management Services Act, unless the context otherwise requires:
 - (a) "Act" shall mean Chapter 469 of the Public Acts of 2009, otherwise known as the Uniform Debt-Management Services Act, and its codification in Tennessee Code Annotated.
 - (b) "Branch office" means any office of a provider within this state other than its principal place of business within this state.
 - (c) "Director" shall mean the Director of the Consumer Affairs Division of the Department of Commerce and Insurance of the State of Tennessee.
 - (d) "Division" shall mean the Director, staff, employees, and agents of the Consumer Affairs

Division of the Department of Commerce and Insurance of the State of Tennessee or such other agency as shall administer the Act.

(e) "UAPA" shall mean the Uniform Administrative Procedures Act as set forth in T.C.A. § 4-5-101, *et seq.*, and any rules promulgated pursuant thereto to the extent such rules are not inconsistent with the Act or these rules.

(2) Unless the context otherwise requires or a rule expressly provides otherwise, terms defined in the Act shall have the same meaning when used in these rules.

Authority: T.C.A. §§ 47-18-5502 and 47-18-5532

0780-08-01-.05 Administration of the Act

(1) General

(a) The Administrator delegates to the Director all of the power and duties granted to and imposed upon the Administrator by the Act except the power:

1. to issue orders and impose any sanction pursuant to T.C.A. §§ 47-18-5533 (a)(1),(2),(3) and (b), or 47-18-5534(b) and (c) in any contested case, as such term is defined in the UAPA; and

2. to adopt any rule as such term is defined in the UAPA.

(b) Without limiting the foregoing delegation, the Director is expressly empowered to:

1. conduct examinations and investigations as provided by T.C.A. § 47-18-5532(b);

2. issue registrations; and

3. accept on behalf of the Administrator settlement agreements reached between the Division and any person pursuant to T.C.A. § 4-5-105.

(c) Nothing herein limits the Director's authority, duties, or responsibilities set forth elsewhere in state law, regulation, or rule.

(2) Filing Requirements

(a) Applications, financial statements, reports, educational materials, and other information shall be filed on good quality white paper, 8½ by 11 or 8½ by 14 inches in size.

(b) All documents filed with the Division shall be in clear and easily readable form and suitable for photocopying.

(c) Exhibits may be attached or filed separately and shall be properly marked or identified.

(d) Each copy of educational materials and financial analysis models must be bound securely. The Division reserves the right to reject any such document the pages of which are not securely bound together.

(e) All applications, reports, financial statements, correspondence, educational materials, financial analysis models, exhibits and other information required or requested pursuant to the Act or these rules may be submitted to the Division in the paper format prescribed in this subpart (e) or through electronic data-gathering, access, retrieval, and storage methods acceptable to the Division.

(f) Unless expressly required or requested, only the original executed copy of each form is required.

- (3) Upon a request for records under Tennessee's Public Records Act, T.C.A. § 10-7-501 *et seq.*, the Division shall assess reasonable charges for copying and associated labor.

Authority: T.C.A. §§ 47-18-5501, 47-18-5505, 47-18-5506, and 47-18-5532

0780-08-01-.06 Applicability

- (1) A person forming an agreement to provide debt-management services and any person to whom the account is then transferred are providers subject to the provisions of the Act.
- (2) Any person conducting business in this state as a provider must apply to the Division to become registered.
- (3) Debt-management services do not include:
 - (a) legal services provided by an attorney licensed and in good standing in Tennessee during the entire time services are provided and in an attorney-client relationship;
 - (b) accounting services provided by a certified public accountant licensed and in good standing in Tennessee during the entire time services are provided and in an accountant-client relationship;
 - (c) financial planning services provided in a financial planner-client relationship by a person who is either licensed as an insurance provider and in good standing or registered as an investment adviser representative and in good standing in this state and who holds one of the following professional designations during the entire time services are provided:
 1. Certified Financial Planner (CFP), awarded by the Certified Financial Planner Board of Standards, Inc.;
 2. Chartered Financial Consultant (ChFC), awarded by the American College, Bryn Mawr, PA;
 3. Personal Financial Specialist (PFS), awarded by the American Institute of Certified Public Accountants;
 4. Chartered Financial Analyst (CFA), awarded by the Institute of Chartered Financial Analysts; or
 5. Chartered Investment Counselor (CIC), awarded by the Investment Counsel Association of America, Inc.
 - (d) services provided within the scope of the business or profession of:
 1. a judicial officer or person acting under court order or administrative order;
 2. an assignee for the benefit of creditors;
 3. a bank or government regulated bank affiliate;
 4. a title insurer, escrow company, or person providing bill-paying services if the provision of debt-management services is incidental to the bill-paying services.

Authority: T.C.A. §§ 47-18-5502, 47-18-5503 and 47-18-5532

0780-08-01-.07 Registration Application

- (1) Applications for registration shall be submitted on forms approved by the Director.

- (2) Any application submitted without required information or failing to meet any requirement for registration will be held by the program office, and written notification of the information that is lacking or the reason(s) the application does not meet the requirements for registration will be sent to the applicant. The application will be held in "pending" status for a reasonable period of time, but such period is not to exceed one hundred eighty (180) days from the date of application. If the applicant fails to timely and completely respond to the written notification, the application will be closed.
- (3) Upon determination that an application submitted directly to the Division has been abandoned, the Division shall by Order of Abandonment cancel the pending application without prejudice and, within thirty (30) days of such cancellation, mail a copy of the Order of Abandonment to the last known business address of the applicant.
- (4) Any application once submitted may be withdrawn, provided, however, that the application fee shall not be refunded.
- (5) Applications must be complete before they are submitted for consideration. Applications shall at a minimum include:
- (a) a complete and properly executed application form signed under penalty of perjury and before a notary by the person applying;
 - (b) a non-refundable application fee;
 - (c) a surety bond as required by T.C.A. § 47-18-5513, or an acceptable surety alternative that complies with the provisions of T.C.A. § 47-18-5514;
 - (d) evidence of insurance as required by T.C.A. § 47-18-5505(b)(4) in the amount of two hundred and fifty thousand dollars (\$250,000).
 - 1. Any insurance policy submitted by a provider as evidence of insurance required by the Act shall include the insurer's written agreement to provide the Administrator with written notice of termination or reduction of the policy, which shall be sent by certified U.S. mail to the Division.
 - 2. For purposes of administering the Act, the insurer's termination or reduction of liability shall be effective from and after the expiration of sixty (60) days from the Division's receipt of such written notice or on such later date as is stated in the written notice. The insurer's termination or reduction of liability shall not affect, reduce, or release its liability for any acts or practices that occurred during the time the policy was in force and prior to the effective date of termination or reduction of the policy.
 - (e) the articles of incorporation and by-laws of the applicant;
 - (f) a description of any ownership interest of greater than ten percent (10%) by a director, owner, or employee of the applicant in:
 - 1. any affiliate of the applicant; or
 - 2. any entity that provides products or services to the applicant or any individual related to the applicant's debt-management services.
 - (g) the name and address of each corporate person that owns an interest in or is otherwise affiliated with or controls, directs, or influences the operations of the applicant;
 - (h) the name and address of each corporate person in which the applicant owns an interest or is otherwise affiliated with or whose operations are controlled, directed, or influenced by the applicant;

- (i) the names and addresses of all employers of each of the applicant's directors during the immediately preceding ten (10) years;
- (j) the names, addresses, and amounts of compensation for the five (5) most highly compensated employees of the applicant for each of the three (3) years immediately preceding the application, or the period of the applicant's existence if less than three (3) years, if the applicant meets any of the criteria outlined in T.C.A. § 47-18-5506(17);
- (k) the identity of each director who is an affiliate as defined by T.C.A. § 47-18-5502(2);
- (l) evidence of tax-exempt status under the Internal Revenue Code, 26 U.S.C. §501, if applicant is a not-for-profit corporation and exempt from taxation;
- (m) consent to jurisdiction of the State of Tennessee and venue in Davidson County, Tennessee;
- (n) disclosure of and identification information for all trust accounts;
- (o) irrevocable consent to the authority of the Administrator to review and examine all trust accounts;
- (p) applicant's financial statements prepared in accordance with the provisions of T.C.A. § 47-18-5506(7);
- (q) evidence of the applicant's accreditation by an independent accrediting organization approved by the Director;
- (r) evidence of certification by an independent certifying program approved by the Director of all counselors and debt specialists conducting business in this state on behalf of the applicant;
- (s) detailed descriptions of the three most common education programs provided by the applicant to Tennessee consumers and copies of all materials associated with the education programs;
- (t) a description of the applicant's financial analysis and initial budget plan, including any form or electronic model used by the applicant to evaluate the financial conditions of Tennessee consumers;
- (u) copies of each agreement form provided by the applicant to Tennessee consumers and any other documents or information required to be signed by or provided to a Tennessee consumer;
- (v) a schedule of all fees and charges, including any recommended donations, provided by the applicant to Tennessee consumers;
- (w) sworn criminal history records checks, including fingerprints, conducted within the immediately preceding twelve (12) months for the purpose of providing debt-management services, for every officer of the applicant and every employee or agent who is authorized to have access to the applicant's trust account(s). The sworn criminal history records check must be submitted directly by the criminal history records check provider to the Division. Applicants who have had these sworn criminal history records checks performed for the purpose of providing debt-management services in another state within twelve (12) months prior to submitting the application may have the results of those records checks submitted directly by the other state to the Division as certified business records of the other state.
- (x) disclosure of any debt-management services agreements or plans entered into with Tennessee consumers since June 23, 2009; and

- (y) any other information required to determine whether the application should be approved or denied.
- (6) An applicant shall notify the Division within ten (10) days after a change occurs in any information originally reported in the initial registration application.

Authority: T.C.A. §§ 47-18-5504, 47-18-5505, 47-18-5506, 47-18-5507, 47-18-5508, 47-18-5509, 47-18-5510, 47-18-5513, 47-18-5514, and 47-18-5532

0780-08-01-.08 Renewal of Registration

- (1) Registrations shall expire on the last day of the twelfth (12th) month following their issuance or renewal and shall become invalid on such date unless renewed prior to their expiration date.
- (2) Renewal applications must be received by the Division not less than thirty (30) days or more than sixty (60) days prior to the expiration of a registration.
- (3) A provider choosing not to renew its registration shall notify the Division of its intention prior to the expiration date of the registration and shall surrender the registration certificate to the Division immediately upon its expiration.
- (4) Applications for the renewal of registrations shall be made on forms provided by the Director.
- (5) Applications for renewals will not be considered filed until the applicable fee prescribed in these rules and all other information required pursuant to the Act and these rules are received.
- (6) Applicants are responsible for annual renewal whether or not a notice of renewal is received from the Administrator.
- (7) A provider's application for renewal of its registration shall include at a minimum:
 - (a) a complete and properly executed renewal application form signed by the provider's representative under penalty of perjury before a notary;
 - (b) the applicable non-refundable renewal application fee as provided in Rule 0780-08-01-.09, below;
 - (c) a surety bond as required by T.C.A. § 47-18-5513, or an acceptable surety alternative that complies with the provisions of T.C.A. § 47-18-5514;
 - (d) evidence of insurance as required by T.C.A. § 47-18-5505(b)(4) in the amount of two hundred and fifty thousand dollars (\$250,000).
 - 1. Any insurance policy submitted by a provider as evidence of insurance required by the Act shall include the insurer's written agreement to provide the Administrator with written notice of termination or reduction of the policy, which shall be sent by certified U.S. mail to the Division.
 - 2. For purposes of administering the Act, the insurer's termination or reduction of liability shall be effective from and after the expiration of sixty (60) days from the Division's receipt of such written notice or on such later date as is stated in the written notice. The insurer's termination or reduction of liability shall not affect, reduce, or release its liability for any acts or practices that occurred during the time the policy was in force and prior to the effective date of termination or reduction of the policy.
 - (e) disclosure of any changes of information reported in the initial registration application or the immediately previous renewal application, as applicable;

- (f) the applicant's financial statements prepared in accordance with the provisions of T.C.A. § 47-18-5506(7);
 - (g) evidence of the applicant's accreditation by an independent accrediting organization approved by the Director;
 - (h) evidence of certification, by an independent certifying program approved by the Director, of all counselors and debt specialists conducting business in this state on behalf of the applicant;
 - (i) sworn criminal history records checks, including fingerprints, conducted within the immediately preceding twelve (12) months for the purpose of providing debt-management services, for every officer of the applicant and every employee or agent who is authorized to have access to the applicant's trust account(s). The criminal history records check must be submitted directly to the Division by the criminal history check provider. Applicants that have had a criminal records check performed for the purpose of registration as a provider in another state within twelve (12) months prior to submitting the registration application may have the results of that background check submitted directly from the other state to the Division as a certified business record of the other state.
 - (j) disclosure of the total amount of money received by the applicant from or on behalf of Tennessee consumers pursuant to debt-management services agreements and plans during the preceding twelve (12) month period and the total amount of money distributed to creditors of those Tennessee consumers during the same twelve (12) month period;
 - (k) disclosure of the gross amount accumulated during the preceding twelve (12) month period pursuant to debt-management services plans by or on behalf of Tennessee consumers with whom the applicant has debt-management services agreements; and
 - (l) any other information required to determine whether the application should be approved or denied.
- (8) An applicant shall notify the Division within ten (10) days after a change occurs in any of the information originally reported in the renewal application.

Authority: T.C.A. §§ 47-18-5504, 47-18-5506, 47-18-5511, 47-18-5513, 47-18-5514, and 47-18-5532

0780-08-01-.09 Fees

- (1) Nonrefundable debt-management services registration.....\$2,000.00
- (2) Nonrefundable renewal fee for debt-management services.....\$2,000.00

Authority: T.C.A. §§ 47-18-5505, 47-18-5511, and 47-18-5532

0780-08-01-.10 Submission of Information

- (1) An applicant or registrant shall inform the Division in writing of any change in business name or business structure at least ten (10) days before the change occurs. Registrations are non-transferable.
- (2) An applicant or registrant shall inform the Division in writing within thirty (30) days of receipt of notice and provide a copy of:
 - (a) any indictment or information filed in any court of competent jurisdiction naming the applicant or registrant, any affiliate, partner, officer, director, owner, or agent of the applicant or registrant, or any person occupying a similar status with or performing similar functions for the applicant or registrant, alleging the commission of any felony regardless of subject matter, or of any misdemeanor involving a security or any aspect of the debt-

management services business;

- (b) any complaint filed in any court of competent jurisdiction naming the applicant or registrant, any affiliate, partner, officer, director, owner, or agent, or any person occupying a similar status with or performing similar functions for the applicant or registrant, seeking a permanent or temporary injunction enjoining any of such person's conduct or practice involving any aspect of the debt-management services business;
 - (c) any complaint or order filed by a federal or state regulatory agency or the United States Postal Service naming the applicant or registrant, any affiliate, partner, officer, director, owner or agent, or any person occupying a similar status with or performing a similar function for the applicant or registrant, related to the debt-management services business.
- (3) Within ten (10) days of filing, an applicant or registrant shall file with the Division a copy of any answer, response, or reply to any complaint, indictment, or information described in subparts (2)(a) through (2)(c) above.
 - (4) Within ten (10) days of receipt, an applicant or registrant shall file with the Division a copy of any decision, order, or sanction that is made, entered, or imposed with respect to any proceedings described in subparts (2)(a) through (2)(c) above.
 - (5) Nothing in paragraphs (2), (3), or (4) is intended to relieve the applicant or registrant from any duty to comply with the legal process or any reporting requirements elsewhere specified in these rules or in the Act.
- (6) Trust Accounts
 - (a) An applicant or registrant shall file with the Division a notice of any relocation of trust accounts from one bank to another bank thirty (30) days prior to the date on which the relocation of the trust accounts becomes effective.
 - (b) In the event of the relocation of trust accounts from one bank to another, the applicant or registrant shall provide the new trust account numbers to the Division no later than two (2) days after receiving the new trust account numbers.
 - (c) An applicant or registrant shall notify the Division of a theft from a trust account within five (5) days of discovery of the theft.

Authority: T.C.A. §§ 47-18-5507, 47-18-5522, 47-18-5529, and 47-18-5532

0780-08-01-.11 Standards of Practice

- (1) Upon any request for additional information or upon receipt of notice of any written complaint against the provider, the provider shall, within ten (10) business days, file with the Division a written answer to the request for additional information or to the complaint.
- (2) A provider shall immediately determine the state of residence of a potential client during the first contact with the potential client. If the potential client is a resident of the state of Tennessee, the provider shall notify the potential client in writing of its current registration status in the state of Tennessee.
- (3) No later than thirty (30) days prior to the opening of a branch office, a provider shall notify the Division in writing of the opening of the branch office as well as the name of the person responsible for the branch office and the certified counselor(s) and certified debt specialist(s) working in the branch office.
- (4) A provider shall comply with all applicable federal and state laws and rules in providing debt-management services and otherwise comply with all federal and state laws and rules applicable to the provider.

- (5) A provider shall keep each client reasonably informed about the status of the debt-management services being performed for the client and shall promptly comply with the client's reasonable requests for information.
- (6) A provider shall not use improper or questionable methods of soliciting clients, including but not limited to misleading or deceiving clients or utilizing scare tactics or other improper tactics and shall not pay another person or accept payment from another person for engaging in improper methods.
- (7) A provider shall not associate its business with any business or person that engages in or attempts to engage in unfair, deceptive, or misleading practices or acts in its dealings with clients.
- (8) Unless responding to a request for information, subpoena, or order issued by a regulatory agency, law enforcement agency, or court of competent jurisdiction, a provider shall not disclose any client information obtained relative to a debt-management services agreement or plan to someone other than the client unless the disclosure is expressly authorized in writing by the client.
- (9) A provider shall not misrepresent its debt-management services or the features of any service or make unwarranted claims about the merits of a service that the provider offers.
- (10) A provider shall not accept or offer commissions or allowances, directly or indirectly, from other parties dealing with the client in connection with work for which the provider is responsible.
- (11) Before the execution of an agreement for debt-management services, a provider shall clearly and conspicuously disclose to the client any interest the provider has in a business that may affect the client. No provider shall allow its interest in any business to affect the quality or results of the debt-management services that the provider may be called upon to perform.
- (12) A provider shall fully comply with all Federal Trade Commission rules, regulations, and guidelines, including but not limited to the Guides Concerning Use of Endorsements and Testimonials in Advertising, 16 C.F.R. pt. 255.
- (13) A provider shall not engage in false or misleading advertising.
- (14) A provider shall not perform or recommend any debt-management services that would violate applicable federal or state laws.
- (15) A provider shall not engage in deceptive or unfair trade practices. Examples of deceptive or unfair trade practices include but are not limited to:
 - (a) proposing or communicating any alteration of a material term of a debt-management services agreement or plan to a client or a client's creditor without first receiving explicit written instructions from the client directing the provider to make a specific alteration;
 - (b) expressly or impliedly representing that any of its goods or services are "free" if the client will be asked to make any payment in connection with the goods or services, other than a payment that will be forwarded in its entirety to the client's creditors. A provider may represent that a consultation or other initial contact is "free" if the consultation or contact is provided with no obligation on the part of the client to make any payment in connection with the consultation or contact;
 - (c) expressly or impliedly representing that any payments made by clients in connection with providers are voluntary contributions or are payments to support a non-profit organization, unless more than fifty percent (50%) of the payment is paid to or for the benefit of the non-profit organization for purposes other than to pay the provider for services rendered to a non-profit organization;
 - (d) expressly or impliedly misrepresenting the effects of a debt-management plan on a client's

ability to obtain credit;

- (e) enrolling a debtor in a debt-management plan unless, prior to enrollment, the debtor has received credit counseling from a credit counselor who has sufficient experience and training to counsel in financial literacy, money management, budgeting, and responsible use of credit and is advised of the various options available to the debtor for addressing the debtor's financial problems;
- (f) enrolling a debtor in a debt-management plan if the debtor's estimated monthly living expenses and estimated monthly provider payments exceed his or her income. A debtor in this situation may be enrolled in a debt-management plan if the debtor is specifically advised not to enroll in a debt-management plan because the debtor cannot afford the debt-management plan payment and the debtor independently states that he or she believes that he or she can afford the debt-management plan payment by reducing expenses, obtaining additional income or funds from another source, or otherwise adjusting the budget estimate to make the debt-management plan affordable;
- (g) disclosing or using any individual's private financial and personal information that the provider receives in connection with providing debt-management services except in accordance with and as permitted by applicable law, including but not limited to the Gramm-Leach-Bliley Act, 15 U.S.C.A. §6801, *et seq.*;
- (h) entering into any agreement with any person that contains any standards or criteria under which the person must enroll debtors into a debt-management plan;
- (i) entering into any agreement with any person that sets any minimum enrollment rate or other standard mandating the number of individuals who must be enrolled in debt-management plans or an amount that the person must collect from clients;
- (j) entering into any agreement with any person that sets any minimum revenues or other standards mandating the amount of revenue that must be generated through a debt-management plan;
- (k) using the name or mark of a person other than the provider when communicating with debtors or creditors in connection with the performance of debt-management services;
- (l) entering into any agreement with a third party that limits the use of any data reflecting either the provider's or the third party's performance of any debt-management services, including data reflecting the payments that either the provider or the third party has processed or is processing in connection with a debt-management plan;
- (m) expressly or impliedly misrepresenting the purpose of any fee or contribution that is paid by clients;
- (n) failing to clearly and conspicuously disclose the nature and types of services that will be provided under any agreement prior to the consumer's agreeing to receive such services;
- (o) debiting, cashing, depositing, or otherwise collecting or attempting to collect monies from a client after a client has asserted a violation of state law, regulation, or rule in connection with the debt-management plan;
- (p) using logos, symbols, business names, or the like that might represent or imply to consumers an affiliation or association with any government entity;
- (q) failing to maintain and make available upon request to the Division full and complete substantiation for any and all claims and representations made to debtors and in any advertising or promotional materials;
- (r) submitting any false, misleading, or deceptive information to the Division relating to a registration application or renewal application; or

- (s) failing to comply with all of the prerequisites for providing debt-management services outlined in T.C.A. § 47-18-5517 and any applicable federal laws, regulations, or rules.

Authority: T.C.A. §§ 47-18-104, 47-18-5515, 47-18-5517, 47-18-5528, and 47-18-5532

0780-08-01-.12 Examinations, Records, and Reports

(1) Recordkeeping Requirements

- (a) A registrant shall retain copies of all records for five (5) years from the date of completion or cancellation of an educational program, financial analysis, or debt-management services agreement. If the registrant has been notified in writing by the Director to retain records for a longer period of time, the registrant shall retain records beyond this time period as requested.
- (b) Every debt-management services provider registered in this state shall make and keep current the following books and records relating to its business, at a minimum:
 - 1. ledgers reflecting all assets and liabilities, income and expense, and capital accounts.
 - 2. a record or ledger reflecting separately for each client the clearance dates of all money received from each client and all payments made on behalf of each client and in all cases the name of the client in which the money has been received or paid.
 - 3. copies of all communications, correspondence, and other records relating to debt-management services agreements and plans with, about, or on behalf of clients.
 - 4. a separate file containing all written complaints made or submitted by clients to the provider, counselors, or debt specialists relating directly or indirectly to debt-management services and any records received or produced in the course of investigating and resolving complaints.
 - 5. the personnel or contractor records for any employee, agent, or contractor of the provider about whom the provider has received complaints from clients regarding any conduct relative to the provider's services.
 - 6. a client information form for each client. If recommendations are to be made to the client, the form shall include such information as is necessary to determine suitability.
 - 7. a record of the proof of money balances of all trust accounts. Such balances shall be prepared currently at least once a month.
 - 8. all partnership certificates and agreements or, in the case of a corporation, all articles of incorporation, by-laws, minute books, and stock certificate books of the provider.
 - 9. a separate file containing copies of all advertising circulated by the provider in the conduct of its business.
- (2) Every provider shall make and keep such accounts, correspondence, and other records as the Administrator prescribes by rule.
- (3) All activities, books, accounts, and the records of a provider or a person to which a provider has delegated its obligations under an agreement are subject at any time and from time to time to such reasonable periodic, special, or other examinations, within or without this state, by

representatives of the Administrator, as the Administrator deems necessary or appropriate in the public interest or for the protection of clients or to ensure compliance with the Act. The cost of such examination shall be borne by the person examined in the same manner as is provided for insurance companies, except that not more than two (2) such examinations shall be charged to such person in any twelve-month period.

Authority: T.C.A. §§ 47-18-5506, 47-18-5512, 47-18-5522, and 47-18-5532

0780-08-01-.13 Severability

If any Rule, term, or provision of this Chapter shall be judged invalid for any reason, that judgment shall not affect, impair or invalidate any other Rule, term, or provision of the Chapter, and the remaining Rules, terms, and provisions shall be and remain in full force and effect.

Authority: T.C.A. §§ 47-18-5532 and 47-18-5541

* If a roll-call vote was necessary, the vote by the Agency on these rulemaking hearing rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Department of Commerce and Insurance, Division of Consumer Affairs on August 31, 2010, and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: (07/13/10)

Rulemaking Hearing(s) Conducted on: (add more dates). (08/31/10)



Date: April 25, 2014

Signature: Julie Mix McPeak

Name of Officer: Julie Mix McPeak

Title of Officer: Commissioner

Subscribed and sworn to before me on: 4/25/14

Notary Public Signature: Denise M Lewis

My commission expires on: 2/15/2016

All rulemaking hearing rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Robert E. Cooper, Jr.
 Attorney General and Reporter
5-9-14
 Date

Department of State Use Only

Filed with the Department of State on: 5/16/14

Effective on: 8/14/14

Tre Hargett
 Tre Hargett
 Secretary of State

RECEIVED
 2014 MAY 16 AM 11:28
 OFFICE OF THE
 SECRETARY OF STATE

Public Hearing Comments

One copy of a document containing responses to comments made at the public hearing must accompany the filing pursuant to T.C.A. § 4-5-222. Agencies shall include only their responses to public hearing comments, which can be summarized. No letters of inquiry from parties questioning the rule will be accepted. When no comments are received at the public hearing, the agency need only draft a memorandum stating such and include it with the Rulemaking Hearing Rule filing. Minutes of the meeting will not be accepted. Transcripts are not acceptable.

No comments were submitted during or after the rulemaking hearing.

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rulemaking process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

This rule will have negligible effect on small businesses.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments." (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

This rule will have negligible effect on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

These rules authorize the Department of Commerce and Insurance to administer the registration and regulation of debt-management service providers.

- (B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Tenn. Code Ann. § 47-18-5501 et. seq.

- (C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

Businesses that engage in debt-management services have not contacted the department to urge adoption or rejection of the rules.

- (D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

None.

- (E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

None.

- (F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Aaron Rochelle, Assistant General Counsel

- (G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Aaron Rochelle, Assistant General Counsel

- (H) Office address and telephone number of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Tennessee Department of Commerce and Insurance
Legal Division
500 James Robertson Parkway
Nashville, TN 37243
(615) 741-9355
Aaron Rochelle, Assistant General Counsel

- (l) Any additional information relevant to the rule proposed for continuation that the committee requests.

The Department will provide any further information upon request of the committee.