



Ohio Revised Code

Section 4710.02 Disbursements to creditors - separate trust accounts - contributions - audit - insurance.

Effective: March 29, 2007

Legislation: House Bill 699 - 126th General Assembly

(A) Subject to division (C) of this section, a person engaged in debt adjusting shall do all of the following:

- (1) Unless specifically instructed otherwise by a debtor, disburse to the appropriate creditors all funds received from the debtor, less any contributions not prohibited by division (B) of this section, within thirty days of receipt of the funds from the debtor;
- (2) Maintain a separate trust account for the receipt of any funds from debtors and the disbursement of the funds to creditors on behalf of the debtors;
- (3) Charge or accept only reasonable fees or contributions in accordance with division (B) of this section;
- (4) Establish and implement a policy that allows for the waiver or discontinuation of fees or contributions not prohibited by division (B) of this section if the debtor is unable to pay such fees or contributions.

(B) If fees or contributions for providing debt adjusting services are charged or accepted, directly or indirectly, no person providing or engaged in debt adjusting shall do any of the following:

- (1) Charge or accept a fee or contribution exceeding seventy-five dollars from a debtor residing in this state for an initial consultation or initial set up of a debt management plan or similar plan;
- (2) Charge or accept consultation fees or contributions exceeding one hundred dollars per calendar year from a debtor residing in this state;
- (3) Charge or accept a periodic fee or contribution from a debtor residing in this state for



administering a debt management plan or similar plan, which fee or contribution exceeds eight and one-half per cent of the amount paid by the debtor each month for distribution to the debtor's creditors or thirty dollars, whichever is greater.

(C) Division (A) or (B) of this section does not prohibit a person engaged in debt adjusting for a debtor who is residing in this state from charging the debtor a reasonable fee for insufficient funds transactions that is in addition to fees or contributions not prohibited by division (B) of this section.

(D) Any person that engages in debt adjusting, annually, shall arrange for and undergo an audit conducted by an independent, third party, certified public accountant of the person's business, including any trust funds deposited and distributed to creditors on behalf of debtors. Both of the following apply to an audit described in this division:

(1) The person shall file the results of the audit and the auditor's opinion with the consumer protection division of the attorney general.

(2) The attorney general shall make available a summary of the results of the audit and the auditor's opinion upon written request of a person and payment of a fee not exceeding the cost of copying the summary and opinion.

(E) A person engaged in debt adjusting shall obtain and maintain at all times insurance coverage for employee dishonesty, depositor's forgery, and computer fraud in the amount of ten per cent of the monthly average for the immediate preceding six months of the aggregate amount of all deposits made with the person by all debtors. The insurance coverage shall comply with all of the following:

(1) The insurance coverage is not less than one hundred thousand dollars.

(2) The insurance coverage includes a deductible that does not exceed ten per cent of the face amount of the policy coverage.

(3) The insurance coverage is issued by an insurer rated at least A- or its equivalent by a nationally recognized rating organization.



(4) The insurance coverage provides that thirty days advance written notice be given to the consumer protection division of the attorney general before coverage is terminated.

(F)(1) No person engaged in debt adjusting shall fail to comply with division (A) of this section or shall violate division (B) of this section.

(2) No person engaged in debt adjusting shall fail to comply with divisions (D) and (E) of this section.