



C.L. "BUTCH" OTTER
Governor

GAVIN M. GEE
Director

May 12, 2008

Dear Idaho Collection Agency Act Licensee:

The 2008 Idaho Legislature adopted significant changes to the Idaho Collection Agency Act (Act) that will **go into effect on July 1, 2008**. This letter is to provide you with a summary of some of the more significant changes, as well as the enclosed instructions on transitioning from a "Permit" to a "License" under the Act.

Importantly, the Department anticipates that your organization will be able to continue its existing activities under its current "Permit" while transitioning to a "License" under the Act. However, failure to timely comply with the new requirements, as described in the enclosed instructions, may result in loss of authority to engage in the business activities covered by the Act.

Summary of Some of the Amendments to the Idaho Collection Agency Act

1. Elimination of: (i) the "Foreign Permittee" status, (ii) the requirement to maintain an office in Idaho, (iii) the pre-license test requirement, and (iv) the \$2,500 net worth requirement;
2. Addition of a requirement that each licensee under the Act designate a home office as its principal location for business activities under the Act, and designate a person with at least three (3) years' experience to be responsible for each office wherein business activities under the Act are conducted in Idaho. Each branch location, from which business activities in Idaho are conducted, must be registered with the Director (no fee for registration), and licensees must inform the Director of the opening of any branch at least thirty (30) days prior to opening, and no later than thirty (30) days after the closing of any branch;
3. Elimination of the \$2,000 surety bond that was formerly required as indemnification to the Department for expenses incurred as a result of investigations, administrative proceedings, and prosecutions under the Act. All licensees under the Act must maintain and file with the Director an Idaho-specific surety bond in the amount of \$15,000, or two times the average monthly net collections for the preceding year computed to the next highest one thousand dollars (\$1,000), whichever sum is greater, up to a maximum of one hundred thousand dollars (\$100,000);
4. Consolidation of the definitions of "credit counselor" and "debt counselor" and elimination of the requirement that credit counselors must be qualified as exempt organizations under section 501(c)(3) of the Internal Revenue Code as a condition of licensure in Idaho;

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5. Requirement that each applicant for a license under the Act, and each licensee at annual renewal, shall file with the Director a complete list of its agents/solicitors who contact, or will contact, persons in Idaho in connection with the licensee's business activities under the Act (the agent list). A fee of \$20 for each listed agent shall accompany the list. At least every calendar quarter, licensees are required to notify the Director of any additions to its agent/solicitor list and pay a fee of \$20 for any such new agents/solicitors that acted for the licensee for more than thirty (30) business days;
6. Provision that a license under the Act shall remain in full force and effect unless the licensee fails to timely satisfy the license renewal requirements by March 15th of each year, in which case the license expires by operation of law and a new license application is required as a condition of the issuance of a new license. The application fee for a new license is \$150, and the annual license renewal fee is \$100;
7. Allowance of the collection of a fee (commonly referred to as a "convenience fee") from debtors, when such fee reasonably relates to the actual processing cost of a demand draft or other form of electronic payment where the debtor has preauthorized the method of payment and has also been notified in advance that payment may be made by alternative means not resulting in any processing charge, fee or expense to the debtor;
8. Requirement that debt or credit counselors who do not receive, hold, or disburse debtor funds: (i) may not charge for their services more than 20% of the principal amount of the debtor's unsecured debt at the time of contracting for services for the management of debt; and (ii) must refund 50% of any collected fees associated with unsettled debt at the time of cancellation by a debtor of a debt management services contract prior to completion of the contract;
9. Inclusion of "credit repair organization" in the definitional section, together with a requirement for licensure, bonding, and a prohibition against charging or receiving any consideration for the performance of any credit repair service before such service is fully performed; and
10. Provision that Idaho licensed attorneys are exempt from the provisions of the Act to the extent that they are retained by their clients to engage in activities authorized by the Act and such activities are incidental to the practice of law. Idaho licensed attorneys are not exempt from the Act when conducting activities covered by the Act in a separate business.

Thank you.

Sincerely,

K.C. Schaler
Supervising Examiner
Idaho Department of Finance

What Must I Do to Comply With the July 1, 2008 Changes to the Idaho Collection Agency Act?

If you are an existing “Foreign Permittee” in Idaho (Your existing Permit number begins with a “CFP” or “CDF” designation)

1. As soon as possible, but by no later than by June 30, 2008, complete and return the enclosed Transition Checklist, together with the following:
 - a. A surety bond (form also enclosed) in the amount of \$15,000. A Certificate of Deposit (CD) in lieu of the bond is allowed by Idaho law. Please see the enclosed instructions for this option;
 - b. An agent/solicitor list together with a \$20 annual fee for each such agent/solicitor (one check covering all listed agents will suffice); and
 - c. Designation of a natural person, with at least three (3) years’ experience in the business being conducted under the Act who is responsible for the activities at each office licensed or registered under the Act.
2. No additional license application fee is required of existing “Foreign Permittees” in connection with the transition from a “Permit” to a “License” **if** the enclosed Transition Checklist is completed and delivered, together with the above listed items, to the Department of Finance on or before June 30, 2008. **Submission by June 15, 2008, is strongly encouraged to allow your organization adequate time to cure any deficiencies prior to July 1, 2008.**

If you are an existing “Collection Agency Permittee,” “Debt Counselor Permittee,” or “Credit Counselor Permittee” in Idaho (Your existing Permit number begins “CCA” or “CDC”)

1. As soon as possible, but by no later than by June 30, 2008, complete and return the enclosed Transition Checklist whereon your organization must designate a natural person, with at least three (3) years’ experience in the business being conducted under the Act to be responsible for the activities at each office licensed or registered under the Act;
2. To transition from a “Permit” to a “License,” no additional license application fee is required of existing collection agency or debt/credit counselor permittees, and no disruption in current business activities in Idaho is anticipated so long as the enclosed Transition Checklist is timely completed and delivered to the Department. **Submission by June 15, 2008, is strongly encouraged to allow your organization adequate time to cure any deficiencies prior to July 1, 2008.**

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GOVERNOR

GAVIN M. GEE
DIRECTOR

STATE OF IDAHO
DEPARTMENT OF FINANCE
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**IDAHO FOREIGN PERMITTEE COLLECTION AGENCY AND DEBT/CREDIT COUNSELOR
2008 TRANSITION CHECKLIST**

For use with permit numbers beginning with "CFP-" and "CDF-"
To be filed by June 30, 2008

The following items must be provided to the Department in order to complete the transition process from permittee to licensee to be effective July 1, 2008: Submission by June 15, 2008 is strongly encouraged.

1. _____
Legal Name of Company Phone

_____ City, State, ZIP
"Main" Office Physical Address

_____ EMAIL
Mailing Address (if different)

2. **DBAs or Fictitious Business Names:** List any dba or fictitious business name to be used in Idaho. If any dba name does not currently appear on your permit, provide a file-stamped copy of the Certificate of Assumed Business Name issued by the Idaho Secretary of State.

3. **Branches:** List all branch locations from which your organization's Idaho business activities are directly or indirectly conducted. Use additional pages as necessary.

Address City, State, ZIP

Phone Fax Email

Address City, State, ZIP

Phone Fax Email

4. **Responsible Person in Charge (RPIC):** This person must demonstrate a minimum of three (3) years' experience specifically related to the type of business conducted by the licensee under the Idaho Collection Agency Act. This person does not have to be an owner, officer, member, partner or director. This person does not have to physically work from the main licensed office location; however, if the RPIC works from any other location, a toll-free number to reach this person during normal hours must be provided to Idaho debtors and the Department.

Name of Responsible Person in Charge	Physical Business Address	
Phone/Toll Free Number	Fax	email

The following items may be used to demonstrate the required experience in the business to be conducted for the RPIC listed above:

- a. A résumé that includes *detailed job descriptions, duties or experience* in the business to be conducted under this license; or
- b. Evidence of successful passing of the Idaho Collection Agency Qualifying Officer Exam by the designated RPIC if the activity to be conducted is collection activity. Provide month/year test was passed _____; or
- c. A notarized certification, signed by someone with signature authority for the licensee that attests to the required experience of the designated RPIC.

5. **List of Agents and Agent Fees:** Provide a list of agents/solicitors who conduct licensable activity in the state of Idaho for or on behalf of the licensee (use additional pages as necessary). Agents that have acted for or on behalf of the licensee for more than 30 business days will need to provide the annual \$20 agent fee per agent payable to the Idaho Department of Finance.

Name	“Alias” Name(s) Used in Idaho
Physical Work Address	City, State, ZIP
Name	“Alias” Name(s) Used in Idaho
Physical Work Address	City, State, ZIP
Name	“Alias” Name(s) Used in Idaho
Physical Work Address	City, State, ZIP
Name	“Alias” Name(s) Used in Idaho
Physical Work Address	City, State, ZIP

6. **Surety Bond or Certificate of Deposit:** Bond or CD must be in the minimum amount of \$15,000. The *original* bond or CD must be filed with the Department. The bond must be fully executed by both the Surety Company and licensee. A CD must be payable to the Idaho Department of Finance, with interest payable to the licensee. A CD must remain in place for a period of three (3) years after cessation of Idaho licensure. Instructions for a CD in lieu of surety bond are included with this packet and are also available on the Department’s website at <http://finance.idaho.gov> in the “collection agency forms” section. **NOTE: The name of the principal insured on the bond/CD must match EXACTLY to the name shown on your license and the entity filing with the Idaho Secretary of State.**

7. **Trust and Operating Bank Accounts:** Provide the name and address of the financial institution (if branch, provide name) where the licensee’s general operating and client trust accounts are located:

Bank Name (branch name if applicable)

Address	City	State/ZIP
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Trust Account Number _____

General Operating Business Account Number _____

I acknowledge that information required at the time of application, application transition and renewal shall be updated and filed with the Director of the Department of Finance in a timely manner and as necessary to keep the information current.

Signature of Authorized Person for the Licensee

Printed Name

Date	Phone Number
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Please submit all items simultaneously.

Return this Checklist with your transition package.



STATE OF IDAHO
 DEPARTMENT OF FINANCE
 Consumer Finance Bureau
 800 Park Blvd., Ste 200
 Boise, ID 83712
 P.O. Box 83720
 Boise, ID 83720-0031

BOND # _____
Effective date _____ 20 _____

SURETY BOND FOR PERMITTEE UNDER THE IDAHO COLLECTION AGENCY ACT
 Pursuant to Idaho Code § 26-2232
 (\$15,000.00 minimum)

_____, Principal herein, desires to engage in business as a permittee under the Idaho Collection Agency Act, Idaho Code § 26-2221, *et seq.* (the Act), under the name shown above, and as such is required pursuant to § 26-2232 of the Act to execute this bond to the State of Idaho.

NOW, THEREFOR, said Principal and _____, as Surety, a corporation duly incorporated under the laws of the state of _____ and authorized to do business in Idaho as a surety, are held and firmly bound unto the State of Idaho, for the use and benefit of whom it may concern, in the sum of \$_____, lawful money of the United States of America, for the payment of which we hereby bind ourselves, our and each of our heirs, assigns, executors and administrators, jointly and severally, firmly by these presents. The effective date of this surety bond is: _____.

In any case where the Principal or its representatives has failed to account for and pay over the proceeds of any collection made or money received for payment or prorating to creditors, or has failed to return to a debtor any sum received that was not to be applied to his debts, the Surety shall be obligated to the Department of Finance, State of Idaho, under this bond therefor, up to the limit of this bond. Further, the creditor or debtor shall have in addition to all other legal remedies a right of action in its own name on this bond, without the necessity of joining the Principal in the action.

The Surety may cancel this bond provided that the Surety shall provide thirty (30) days' prior written notice of the cancellation of this bond to the Principal and to the Director of the Idaho Department of Finance. Such notice shall be by registered or certified mail with request for a return receipt and addressed to the Principal at its main office, and to the Director of the Idaho Department of Finance at the address set forth above.

In no event shall the liability of the Surety under this bond and all claims against the bond exceed the face amount of this bond.

 (PRINCIPAL)

 (SIGNATURE OF OFFICER OF THE PRINCIPAL) DATE

 (NAME OF SURETY COMPANY)

 (SIGNATURE OF OFFICER OF SURETY COMPANY) DATE

 (TITLE OF OFFICER OF SURETY COMPANY)

 (NAME, TITLE AND TELEPHONE NUMBER OF CONTACT FOR SURETY)

PROCEDURES – CD IN LIEU OF BOND
(Idaho Collection Agency Act)

1. Licensee must obtain a CD (certificate of deposit) in the amount required under Idaho Code § 26-2232, in licensee's name, FBO (for the benefit of) the Director of the Idaho Department of Finance.
2. The issuing bank or credit union must be instructed as follows:
 - a. The taxpayer identification number (TIN) used for the CD shall be the licensee's TIN.
 - b. Interest on the CD shall be paid to the licensee.
 - c. The CD shall be automatically renewed for like terms, unless the Director instructs the bank or credit union issuing the CD to the contrary.
 - d. The Director shall have the sole right and ability to cash or redeem the CD, to designate the party to whom the CD proceeds should be paid, or to release the CD to the licensee.
 - e. The issuing bank or credit union shall take all steps necessary to ensure that the CD is not cashed or redeemed by a person other than the Director, without the Director's consent.
3. In the event that the CD is cashed or redeemed by the Director before its maturity and applied to the licensee's obligations or liability under the Idaho Collection Agency Act, the licensee understands and acknowledges that the bank or credit union issuing the CD may assess its customary early withdrawal penalty, if applicable.
4. The licensee shall at all times maintain the CD in accordance with the requirements of Idaho Code § 26-2232.
5. The licensee understands and acknowledges that the Director may hold and control the CD for (i) up to three years following the date when the licensee discontinues operations, or (ii) up to three years following the licensee's replacement of the CD with a satisfactory surety bond.

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GOVERNOR

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STATE OF IDAHO
DEPARTMENT OF FINANCE
CONSUMER FINANCE BUREAU
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Idaho Collection Agency QUARTERLY NOTIFICATION OF AGENTS / COLLECTORS

AGENCY PERMIT # _____ JUNE 15 _____ SEPTEMBER 15 _____ DECEMBER 15 _____

FILL IN YEAR OF QUARTER BEING REPORTED. COPY THIS FORM AS NEEDED.

Applicant/Permittee agrees to be responsible, under Title 26, Chapter 22, Idaho Code, for acts of Agent(s) while said Agent(s) is employed by the Permittee. Permittee certifies that Agent(s) has been instructed as to the requirements of the Idaho Collection Agency Act and the Fair Debt Collection Practices Act and that Agent(s) has a reasonable understanding of same. ∇

COLLECTION AGENCY : NAME, DBA ,CITY, STATE:					CERTIFICATION OF ABOVE Δ AUTHORIZED PRINTED NAME AND SIGNATURE OF PERMITTEE:	
	Please type the NEW AGENT NAME Alphabetical Order Please LAST, FIRST, MIDDLE INITIAL	CITY & STATE of office	SOCIAL SECURITY NUMBER	DATE OF BIRTH	DESK NAME IF USED	\$20.00 REGISTRATION FEE SUBMITTED
1						
2						
3						
4						
5						
TOTAL FEES SUBMITTED (\$ 20.00 PER EACH NEW SOLICITOR / COLLECTOR / AGENT) FOR THIS QUARTER:						\$

IDAHO COLLECTION AGENCY ACT Idaho Code § 26-2240: Each permit holder shall, with its initial application and each annual renewal, file with the Director a list of all agents including the name of the agent and other identifying information the Director may require. A fee of twenty dollars (\$20.00) for each listed agent shall accompany the list. The Director shall be notified in writing of any additions to the agent list no less often than every calendar quarter. A fee of twenty dollars (\$20.00) shall be filed with the Director for each additionally identified agent in the quarterly notification of additions to a licensee's agent list. An agent is not required to be listed, nor the fee paid therefore, unless the agent acted for the licensee for more than thirty (30) business days.

INSTRUCTIONS

- Quarterly Notification is due June 15, September 15, December 15, and Annual Renewal is due on/before March 15.
- Send Quarterly Notification only once per quarter, on or near the date due, only if you have new agent(s) to report.
- Do not send name changes or documents.
- Do send separate lists of terminated employees.
- Submit new (since the previous notification) agents conducting activities under the license with Idaho clients.
- Submit ONE check payable to the Department of Finance for \$20 for each new agent you are registering.
- Use this form or format (copy as needed) which includes all the required information and the required signature.
- If acknowledgement of receipt of Quarterly Notification is needed, provide a contact name and email address.
- TO CONTACT THE IDAHO CONSUMER FINANCE BUREAU, PHONE: (208) 332-8002; FAX: (208) 332-8096 (Revised: 5/08)