**OFFICE OF ATTORNEY GENERAL**
**Kentucky Office of Regulatory Relief**
**(Amended at ARRS Committee)**

**40 KAR 12:400. Debt adjusters.**

RELATES TO: KRS 380.010, 380.030, 380.040, 380.050, 380.060, 380.070, 380.080, 380.090, 380.100, 380.110, 380.120, 380.130, 380.990

STATUTORY AUTHORITY: KRS 15.180, 367.150(4), 380.040(5), 380.050

CERTIFICATION STATEMENT: This is to certify that this administrative regulation amendment complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 15.180 authorizes the Attorney General to promulgate administrative regulations that will facilitate performing the duties and exercising the authority vested in the Attorney General and the Department of Law. KRS 367.150(4) requires the Department of Law to recommend administrative regulations in the consumers' interest . KRS 380.040(5) requires the Attorney General to promulgate an administrative regulation to establish a debt adjuster registration application and establishes fees. KRS 380.050 requires the Attorney General to promulgate administrative regulations to carry out the provisions of KRS 380.010 to 380.990, pertaining to debt adjusters. This administrative regulation establishes an online registration application, an online renewal application, a surety bond form, and a letter of credit form to be used by debt adjusters..

Section 1. Debt Adjusters Registration Application.

(1) A debt adjuster shall not adjust debts of Commonwealth of Kentucky residents unless the Attorney General approves the debt adjuster's online registration application in accordance with this administrative regulation. An applicant shall submit an online registration application using the Debt Adjuster Registration Application portal available at https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx.

(2) To complete an online application, an applicant shall submit:

(a) Payment of the $250.00 registration fee;

(b) The applicant's certificate of existence, authorization certificate from the Kentucky Secretary of State's office, or other evidence of the applicant's authority to transact business in Kentucky;

(c) Copies of all the applicant's debt adjusting contracts with debtors;

(d) Copies of the applicant's insurance policies evidencing required insurance coverages; and

(e) A completed Debt Adjuster Bond, form DA-1, a completed Debt Adjuster Irrevocable Letter of Credit with Demand for Payment, form DA-2, surety bond complying with KRS 380.040; or Letter of credit complying with KRS 380.040.

(3)

(a) An applicant shall complete its application by submitting additional information or documents related to an investigation or inquiry within thirty (30) days of a request by the Attorney General.

(b) The Attorney General may deny any application if an applicant fails to timely complete the application by not paying the application fee or providing requested information or documents.

Section 2. Debt Adjuster Renewal Applications.

(1) An approved debt adjuster registration or renewal shall be valid for one (1) year from the written confirmation date of registration or renewal approval provided by the Attorney General.

(2) Thirty (30) days prior to the expiration of a current registration, a registered debt adjuster may renew its registration. Registration renewal shall be accomplished by

submitting an online renewal application using the Debt Adjuster Renewal Application portal available at https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx.

(3) To complete an online renewal application, each registrant shall submit:

(a) Payment of the $250.00 registration renewal fee;

(b) A completed annual audit in accordance with Section 3 of this administrative regulation; and

(c) If a prior submitted surety bond or letter of credit is no longer current or the surety amount is insufficient:

1. Completed Debt Adjuster Bond, form DA-1;

2. Completed Debt Adjuster Irrevocable Letter of Credit with Demand Letter for Payment, form DA-2;

3. Completed surety bond complying with KRS 380.040; or

4. Completed Letter of credit complying with KRS 380.040.

(4)

(a) A registrant shall complete its renewal application by submitting additional information or documents for its application within thirty (30) days of a request by the Attorney General.

(b) The Attorney General may deny any renewal application if a registrant fails to timely complete the application by not paying the renewal application fee or not submitting requested information or documents.

(5) Any registration renewal by the Attorney General shall not be construed to waive or condone any violation of law that occurred prior to any registration renewal and shall not prevent subsequent proceedings against a registrant.

Section 3. Annual Audit.

(1) An independent, third party certified public accountant shall conduct an annual audit of a registered debt adjuster's business.

(2) The annual audit shall not be older than (12) twelve months prior to the filing of a renewal application in accordance with Section 2 of this administrative regulation and shall include an audit of:

(a) The registrant's financial statements and records;

(b) The trust accounts required by KRS 380.040(1)(b);

(c) The registrant's compliance with the requirements of KRS Chapter 380; and

(d) The registrant's compliance with the requirements of this administrative regulation.

(3) The audit results and the auditor's opinion shall be accompanied by a certification from each individual auditor joining in the opinion. The certification shall include:

(a) That the auditor shall be an independent, third-party certified public accountant;

(b) The states in which the auditor is licensed as a certified public accountant; and

(c) The identification number for each license.A registrant shall submit the audit results, the auditor's opinion, and the certification by each auditor to the Attorney General upon registration renewal in accordance with Section 2 of this administrative regulation.

Section 4. Trust Accounts. The trust accounts required by KRS 380.040(1)(b) shall be maintained in a federally insured financial institution.

Section 5. Written Notification of Material Changes. A registered debt adjuster shall notify the Attorney General, in writing, within fourteen (14) days of any material change to information provided in the registrant's original application, any renewal application, application attachments, or written notices.

Section 6. Record Requests. A debt adjuster shall make requested business records and documents and information related to an investigation or inquiry readily available to the

Attorney General for inspection and copying upon request.

Section 7. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "Debt Adjuster Registration Application", February 2026;

(b) "Debt Adjuster Renewal Application", Feb. 2026;

(c) "Debt Adjuster Surety Bond", form DA-1, February 2026; and

(d) "Debt Adjuster Irrevocable Letter of Credit with Demand for Payment letter", form DA-2, February 2026;

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Office of the Attorney General, Capital Complex East, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material is also available on the Attorney General's website, https://ag.ky.gov/Pages/default.aspx.

(040 KAR 002:350. 31 Ky.R. 1916, 32 Ky.R. 227; eff. 8-25-2005; 37 Ky.R. 741; eff. 11-05-2010; Crt eff. 2-21-2020; Recodified as 040 KAR 012:400; eff. 7-18-2025; 52 Ky.R. 1720; 53 Ky.R. 192; eff. 11-2-2026.)

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