

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 380.050 requires the Attorney General to promulgate administrative regulations necessary to carry out the provisions of KRS Chapter 380, relating to debt adjusting].~~ KRS 380.040(5) requires the Attorney General to promulgate an administrative regulation to establish~~[a person to file]~~ a debt adjuster registration application and establishes fees~~[form developed by the Attorney General].~~ 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~~[the]~~ registration application, an online~~[and]~~ renewal application, a surety bond form, and a letter of credit form to be used by debt adjusters. ~~[process and incorporates by reference the forms to be utilized by persons subject to registration].~~

Section 1. ~~[Definitions.]~~

~~[(1)] ["Debt Adjuster Bond" means the "Commonwealth of Kentucky Debt Adjuster Surety Bond, Form DA-3", incorporated by reference in this administrative regulation.]~~

~~[(2)] ["Debt Adjuster Irrevocable Letter of Credit" means the "Commonwealth of Kentucky Debt Adjuster Irrevocable Letter of Credit", Form DA-4, incorporated by reference in this administrative regulation.]~~

~~[(3)] ["Division" means the Office of the Attorney General, Consumer Protection Division.]~~

~~[(4)] ["Registrant" means a person filing the registration form required by KRS 380.040(5) and this administrative regulation.]~~

~~[(5)] ["Registration form" means the "Commonwealth of Kentucky Debt Adjuster Registration Statement".]~~

~~[Section 2.]~~ 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 ~~f"/~~ Debt Adjuster Registration Application portal ~~f"/~~ available at <https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx>.

(2) To complete ~~[When completing]~~ 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.

~~{(1)} [The initial registration, or a renewal of registration, for a person engaging in debt adjusting pursuant to KRS Chapter 380 shall be made on the "Commonwealth of Kentucky Debt Adjuster Registration Statement". Each person engaging in debt adjusting shall register by:]~~

~~{(a)} [Completing the information required by the registration form and submitting:]~~

~~[1.] [The legal name of the registrant;]~~

~~[2.] [Whether the registration is an initial or renewal registration;]~~

~~[3.] [The registrant's contact person, including name, title, telephone number, fax number, and, optionally, e-mail address;]~~

~~[4.] [Other names under which the registrant conducts business, and provide copies of all filings in Kentucky regarding the use of an assumed name or names;]~~

~~[5.] [The registrant's principal physical business location, which shall not be a post office box, including street address, city, state, and zip code;]~~

~~[6.] [The registrant's mailing address if different from the principal physical business location, including address, city, state, and zip code;]~~

~~[7.] [The registrant's telephone number;]~~

~~[8.] [The registrant's fax number;]~~

~~[9.] [The registrant's Web site;]~~

~~[10.] [The registrant's agent for service of process in Kentucky, including name, address, city, state, and zip code;]~~

~~[11.] [The location where the registrant keeps or maintains records of its customers who reside in Kentucky if different from the principal physical business location, including address, city, state, and zip code;]~~

~~[12.] [The registrant's type of business structure, indicating whether it is a corporation, limited liability company, general partnership or joint venture, limited partnership, natural person, or other type of structure and describing such other type, the state under the laws of which the business structure was formed, and including a copy of registrant's certificate of authority to transact business in the Commonwealth of Kentucky issued by the Kentucky Secretary of State or other evidence of authority to transact business in the Commonwealth of Kentucky and describing this other evidence;]~~

~~[13.] [A description of the debt adjusting services the registrant will offer, sell or provide to Kentucky residents, and identifying whether the registrant engages in debt adjusting in relation to any debt that is primarily for personal, family, or household use that is secured by a mortgage, deed of trust, other equivalent consensual security interest on residential real property, or collateral that has a mortgage lien interest in residential real property;]~~

~~[14.] [The registrant's fee schedule, indicating the amount of the fee for initial set-up, the amount of the consultation fee, the amount and frequency of the service fee~~

~~or other periodic fee, the amount of the bad check charge, and the amount and frequency of any other fee or fees and describing these other fee or fees;]~~

~~[15.] [The registrant's officers, directors, trustees, general partners, and sole proprietor, as applicable, and any person having management responsibilities in the registrant's business activities, including name, address, telephone number, title or position held, and percentage of ownership interest;]~~

~~[16.] [The financial institution in which the registrant will maintain a trust account into which Kentucky consumer funds will be deposited and withdrawn to pay respective creditors, including the name, address, city, state, zip code, telephone number, and fax number;]~~

~~[17.] [A sample of each type of contract or agreement for the registrant's debt adjuster services with Kentucky residents;]~~

~~[18.] [The aggregate amount of all deposits made with the registrant by all debtors in each of the six (6) months preceding the filing of this registration;]~~

~~[19.] [The aggregate amount of all deposits made with the registrant by all Kentucky residents in each of the twelve (12) months preceding the filing of this registration;]~~

~~[20.] [Information regarding each applicable insurance policy, including policy number, the name of the insurer that issued the policy, whether the division is named as an additional interested party, whether the insurance policy covers errors and omissions, employee dishonesty, depositor's forgery, computer fraud, or violations of KRS Chapter 380, the policy amount, the deductible amount, the insurer's rating and the rating organization, and including a complete copy of the insurance policy and declarations or, if a complete copy of the insurance policy and declarations was previously provided to the division, a copy of the current declarations or certificate of coverage applicable to the policy;]~~

~~[21.] [A completed Debt Adjuster Bond, or, in lieu thereof, a completed Debt Adjuster Irrevocable Letter of Credit;]~~

~~[22.] [A list of each state in which the registrant is registered or licensed to provide debt adjuster services and the time of filing the registration;]~~

~~[23.] [The signature and oath of the registrant, using the following oath: "I hereby swear or affirm that I am an authorized representative of the registrant set forth above, and that the statements contained herein and attachments hereto are true and correct", and including the printed name and title of the person signing the oath;]~~

~~[24.] [A completed notarization of the signature and oath of the registrant, including the seal of the notary public;]~~

~~[(b)] [Filing the original of the registration form and accompanying documentation with the Office of the Attorney General, Consumer Protection Division, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601; and]~~

~~[(c)] [Paying the fee required by KRS 380.040(5).]~~

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 ~~f" f~~ Debt Adjuster Renewal Application portal ~~f" f~~ available at <https://www.ag.ky.gov/Resources/Pages/Office-of-Regulatory-Relief.aspx>.

(3) ~~To complete~~ ~~fWhen submitting f~~ 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. ~~f-a~~ Completed Debt Adjuster Bond, form DA-1 ;

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

3. ~~f-a~~ Completed surety bond complying with KRS 380.040; or

4. ~~f-a~~ Completed Letter of credit complying with KRS 380.040 ~~f, when a prior submitted surety bond or letter of credit is no longer current or the surety amount is insufficient~~ .

(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.

~~{(2)} [Registration shall be valid for one (1) year from the effective date stated in the written confirmation of registration provided by the division, and may be renewed annually by making the required filing and paying the renewal fee.]~~

~~{(3)} [Deadline for filing.]~~

~~{(a)} [The initial registration form and fee shall be filed with the division prior to the date the registrant will engage in debt adjusting pursuant to KRS Chapter 380.]~~

~~{(b)} [The renewal registration form and fee shall be filed with the division at least four (4) weeks prior to the expiration of the registration.]~~

~~{(c)} [The registration form shall be considered filed as of the date it is:]~~

~~[1.] [Delivered to the Division; or]~~

~~[2.] [Deposited in the mail or with a commercial postal service on or before the due date, as indicated by the postmark applied by the U.S. Postal Service or official mark applied by a commercial postal service. The mark made by a privately held postage meter shall not be considered in determining the date of filing.]~~

~~{(4)}~~

~~{(a)} [If the Division determines that the registration form or the materials submitted with the registration form do not comply with KRS Chapter 380 or contain all information or materials required by KRS Chapter 380 or this administrative regulation, the division shall notify the registrant in writing, specifying the noncompliance or the information or materials that were not completed in or provided with the registration form.]~~

~~{(b)} [The registration shall not be effective until a registration form or an amended registration form is filed with the division that contains all information and materials required by KRS Chapter 380 and this administrative regulation.]~~

~~{(c)} [The division shall provide a written confirmation of registration.]~~

~~Section 3. [A person shall not engage in debt adjusting prior to the timely filing of a complete and accurate registration which has been confirmed by the division pursuant to Section 2(4)(c) of this administrative regulation.]~~

~~[Section 4.] Annual Audit.~~

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

(2) ~~{(1)}~~ 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~~{required by KRS 380.040(6)}~~ 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.

~~{(2)} [The Commonwealth of Kentucky Debt Adjuster Audit Checklist, Form DA-2, shall be used for purposes of the annual audit and filed with the results of the annual audit.]~~

(3) The audit results ~~{of the audit}~~ and the auditor's opinion ~~{filed with the division}~~ shall be accompanied by a certification from each individual auditor joining in the opinion. The certification shall include:

- (a) That the auditor ~~shall be~~is 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.

~~{(4)}~~ A registrant shall submit the audit results, the auditor's opinion, and the certification by each auditor to the Attorney General upon ~~when it renews its~~ registration renewal in accordance with Section 2 of this administrative regulation. ~~{The results of the audit and the auditor's opinion, and the certification by each auditor, shall be filed with each renewal registration form, and shall be no older than twelve (12) months prior to the date of filing of the renewal registration form.}~~

Section 4. ~~{Section 5.}~~ Trust Accounts. The trust accounts required by KRS 380.040(1)(b) shall be maintained in a federally insured financial institution.

Section 5. ~~{Section 6.}~~ 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.

~~{(1)} [A person engaged in debt adjusting shall notify the division in writing at the address shown in Section 2(1)(b) of this administrative regulation, or by electronic mail or fax with prior approval of the division, within five (5) business days of any cancellation, nonrenewal, modification, or change, or receipt of notice of any cancellation, nonrenewal, modification, or change of, the insurance coverage required by KRS 380.040(7), the bond required by KRS 380.040(8) and this regulation, or the irrevocable letter of credit accepted in lieu of the bond pursuant to KRS 380.040(8) and this administrative regulation.]~~

~~{(2)} [Except as required by subsection (1) of this section, within thirty (30) days of any material change in the information provided on or submitted with the registration form, a registrant shall notify the division in writing at the address shown in Section 2(1)(b) of this administrative regulation, or by electronic mail or fax with prior approval of the division, of each change and submit an updated registration form. The annual renewal date for the registrant shall not be affected by the filing required by this section.]~~

~~{(3)} [A notice or letter from the division to a registrant may be sent by first class regular mail to a last known address as shown in the registrant's last filing with the division.]~~

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) ~~{The "Commonwealth of Kentucky"}~~ "Debt Adjuster Registration Application/portal", February 2026~~{Statement", Form DA-1, July 2010}~~;
- (b) "Debt Adjuster Renewal Application ~~/portal~~", Feb. 2026 ~~{The "Commonwealth of Kentucky Debt Adjuster Audit Checklist", Form DA-2, July 2010}~~;
- (c) ~~{The "Commonwealth of Kentucky"}~~ "Debt Adjuster Surety Bond", form DA-1~~{3}~~, February 2026~~{July 2010}~~; and
- (d) ~~{The "Commonwealth of Kentucky"}~~ "Debt Adjuster Irrevocable Letter of Credit with Demand for Payment letter", form DA-2~~{4}~~, February 2026~~{July 2010}~~;

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Office of the Attorney General, Capital Complex East, ~~{Consumer Protection Division}~~, 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>.

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