

# NEWS FROM SCDCA

## South Carolina Department of Consumer Affairs



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September 16, 2005

Release #05-050

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### SCDCA TO LICENSE CONSUMER CREDIT COUNSELING SERVICES

Columbia, SC.....On June 2, 2005, the Consumer Credit Counseling Act became law in South Carolina. **This law provides for the licensing of consumer credit organizations and credit counselors engaging in debt management, debt settlement, or credit repair services. The licensing period for consumer credit counselors began September 1, 2005, and continues through December 2, 2005.** Licenses must be renewed annually. **The law requires the following:**

- Providers of consumer credit counseling must be licensed to do business in South Carolina if they are conducting business (soliciting or contracting with consumers or have a location) in the state.
- Credit counseling organizations must apply on a form developed by the Department that includes information regarding financial responsibility. The organization must also provide a description of the consumer education program, a copy of the standard debt management plan, a surety bond, and requisite criminal background checks.
- Credit counselors must apply on a form developed by the Department that includes a description of the applicant's general character and fitness. A criminal background check is also required.
- Consumer credit counseling organizations and credit counselors must obtain twelve hours of panel-approved continuing professional education every two years.

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About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. For more information, visit [www.scconsumer.gov](http://www.scconsumer.gov)

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- Application forms and supplemental forms for both consumer credit counseling organizations and credit counselors are available on the Department's website: [www.sccoconsumer.gov](http://www.sccoconsumer.gov)

The law also has provisions for disclosures, fees, and information and services that must be provided to consumers. Businesses are reminded that consumers may cancel the contract/agreement at any time with ten days written notice. The Department will set fees that a credit counseling organization can charge a consumer. **Other requirements include:**

- Consumer credit counseling organizations must maintain a separate trust account for consumers' funds and keep separate records for each consumer.
- The organization must provide consumers with a financial education program to improve financial literacy. Counselors must also perform a written budget analysis for the individual to determine if they would benefit from participating in the plan.
- Written contracts must clearly disclose the terms of the agreement, including a reasonable estimate of all payments and fees due from the consumer. They must also include payment schedules, amount and date due of payments, as well as terms applying to defaults.
- Credit counselors must attempt to obtain consent of all creditors, record their responses, and identify the creditors who will not participate in the plan.
- The credit counseling organization must submit an accounting to the consumer once every three months.
- Consumer credit counseling organizations and credit counselors are prohibited from, among other acts, making false or misleading representations, obtaining a waiver of the consumer's rights, charging the consumer to cancel a plan, accepting referral fees, making loans to consumers, or compensating an employee based on the number of consumers he/ she/ signs up for a debt management plan.

If you have any questions concerning Consumer Credit Counseling please call Carri Grube, Consumer Credit Counseling Program Coordinator at (803) 734.4297 or e-mail your questions to [scdca@dca.state.sc.us](mailto:scdca@dca.state.sc.us).

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