

We recognize and we acknowledge that the need for Chapter 13 for wage-earner proceedings must be on the books of this country when creditors will not cooperate in working extensively with the individual in establishing him free of debt. But we are concerned when it is used as a collection tool by certain credit-granting segments of this economy because, supposedly, as a secured creditor, they get a priority. They also secure a certain amount of interest while all other creditors are held back and in most instances throughout the country as statistics will show from the administrative body, do not work out effectively.

In the legislation—I just want to touch on an outline of the legislation that I have recommended:

1. Investigation of licensee, officers, etc., prior to issuing license.
2. Bonding of licensee.
3. Audit by the department administering said license, at the cost of the licensee.
4. Control and approval of advertising by the administrative authority.
5. Establishing of a maximum rate of charge.
6. Allowing no charge unless the licensee has been able to secure the approval and consent from the majority of creditors, both in number and amount of indebtedness.
7. Allowing the fee to be taken only on proportionate amount as said funds are distributed to creditors.
8. Preventing the licensee from taking any contract, note, etc., which has any blank space when signed by consumer-debtor.
9. Preventing any licensee from taking any negotiable instruments for his unearned fee.
10. Preventing licensee from taking any notes, wage assignments or security to secure the licensee's unearned charges.
11. Preventing the licensee from taking a confession of judgment or power of attorney to cover judgment.
12. Providing that all contracts and forms must be approved by the administrative body.
13. The contract must list every obligation to be adjusted and disclose total of obligations.
14. The application must show that the payments required for the liquidation of the obligations must be within the ability of the individual to pay.
15. The rate and amount of licensee's fee must be disclosed.
16. The approximate number of installments necessary to pay obligations in full must be disclosed.
17. A copy of the contract must be given to the consumer-debtor.
18. The contract, even though signed at the time of application, should not become effective until the applicant has made payment to licensee for distribution to creditors.
19. Receipts must be written for each payment.
20. At least every six months the licensee shall render an accounting to the consumer-debtor, which shall show the total amount received, total paid to his creditors, the amount of charges deducted, and any amount held in reserve.
21. Licensee must also render an accounting within seven days after written request.