

4. Any confession of judgment or power of attorney to confess judgment against the debtor or to appear for the debtor in a judicial proceeding.

5. Concurrent with the signing of the contract or as part of the contract or as part of the application for the contract a release of any obligation to be performed on the part of the licensee.

Section X. *Consent of Creditors.* A licensee shall not receive any fee unless he has the consent of at least 51 per cent of the total amount of indebtedness and of the number of creditors listed in the licensee's contract with the debtor, or such like number of creditors have accepted a distribution of payment.

Section XI. *Statements to Debtors.* Every licensee shall make a semi-annual report to each debtor showing the total amount the creditors have been paid by the licensee on the debt of the debtor and the amount of fees withdrawn by the licensee. Licensee must render accounting as set forth within ten days or written request.

Section XII. *Charges and fees.* The total charges received by a licensee for his services may not exceed 15% of the monies distributed by the licensee, to the creditors of the debtor, unless the debtor cancels or defaults on the performance of his contract with the licensee, in which event the licensee may collect in addition thereto, 7% of the remaining indebtedness listed by said debtor for payment to the creditors. In relation to obligations included in the contract which are secured by a mortgage or trust deed on real property, fees may be collected only as to payments made by the licensee to the creditor. In the event of cancellation or default on performance of the contract by the debtor, the licensee must distribute or have distributed to the creditors of the debtor at least 85% of the funds of the debtor paid to the licensee.

Section XIII. *Separate Accounts.* A licensee shall not commingle payments received by him from debtors with the licensee's own property or funds, but shall maintain a separate account in which all payments received from debtors for the benefit of creditors shall be deposited and in which all payments shall remain until disbursements are made on behalf of the debtor or returned to the debtor. The Administrator may verify the amount of money on deposit in any such account in any bank or depository.

Section XIV. *Maintenance of Records.* Every licensee shall keep, and use in his business, books, accounts and records which will enable the Administrator to determine whether such licensee is complying with the provisions of this act and with the rules and regulations issued thereunder. Every licensee shall preserve such books, accounts, and records for at least 5 years after making the final entry on any transaction recorded therein.

Section XV. *Investigation of Business; Examination of Records.* The Administrator shall at least annually and such other times as he considers necessary investigate the business and examine the books, accounts, records, and files used therein of any licensee and any person who the Administrator has reason to believe is engaging in the business of credit counselling in violation of the provisions of this act. The actual cost of every examination of a licensee shall be paid by the licensee examined. Failure to pay the examination fee within 45 days of receipt of demand from the Administrator shall automatically suspend the license until the fee is paid.

In the investigation of alleged violations of this act, the Administrator may compel the attendance of any person or the production of any books, accounts, records, and files used, and may examine under oath all persons in attendance.

Section XVI. *Annual Report.* Each licensee shall annually, on or before the _____ day of _____, and at such other times as the Administrator may request file with the Administrator a certified audit report prepared by an independent public accountant containing such relevant information as the Administrator may reasonably require concerning the business and operations during the preceding calendar year of each licensee.

Section XVII. *Prohibited Practices.* No licensee shall:

- A. Purchase from a creditor any obligation of a debtor;
- B. Operate as a collection agency, loan company or finance company;
- C. Pay any bonus, commission, or other consideration to any person for the referral of a debtor to his business, nor shall he accept or receive any bonus, commission or other consideration for referring any debtor to any person for any reason;
- D. Advertise his services, display, distribute, broadcast, or televise or permit to be displayed, advertised, distributed, broadcast or televised his