

117TH CONGRESS  
1ST SESSION

# H. R. 2547

To expand and enhance consumer, student, servicemember, and small business protections with respect to debt collection practices, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2021

Ms. WATERS (for herself, Mr. MEEKS, Ms. DEAN, Mr. CLEAVER, Ms. VELÁZQUEZ, Mr. AUCHINCLOSS, Ms. PRESSLEY, and Ms. TLAIB) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To expand and enhance consumer, student, servicemember, and small business protections with respect to debt collection practices, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Comprehensive Debt Collection Improvement Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SMALL BUSINESS LENDING FAIRNESS ACT

- Sec. 101. Short title.
- Sec. 102. Obligor transactions.
- Sec. 103. Enforcement of security interests.

TITLE II —FAIR DEBT COLLECTION PRACTICES FOR  
SERVICEMEMBERS ACT

- Sec. 201. Short title.
- Sec. 202. Enhanced protection against debt collector harassment of  
servicemembers.
- Sec. 203. GAO study and report.

TITLE III—PRIVATE LOAN DISABILITY DISCHARGE ACT

- Sec. 301. Short title.
- Sec. 302. Protections for obligors and cosigners in case of death or total and  
permanent disability.

TITLE IV—CONSUMER PROTECTION FOR MEDICAL DEBT  
COLLECTIONS ACT

- Sec. 401. Short title.
- Sec. 402. Amendments to the Fair Debt Collection Practices Act.
- Sec. 403. Prohibition on consumer reporting agencies reporting certain medical  
debt.
- Sec. 404. Requirements for furnishers of medical debt information.

TITLE V—ENDING DEBT COLLECTION HARASSMENT ACT

- Sec. 501. Short title.
- Sec. 502. Consumer protections relating to debt collection practices.

TITLE VI—STOP DEBT COLLECTION ABUSE ACT

- Sec. 601. Short title.
- Sec. 602. Definitions.
- Sec. 603. Debt collection practices for debt collectors hired by Federal agencies.
- Sec. 604. Unfair practices.
- Sec. 605. GAO study and report.

TITLE VII—DEBT COLLECTION PRACTICES HARMONIZATION ACT

- Sec. 701. Short title.
- Sec. 702. Award of damages.
- Sec. 703. Prohibition on the referral of emergency individual assistance debt.

TITLE VIII—NON-JUDICIAL FORECLOSURE DEBT COLLECTION  
CLARIFICATION ACT

- Sec. 801. Short title.
- Sec. 802. Enforcement of security interests.

TITLE IX—EFFECTIVE DATE

- Sec. 901. Effective date.

1           **TITLE I—SMALL BUSINESS**  
2           **LENDING FAIRNESS ACT**

3   **SEC. 101. SHORT TITLE.**

4           This title may be cited as the “Small Business Lend-  
5 ing Fairness Act”.

6   **SEC. 102. OBLIGOR TRANSACTIONS.**

7           (a) IN GENERAL.—Chapter 2 of the Truth in Lend-  
8 ing Act (15 U.S.C. 1631 et seq.) is amended by adding  
9 at the end the following:

10   **“§ 140B. Unfair credit practices**

11           “(a) IN GENERAL.—In connection with the extension  
12 of credit or creation of debt in or affecting commerce, as  
13 defined in section 4 of the Federal Trade Commission Act  
14 (15 U.S.C. 44), including any advance of funds or sale  
15 or assignment of future income or receivables that may  
16 or may not be credit, no person may directly or indirectly  
17 take or receive from another person an obligation that con-  
18 stitutes or contains a cognovit or confession of judgment  
19 (for purposes other than executory process in the State  
20 of Louisiana), warrant of attorney, or other waiver of the  
21 right to notice and the opportunity to be heard in the  
22 event of suit or process thereon.

23           “(b) EXEMPTION.—The exemption in section 104(1)  
24 shall not apply to this section.”.

25           (b) TECHNICAL AND CONFORMING AMENDMENTS.—

1           (1) Section 130(a) of the Truth in Lending Act  
2           (15 U.S.C. 1640) is amended by striking “creditor”  
3           each place the term appears and inserting “person”.

4           (2) The table of sections in chapter 2 of the  
5           Truth in Lending Act (15 U.S.C. 1631 et seq.) is  
6           amended by adding at the end the following:

“140B. Unfair credit practices.”.

7   **SEC. 103. ENFORCEMENT OF SECURITY INTERESTS.**

8           Section 103 of the Truth in Lending Act (15 U.S.C.  
9   1602) is amended by adding at the end the following:

10          “(ff) The term ‘debt’ means any obligation of a per-  
11   son to pay to another person money—

12               “(1) regardless of whether such obligation is  
13               absolute or contingent;

14               “(2) that includes the right of the person pro-  
15               viding the money to an equitable remedy for breach  
16               of performance if the breach gives rise to a right to  
17               payment; and

18               “(3) regardless of whether the obligation or  
19               right to an equitable remedy described in paragraph  
20               (2) has been reduced to judgment, fixed, contingent,  
21               matured, unmatured, disputed, undisputed, recourse,  
22               nonrecourse, secured, or unsecured.”.

1 **TITLE II—FAIR DEBT COLLEC-**  
2 **TION PRACTICES FOR**  
3 **SERVICEMEMBERS ACT**

4 **SEC. 201. SHORT TITLE.**

5 This title may be cited as the “Fair Debt Collection  
6 Practices for Servicemembers Act”.

7 **SEC. 202. ENHANCED PROTECTION AGAINST DEBT COL-**  
8 **LECTOR HARASSMENT OF**  
9 **SERVICEMEMBERS.**

10 (a) COMMUNICATION IN CONNECTION WITH DEBT  
11 COLLECTION.—Section 805 of the Fair Debt Collection  
12 Practices Act (15 U.S.C. 1692c) is amended by adding  
13 at the end the following:

14 “(e) COMMUNICATIONS CONCERNING SERVICEMEM-  
15 BER DEBTS.—

16 “(1) DEFINITION.—In this subsection, the term  
17 ‘covered member’ means—

18 “(A) a covered member or a dependent as  
19 defined in section 987(i) of title 10, United  
20 States Code; and

21 “(B)(i) an individual who was separated,  
22 discharged, or released from duty described in  
23 such section 987(i)(1), but only during the 365-  
24 day period beginning on the date of separation,  
25 discharge, or release; or

1           “(ii) a person, with respect to an individual  
2           described in clause (i), described in subpara-  
3           graph (A), (D), (E), or (I) of section 1072(2)  
4           of title 10, United States Code.

5           “(2) PROHIBITIONS.—A debt collector may not,  
6           in connection with the collection of any debt of a  
7           covered member—

8                   “(A) threaten to have the covered member  
9                   reduced in rank;

10                   “(B) threaten to have the covered mem-  
11                   ber’s security clearance revoked; or

12                   “(C) threaten to have the covered member  
13                   prosecuted under chapter 47 of title 10, United  
14                   States Code (the Uniform Code of Military Jus-  
15                   tice).”.

16           (b) UNFAIR PRACTICES.—Section 808 of the Fair  
17           Debt Collection Practices Act (15 U.S.C. 1692f) is amend-  
18           ed by adding at the end the following:

19                   “(9) The representation to any covered member  
20                   (as defined under section 805(e)(1)) that failure to  
21                   cooperate with a debt collector will result in—

22                           “(A) a reduction in rank of the covered  
23                           member;

24                           “(B) a revocation of the covered member’s  
25                           security clearance; or

1                   “(C) prosecution under chapter 47 of title  
2                   10, United States Code (the Uniform Code of  
3                   Military Justice).”.

4 **SEC. 203. GAO STUDY AND REPORT.**

5           (a) STUDY.—The Comptroller General of the United  
6 States shall conduct a study on the impact of debt collec-  
7 tion on covered members (as defined under section  
8 805(e)(1) of the Fair Debt Collection Practices Act, as  
9 added by section 202), which shall—

10           (1) identify types of false, deceptive, misleading,  
11           unfair, abusive, and harassing debt collection prac-  
12           tices experienced by covered members and make rec-  
13           ommendations to eliminate these practices;

14           (2) identify collection practices of creditors and  
15           debt collectors experienced by covered members;

16           (3) discuss the effect of these practices on mili-  
17           tary readiness; and

18           (4) discuss any national security implications,  
19           including the extent to which covered members with  
20           security clearances would be impacted by uncollected  
21           debt.

22           (b) REPORT.—Not later than one year after the date  
23 of enactment of this Act, the Comptroller General of the  
24 United States shall submit to Congress a report on the  
25 completed study required under subsection (a).

1           **TITLE III—PRIVATE LOAN**  
2           **DISABILITY DISCHARGE ACT**

3   **SEC. 301. SHORT TITLE.**

4           This title may be cited as the “Private Loan Dis-  
5   ability Discharge Act of 2021”.

6   **SEC. 302. PROTECTIONS FOR OBLIGORS AND COSIGNERS IN**  
7                   **CASE OF DEATH OR TOTAL AND PERMANENT**  
8                   **DISABILITY.**

9           (a) **IN GENERAL.**—Section 140(g) of the Truth in  
10   Lending Act (15 U.S.C. 1650(g)) is amended—

11           (1) in paragraph (2)—

12                   (A) in the heading, by striking “IN CASE  
13                   OF DEATH OF BORROWER”;

14                   (B) in subparagraph (A), by inserting after  
15                   “of the death”, the following: “or total and per-  
16                   manent disability”; and

17                   (C) in subparagraph (C), by inserting after  
18                   “of the death”, the following: “or total and per-  
19                   manent disability”; and

20           (2) by adding at the end the following:

21                   “(3) **DISCHARGE IN CASE OF DEATH OR TOTAL**  
22                   **AND PERMANENT DISABILITY OF BORROWER.**—The  
23                   holder of a private education loan shall, when noti-  
24                   fied of the death or total and permanent disability  
25                   of a student obligor, discharge the liability of the



1 student obligor on the loan and may not, after such  
2 notification—

3 “(A) attempt to collect on the outstanding  
4 liability of the student obligor; and

5 “(B) in the case of total and permanent  
6 disability, monitor the disability status of the  
7 student obligor at any point after the date of  
8 discharge.

9 “(4) PRIVATE DISCHARGE IN CASES OF CER-  
10 TAIN DISCHARGE FOR DEATH OR DISABILITY.—The  
11 holder of a private education loan shall, when noti-  
12 fied of the discharge of liability of a student obligor  
13 on a loan described under section 108(f)(5)(A) of  
14 the Internal Revenue Code of 1986, discharge any li-  
15 ability of the student obligor (and any cosigner) on  
16 any private education loan which the private edu-  
17 cation loan holder holds and may not, after such no-  
18 tification—

19 “(A) attempt to collect on the outstanding  
20 liability of the student obligor; and

21 “(B) in the case of total and permanent  
22 disability, monitor the disability status of the  
23 student obligor at any point after the date of  
24 discharge.

1           “(5) TOTAL AND PERMANENT DISABILITY DE-  
2           FINED.—For the purposes of this subsection and  
3           with respect to an individual, the term ‘total and  
4           permanent disability’ means the individual is totally  
5           and permanently disabled, as such term is defined in  
6           section 685.102(b) of title 34, Code of Federal Reg-  
7           ulations.”.

8           (b) RULEMAKING.—The Director of the Bureau of  
9           Consumer Financial Protection may issue rules to imple-  
10          ment the amendments made by subsection (a) as the Di-  
11          rector determines appropriate.

12       **TITLE IV—CONSUMER PROTEC-**  
13       **TION FOR MEDICAL DEBT**  
14       **COLLECTIONS ACT**

15       **SEC. 401. SHORT TITLE.**

16          This title may be cited as the “Consumer Protection  
17          for Medical Debt Collections Act”.

18       **SEC. 402. AMENDMENTS TO THE FAIR DEBT COLLECTION**  
19       **PRACTICES ACT.**

20          (a) DEFINITION.—Section 803 of the Fair Debt Col-  
21          lection Practices Act (15 U.S.C. 1692a) is amended by  
22          adding at the end the following:

23                       “(9) The term ‘medical debt’ means a debt  
24                       arising from the receipt of medical services,  
25                       products, or devices.”.

1 (b) UNFAIR PRACTICES.—Section 808 of the Fair  
2 Debt Collection Practices Act (15 U.S.C. 1692f), as  
3 amended by section 202(b), is amended by adding at the  
4 end the following:

5 “(10) Engaging in activities to collect or  
6 attempting to collect a medical debt owed or  
7 due or asserted to be owed or due by a con-  
8 sumer, before the end of the 2-year period be-  
9 ginning on the date that the first payment with  
10 respect to such medical debt is due.”.

11 **SEC. 403. PROHIBITION ON CONSUMER REPORTING AGEN-**  
12 **CIES REPORTING CERTAIN MEDICAL DEBT.**

13 (a) DEFINITION.—Section 603 of the Fair Credit Re-  
14 porting Act (15 U.S.C. 1681a) is amended by adding at  
15 the end the following:

16 “(bb) MEDICAL DEBT.—The term ‘medical debt’  
17 means a debt arising from the receipt of medical services,  
18 products, or devices.

19 “(cc) MEDICALLY NECESSARY PROCEDURE.—The  
20 term ‘medically necessary procedure’ means—

21 “(1) health care services or supplies needed to  
22 diagnose or treat an illness, injury, condition, dis-  
23 ease, or its symptoms and that meet accepted stand-  
24 ards of medicine; and

1 “(2) health care to prevent illness or detect ill-  
2 ness at an early stage, when treatment is likely to  
3 work best (including preventive services such as pap  
4 tests, flu shots, and screening mammograms).”.

5 (b) IN GENERAL.—Section 605(a) of the Fair Credit  
6 Reporting Act (15 U.S.C. 1681c(a)) is amended by adding  
7 at the end the following new paragraphs:

8 “(9) Any information related to a debt arising  
9 from a medically necessary procedure.

10 “(10) Any information related to a medical  
11 debt, if the date on which such debt was placed for  
12 collection, charged to profit or loss, or subjected to  
13 any similar action antedates the report by less than  
14 365 calendar days.”.

15 **SEC. 404. REQUIREMENTS FOR FURNISHERS OF MEDICAL**  
16 **DEBT INFORMATION.**

17 (a) ADDITIONAL NOTICE REQUIREMENTS FOR MED-  
18 ICAL DEBT.—Section 623 of the Fair Credit Reporting  
19 Act (15 U.S.C. 1681s–2) is amended by adding at the end  
20 the following:

21 “(f) ADDITIONAL NOTICE REQUIREMENTS FOR MED-  
22 ICAL DEBT.—Before furnishing information regarding a  
23 medical debt of a consumer to a consumer reporting agen-  
24 cy, the person furnishing the information shall send a  
25 statement to the consumer that includes the following:

1 “(1) A notification that the medical debt—

2 “(A) may not be included on a consumer  
3 report made by a consumer reporting agency  
4 until the later of the date that is 365 days  
5 after—

6 “(i) the date on which the person  
7 sends the statement;

8 “(ii) with respect to the medical debt  
9 of a borrower demonstrating hardship, a  
10 date determined by the Director of the Bu-  
11 reau; or

12 “(iii) the date described under section  
13 605(a)(10); and

14 “(B) may not ever be included on a con-  
15 sumer report made by a consumer reporting  
16 agency, if the medical debt arises from a medi-  
17 cally necessary procedure.

18 “(2) A notification that, if the debt is settled or  
19 paid by the consumer or an insurance company be-  
20 fore the end of the period described under paragraph  
21 (1)(A), the debt may not be reported to a consumer  
22 reporting agency.

23 “(3) A notification that the consumer may—

24 “(A) communicate with an insurance com-  
25 pany to determine coverage for the debt; or

1 “(B) apply for financial assistance.”.

2 (b) FURNISHING OF MEDICAL DEBT INFORMA-  
3 TION.—Section 623 of the Fair Credit Reporting Act (15  
4 U.S.C. 1681s–2), as amended by subsection (a), is further  
5 amended by adding at the end the following:

6 “(g) FURNISHING OF MEDICAL DEBT INFORMA-  
7 TION.—

8 “(1) PROHIBITION ON REPORTING DEBT RE-  
9 LATED TO MEDICALLY NECESSARY PROCEDURES.—  
10 No person shall furnish any information to a con-  
11 sumer reporting agency regarding a debt arising  
12 from a medically necessary procedure.

13 “(2) TREATMENT OF OTHER MEDICAL DEBT IN-  
14 FORMATION.—With respect to a medical debt not  
15 described under paragraph (1), no person shall fur-  
16 nish any information to a consumer reporting agen-  
17 cy regarding such debt before the end of the 365-  
18 day period beginning on the later of—

19 “(A) the date on which the person sends  
20 the statement described under subsection (f) to  
21 the consumer;

22 “(B) with respect to the medical debt of a  
23 borrower demonstrating hardship, a date deter-  
24 mined by the Director of the Bureau; or

1           “(C) the date described in section  
2           605(a)(10).

3           “(3) TREATMENT OF SETTLED OR PAID MED-  
4           ICAL DEBT.—With respect to a medical debt not de-  
5           scribed under paragraph (1), no person shall furnish  
6           any information to a consumer reporting agency re-  
7           garding such debt if the debt is settled or paid by  
8           the consumer or an insurance company before the  
9           end of the 365-day period described under para-  
10          graph (2).

11          “(4) BORROWER DEMONSTRATING HARDSHIP  
12          DEFINED.—In this subsection, and with respect to a  
13          medical debt, the term ‘borrower demonstrating  
14          hardship’ means a borrower or a class of borrowers  
15          who, as determined by the Director of the Bureau,  
16          is facing or has experienced extenuating life cir-  
17          cumstances or events that result in severe financial  
18          or personal barriers such that the borrower or class  
19          of borrowers does not have the capacity to repay the  
20          medical debt.”.

21                   **TITLE V—ENDING DEBT**  
22           **COLLECTION HARASSMENT ACT**

23   **SEC. 501. SHORT TITLE.**

24           This title may be cited as the “Ending Debt Collec-  
25   tion Harassment Act of 2021”.

1 **SEC. 502. CONSUMER PROTECTIONS RELATING TO DEBT**  
2 **COLLECTION PRACTICES.**

3 (a) **REPORTS ON DEBT COLLECTION COMPLAINTS**  
4 **AND ENFORCEMENT ACTIONS.—**

5 (1) **SEMI-ANNUAL REPORT.**—Section 1016(c) of  
6 the Consumer Financial Protection Act of 2010 (12  
7 U.S.C. 5496(c)) is amended—

8 (A) in paragraph (8), by striking “and” at  
9 the end;

10 (B) in paragraph (9), by striking the pe-  
11 riod at the end and inserting a semicolon; and

12 (C) by adding at the end the following:

13 “(10) an analysis of the consumer complaints  
14 received by the Bureau with respect to debt collec-  
15 tion, including a State-by-State breakdown of such  
16 complaints; and

17 “(11) a list of enforcement actions taken  
18 against debt collectors during the preceding year.”.

19 (2) **ANNUAL REPORT.**—Section 815(a) of the  
20 Fair Debt Collection Practices Act (15 U.S.C.  
21 1692m(a)) is amended by adding at the end the fol-  
22 lowing new sentence: “Each such report shall also  
23 include an analysis of the impact of electronic com-  
24 munications by debt collectors on consumer experi-  
25 ences with debt collection, including a consideration



1 of consumer complaints about the use of electronic  
2 communications in debt collection.”.

3 (b) LIMITATION ON DEBT COLLECTION RULES.—

4 Section 1022 of the Consumer Financial Protection Act  
5 of 2010 (12 U.S.C. 5512) is amended by adding at the  
6 end the following:

7 “(e) LIMITATION ON DEBT COLLECTION RULES.—

8 The Director may not issue any rule with respect to debt  
9 collection that allows a debt collector to send unlimited  
10 email and text messages to a consumer.”.

11 (c) PROTECTION OF CONSUMERS FROM UNLIMITED

12 TEXTS AND EMAILS USED IN DEBT COLLECTION.—Sec-

13 tion 806 of the Fair Debt Collection Practices Act (15

14 U.S.C. 1692d) is amended by adding at the end the fol-

15 lowing new paragraph:

16 “(7) Contacting the consumer electronically (in-

17 cluding by email or text message) without consent of

18 the consumer to communicate via that method, after

19 such consent has been withdrawn, or more fre-

20 quently than the consumer consents to be con-

21 tacted.”.

22 (d) ENSURING CONSUMERS RECEIVE NOTICE OF

23 DEBT COLLECTION PROTECTIONS.—Section 809(a) of the

24 Fair Debt Collection Practices Act (15 U.S.C. 1692g(a))

25 is amended in the matter preceding paragraph (1)—

1           (1) by striking “Within five days” and all that  
2 follows through “debt,” and inserting the following:  
3 “NOTICE OF DEBT; CONTENTS.—Within five days  
4 after the initial communication with a consumer in  
5 connection with the collection of any debt,”; and

6           (2) by striking “, unless the following informa-  
7 tion is contained in the initial communication or the  
8 consumer has paid the debt,”.

9           (e) IMPROVED LIMITATIONS ON DEBT COLLECTION  
10 RULES.—Section 814(d) of the Fair Debt Collection Prac-  
11 tices Act (15 U.S.C. 1692l(d)) is amended by adding at  
12 the end the following: “Such rules—

13           “(1) may not allow a debt collector to send un-  
14 limited electronic communications to a consumer;

15           “(2) shall require debt collectors to obtain con-  
16 sent directly from consumers before contacting them  
17 using a method other than by postal mail or by  
18 phone;

19           “(3) may not waive the requirements of the  
20 Electronic Signatures in Global and National Com-  
21 merce Act (15 U.S.C. 7001 et seq.); and

22           “(4) shall allow consumers to opt out of any  
23 method of communication that the debt collector  
24 uses to communicate with consumers, including a

1 method for which such consumer had given prior  
2 consent.”.

3 **TITLE VI—STOP DEBT**  
4 **COLLECTION ABUSE ACT**

5 **SEC. 601. SHORT TITLE.**

6 This title may be cited as the “Stop Debt Collection  
7 Abuse Act of 2021”.

8 **SEC. 602. DEFINITIONS.**

9 Section 803 of the Fair Debt Collection Practices Act  
10 (15 U.S.C. 1692a) is amended—

11 (1) in paragraph (4), by striking “facilitating  
12 collection of such debt for another” and inserting  
13 “collection of such debt”;

14 (2) by amending paragraph (5) to read as fol-  
15 lows:

16 “(5) The term ‘debt’ means any obligation or  
17 alleged obligation of a consumer—

18 “(A) to pay money arising out of a trans-  
19 action in which the money, property, insurance  
20 or services which are the subject of the trans-  
21 action are primarily for personal, family, or  
22 household purposes, whether or not such obliga-  
23 tion has been reduced to judgment;

24 “(B) to pay a loan, overpayment, fine, pen-  
25 alty, restitution, fee, or other money currently

1 or originally owed to or guaranteed by a Fed-  
2 eral or State government, including any courts  
3 or agencies; or

4 “(C) which is secured by real or personal  
5 property that is used or was obtained primarily  
6 for personal, family, or household purposes,  
7 where such property is subject to forfeiture or  
8 repossession upon nonpayment of the obligation  
9 or alleged obligation.”; and

10 (3) in paragraph (6)—

11 (A) by redesignating subparagraphs (A)  
12 through (F) as clauses (i) through (vi), respec-  
13 tively;

14 (B) in clause (iii), as so redesignated, by  
15 inserting “(not including an independent con-  
16 tractor)” after “any State”;

17 (C) by amending clause (vi), as so redesi-  
18 gnated, to read as follows:

19 “(vi) any person collecting or attempting  
20 to collect any debt owed or due or asserted to  
21 be owed or due another to the extent such ac-  
22 tivity—

23 “(I) is incidental to a bona fide fidu-  
24 ciary obligation or a bona fide escrow ar-  
25 rangement;

1 “(II) concerns a debt which was origi-  
2 nated by such person;

3 “(III) concerns a debt which was not  
4 in default at the time it was obtained by  
5 such person; or

6 “(IV) concerns a debt obtained by  
7 such person as a secured party in a com-  
8 mercial credit transaction involving the  
9 creditor.”;

10 (D) by striking the first and second sen-  
11 tences and inserting the following:

12 “(6)(A) The term ‘debt collector’ means—

13 “(i) any person who uses any instrumen-  
14 tality of interstate commerce or the mails in  
15 any business the principal purpose of which is  
16 the collection of any debts;

17 “(ii) any person who regularly collects or  
18 attempts to collect, directly or indirectly, by the  
19 person’s own means or by hiring another debt  
20 collector, debts owed or due or asserted to be  
21 owed or due another or that have been obtained  
22 by assignment or transfer from another;

23 “(iii) any person who regularly collects  
24 debts currently or originally owed or allegedly  
25 owed to a Federal or State agency or court; or

1           “(iv) notwithstanding subparagraph  
2           (B)(vi), any creditor who in the process of col-  
3           lecting debts of such creditor, uses another  
4           name that would indicate that a third person is  
5           collecting or attempting to collect such debts.”;  
6           and

7           (E) in the fourth sentence, by striking  
8           “The term does not” and inserting the fol-  
9           lowing:

10          “(B) The term does not”.

11 **SEC. 603. DEBT COLLECTION PRACTICES FOR DEBT COL-**  
12 **LECTORS HIRED BY FEDERAL AGENCIES.**

13          (a) IN GENERAL.—The Fair Debt Collection Prac-  
14 tices Act (15 U.S.C. 1692 et seq.) is amended by inserting  
15 after section 812 (15 U.S.C. 1692j) the following:

16 **“§ 812A. Debt collection practices for debt collectors**  
17 **hired by Federal agencies**

18          “(a) LIMITATION ON TIME TO TURN DEBT OVER TO  
19 DEBT COLLECTOR.—A Federal agency that is a creditor  
20 may sell or transfer a debt described in section 803(5)(B)  
21 to a debt collector not earlier than 90 days after the date  
22 on which the obligation or alleged obligation becomes de-  
23 linquent or defaults.

24          “(b) REQUIRED NOTICE.—

1           “(1) IN GENERAL.—Before transferring or sell-  
2           ing a debt described in section 803(5)(B) to a debt  
3           collector or contracting with a debt collector to col-  
4           lect such a debt, a Federal agency shall notify the  
5           consumer not fewer than 3 times that the Federal  
6           agency will take such action.

7           “(2) FREQUENCY OF NOTIFICATIONS.—The  
8           second and third notifications described in para-  
9           graph (1) shall be made not less than 30 days after  
10          the date on which the previous notification is  
11          made.”.

12          (b) CLERICAL AMENDMENT.—The table of contents  
13          for the Fair Debt Collection Practices Act is amended by  
14          inserting after the item relating to section 812 the fol-  
15          lowing:

          “812A. Debt collection practices for debt collectors hired by Federal agencies.”.

16          **SEC. 604. UNFAIR PRACTICES.**

17          Section 808 of the Fair Debt Collection Practices Act  
18          (15 U.S.C. 1692f) is amended by striking paragraph (1)  
19          and inserting the following:

20                 “(1) The collection of any amount (including  
21                 any interest, fee, charge, or expense incidental to the  
22                 principal obligation) unless—

23                         “(A) such amount is expressly authorized  
24                         by the agreement creating the debt or permitted  
25                         by law; and

1           “(B) in the case of any amount charged by  
2           a debt collector collecting a debt described in  
3           section 803(5)(B), such amount is—

4                   “(i) reasonable in relation to the ac-  
5                   tual costs of the collection;

6                   “(ii) authorized by a contract between  
7                   the debt collector and the Federal or State  
8                   government; and

9                   “(iii) not greater than 10 percent of  
10                  the amount collected by the debt col-  
11                  lector.”.

12 **SEC. 605. GAO STUDY AND REPORT.**

13           (a) **STUDY.**—The Comptroller General of the United  
14 States shall commence a study on the use of debt collec-  
15 tors by Federal, State, and local government agencies, in-  
16 cluding—

17                   (1) the powers given to the debt collectors by  
18                   Federal, State, and local government agencies;

19                   (2) the contracting process that allows a Fed-  
20                   eral, State, or local government agency to award  
21                   debt collection to a certain company, including the  
22                   selection process;

23                   (3) any fees charged to debtors in addition to  
24                   principal and interest on the outstanding debt;



1           (4) how the fees described in paragraph (3)  
2 vary from State to State;

3           (5) consumer protection at the State level that  
4 offer recourse to those whom debts have been wrong-  
5 fully attributed;

6           (6) the revenues received by debt collectors  
7 from Federal, State, and local government agencies;

8           (7) the amount of any revenue sharing agree-  
9 ments between debt collectors and Federal, State,  
10 and local government agencies;

11           (8) the difference in debt collection procedures  
12 across geographic regions, including the extent to  
13 which debt collectors pursue court judgments to col-  
14 lect debts;

15           (9) information regarding the amount collected  
16 by Federal, State, and local government agencies  
17 through debt collectors, including the total amount  
18 and the percentage of the amount referred to the  
19 debt collectors;

20           (10) the full cost of outsourcing collection to  
21 debt collectors;

22           (11) government agency oversight of debt col-  
23 lectors to ensure that the rights of a consumer (as  
24 defined in section 803(3) of the Fair Debt Collection  
25 Practices Act (15 U.S.C. 1692a(3))) are protected

1 and that any debt relief and payment options legally  
2 available to consumers is effectively communicated  
3 and made available;

4 (12) the extent to which Federal, State, and  
5 local contracts with debt collectors reflect or omit ef-  
6 fective measures to encourage debt collectors to  
7 align their practices with public policy concerns (in-  
8 cluding relief for consumers experiencing financial  
9 hardship) beyond maximizing debt collection;

10 (13) the extent to which debt collectors induce  
11 payment through use or threat of adverse govern-  
12 ment actions, such as arrest warrants or suspension  
13 of licenses or vehicle registration; and

14 (14) demographic data, including race and in-  
15 come information, regarding the individuals subject  
16 to private collection of debts owed to government en-  
17 tities.

18 (b) REPORT.—Not later than one year after the date  
19 of enactment of this Act, the Comptroller General of the  
20 United States shall submit to Congress a report on the  
21 completed study required under subsection (a).

1 **TITLE VII—DEBT COLLECTION**  
2 **PRACTICES HARMONIZATION**  
3 **ACT**

4 **SEC. 701. SHORT TITLE.**

5 This title may be cited as the “Debt Collection Prac-  
6 tices Harmonization Act”.

7 **SEC. 702. AWARD OF DAMAGES.**

8 (a) **ADDITIONAL DAMAGES INDEXED FOR INFLA-**  
9 **TION.—**

10 (1) **IN GENERAL.—**Section 813 of the Fair  
11 Debt Collection Practices Act (15 U.S.C. 1692k) is  
12 amended—

13 (A) in subsection (a)(2)—

14 (i) in subparagraph (A), by striking “;  
15 or” and inserting the following: “with re-  
16 spect to any one action taken by a debt  
17 collector in violation of this subchapter;  
18 or”; and

19 (ii) in subparagraph (B)(ii), by strik-  
20 ing “or 1 per centum of the net worth of  
21 the debt collector; and” and inserting the  
22 following: “or 5 percent of the gross an-  
23 nual revenue of the debt collector: and”;

24 (B) in subsection (b), by inserting “the  
25 maximum amount of statutory damages at the

1           time of noncompliance,” before “the frequency”  
2           each place it appears; and

3           (C) by adding at the end the following:

4           “(f) ADJUSTMENT FOR INFLATION.—

5           “(1) INITIAL ADJUSTMENT.—Not later than 90  
6           days after the date of the enactment of this sub-  
7           section, the Bureau shall provide a percentage in-  
8           crease (rounded to the nearest multiple of \$100 or  
9           \$1,000, as applicable) in the amounts set forth in  
10          this section equal to the percentage by which—

11           “(A) the Consumer Price Index for All  
12          Urban Consumers (all items, United States city  
13          average) for the 12-month period ending on the  
14          June 30 preceding the date on which the per-  
15          centage increase is provided, exceeds

16           “(B) the Consumer Price Index for the 12-  
17          month period preceding January 1, 1978.

18           “(2) ANNUAL ADJUSTMENTS.—With respect to  
19          any fiscal year beginning after the date of the in-  
20          crease provided under paragraph (1), the Bureau  
21          shall provide a percentage increase (rounded to the  
22          nearest multiple of \$100 or \$1,000, as applicable) in  
23          the amounts set forth in this section equal to the  
24          percentage by which—

1           “(A) the Consumer Price Index for All  
2           Urban Consumers (all items, United States city  
3           average) for the 12-month period ending on the  
4           June 30 preceding the beginning of the fiscal  
5           year for which the increase is made, exceeds

6           “(B) the Consumer Price Index for the 12-  
7           month period preceding the 12-month period  
8           described in subparagraph (A).”.

9           (2) APPLICABILITY.—The increases made under  
10          section 813(f) of the Fair Debt Collection Practices  
11          Act, as added by paragraph (1)(C) of this sub-  
12          section, shall apply with respect to failures to comply  
13          with a provision of such Act (15 U.S.C. 1601 et  
14          seq.) occurring on or after the date of enactment of  
15          this section.

16          (b) INJUNCTIVE RELIEF.—Section 813(d) of the Fair  
17          Debt Collection Practices Act (15 U.S.C. 1692k(d)) is  
18          amended by adding at the end the following: “In a civil  
19          action alleging a violation of this title, the court may  
20          award appropriate relief, including injunctive relief.”.

21       **SEC. 703. PROHIBITION ON THE REFERRAL OF EMERGENCY**  
22                                   **INDIVIDUAL ASSISTANCE DEBT.**

23          Chapter 3 of title 31, United States Code, is amend-  
24          ed—

1 (1) in subchapter II, by adding at the end the  
2 following:

3 **“§ 334. Prohibition on the referral of emergency indi-**  
4 **vidual assistance debt**

5 “With respect to any assistance provided by the Fed-  
6 eral Emergency Management Agency to an individual or  
7 household pursuant to the Robert T. Stafford Disaster Re-  
8 lief and Emergency Assistance Act (42 U.S.C. 5122 et  
9 seq.), if the Secretary of the Treasury seeks to recoup any  
10 amount of such assistance because of an overpayment, the  
11 Secretary may not contract with any debt collector as de-  
12 fined in section 803(6) of the Fair Debt Collection Prac-  
13 tices Act (15 U.S.C. 1692a(6)) or other private party to  
14 collect such amounts, unless the overpayment occurred be-  
15 cause of fraud or deceit and the recipient of such assist-  
16 ance knew or should have known about such fraud or de-  
17 ceit.”; and

18 (2) in the table of contents for such chapter, by  
19 inserting after the item relating to section 333 the  
20 following:

“334. Prohibition on the referral of emergency individual assistance debt.”.

1 **TITLE** **VIII—NON-JUDICIAL**  
2 **FORECLOSURE DEBT COL-**  
3 **LECTION CLARIFICATION ACT**

4 **SEC. 801. SHORT TITLE.**

5 This title may be cited as the “Non-Judicial Fore-  
6 closure Debt Collection Clarification Act”.

7 **SEC. 802. ENFORCEMENT OF SECURITY INTERESTS.**

8 Section 803(6) of the Fair Debt Collection Practices  
9 Act (15 U.S.C. 1692a(6)) is amended by striking “For  
10 the purpose of section 808(6), such term also includes any  
11 person who uses any instrumentality of interstate com-  
12 merce or the mails in any business the principal purpose  
13 of which is the enforcement of security interests.”.

14 **TITLE IX—EFFECTIVE DATE**

15 **SEC. 901. EFFECTIVE DATE.**

16 This Act and the amendments made by this Act shall  
17 take effect on the date that is 180 days after the date  
18 of enactment of this Act.

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