

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. _____
OFFERED BY MS. WATERS OF CALIFORNIA

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

4 (b) TABLE OF CONTENTS.—The table of contents for
5 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

1 (15 U.S.C. 44), including any advance of funds or sale
2 or assignment of future income or receivables that may
3 or may not be credit, no person may directly or indirectly
4 take or receive from another person or seek to enforce an
5 obligation that constitutes or contains a cognovit or con-
6 fession of judgment (for purposes other than executory
7 process in the State of Louisiana), warrant of attorney,
8 or other waiver of the right to notice and the opportunity
9 to be heard in the event of suit or process thereon.

10 “(b) EXEMPTION.—The exemptions described in sec-
11 tion 104 shall not apply to this section.”.

12 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

13 (1) Section 130 of the Truth in Lending Act
14 (15 U.S.C. 1640) is amended by adding at the end
15 the following:

16 “(m) CREDITOR.—In this section, the term ‘creditor’
17 refers to any person charged with compliance that is not
18 the obligor.”.

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

“140B. Unfair credit practices.”.

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

23 Section 103 of the Truth in Lending Act (15 U.S.C.
24 1602) is amended by adding at the end the following:

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

3 “(1) regardless of whether such obligation is
4 absolute or contingent;

5 “(2) that includes the right of the person pro-
6 viding the money to an equitable remedy for breach
7 of performance if the breach gives rise to a right to
8 payment; and

9 “(3) regardless of whether the obligation or
10 right to an equitable remedy described in paragraph
11 (2) has been reduced to judgment, fixed, contingent,
12 matured, unmatured, disputed, undisputed, recourse,
13 nonrecourse, secured, or unsecured.”.

14 **TITLE II —FAIR DEBT COLLEC-**
15 **TION PRACTICES FOR**
16 **SERVICEMEMBERS ACT**

17 **SEC. 201. SHORT TITLE.**

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

20 **SEC. 202. ENHANCED PROTECTION AGAINST DEBT COL-**
21 **LECTOR HARASSMENT OF**
22 **SERVICEMEMBERS.**

23 (a) COMMUNICATION IN CONNECTION WITH DEBT
24 COLLECTION.—Section 805 of the Fair Debt Collection

1 Practices Act (15 U.S.C. 1692c) is amended by adding
2 at the end the following:

3 “(e) COMMUNICATIONS CONCERNING SERVICEMEM-
4 BER DEBTS.—

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

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

10 “(B)(i) an individual who was separated,
11 discharged, or released from duty described in
12 such section 987(i)(1), but only during the 365-
13 day period beginning on the date of separation,
14 discharge, or release; or

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

19 “(2) PROHIBITIONS.—A debt collector may not,
20 in connection with the collection of any debt of a
21 covered member—

22 “(A) threaten to have the covered member
23 reduced in rank;

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

1 “(C) threaten to have the covered member
2 prosecuted under chapter 47 of title 10, United
3 States Code (the Uniform Code of Military Jus-
4 tice).”.

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

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

11 “(A) a reduction in rank of the covered
12 member;

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

15 “(C) prosecution under chapter 47 of title
16 10, United States Code (the Uniform Code of
17 Military Justice).”.

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

19 (a) STUDY.—The Comptroller General of the United
20 States shall conduct a study on the impact of debt collec-
21 tion on covered members (as defined under section
22 805(e)(1) of the Fair Debt Collection Practices Act, as
23 added by section 202), which shall—

24 (1) identify types of false, deceptive, misleading,
25 unfair, abusive, and harassing debt collection prac-

1 tices experienced by covered members and make rec-
2 ommendations to eliminate these practices;

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

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

7 (4) discuss any national security implications,
8 including the extent to which covered members with
9 security clearances would be impacted by uncollected
10 debt.

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

15 **TITLE III—PRIVATE LOAN**
16 **DISABILITY DISCHARGE ACT**

17 **SEC. 301. SHORT TITLE.**

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

20 **SEC. 302. PROTECTIONS FOR OBLIGORS AND COSIGNERS IN**
21 **CASE OF DEATH OR TOTAL AND PERMANENT**
22 **DISABILITY.**

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

25 (1) in paragraph (2)—

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

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

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

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

10 “(3) DISCHARGE IN CASE OF DEATH OR TOTAL
11 AND PERMANENT DISABILITY OF BORROWER.—The
12 holder of a private education loan shall, when noti-
13 fied of the death or total and permanent disability
14 of a student obligor, discharge the liability of the
15 student obligor on the loan and may not, after such
16 notification—

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

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

23 “(4) PRIVATE DISCHARGE IN CASES OF CER-
24 TAIN DISCHARGE FOR DEATH OR DISABILITY.—The
25 holder of a private education loan shall, when noti-

1 fied of the discharge of liability of a student obligor
2 on a loan described under section 108(f)(5)(A) of
3 the Internal Revenue Code of 1986, discharge any li-
4 ability of the student obligor (and any cosigner) on
5 any private education loan which the private edu-
6 cation loan holder holds and may not, after such no-
7 tification—

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

10 “(B) in the case of total and permanent
11 disability, monitor the disability status of the
12 student obligor at any point after the date of
13 discharge.

14 “(5) TOTAL AND PERMANENT DISABILITY DE-
15 FINED.—For the purposes of this subsection and
16 with respect to an individual, the term ‘total and
17 permanent disability’ means the individual is totally
18 and permanently disabled, as such term is defined in
19 section 685.102(b) of title 34, Code of Federal Reg-
20 ulations.”.

21 (b) RULEMAKING.—The Director of the Bureau of
22 Consumer Financial Protection may issue rules to imple-
23 ment the amendments made by subsection (a) as the Di-
24 rector determines appropriate.

1 **TITLE IV—CONSUMER PROTEC-**
2 **TION FOR MEDICAL DEBT**
3 **COLLECTIONS ACT**

4 **SEC. 401. SHORT TITLE.**

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

7 **SEC. 402. AMENDMENTS TO THE FAIR DEBT COLLECTION**
8 **PRACTICES ACT.**

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

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

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

19 “(10) Engaging in activities to collect or
20 attempting to collect a medical debt owed or
21 due or asserted to be owed or due by a con-
22 sumer, before the end of the 2-year period be-
23 ginning on the date that the first payment with
24 respect to such medical debt is due.”.

1 **SEC. 403. PROHIBITION ON CONSUMER REPORTING AGEN-**
2 **CIES REPORTING CERTAIN MEDICAL DEBT.**

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

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

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

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

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

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

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

24 “(10) Any information related to a medical
25 debt, if the date on which such debt was placed for
26 collection, charged to profit or loss, or subjected to

1 any similar action antedates the report by less than
2 365 calendar days.”.

3 **SEC. 404. REQUIREMENTS FOR FURNISHERS OF MEDICAL**
4 **DEBT INFORMATION.**

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

9 “(f) ADDITIONAL NOTICE REQUIREMENTS FOR MED-
10 ICAL DEBT.—Before furnishing information regarding a
11 medical debt of a consumer to a consumer reporting agen-
12 cy, the person furnishing the information shall send a
13 statement to the consumer that includes the following:

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

15 “(A) may not be included on a consumer
16 report made by a consumer reporting agency
17 until the later of the date that is 365 days
18 after—

19 “(i) the date on which the person
20 sends the statement;

21 “(ii) with respect to the medical debt
22 of a borrower demonstrating hardship, a
23 date determined by the Director of the Bu-
24 reau; or

1 “(iii) the date described under section
2 605(a)(10); and

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

7 “(2) A notification that, if the debt is settled or
8 paid by the consumer or an insurance company be-
9 fore the end of the period described under paragraph
10 (1)(A), the debt may not be reported to a consumer
11 reporting agency.

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

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

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

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

20 “(g) FURNISHING OF MEDICAL DEBT INFORMA-
21 TION.—

22 “(1) PROHIBITION ON REPORTING DEBT RE-
23 LATED TO MEDICALLY NECESSARY PROCEDURES.—

24 No person shall furnish any information to a con-

1 sumer reporting agency regarding a debt arising
2 from a medically necessary procedure.

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

9 “(A) the date on which the person sends
10 the statement described under subsection (f) to
11 the consumer;

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

15 “(C) the date described in section
16 605(a)(10).

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

1 “(4) BORROWER DEMONSTRATING HARDSHIP
2 DEFINED.—In this subsection, and with respect to a
3 medical debt, the term ‘borrower demonstrating
4 hardship’ means a borrower or a class of borrowers
5 who, as determined by the Director of the Bureau,
6 is facing or has experienced extenuating life cir-
7 cumstances or events that result in severe financial
8 or personal barriers such that the borrower or class
9 of borrowers does not have the capacity to repay the
10 medical debt.”.

11 **TITLE V—ENDING DEBT**
12 **COLLECTION HARASSMENT ACT**

13 **SEC. 501. SHORT TITLE.**

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

16 **SEC. 502. CONSUMER PROTECTIONS RELATING TO DEBT**
17 **COLLECTION PRACTICES.**

18 (a) REPORTS ON DEBT COLLECTION COMPLAINTS
19 AND ENFORCEMENT ACTIONS.—

20 (1) SEMI-ANNUAL REPORT.—Section 1016(c) of
21 the Consumer Financial Protection Act of 2010 (12
22 U.S.C. 5496(c)) is amended—

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

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

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

4 “(10) an analysis of the consumer complaints
5 received by the Bureau with respect to debt collec-
6 tion, including a State-by-State breakdown of such
7 complaints; and

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

10 (2) ANNUAL REPORT.—Section 815(a) of the
11 Fair Debt Collection Practices Act (15 U.S.C.
12 1692m(a)) is amended by adding at the end the fol-
13 lowing new sentence: “Each such report shall also
14 include an analysis of the impact of electronic com-
15 munications by debt collectors on consumer experi-
16 ences with debt collection, including a consideration
17 of consumer complaints about the use of electronic
18 communications in debt collection.”.

19 (b) LIMITATION ON DEBT COLLECTION RULES.—
20 Section 1022 of the Consumer Financial Protection Act
21 of 2010 (12 U.S.C. 5512) is amended by adding at the
22 end the following:

23 “(e) LIMITATION ON DEBT COLLECTION RULES.—
24 The Director may not issue any rule with respect to debt

1 collection that allows a debt collector to send unlimited
2 email and text messages to a consumer.”.

3 (c) PROTECTION OF CONSUMERS FROM UNLIMITED
4 TEXTS AND EMAILS USED IN DEBT COLLECTION.—Sec-
5 tion 806 of the Fair Debt Collection Practices Act (15
6 U.S.C. 1692d) is amended by adding at the end the fol-
7 lowing new paragraph:

8 “(7) Contacting the consumer electronically (in-
9 cluding by email or text message) without consent of
10 the consumer to communicate via that method, after
11 such consent has been withdrawn, or more fre-
12 quently than the consumer consents to be con-
13 tacted.”.

14 (d) ENSURING CONSUMERS RECEIVE NOTICE OF
15 DEBT COLLECTION PROTECTIONS.—Section 809(a) of the
16 Fair Debt Collection Practices Act (15 U.S.C. 1692g(a))
17 is amended in the matter preceding paragraph (1)—

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

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

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

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

7 “(2) shall require debt collectors to obtain con-
8 sent directly from consumers before contacting them
9 using a method other than by postal mail or by
10 phone;

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

14 “(4) shall allow consumers to opt out of any
15 method of communication that the debt collector
16 uses to communicate with consumers, including a
17 method for which such consumer had given prior
18 consent.”.

19 **TITLE VI—STOP DEBT**
20 **COLLECTION ABUSE ACT**

21 **SEC. 601. SHORT TITLE.**

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

1 **SEC. 602. DEFINITIONS.**

2 Section 803 of the Fair Debt Collection Practices Act
3 (15 U.S.C. 1692a) is amended—

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

7 (2) by amending paragraph (5) to read as fol-
8 lows:

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

11 “(A) to pay money arising out of a trans-
12 action in which the money, property, insurance
13 or services which are the subject of the trans-
14 action are primarily for personal, family, or
15 household purposes, whether or not such obliga-
16 tion has been reduced to judgment;

17 “(B) to pay a loan, overpayment, fine, pen-
18 alty, restitution, fee, or other money currently
19 or originally owed to or guaranteed by a Fed-
20 eral or State government, including any courts
21 or agencies; or

22 “(C) which is secured by real or personal
23 property that is used or was obtained primarily
24 for personal, family, or household purposes,
25 where such property is subject to forfeiture or

1 repossession upon nonpayment of the obligation
2 or alleged obligation.”; and

3 (3) in paragraph (6)—

4 (A) by redesignating subparagraphs (A)
5 through (F) as clauses (i) through (vi), respec-
6 tively;

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

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

12 “(vi) any person collecting or attempting
13 to collect any debt owed or due or asserted to
14 be owed or due another to the extent such ac-
15 tivity—

16 “(I) is incidental to a bona fide fidu-
17 ciary obligation or a bona fide escrow ar-
18 rangement;

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

21 “(III) concerns a debt which was not
22 in default at the time it was obtained by
23 such person; or

24 “(IV) concerns a debt obtained by
25 such person as a secured party in a com-

1 merchial credit transaction involving the
2 creditor.”;

3 (D) by striking the first and second sen-
4 tences and inserting the following:

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

6 “(i) any person who uses any instrumen-
7 tality of interstate commerce or the mails in
8 any business the principal purpose of which is
9 the collection of any debts;

10 “(ii) any person who regularly collects or
11 attempts to collect, directly or indirectly, by the
12 person’s own means or by hiring another debt
13 collector, debts owed or due or asserted to be
14 owed or due another or that have been obtained
15 by assignment or transfer from another;

16 “(iii) any person who regularly collects
17 debts currently or originally owed or allegedly
18 owed to a Federal or State agency or court; or

19 “(iv) notwithstanding subparagraph
20 (B)(vi), any creditor who in the process of col-
21 lecting debts of such creditor, uses another
22 name that would indicate that a third person is
23 collecting or attempting to collect such debts.”;
24 and

1 (E) in the fourth sentence, by striking
2 “The term does not include” and inserting the
3 following:

4 “(B) The term does not include”.

5 **SEC. 603. DEBT COLLECTION PRACTICES FOR DEBT COL-**
6 **LECTORS HIRED BY FEDERAL AGENCIES.**

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

10 **“§ 812A. Debt collection practices for debt collectors**
11 **hired by Federal agencies**

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

18 “(b) REQUIRED NOTICE.—

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

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

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

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

10 **SEC. 604. UNFAIR PRACTICES.**

11 Section 808 of the Fair Debt Collection Practices Act
12 (15 U.S.C. 1692f) is amended by striking paragraph (1)
13 and inserting the following:

14 “(1) The collection of any amount (including
15 any interest, fee, charge, or expense incidental to the
16 principal obligation) unless—

17 “(A) such amount is expressly authorized
18 by the agreement creating the debt or permitted
19 by law; and

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

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

1 “(ii) authorized by a contract between
2 the debt collector and the Federal or State
3 government; and

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

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

8 (a) STUDY.—The Comptroller General of the United
9 States shall commence a study on the use of debt collec-
10 tors by Federal, State, and local government agencies, in-
11 cluding—

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

14 (2) the contracting process that allows a Fed-
15 eral, State, or local government agency to award
16 debt collection to a certain company, including the
17 selection process;

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

20 (4) how the fees described in paragraph (3)
21 vary from State to State;

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

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

3 (7) the amount of any revenue sharing agree-
4 ments between debt collectors and Federal, State,
5 and local government agencies;

6 (8) the difference in debt collection procedures
7 across geographic regions, including the extent to
8 which debt collectors pursue court judgments to col-
9 lect debts;

10 (9) information regarding the amount collected
11 by Federal, State, and local government agencies
12 through debt collectors, including the total amount
13 and the percentage of the amount referred to the
14 debt collectors;

15 (10) the full cost of outsourcing collection to
16 debt collectors;

17 (11) government agency oversight of debt col-
18 lectors to ensure that the rights of a consumer (as
19 defined in section 803(3) of the Fair Debt Collection
20 Practices Act (15 U.S.C. 1692a(3))) are protected
21 and that any debt relief and payment options legally
22 available to consumers is effectively communicated
23 and made available;

24 (12) the extent to which Federal, State, and
25 local contracts with debt collectors reflect or omit ef-

1 fective measures to encourage debt collectors to
2 align their practices with public policy concerns (in-
3 cluding relief for consumers experiencing financial
4 hardship) beyond maximizing debt collection;

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

9 (14) demographic data, including race and in-
10 come information, regarding the individuals subject
11 to private collection of debts owed to government en-
12 tities.

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

17 **TITLE VII—DEBT COLLECTION**
18 **PRACTICES HARMONIZATION**
19 **ACT**

20 **SEC. 701. SHORT TITLE.**

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

23 **SEC. 702. AWARD OF DAMAGES.**

24 (a) **ADDITIONAL DAMAGES INDEXED FOR INFLA-**
25 **TION.—**

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

4 (A) in subsection (a)(2)—

5 (i) in subparagraph (A), by striking “;
6 or” and inserting the following: “with re-
7 spect to any one action taken by a debt
8 collector in violation of this subchapter;
9 or”;

10 (ii) in subparagraph (B)(ii), by strik-
11 ing “or 1 per centum of the net worth of
12 the debt collector; and” and inserting the
13 following: “or 5 percent of the gross an-
14 nual revenue of the debt collector; and”;

15 (B) in subsection (b), by inserting “the
16 maximum amount of statutory damages at the
17 time of noncompliance,” before “the frequency”
18 each place it appears; and

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

20 “(f) ADJUSTMENT FOR INFLATION.—

21 “(1) INITIAL ADJUSTMENT.—Not later than 90
22 days after the date of the enactment of this sub-
23 section, the Bureau shall provide a percentage in-
24 crease (rounded to the nearest multiple of \$100 or

1 \$1,000, as applicable) in the amounts set forth in
2 this section equal to the percentage by which—

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

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

10 “(2) ANNUAL ADJUSTMENTS.—With respect to
11 any fiscal year beginning after the date of the in-
12 crease provided under paragraph (1), the Bureau
13 shall provide a percentage increase (rounded to the
14 nearest multiple of \$100 or \$1,000, as applicable) in
15 the amounts set forth in this section equal to the
16 percentage by which—

17 “(A) the Consumer Price Index for All
18 Urban Consumers (all items, United States city
19 average) for the 12-month period ending on the
20 June 30 preceding the beginning of the fiscal
21 year for which the increase is made, exceeds

22 “(B) the Consumer Price Index for the 12-
23 month period preceding the 12-month period
24 described in subparagraph (A).”.

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

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

13 **SEC. 703. PROHIBITION ON THE REFERRAL OF EMERGENCY**
14 **INDIVIDUAL ASSISTANCE DEBT.**

15 Chapter 3 of title 31, United States Code, is amend-
16 ed—

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

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

21 “With respect to any assistance provided by the Fed-
22 eral Emergency Management Agency to an individual or
23 household pursuant to the Robert T. Stafford Disaster Re-
24 lief and Emergency Assistance Act (42 U.S.C. 5122 et
25 seq.), if the Secretary of the Treasury seeks to recoup any

1 amount of such assistance because of an overpayment, the
2 Secretary may not contract with any debt collector as de-
3 fined in section 803(6) of the Fair Debt Collection Prac-
4 tices Act (15 U.S.C. 1692a(6)) or other private party to
5 collect such amounts, unless the overpayment occurred be-
6 cause of fraud or deceit and the recipient of such assist-
7 ance knew or should have known about such fraud or de-
8 ceit.”; and

9 (2) in the table of contents for such chapter, by
10 inserting after the item relating to section 333 the
11 following:

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

12 **TITLE VIII—NON-JUDICIAL**
13 **FORECLOSURE DEBT COL-**
14 **LECTION CLARIFICATION ACT**

15 **SEC. 801. SHORT TITLE.**

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

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

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

1 **TITLE IX—EFFECTIVE DATE**

2 **SEC. 901. EFFECTIVE DATE.**

3 This Act and the amendments made by this Act shall
4 take effect on the date that is 180 days after the date
5 of enactment of this Act.

