

## Union Calendar No. 10

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2547

[Report No. 117-23]

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

APRIL 30, 2021

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on April 15, 2021]

# **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 per-  
 manent 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 Lending*  
5 *Fairness Act”.*

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

7           *(a) IN GENERAL.—Chapter 2 of the Truth in Lending*  
8 *Act (15 U.S.C. 1631 et seq.) is amended by adding at the*  
9 *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 or*  
15 *assignment of future income or receivables that may or may*  
16 *not be credit, no person may directly or indirectly take or*  
17 *receive from another person or seek to enforce an obligation*  
18 *that constitutes or contains a cognovit or confession of judg-*  
19 *ment (for purposes other than executory process in the State*

1 of Louisiana), warrant of attorney, or other waiver of the  
2 right to notice and the opportunity to be heard in the event  
3 of suit or process thereon.

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

6 (b) *TECHNICAL AND CONFORMING AMENDMENTS.*—

7 (1) Section 130 of the Truth in Lending Act (15  
8 U.S.C. 1640) is amended by adding at the end the fol-  
9 lowing:

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

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

“140B. Unfair credit practices.”.

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

17 Section 103 of the Truth in Lending Act (15 U.S.C.  
18 1602) is amended by adding at the end the following:

19 “(ff) The term ‘debt’ means any obligation of a person  
20 to pay to another person money—

21 “(1) regardless of whether such obligation is ab-  
22 solute or contingent;

23 “(2) that includes the right of the person pro-  
24 viding the money to an equitable remedy for breach

1 of performance if the breach gives rise to a right to  
 2 payment; and

3 “(3) regardless of whether the obligation or right  
 4 to an equitable remedy described in paragraph (2)  
 5 has been reduced to judgment, fixed, contingent, ma-  
 6 tured, unmatured, disputed, undisputed, recourse,  
 7 nonrecourse, secured, or unsecured.”

8 **TITLE II —FAIR DEBT COLLEC-**  
 9 **TION PRACTICES FOR**  
 10 **SERVICEMEMBERS ACT**

11 **SEC. 201. SHORT TITLE.**

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

14 **SEC. 202. ENHANCED PROTECTION AGAINST DEBT COL-**  
 15 **LECTOR HARASSMENT OF SERVICEMEMBERS.**

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

20 “(e) COMMUNICATIONS CONCERNING SERVICEMEMBER  
 21 DEBTS.—

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

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

4           “(B)(i) an individual who was separated,  
5 discharged, or released from duty described in  
6 such section 987(i)(1), but only during the 365-  
7 day period beginning on the date of separation,  
8 discharge, or release; or

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

13           “(2) PROHIBITIONS.—A debt collector may not,  
14 in connection with the collection of any debt of a cov-  
15 ered member—

16           “(A) threaten to have the covered member  
17 reduced in rank;

18           “(B) threaten to have the covered member’s  
19 security clearance revoked; or

20           “(C) threaten to have the covered member  
21 prosecuted under chapter 47 of title 10, United  
22 States Code (the Uniform Code of Military Jus-  
23 tice).”.

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

4                   “(9) *The representation to any covered member*  
5 *(as defined under section 805(e)(1)) that failure to co-*  
6 *operate with a debt collector will result in—*

7                           “(A) *a reduction in rank of the covered*  
8 *member;*

9                           “(B) *a revocation of the covered member’s*  
10 *security clearance; or*

11                           “(C) *prosecution under chapter 47 of title*  
12 *10, United States Code (the Uniform Code of*  
13 *Military Justice).”.*

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

15           **(a) STUDY.**—*The Comptroller General of the United*  
16 *States shall conduct a study on the impact of debt collection*  
17 *on covered members (as defined under section 805(e)(1) of*  
18 *the Fair Debt Collection Practices Act, as added by section*  
19 *202), which shall—*

20                   (1) *identify types of false, deceptive, misleading,*  
21 *unfair, abusive, and harassing debt collection prac-*  
22 *tices experienced by covered members and make rec-*  
23 *ommendations to eliminate these practices;*

24                   (2) *identify collection practices of creditors and*  
25 *debt collectors experienced by covered members;*

1           (3) *discuss the effect of these practices on mili-*  
2           *tary readiness; and*

3           (4) *discuss any national security implications,*  
4           *including the extent to which covered members with*  
5           *security clearances would be impacted by uncollected*  
6           *debt.*

7           (b) *REPORT.*—*Not later than one year after the date*  
8           *of enactment of this Act, the Comptroller General of the*  
9           *United States shall submit to Congress a report on the com-*  
10          *pleted study required under subsection (a).*

11                    **TITLE III—PRIVATE LOAN**  
12                    **DISABILITY DISCHARGE ACT**

13          **SEC. 301. SHORT TITLE.**

14            *This title may be cited as the “Private Loan Disability*  
15            *Discharge Act of 2021”.*

16          **SEC. 302. PROTECTIONS FOR OBLIGORS AND COSIGNERS IN**  
17                    **CASE OF DEATH OR TOTAL AND PERMANENT**  
18                    **DISABILITY.**

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

21                    (1) *in paragraph (2)—*

22                            (A) *in the heading, by striking “IN CASE OF*  
23                            *DEATH OF BORROWER”;*

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

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

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

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

15           *“(A) attempt to collect on the outstanding*  
16           *liability of the student obligor; and*

17           *“(B) in the case of total and permanent dis-*  
18           *ability, monitor the disability status of the stu-*  
19           *dent obligor at any point after the date of dis-*  
20           *charge.*

21           “(4) *PRIVATE DISCHARGE IN CASES OF CERTAIN*  
22           *DISCHARGE FOR DEATH OR DISABILITY.—The holder*  
23           *of a private education loan shall, when notified of the*  
24           *discharge of liability of a student obligor on a loan*  
25           *described under section 108(f)(5)(A) of the Internal*

1        *Revenue Code of 1986, discharge any liability of the*  
2        *student obligor (and any cosigner) on any private*  
3        *education loan which the private education loan hold-*  
4        *er holds and may not, after such notification—*

5                *“(A) attempt to collect on the outstanding*  
6                *liability of the student obligor; and*

7                *“(B) in the case of total and permanent dis-*  
8                *ability, monitor the disability status of the stu-*  
9                *dent obligor at any point after the date of dis-*  
10               *charge.*

11               *“(5) TOTAL AND PERMANENT DISABILITY DE-*  
12               *FINED.—For the purposes of this subsection and with*  
13               *respect to an individual, the term ‘total and perma-*  
14               *nent disability’ means the individual is totally and*  
15               *permanently disabled, as such term is defined in sec-*  
16               *tion 685.102(b) of title 34, Code of Federal Regula-*  
17               *tions.”.*

18               *(b) RULEMAKING.—The Director of the Bureau of Con-*  
19               *sumer Financial Protection may issue rules to implement*  
20               *the amendments made by subsection (a) as the Director de-*  
21               *termines 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 Collec-*  
10 *tion Practices Act (15 U.S.C. 1692a) is amended by adding*  
11 *at the end the following:*

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

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

19 *“(10) Engaging in activities to collect or at-*  
20 *tempting to collect a medical debt owed or due or as-*  
21 *serted to be owed or due by a consumer, before the end*  
22 *of the 2-year period beginning on the date that the*  
23 *first payment with respect to such medical debt is*  
24 *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’ means  
7 a debt arising from the receipt of medical services, products,  
8 or devices.

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

11 “(1) health care services or supplies needed to di-  
12 agnose or treat an illness, injury, condition, disease,  
13 or its symptoms and that meet accepted standards of  
14 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 debt,  
25 if the date on which such debt was placed for collec-  
26 tion, charged to profit or loss, or subjected to any



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

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

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

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

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

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

18           “(g) *FURNISHING OF MEDICAL DEBT INFORMATION.*—

19                   “(1) *PROHIBITION ON REPORTING DEBT RE-*  
20                   *LATED TO MEDICALLY NECESSARY PROCEDURES.*—No  
21                   person shall furnish any information to a consumer  
22                   reporting agency regarding a debt arising from a  
23                   medically necessary procedure.

24                   “(2) *TREATMENT OF OTHER MEDICAL DEBT IN-*  
25                   *FORMATION.*—With respect to a medical debt not de-

1 *scribed under paragraph (1), no person shall furnish*  
2 *any information to a consumer reporting agency re-*  
3 *garding such debt before the end of the 365-day period*  
4 *beginning on the later of—*

5 *“(A) the date on which the person sends the*  
6 *statement described under subsection (f) to the*  
7 *consumer;*

8 *“(B) with respect to the medical debt of a*  
9 *borrower demonstrating hardship, a date deter-*  
10 *mined by the Director of the Bureau; or*

11 *“(C) the date described in section*  
12 *605(a)(10).*

13 *“(3) TREATMENT OF SETTLED OR PAID MEDICAL*  
14 *DEBT.—With respect to a medical debt not described*  
15 *under paragraph (1), no person shall furnish any in-*  
16 *formation to a consumer reporting agency regarding*  
17 *such debt if the debt is settled or paid by the con-*  
18 *sumer or an insurance company before the end of the*  
19 *365-day period described under paragraph (2).*

20 *“(4) BORROWER DEMONSTRATING HARDSHIP DE-*  
21 *FINED.—In this subsection, and with respect to a*  
22 *medical debt, the term ‘borrower demonstrating hard-*  
23 *ship’ means a borrower or a class of borrowers who,*  
24 *as determined by the Director of the Bureau, is facing*  
25 *or has experienced extenuating life circumstances or*

1 *events that result in severe financial or personal bar-*  
2 *riers such that the borrower or class of borrowers does*  
3 *not have the capacity to repay the medical debt.”.*

4 ***TITLE V—ENDING DEBT***  
5 ***COLLECTION HARASSMENT ACT***

6 ***SEC. 501. SHORT TITLE.***

7 *This title may be cited as the “Ending Debt Collection*  
8 *Harassment Act of 2021”.*

9 ***SEC. 502. CONSUMER PROTECTIONS RELATING TO DEBT***  
10 ***COLLECTION PRACTICES.***

11 *(a) REPORTS ON DEBT COLLECTION COMPLAINTS AND*  
12 *ENFORCEMENT ACTIONS.—*

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

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

18 *(B) in paragraph (9), by striking the period*  
19 *at the end and inserting a semicolon; and*

20 *(C) by adding at the end the following:*

21 *“(10) an analysis of the consumer complaints re-*  
22 *ceived by the Bureau with respect to debt collection,*  
23 *including a State-by-State breakdown of such com-*  
24 *plaints; and*

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

3           (2) *ANNUAL REPORT.*—Section 815(a) of the  
4           *Fair Debt Collection Practices Act* (15 U.S.C.  
5           1692m(a)) is amended by adding at the end the fol-  
6           lowing new sentence: “Each such report shall also in-  
7           clude an analysis of the impact of electronic commu-  
8           nications by debt collectors on consumer experiences  
9           with debt collection, including a consideration of con-  
10          sumer complaints about the use of electronic commu-  
11          nications in debt collection.”.

12          (b) *LIMITATION ON DEBT COLLECTION RULES.*—Sec-  
13          tion 1022 of the *Consumer Financial Protection Act of 2010*  
14          (12 U.S.C. 5512) is amended by adding at the end the fol-  
15          lowing:

16          “(e) *LIMITATION ON DEBT COLLECTION RULES.*—The  
17          Director may not issue any rule with respect to debt collec-  
18          tion that allows a debt collector to send unlimited email  
19          and text messages to a consumer.”.

20          (c) *PROTECTION OF CONSUMERS FROM UNLIMITED*  
21          *TEXTS AND EMAILS USED IN DEBT COLLECTION.*—Section  
22          806 of the *Fair Debt Collection Practices Act* (15 U.S.C.  
23          1692d) is amended by adding at the end the following new  
24          paragraph:

1           “(7) *Contacting the consumer electronically (in-*  
2           *cluding by email or text message) without consent of*  
3           *the consumer to communicate via that method, after*  
4           *such consent has been withdrawn, or more frequently*  
5           *than the consumer consents to be contacted.*”.

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

10           (1) *by striking “Within five days” and all that*  
11           *follows through “any debt,” and inserting the fol-*  
12           *lowing: “NOTICE OF DEBT; CONTENTS.—Within five*  
13           *days after the initial communication with a con-*  
14           *sumer in connection with the collection of any debt,”;*  
15           *and*

16           (2) *by striking “, unless the following informa-*  
17           *tion is contained in the initial communication or the*  
18           *consumer has paid the debt,”.*

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

23           (1) *may not allow a debt collector to send un-*  
24           *limited electronic communications to a consumer;*

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

5           “(3) may not waive the requirements of the Elec-  
6           tronic Signatures in Global and National Commerce  
7           Act (15 U.S.C. 7001 et seq.); and

8           “(4) shall allow consumers to opt out of any  
9           method of communication that the debt collector uses  
10          to communicate with consumers, including a method  
11          for which such consumer had given prior consent.”.

12                           **TITLE VI—STOP DEBT**  
13                           **COLLECTION ABUSE ACT**

14   **SEC. 601. SHORT TITLE.**

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

17   **SEC. 602. DEFINITIONS.**

18           Section 803 of the Fair Debt Collection Practices Act  
19   (15 U.S.C. 1692a) is amended—

20                   (1) in paragraph (4), by striking “facilitating  
21                   collection of such debt for another” and inserting “col-  
22                   lection of such debt”;

23                   (2) by amending paragraph (5) to read as fol-  
24                   lows:

1           “(5) *The term ‘debt’ means any obligation or al-*  
2 *leged obligation of a consumer—*

3           “(A) *to pay money arising out of a trans-*  
4 *action in which the money, property, insurance*  
5 *or services which are the subject of the trans-*  
6 *action are primarily for personal, family, or*  
7 *household purposes, whether or not such obliga-*  
8 *tion has been reduced to judgment;*

9           “(B) *to pay a loan, overpayment, fine, pen-*  
10 *alty, restitution, fee, or other money currently or*  
11 *originally owed to or guaranteed by a Federal or*  
12 *State government, including any courts or agen-*  
13 *cies; or*

14           “(C) *which is secured by real or personal*  
15 *property that is used or was obtained primarily*  
16 *for personal, family, or household purposes,*  
17 *where such property is subject to forfeiture or re-*  
18 *possession upon nonpayment of the obligation or*  
19 *alleged obligation.”; and*

20           (3) *in paragraph (6)—*

21           (A) *by redesignating subparagraphs (A)*  
22 *through (F) as clauses (i) through (vi), respec-*  
23 *tively;*

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

4           (C) by amending clause (vi), as so redesign-  
5 ated, to read as follows:

6           “(vi) any person collecting or attempting to  
7 collect any debt owed or due or asserted to be  
8 owed or due another to the extent such activity—

9           “(I) is incidental to a bona fide fidu-  
10 ciary obligation or a bona fide escrow ar-  
11 rangement;

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

14           “(III) concerns a debt which was not  
15 in default at the time it was obtained by  
16 such person; or

17           “(IV) concerns a debt obtained by such  
18 person as a secured party in a commercial  
19 credit transaction involving the creditor.”;

20           (D) by striking the paragraph designation  
21 and the first and second sentences and inserting  
22 the following:

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

24           “(i) any person who uses any instrumen-  
25 tality of interstate commerce or the mails in any

1           *business the principal purpose of which is the*  
2           *collection of any debts;*

3           “(i) *any person who regularly collects or*  
4           *attempts to collect, directly or indirectly, by the*  
5           *person’s own means or by hiring another debt*  
6           *collector, debts owed or due or asserted to be*  
7           *owed or due another or that have been obtained*  
8           *by assignment or transfer from another;*

9           “(iii) *any person who regularly collects*  
10           *debts currently or originally owed or allegedly*  
11           *owed to a Federal or State agency or court; or*

12           “(iv) *notwithstanding subparagraph*  
13           *(B)(vi), any creditor who in the process of col-*  
14           *lecting debts of such creditor, uses another name*  
15           *that would indicate that a third person is col-*  
16           *lecting or attempting to collect such debts.”; and*

17           “(E) *in the fourth sentence, by striking “The*  
18           *term does not include” and inserting the fol-*  
19           *lowing:*

20           “(B) *The term does not include”.*

21   **SEC. 603. DEBT COLLECTION PRACTICES FOR DEBT COL-**  
22           **LECTORS HIRED BY FEDERAL AGENCIES.**

23           (a) *IN GENERAL.—The Fair Debt Collection Practices*  
24           *Act (15 U.S.C. 1692 et seq.) is amended by inserting after*  
25           *section 812 (15 U.S.C. 1692j) the following:*

1 **“§ 812A. Debt collection practices for debt collectors**  
2 **hired by Federal agencies**

3 “(a) *LIMITATION ON TIME TO TURN DEBT OVER TO*  
4 *DEBT COLLECTOR.*—*A Federal agency that is a creditor*  
5 *may sell or transfer a debt described in section 803(5)(B)*  
6 *to a debt collector not earlier than 90 days after the date*  
7 *on which the obligation or alleged obligation becomes delin-*  
8 *quent or defaults.*

9 “(b) *REQUIRED NOTICE.*—

10 “(1) *IN GENERAL.*—*Before transferring or selling*  
11 *a debt described in section 803(5)(B) to a debt col-*  
12 *lector or contracting with a debt collector to collect*  
13 *such a debt, a Federal agency shall notify the con-*  
14 *sumer not fewer than 3 times that the Federal agency*  
15 *will take such action.*

16 “(2) *FREQUENCY OF NOTIFICATIONS.*—*The sec-*  
17 *ond and third notifications described in paragraph*  
18 *(1) shall be made not less than 30 days after the date*  
19 *on which the previous notification is made.”.*

20 (b) *CLERICAL AMENDMENT.*—*The table of contents for*  
21 *the Fair Debt Collection Practices Act is amended by insert-*  
22 *ing after the item relating to section 812 the following:*

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

1 **SEC. 604. UNFAIR PRACTICES.**

2 *Section 808 of the Fair Debt Collection Practices Act*  
3 *(15 U.S.C. 1692f) is amended by striking paragraph (1)*  
4 *and inserting the following:*

5 *“(1) The collection of any amount (including*  
6 *any interest, fee, charge, or expense incidental to the*  
7 *principal obligation) unless—*

8 *“(A) such amount is expressly authorized by*  
9 *the agreement creating the debt or permitted by*  
10 *law; and*

11 *“(B) in the case of any amount charged by*  
12 *a debt collector collecting a debt described in sec-*  
13 *tion 803(5)(B), such amount is—*

14 *“(i) reasonable in relation to the ac-*  
15 *tual costs of the collection;*

16 *“(ii) authorized by a contract between*  
17 *the debt collector and the Federal or State*  
18 *government; and*

19 *“(iii) not greater than 10 percent of*  
20 *the amount collected by the debt collector.”.*

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

22 *(a) STUDY.—The Comptroller General of the United*  
23 *States shall commence a study on the use of debt collectors*  
24 *by Federal, State, and local government agencies, includ-*  
25 *ing—*

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

3           (2) *the contracting process that allows a Federal,*  
4           *State, or local government agency to award debt col-*  
5           *lection to a certain company, including the selection*  
6           *process;*

7           (3) *any fees charged to debtors in addition to*  
8           *principal and interest on the outstanding debt;*

9           (4) *how the fees described in paragraph (3) vary*  
10          *from State to State;*

11          (5) *consumer protection at the State level that*  
12          *offer recourse to those whom debts have been wrong-*  
13          *fully attributed;*

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

16          (7) *the amount of any revenue sharing agree-*  
17          *ments between debt collectors and Federal, State, and*  
18          *local government agencies;*

19          (8) *the difference in debt collection procedures*  
20          *across geographic regions, including the extent to*  
21          *which debt collectors pursue court judgments to collect*  
22          *debts;*

23          (9) *information regarding the amount collected*  
24          *by Federal, State, and local government agencies*  
25          *through debt collectors, including the total amount*

1        *and the percentage of the amount referred to the debt*  
2        *collectors;*

3            *(10) the full cost of outsourcing collection to debt*  
4        *collectors;*

5            *(11) government agency oversight of debt collec-*  
6        *tors to ensure that the rights of a consumer (as de-*  
7        *finied in section 803(3) of the Fair Debt Collection*  
8        *Practices Act (15 U.S.C. 1692a(3))) are protected and*  
9        *that any debt relief and payment options legally*  
10       *available to consumers is effectively communicated*  
11       *and made available;*

12           *(12) the extent to which Federal, State, and local*  
13        *contracts with debt collectors reflect or omit effective*  
14        *measures to encourage debt collectors to align their*  
15        *practices with public policy concerns (including relief*  
16        *for consumers experiencing financial hardship) be-*  
17        *yond maximizing debt collection;*

18           *(13) the extent to which debt collectors induce*  
19        *payment through use or threat of adverse government*  
20        *actions, such as arrest warrants or suspension of li-*  
21        *censes or vehicle registration; and*

22           *(14) demographic data, including race and in-*  
23        *come information, regarding the individuals subject*  
24        *to private collection of debts owed to government enti-*  
25        *ties.*

1       (b) *REPORT.*—Not later than one year after the date  
 2 of enactment of this Act, the Comptroller General of the  
 3 United States shall submit to Congress a report on the com-  
 4 pleted study required under subsection (a).

5       **TITLE VII—DEBT COLLECTION**  
 6       **PRACTICES HARMONIZATION**  
 7       **ACT**

8       **SEC. 701. SHORT TITLE.**

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

11       **SEC. 702. AWARD OF DAMAGES.**

12       (a) *ADDITIONAL DAMAGES INDEXED FOR INFLA-*  
 13 *TION.*—

14               (1) *IN GENERAL.*—Section 813 of the Fair Debt  
 15 Collection Practices Act (15 U.S.C. 1692k) is amend-  
 16 ed—

17                       (A) in subsection (a)(2)—

18                               (i) in subparagraph (A), by striking “;  
 19 or” and inserting the following: “with re-  
 20 spect to any one action taken by a debt col-  
 21 lector in violation of this subchapter; or”;

22                               (ii) in subparagraph (B)(ii), by strik-  
 23 ing “or 1 per centum of the net worth of the  
 24 debt collector; and” and inserting the fol-

1           *lowing: “or 5 percent of the gross annual*  
2           *revenue of the debt collector; and”;*

3           *(B) in subsection (b), by inserting “the*  
4           *maximum amount of statutory damages at the*  
5           *time of noncompliance,” before “the frequency”*  
6           *each place it appears; and*

7           *(C) by adding at the end the following:*

8           *“(f) ADJUSTMENT FOR INFLATION.—*

9           *“(1) INITIAL ADJUSTMENT.—Not later than 90*  
10          *days after the date of the enactment of this subsection,*  
11          *the Bureau shall provide a percentage increase*  
12          *(rounded to the nearest multiple of \$100 or \$1,000, as*  
13          *applicable) in the amounts set forth in this section*  
14          *equal to the percentage by which—*

15            *“(A) the Consumer Price Index for All*  
16            *Urban Consumers (all items, United States city*  
17            *average) for the 12-month period ending on the*  
18            *June 30 preceding the date on which the percent-*  
19            *age increase is provided, exceeds*

20            *“(B) the Consumer Price Index for the 12-*  
21            *month period preceding January 1, 1978.*

22            *“(2) ANNUAL ADJUSTMENTS.—With respect to*  
23            *any fiscal year beginning after the date of the in-*  
24            *crease provided under paragraph (1), the Bureau*  
25            *shall provide a percentage increase (rounded to the*

1       nearest multiple of \$100 or \$1,000, as applicable) in  
2       the amounts set forth in this section equal to the per-  
3       centage by which—

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

9               “(B) the Consumer Price Index for the 12-  
10              month period preceding the 12-month period de-  
11              scribed in subparagraph (A).”.

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

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

1 **SEC. 703. PROHIBITION ON THE REFERRAL OF EMERGENCY**  
2 **INDIVIDUAL ASSISTANCE DEBT.**

3 *Chapter 3 of title 31, United States Code, is amend-*  
4 *ed—*

5 *(1) in subchapter II, by adding at the end the*  
6 *following:*

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

9 *“With respect to any assistance provided by the Fed-*  
10 *eral Emergency Management Agency to an individual or*  
11 *household pursuant to the Robert T. Stafford Disaster Relief*  
12 *and Emergency Assistance Act (42 U.S.C. 5122 et seq.), if*  
13 *the Secretary of the Treasury seeks to recoup any amount*  
14 *of such assistance because of an overpayment, the Secretary*  
15 *may not contract with any debt collector as defined in sec-*  
16 *tion 803(6) of the Fair Debt Collection Practices Act (15*  
17 *U.S.C. 1692a(6)) or other private party to collect such*  
18 *amounts, unless the overpayment occurred because of fraud*  
19 *or deceit and the recipient of such assistance knew or should*  
20 *have known about such fraud or deceit.”; and*

21 *(2) in the table of contents for such chapter, by*  
22 *inserting after the item relating to section 333 the fol-*  
23 *lowing:*

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

1 **TITLE** **VIII—NON-JUDICIAL**  
2 **FORECLOSURE DEBT COLLEC-**  
3 **TION 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 the*  
10 *purpose of section 808(6), such term also includes any per-*  
11 *son who uses any instrumentality of interstate commerce*  
12 *or the mails in any business the principal purpose of which*  
13 *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 of*  
18 *enactment of this Act.*



Union Calendar No. 10

117<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 2547**

[Report No. 117-23]

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**A BILL**

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

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APRIL 30, 2021

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed