

118TH CONGRESS
2D SESSION

H. R. 10509

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

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 2024

Ms. WATERS introduced the following bill; which was referred to the
Committee on Financial Services

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—MISCELLANEOUS PROVISIONS

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 or seek to enforce an
18 obligation that constitutes or contains a cognovit or con-
19 fession of judgment (for purposes other than executory
20 process in the State of Louisiana), warrant of attorney,
21 or other waiver of the right to notice and the opportunity
22 to be heard in the event of suit or process thereon.

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

25 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

1 (1) Section 130 of the Truth in Lending Act
2 (15 U.S.C. 1640) is amended by adding at the end
3 the following:

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

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

 “140B. Unfair credit practices.”.

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

11 Section 103 of the Truth in Lending Act (15 U.S.C.
12 1602) is amended by adding at the end the following:

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

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

19 “(2) regardless of whether the obligation or
20 right to a remedy described in paragraph (1) is ab-
21 solute or contingent, has been reduced to judgment,
22 is fixed, matured, unmatured, disputed, undisputed,
23 recourse, 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 1 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).

TITLE III—PRIVATE LOAN DISABILITY DISCHARGE ACT

SEC. 301. SHORT TITLE.

This title may be cited as the “Private Loan Disability Discharge Act of 2024”.

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

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

(1) in paragraph (2)—

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

(B) in subparagraph (A), by inserting after “of the death”, the following: “or total and permanent disability”; and

(C) in subparagraph (C), by inserting after “of the death”, the following: “or total and permanent disability”; and

(2) by adding at the end the following:

“(3) DISCHARGE IN CASE OF DEATH OR TOTAL AND PERMANENT DISABILITY OF BORROWER.—The holder of a private education loan shall, when notified of the death or total and permanent disability of a student obligor (and any cosigner), discharge

1 the liability of the student obligor on the loan and
2 may not, after such 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 aris-
 24 ing from the receipt of medical services, products, or
 25 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 at-
6 tempting to collect a medical debt before the end of
7 the 2-year period beginning on the date that the
8 first payment with respect to such medical debt is
9 due.”.

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

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

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

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

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

24 “(2) health care to prevent illness or detect ill-
25 ness at an early stage, when treatment is likely to

1 work best (including preventive services such as pap
2 tests, flu shots, and screening mammograms).”.

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

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

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

13 **SEC. 404. REQUIREMENTS FOR FURNISHERS OF MEDICAL**
14 **DEBT INFORMATION.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 “(C) the date described in section
25 605(a)(10).

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

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

19 **TITLE V—ENDING DEBT** 20 **COLLECTION HARASSMENT ACT**

21 **SEC. 501. SHORT TITLE.**

22 This title may be cited as the “Ending Debt Collec-
23 tion Harassment Act of 2024”.

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;

17 “(11) an analysis of the number of people un-
18 able to pay a debt because a debt collector is unable
19 to accept a cash payment; and

20 “(12) a list of enforcement actions taken
21 against debt collectors during the preceding year.”.

22 (2) **ANNUAL REPORT.**—Section 815(a) of the
23 Fair Debt Collection Practices Act (15 U.S.C.
24 1692m(a)) is amended by adding at the end the fol-
25 lowing new sentence: “Each such report shall also
26 include an analysis of the impact of electronic com-

1 munications by debt collectors on consumer experi-
2 ences with debt collection, including a consideration
3 of consumer complaints about the use of electronic
4 communications in debt collection.”.

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

9 “(e) LIMITATION ON DEBT COLLECTION RULES.—
10 The Director may not issue any rule with respect to debt
11 collection that does not prohibit a debt collector to send
12 unlimited email, text messages, and direct messages
13 through social media to a consumer.”.

14 (c) PROTECTION OF CONSUMERS FROM UNLIMITED
15 TEXTS, EMAILS, AND SOCIAL MEDIA MESSAGES USED IN
16 DEBT COLLECTION.—Section 806 of the Fair Debt Col-
17 lection Practices Act (15 U.S.C. 1692d) is amended by
18 adding at the end the following new paragraph:

19 “(7) Contacting the person electronically, in-
20 cluding by email, text message, and direct message
21 through social media, if—

22 “(A) the communication is required to be
23 in writing and the person has not consented to
24 receive the communication electronically in ac-
25 cordance with the requirements of the Elec-

1 tronic Signatures in Global and National Com-
2 merce Act;

3 “(B) the communication is governed by the
4 Telephone Consumer Protection Act and the
5 person has not consented to receive such com-
6 munication in accordance with the requirements
7 of such Act;

8 “(C) consent by the person to receive the
9 communication was not provided directly to the
10 debt collector;

11 “(D) consent by the person to receive the
12 communication electronically has been with-
13 drawn; or

14 “(E) the frequency of contact by the debt
15 collector is greater than consented to by the
16 person.”.

17 (d) PROTECTION OF CONSUMERS FROM SOCIAL
18 MEDIA COMMUNICATIONS IN DEBT COLLECTION.—Sec-
19 tion 808(7) of the Fair Debt Collection Practices Act (15
20 U.S.C. 1692f) is amended by inserting the following before
21 the period: “or through a social media platform if the com-
22 munication is viewable by the general public or the per-
23 son’s social media contacts”.

24 (e) ENSURING CONSUMERS RECEIVE NOTICE OF
25 DEBT COLLECTION PROTECTIONS.—Section 809(a) of the

1 Fair Debt Collection Practices Act (15 U.S.C. 1692g(a))
2 is amended in the matter preceding paragraph (1)—

3 (1) by striking “Within five days” and all that
4 follows through “any debt,” and inserting the fol-
5 lowing: “NOTICE OF DEBT; CONTENTS.—Within five
6 days after the initial communication with a con-
7 sumer in connection with the collection of any
8 debt,”; and

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

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

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

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

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

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

6 **TITLE VI—STOP DEBT**
7 **COLLECTION ABUSE ACT**

8 **SEC. 601. SHORT TITLE.**

9 This title may be cited as the “Stop Debt Collection
10 Abuse Act of 2024”.

11 **SEC. 602. DEFINITIONS.**

12 Section 803 of the Fair Debt Collection Practices Act
13 (15 U.S.C. 1692a) is amended—

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

17 (2) by amending paragraph (5) to read as fol-
18 lows:

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

21 “(A) to pay money arising out of a trans-
22 action in which the money, property, insurance
23 or services which are the subject of the trans-
24 action are primarily for personal, family, or

1 household purposes, whether or not such obliga-
2 tion has been reduced to judgment;

3 “(B) to pay a loan, overpayment, fine, pen-
4 alty, restitution, fee, or other money currently
5 or originally owed to or guaranteed by a Fed-
6 eral or State government, including any courts
7 or agencies; or

8 “(C) which is secured by real or personal
9 property that is used or was obtained primarily
10 for personal, family, or household purposes,
11 where such property is subject to forfeiture or
12 repossession upon nonpayment of the obligation
13 or alleged obligation.

14 The enforcement of a debt described in subpara-
15 graph (C) is deemed to be a collection of a debt.”;
16 and

17 (3) in paragraph (6)—

18 (A) by redesignating subparagraphs (A)
19 through (F) as clauses (i) through (vi), respec-
20 tively;

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

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

1 “(vi) any person collecting or attempting
2 to collect any debt owed or due or asserted to
3 be owed or due another to the extent such ac-
4 tivity—

5 “(I) is incidental to a bona fide fidu-
6 ciary obligation or a bona fide escrow ar-
7 rangement;

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

10 “(III) concerns a debt which was not
11 in default at the time it was obtained by
12 such person; or

13 “(IV) concerns a debt obtained by
14 such person as a secured party in a com-
15 mercial credit transaction involving the
16 creditor.”;

17 (D) by striking the paragraph designation
18 and the first and second sentences and insert-
19 ing the following:

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

21 “(i) any person who uses any instrumen-
22 tality of interstate commerce or the mails in
23 any business the principal purpose of which is
24 the collection of any debts;

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

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

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

16 (E) in the fourth sentence, by striking
 17 “The term does not include” and inserting the
 18 following:

19 “(B) The term does not include”.

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

22 (a) IN GENERAL.—The Fair Debt Collection Prac-
 23 tices Act (15 U.S.C. 1692 et seq.) is amended by inserting
 24 after 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 not sell or transfer a debt described in section
 6 803(5)(B) to a debt collector earlier than 90 days after
 7 the date on which the obligation or alleged obligation be-
 8 comes delinquent or defaults.

9 “(b) REQUIRED NOTICE.—

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

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

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

“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
9 by the agreement creating the debt or permitted
10 by law; and

11 “(B) in the case of any amount charged by
12 a debt collector collecting a debt described in
13 section 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 col-
21 lector.”.

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

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

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

3 (2) the contracting process that allows a Fed-
4 eral or State 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)
10 vary from State to State;

11 (5) consumer protection at the Federal and
12 State level that offer recourse to those whom debts
13 have been wrongfully attributed;

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

16 (7) the amount of any revenue sharing agree-
17 ments between debt collectors and Federal and State
18 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 col-
22 lect debts;

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

1 percentage of the amount referred to the debt collec-
2 tors;

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

5 (11) government agency oversight of debt col-
6 lectors to ensure that the rights of a consumer (as
7 defined in section 803(3) of the Fair Debt Collection
8 Practices Act (15 U.S.C. 1692a(3))) are protected
9 and 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 and State con-
13 tracts 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 govern-
20 ment actions, such as arrest warrants or suspension
21 of licenses 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 en-
25 tities.

1 (b) REPORT.—Not later than 1 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
 4 completed study required under subsection (a).

5 (c) STATE DEFINED.—For the purposes of this sec-
 6 tion, the term “State” has the meaning given the term
 7 section 803 of the Fair Debt Collection Practices Act.

8 **TITLE VII—DEBT COLLECTION** 9 **PRACTICES HARMONIZATION** 10 **ACT**

11 **SEC. 701. SHORT TITLE.**

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

14 **SEC. 702. AWARD OF DAMAGES.**

15 (a) ADDITIONAL DAMAGES INDEXED FOR INFLA-
 16 TION.—

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

20 (A) in subsection (a)(2)—

21 (i) in subparagraph (A), by striking “;
 22 or” and inserting the following: “with re-
 23 spect to any one action taken by a debt
 24 collector in violation of this subchapter;
 25 or”;

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

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

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

11 “(f) ADJUSTMENT FOR INFLATION.—

12 “(1) INITIAL ADJUSTMENT.—Not later than 90
13 days after the date of the enactment of this sub-
14 section, the Bureau shall provide a percentage in-
15 crease (rounded to the nearest multiple of \$100 or
16 \$1,000, as applicable) in the amounts set forth in
17 this section equal to the percentage by which—

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

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

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

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

13 “(B) the Consumer Price Index for the 12-
14 month period preceding the 12-month period
15 described in subparagraph (A).”.

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

23 (b) INJUNCTIVE RELIEF.—Section 813(d) of the Fair
24 Debt Collection Practices Act (15 U.S.C. 1692k(d)) is
25 amended by adding at the end the following: “In a civil

1 action alleging a violation of this title, the court may
2 award appropriate relief, including injunctive relief.”.

3 **SEC. 703. PROHIBITION ON THE REFERRAL OF EMERGENCY**

4 **INDIVIDUAL ASSISTANCE DEBT.**

5 Chapter 3 of title 31, United States Code, is amend-
6 ed—

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

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

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

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

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

4 **TITLE VIII—NON-JUDICIAL**
 5 **FORECLOSURE DEBT COL-**
 6 **LECTION CLARIFICATION ACT**

7 **SEC. 801. SHORT TITLE.**

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

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

11 Section 803(6) of the Fair Debt Collection Practices
 12 Act (15 U.S.C. 1692a(6)) is further amended by striking
 13 “For the purpose of section 808(6), such term also in-
 14 cludes any person who uses any instrumentality of inter-
 15 state commerce or the mails in any business the principal
 16 purpose of which is the enforcement of security inter-
 17 ests.”.

18 **TITLE IX—MISCELLANEOUS**
 19 **PROVISIONS**

20 **SEC. 901. EFFECTIVE DATE.**

21 Except as otherwise provided in this Act, this Act and
 22 the amendments made by this Act shall take effect on the
 23 date that is 180 days after the date of enactment of this
 24 Act.

