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## U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES

### – CHAIRWOMAN MAXINE WATERS –

## H.R. 2547, THE COMPREHENSIVE DEBT COLLECTION IMPROVEMENT ACT

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**Bill Summary:** [H.R. 2547](#), the [Comprehensive Debt Collection Improvement Act](#), sponsored by Chairwoman Maxine Waters, would provide important protections for small businesses, servicemembers, students, and other consumers against mistreatment and harassment by certain debt collectors.

**The Need for Legislation:** The Financial Services Committee held hearings in [September 2019](#) and [March 2021](#) that highlighted the significant gaps in protections for consumers when it comes to debt collection. In particular:

- A recent [Consumer Financial Protection Bureau \(CFPB\) report on debt collection](#) noted that almost 26% of Americans have an item in collections listed on their credit reports.
- During the coronavirus pandemic, many consumers and small businesses have struggled to keep up with their bills, through no fault of their own, while [debt collectors have seen record profits](#). Meanwhile, [recent CFPB reporting](#) reveals that its consumer complaint database received 82,700 consumer complaints regarding debt collection issues in 2020, a 10% increase from the previous year.
- [Research has demonstrated](#) that abusive debt collection practices disproportionately harm communities of color and low-income communities. Debt collection communications affect nearly one in three Americans with a credit record.

**The Solutions:** H.R. 2547 enhances consumers' rights and increases the accountability of debt collectors. Specifically, the Comprehensive Debt Collection Improvement Act amends the Fair Debt Collection Practices Act (FDCPA) and other federal laws to:

- **Protect Small and Minority-Owned Businesses:**
  - Codifies protections that currently exist under a Federal Trade Commission (FTC) regulation for consumer loans prohibiting the use of "confessions of judgment" that waive due process protections, and extends those protections to commercial loans to protect small and minority-owned businesses.
- **Protect Servicemembers:**
  - Prohibits debt collectors from threatening a servicemember with reducing their rank, revoking their security clearance, or prosecuting them under the Uniform Code of Military Justice.
  - Requires a Government Accountability Office (GAO) study on the impact of debt collection on servicemembers.
- **Protect Private Student Loan Borrowers with Disabilities:**
  - Requires discharge of private student loans for both the borrower and cosigner in the case of permanent disability of the borrower, extending protections that currently exist for federal student loan borrowers.
  - Requires private lenders who are notified that the federal government has discharged the federal student loans of a borrower to discharge the private student loans of that same borrower.
- **Protect Consumers with Medical Debt:**
  - Bars entities from collecting medical debt or reporting it to a consumer reporting agency without giving a consumer notice about their rights.
  - Provides a minimum one-year delay before adverse information is reported and a two-year delay before collection attempts are made, starting from the date the first payment is due.

- Bans the reporting of medical debt arising from medically necessary procedures.
- **Protect Consumers Against Debt Collection Harassment:**
  - Prohibits a debt collector from contacting a consumer by email or text message without a consumer's consent to be contacted electronically.
  - Requires CFPB to analyze and annually report on the impact of electronic communications utilized by debt collectors.
- **Protect Consumers with Government-Owned Debts:**
  - Extends protections in the Fair Debt Collection Practices Act to debt owed to a federal, state, territory, District of Columbia, or local government agency.
- **Protect Consumers from Egregious Debt Collection Fees:**
  - Clarifies that courts can award injunctive relief for violations of the FDCPA.
  - Ties damages for violations of the FDCPA to inflation.
- **Protect Consumers Facing Non-Judicial Foreclosure:**
  - Reverses the recent Supreme Court decision in *Obduskey v. McCarthy and Holthus LLP* by clarifying that entities in non-judicial foreclosure proceedings – similar to judicial foreclosure proceedings – are covered by the FDCPA.

**Member Contributions:** H.R. 2547 incorporates the work of the following Democratic Members of the Financial Services Committee:

- **H.R. 2540**, the “Small Business Fairness Lending Act,” sponsored by **Rep. Nydia Velázquez (D-NY)**.
- **H.R. 1491**, the “Fair Debt Collection Practices for Servicemembers Act,” sponsored by **Rep. Madeleine Dean (D-PA)**.
- **H.R. 2498**, the “Private Loan Disability Discharge Act,” sponsored by **Rep. Dean (D-PA)**.
- **H.R. 2537**, the “Consumer Protection for Medical Debt Collections Act,” sponsored by **Rep. Rashida Tlaib (D-MI)**.
- **H.R. 1657**, “the Ending Debt Collection Harassment Act,” sponsored by **Rep. Ayanna Pressley (D-MA)**.
- **H.R. 2572**, the “Stop Debt Collection Abuse Act,” sponsored by **Rep. Emanuel Cleaver (D-MO)**.
- **H.R. 2628**, the “Debt Collection Practices Harmonization Act,” sponsored by **Rep. Gregory Meeks (D-NY)**.
- **H.R. 2458**, the “Non-Judicial Foreclosure Debt Collection Clarification Act,” sponsored by **Rep. Jacob Auchincloss (D-MA)**.

**Stakeholder Support:** H.R. 2547 is supported by a number of consumer and civil rights groups, including the *Americans for Financial Reform*, *Center for Economic Integrity*, *Center for Responsible Lending*, *Color of Change*, *Communities United for Restorative Youth Justice*, *Consumer Action*, *Consumer Federation of America*, *Demos*, *Equal Justice Under Law*, *HPPCARES*, *Legal Aid Justice Center*, *National Association of Consumer Advocates*, *National Center for Access to Justice*, *National Center for Law and Economic Justice*, *National Consumer Law Center (on behalf of its low-income clients)*, *Pennsylvania Council of Churches*, *Public Citizen*, *Public Justice*, *Public Justice Center*, *Student Borrower Protection Center*, and *U.S. PIRG*.

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