

## Union Calendar No. 538

116<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4403

[Report No. 116-654]

To amend the Fair Debt Collection Practices Act to restrict the debt collection practices of certain debt collectors.

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### IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 2019

Mr. CLEAVER (for himself and Mr. HILL of Arkansas) introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 15, 2020

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 italic]

[For text of introduced bill, see copy of bill as introduced on September 19, 2019]

# **A BILL**

To amend the Fair Debt Collection Practices Act to restrict  
the debt collection practices of certain debt collectors.

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.**

4 *This Act may be cited as the “Stop Debt Collection*  
5 *Abuse Act of 2019”.*

6 **SEC. 2. DEFINITIONS.**

7 *Section 803 of the Fair Debt Collection Practices Act*  
8 *(15 U.S.C. 1692a) is amended—*

9 *(1) in paragraph (4), by striking “facilitating*  
10 *collection of such debt for another” and inserting “col-*  
11 *lection of such debt”;*

12 *(2) by amending paragraph (5) to read as fol-*  
13 *lows:*

14 *“(5) The term ‘debt’ means—*

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

22 *“(B) any obligation or alleged obligation of*  
23 *a consumer—*

24 *“(i) to pay a loan, an overpayment, a*  
25 *fine, a penalty, a fee, or other money cur-*

1                   rently or originally owed to a Federal agen-  
2                   cy; and

3                   “(ii) that is not less than 180 days  
4                   past due.”; and

5                   (3) in paragraph (6)—

6                   (A) by striking the first sentence and insert-  
7                   ing the following: “The term ‘debt collector’  
8                   means any person who uses any instrumentality  
9                   of interstate commerce or the mails in any busi-  
10                  ness the principal purpose of which is the collec-  
11                  tion of any debts; who regularly collects or at-  
12                  tempts to collect, directly or indirectly, by the  
13                  person’s own means or by hiring another debt  
14                  collector, debts owed or due or asserted to be  
15                  owed or due another or that have been obtained  
16                  by assignment or transfer from another; or who  
17                  regularly collects debts currently or originally  
18                  owed or allegedly owed to a Federal agency.”;  
19                  and

20                  (B) in subparagraph (F), by inserting “or  
21                  that has been obtained by assignment or transfer  
22                  from another” after “owed or due another”.

1 **SEC. 3. DEBT COLLECTION PRACTICES FOR DEBT COLLEC-**  
2 **TORS HIRED BY GOVERNMENT AGENCIES.**

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

6 **“§812A. Debt collection practices for debt collectors**  
7 **hired by Federal agencies**

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

14 “(b) *REQUIRED NOTICE.*—

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

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

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

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

4 **SEC. 4. UNFAIR PRACTICES.**

5           *Section 808 of the Fair Debt Collection Practices Act*  
6 *(15 U.S.C. 1692f) is amended by striking paragraph (1)*  
7 *and inserting the following:*

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

11                           “(A) *such amount is expressly authorized by*  
12 *the agreement creating the debt or permitted by*  
13 *law; and*

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

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

19                                   “(ii) *authorized by a contract between*  
20 *the debt collector and the Federal agency;*  
21 *and*

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

1 **SEC. 5. GOVERNMENT ACCOUNTABILITY OFFICE STUDY**  
2 **AND REPORT.**

3 (a) *STUDY.*—*The Comptroller General of the United*  
4 *States shall commence a study on the use of debt collectors*  
5 *by State and local government agencies, including—*

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

8 (2) *the contracting process that allows a Federal,*  
9 *State, or local government agency to award debt col-*  
10 *lection to a certain company, including the selection*  
11 *process;*

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

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

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

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

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

24 (8) *the difference in debt collection procedures*  
25 *across geographic regions, including the extent to*

1       *which debt collectors pursue court judgments to collect*  
2       *debts; and*

3             *(9) any legal immunity or other protections*  
4       *given to the debt collectors hired by State and local*  
5       *government agencies, including whether the debt col-*  
6       *lectors are subject to the Fair Debt Collection Prac-*  
7       *tices Act (15 U.S.C. 1692 et seq.).*

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





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