HOUSE DOCKET, NO. 1780 FILED ON: 1/20/2011

HOUSE . . . . . No. 1213

The Commonwealth of Massachusetts

PRESENTED BY:

Joyce A. Spiliotis

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act relative to regulating collection agencies.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Joyce A. Spiliotis	*12th Essex*
William N. Brownsberger	☐ *[District]* ☐
Gale D. Candaras	☐ *[District]* ☐
Lori A. Ehrlich	*8th Essex*

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By Ms. Spiliotis of Peabody, a petition (accompanied by bill, House, No. 1213) of Joyce A. Spiliotis and others relative to the purchasing of debts by collection agencies. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
HOUSE
, NO. *1045* OF 2009-2010.]

The Commonwealth of Massachusetts

An Act relative to regulating collection agencies.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 24 of Chapter 93 of the General Laws is hereby amended by inserting after the word:- "debt collector" the following definition:

"Debt-purchaser," a person that purchases a debt.

SECTION 2. Chapter 93 of the General Laws is hereby amended by inserting after Section 24K, the following section:

SECTION 24L.

(a) Within 30 days of purchasing a debt, a debt-purchaser shall send to the debtor a written notice of the debt purchase. The notice shall state:

(1) the dollar amount of the debt;

(2) the original creditor;

(3) the date on which the debt-purchaser bought the debt, and

(4) the interest rate and penalty charges that the debt-purchaser may charge on the debt.

14 (b) A debt-purchaser shall send a debtor a monthly notice of the activity on the debtor's
15 account. This notice shall state:

16 (1) the unpaid balance on the account;

17 (2) the amount of any payments on the account from 30 days prior to the date the
18 notice is sent; and

19 (3) the amount of interest and penalties charged on the account from 30 days prior to
20 the date the notice is sent.

21 (c) Failure to comply with the notice requirements established in paragraph (a) or (b) of
22 this Section shall constitute an unfair business practice under Chapter 93A.

23 (d) A debt-purchaser shall attach to any communication sent to a debtor a disclaimer of
24 the limitations imposed upon the debt-purchaser by paragraphs (a) and (b) of this Section.

25 The disclaimer shall state that a debtor may bring a private action if a debt-purchaser

26 violates paragraphs (a) or (b) of this Section. A debt-purchaser shall print the disclosure
27 in large, bold font, and all capital letters. The debt-purchaser shall print the disclosure on the top
28 half of the first page of the communication, on the front side of the page.

29 (e) The Commissioner of Banks shall publish in a conspicuous location on the Division
30 of Banks' website the limitations on debt-purchasers established in paragraphs (a) and (b) of this
31 Section.

32 (f) The Commissioner of Banks shall promulgate any regulations necessary to implement
33 and enforce this Section. The Commissioner of Banks shall promulgate regulations within one
34 year from the date on which this bill takes effect.

35 Every 3 years, the Commissioner of Banks shall review for 6 months the effect of the
36 regulations promulgated pursuant to this Section. Upon completing the review, the
37 Commissioner of Banks shall amend the regulations or promulgate new regulations as is
38 necessary to enforce this Section.

39 SECTION 3. Chapter 167E of the General Laws is hereby amended by inserting after
40 Section 1A the following section:

41 SECTION 1B: (a) Within thirty days of selling a debt, a bank shall send a debtor a
42 written notice that the debt was sold. The notice shall inform the debtor of:

43 (1) the amount of the debt,

44 (2) the person to whom the debt was sold;

45 (3) the interest and penalties that the person who bought the debt may charge on the
46 debt.