

HOUSE No. 1104

By Ms. Spiliotis of Peabody, petition of Joyce A. Spiliotis and others relative to the purchasing of debts by collection agencies. Financial Services.

The Commonwealth of Massachusetts

PETITION OF:

Joyce A. Spiliotis
Anthony J. Verga

Mary E. Grant

In the Year Two Thousand and Seven.

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:

1 SECTION 1. Section 24 of Chapter 93 of the General Laws is
2 hereby amended by inserting after the word “debt collector” the
3 following definition:
4 “Debt-purchaser,” a person that purchases a debt.

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

3 Section 24L.

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

- 7 (1) the dollar amount of the debt;
- 8 (2) the original creditor;
- 9 (3) the date on which the debt-purchaser bought the debt, and
- 10 (4) the interest rate and penalty charges that the debt-purchaser
- 11 may charge on the debt.

12 (b) A debt-purchaser shall send a debtor a monthly notice of the
13 activity on the debtor’s account. This notice shall state:

- 14 (1) the unpaid balance on the account;

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

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

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

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

25 The disclaimer shall state that a debtor may bring a private action
26 if a debt-purchaser violates paragraphs (a) or (b) of this Section. A
27 debt-purchaser shall print the disclosure in large, bold font, and all
28 capital letters. The debt-purchaser shall print the disclosure on the
29 top half of the first page of the communication, on the front side of
30 the page.

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

34 (f) The Commissioner of Banks shall promulgate any regulations
35 necessary to implement and enforce this Section. The Commissioner
36 of Banks shall promulgate regulations within one year from the date
37 on which this bill takes effect. Every 3 years, the Commissioner of
38 Banks shall review for 6 months the effect of the regulations pro-
39 mulgated pursuant to this Section. Upon completing the review, the
40 Commissioner of Banks shall amend the regulations or promulgate
41 new regulations as is necessary to enforce this Section.

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

3 Section 1B:

4 (a) Within thirty days of selling a debt, a bank shall send a debtor
5 a written notice that the debt was sold. The notice shall inform the
6 debtor of:

7 (1) the amount of the debt,

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

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