

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was  
3 referred House Bill No. 482 entitled “An act relating to consumer protection”  
4 respectfully reports that it has considered the same and recommends that the  
5 bill be amended by striking out all after the enacting clause and inserting in  
6 lieu thereof the following:

7 Sec. 1. 9 V.S.A. § 41a is amended to read:

8 § 41a. LEGAL RATES

9 (a) Except as specifically provided by law, the rate of interest or the sum  
10 allowed for forbearance or use of money shall be 12 percent per annum  
11 computed by the actuarial method.

12 (b) The rate of interest or the sum allowed:

13 \* \* \*

14 (10)(A) Subject to subdivisions (B) and (C) of this subdivision (10),  
15 interest on a judgment against a debtor in default shall accrue at the rate of 12  
16 percent per annum using simple interest.

17 (B) A court may suspend the accrual of interest on a judgment  
18 against a debtor in default if the court finds, through a financial disclosure, that  
19 the debtor has an inability to pay on a debt incurred primarily for personal,  
20 family, or household purposes pursuant to 12 V.S.A. § 2903a.

1                     (C) ~~This subdivision (10)~~ Subdivision (10)(B) of this subsection shall  
2                     not apply in an action to foreclose a mortgage at any time prior to entry of a  
3                     deficiency judgment.

4                     \* \* \*

5                     Sec. 2. 12 V.S.A. chapter 113 is amended to read:

6                     Chapter 113: ~~Judgment Lien~~ Judgments and Judgment Liens

7                     \* \* \*

8                     § 2903. DURATION AND EFFECTIVENESS

9                     \* \* \*

10                    (c) ~~Interest~~ Unless a court suspends the accrual of interest pursuant to 9  
11                    V.S.A. § 41a(b)(10), interest on a judgment lien shall accrue at the rate of 12  
12                    percent per annum using simple interest.

13                    (d) If a judgment lien is not satisfied within 30 days of recording, it may be  
14                    foreclosed and redeemed as provided in this title and V.R.C.P. 80.1. Unless the  
15                    court finds that as of the date of foreclosure the amount of the outstanding debt  
16                    exceeds the value of the real property being foreclosed, section 4531 of this  
17                    title shall apply to foreclosure of a judgment lien.

18                    § 2903a. ACCRUAL OF POST JUDGMENT INTEREST

19                    (a) After entering a judgment for debt incurred primarily for personal,  
20                    family, or household purposes, a court may issue an order to suspend, reduce,  
21                    or reinstate the accrual of interest on the judgment at the time of the judgment.

1 or a continuation hearing after the judgment, or upon motion of the judgment  
2 creditor or judgment debtor.

3 (b) The court's findings shall be based on testimony and a completed  
4 financial disclosure form provided by the court prior to or at the time of  
5 granting judgment, or filed with the motion to suspend, reduce, or reinstate  
6 post judgment interest, and any other information required by the court.

7 (c) The court shall issue an order to suspend or reduce the accrual of post  
8 judgment interest if it finds that the judgment debtor's income and assets are  
9 exempt from collection and that the judgment debtor's available income and  
10 assets are not greater than those that are reasonably necessary for the support  
11 of the debtor and any dependents of the debtor.

12 (d) The court's order shall provide:

13 (1) the date on which accrual of post judgment interest will be fully or  
14 partially reinstated; and

15 (2) that the suspension or reduction of the accrual of interest is based on  
16 the judgment debtor's current income and assets, and if during the period  
17 specified in the order the judgment debtor's income or assets increase, the  
18 judgment debtor shall provide the judgment creditor with an updated financial  
19 form within 30 days of the increase.

20 (e) The court's order may require that the judgment debtor periodically  
21 provide the judgment creditor with an updated financial disclosure form.





1        (b) This subchapter does not apply to a commercial loan or a debt secured  
2        by a home mortgage real property.

3        (c) Nothing in this subchapter shall prohibit a financial institution from  
4        exercising a contractual right of setoff against a post-judgment debtor’s deposit  
5        accounts with the financial institution.

6        § 2491a. CREDIT CARD DEBT COLLECTION; NOTICE TO CONSUMER

7                    PRIOR TO COMMENCING CIVIL ACTION

8        (a) Definition. As used in this section, “credit card debt” means debt based  
9        on credit, which is the right to incur debt and defer its payment, that was  
10       extended through any card, plate, or other single credit device that may be used  
11       from time to time to obtain credit. For purposes of this section, “credit card  
12       debt” only includes debt incurred primarily for personal, family, or household  
13       purposes.”

14       (b) Notice of debt. Not more than 120 days and not less than 60 days  
15       before filing a civil action or motion brought more than 12 months after  
16       judgment to collect credit card debt, a debt collector shall send to the consumer  
17       the court’s claim of exemption form and a written notice that contains:

18                (1) the amount of the debt;

19                (2) the name of the debt collector to whom the debt is owed;

20                (3) the name of the original creditor, the last four digits of the account,

21        and the alleged date of the last payment if any;

1           (4) a statement that, if the consumer indicates in writing that the  
2           consumer’s current income and assets are exempt from collection, the debt  
3           collector will review the information in deciding whether and how to proceed  
4           in collecting the debt.

5           § 2491b. DEBT COLLECTION AFTER STATUTE OF LIMITATIONS

6                   EXPIRED; LIMITATIONS

7           ~~(a) A debt collector may not initiate a collection action when the debt~~  
8           ~~collector knows or reasonably should know that the collection action is barred~~  
9           ~~by the limitations period set forth in 12 V.S.A. § 511.~~

10           ~~(b)(a)(1) A debt collector shall not commence a collection action more than~~  
11           ~~five years after the cause of action accrues; initiate a collection lawsuit,~~  
12           ~~arbitration, or other legal proceeding when the debt collector knows or~~  
13           ~~reasonably should know that the applicable statute of limitations in 9A V.S.A.~~  
14           ~~§ 2-725 or in 12 V.S.A. §§ 508 or 511 has expired.~~

15           ~~(2) This limitations period applies notwithstanding any other applicable~~  
16           ~~statutes of limitations, unless a shorter limitations period is provided under~~  
17           ~~Vermont law.~~

18           (2) Notwithstanding any other provision of law, when the applicable  
19           limitations period expires, any subsequent payment toward, written or oral  
20           affirmation of, or other activity on, such debt does not revive or extend the  
21           limitations period.

1 (b)(1) After the statute of limitations to bring an action to collect a debt has  
2 expired, a debt collector may only ~~contact~~ communicate with a debtor  
3 concerning a debt after providing written or verbal notice that

4 ~~(2) The notice shall state that~~ the debtor has the right to request that the  
5 debt collector cease all communications with the debtor concerning the debt  
6 and providing one of the following written disclosures:

7 (A) If the debt is not past the date for obsolescence set forth in the  
8 federal Fair Credit Reporting Act, 15 U.S.C. § 1681c(a):

9 “The law limits how long you can be sued on a debt. Because of the  
10 age of your debt, we cannot sue you for it. However, if you do not pay the  
11 debt, [creditor or debt collector name] may [continue to] report it to the credit  
12 reporting agencies as unpaid for as long as the law permits this reporting.”

13 (B) If the debt is past the date for obsolescence set forth in the federal  
14 Fair Credit Reporting Act, 15 U.S.C. § 1681c(a):

15 “The law limits how long you can be sued on a debt. Because of the  
16 age of your debt, [creditor or debt collector name] cannot sue you for it and  
17 will not report it to any credit reporting agency.”

18 § 2491c. ACTION AGAINST DEBT COLLECTOR; RECOVERY

19 (a) In an action brought by an individual consumer to recover damages  
20 from a debt collector under the Vermont Consumer Protection Act, the court  
21 may award damages to the consumer pursuant to section 2461 of this title.



1 provided that total damages awarded pursuant to subdivision 2461(b)(1)(B)(iii)  
2 of this title shall not exceed \$5,000.

3 (b) In a class action suit to recover damages from a debt collector:

4 (1) The court may award damages to each named plaintiff pursuant to  
5 section 2461 of this title, provided that the total damages awarded to each  
6 named plaintiff pursuant to subdivision 2461(b)(1)(B)(iii) of this title shall not  
7 exceed \$5,000.

8 (2) Subject to subdivision (3) of this subsection, the court may award to  
9 the remaining members of the class a pro rata share of damages in an amount  
10 specified by the court.

11 (3) The total damages awarded in the class action suit to all plaintiffs  
12 under State and federal law shall not exceed the lesser of:

13 (A) \$500,000.00; and

14 (B) one percent of the net worth of the debt collector.

15 Sec. 6. 12 V.S.A. § 511 is amended to read:

16 § 511. CIVIL ACTION

17 (a) A civil action, except one brought upon the judgment or decree of a  
18 court of record of the United States or of this or some other state, and except as  
19 otherwise provided, shall be commenced within six years after the cause of  
20 action accrues and not thereafter.

1        (b) Notwithstanding subsection (a) of this section, an action to collect  
2        credit card debt shall be commenced within five years after the cause of action  
3        accrues and not thereafter.

4        Sec. 7. 12 V.S.A. § 2732 is amended to read:

5        § 2732. GOODS, EFFECTS, AND CREDITS HELD BY THIRD PERSON

6        On request of the judgment creditor, the clerk of the court granting  
7        judgment shall issue ~~to the officer holding the execution~~ a summons as trustee  
8        to a third person having in his or her hands goods, effects, or credits, other than  
9        earnings, of the debtor that have not previously been attached on trustee  
10       process in connection with the action. The summons shall be in such form as  
11       the Supreme Court may by rule provide for a summons to a trustee in  
12       connection with the commencement of an action and shall state the date and  
13       amount of the judgment. The summons shall be served by the officer upon the  
14       trustee in like manner and with the same effect as mesne process. A copy of  
15       the summons shall be served upon the judgment debtor with the officer's  
16       endorsement thereon of the date of service upon the trustee. After service of  
17       the summons, proceedings shall be had as provided by law and by rule  
18       promulgated by the Supreme Court for trustee process in connection with the  
19       commencement of an action.

20       Sec. 8. 12 V.S.A. § 3170 is amended to read:

21       § 3170. EXEMPTIONS; ISSUANCE OF ORDER

1 (a) No order approving the issuance of trustee process against earnings  
2 shall be entered against a judgment debtor who was, within the two-month  
3 period preceding the hearing provided in section 3169 of this title, a recipient  
4 of assistance from the Vermont Department for Children and Families or the  
5 Department of Vermont Health Access. The judgment debtor must establish  
6 this exemption at the time of hearing.

7 (b) The earnings of a judgment debtor shall be exempt as follows:

8 (1) 75 percent of the debtor’s weekly disposable earnings, or 30 times  
9 the ~~federal~~ minimum hourly wage, whichever is greater; or

10 (2) if the judgment debt arose from a consumer credit transaction, as that  
11 term is defined by 15 U.S.C. § 1602 and implementing regulations of the  
12 Federal Reserve Board, 85 percent of the debtor’s weekly disposable earnings,  
13 or 40 times the ~~federal~~ minimum hourly wage, whichever is greater; or

14 (3) if the court finds that the weekly expenses reasonably incurred by  
15 the debtor for his or her maintenance and that of dependents exceed the  
16 amounts exempted by subdivisions (1) and (2) of this subsection, such greater  
17 amount of earnings as the court shall order.

18 \* \* \*

19 Sec. 9. 12 V.S.A. § 3173 is added to read:

20 § 3173. TRUSTEE PROCESS AGAINST POSTJUDGMENT DEBTOR’S  
21 BANK ACCOUNTS; PROCEDURE

1       (a)(1) A judgment creditor may, pursuant to this section, obtain trustee  
2       process against a judgment debtor’s accounts or funds in the possession of a  
3       bank or other financial institution to enforce a money judgment in a civil  
4       action.

5       (2) Notwithstanding section 2732 of this title or any other provision of  
6       law, a post-judgment debtor’s accounts or funds in the possession of a bank or  
7       other financial institution shall not be attached, be subject to trustee process, or  
8       be subject to execution by a post-judgment creditor unless the requirements of  
9       this section are satisfied.

10       (3) Nothing in this section shall prohibit a financial institution from  
11       exercising a contractual right of setoff against a post-judgment debtor’s deposit  
12       accounts with the financial institution.

13       (b)(1) A judgment creditor may file an ex parte motion for trustee process  
14       against a judgment debtor’s accounts or funds in the possession of a bank or  
15       other financial institution describing in detail the grounds for the motion, the  
16       amount alleged to be unpaid, including estimated costs anticipated to be  
17       expended for court fees and service on parties in connection with the trustee  
18       process procedure.

19       (2) The judgment creditor shall prepare a summons and a disclosure for  
20       the trustee, and a claim of exemption for the judgment debtor, on forms  
21       provided by the court.

1       (c)(1) Upon receipt of a motion for trustee process filed under this section  
2       when a judgment is final and has not been satisfied, the superior clerk is  
3       authorized to issue one or more summonses to any trustee financial institution  
4       specified by the judgment creditor that possesses accounts or funds belonging  
5       to the judgment debtor.

6       (2) If the judgment creditor requests issuance of more than one  
7       summons, the judgment creditor shall specify, and the clerk shall include in the  
8       summons, which financial institution shall not freeze the amounts exempted by  
9       subdivision 2740(15) of this title.

10       (3) The clerk shall issue a notice of hearing concurrently with the  
11       summons, and shall set the matter for hearing not sooner than 30 days after  
12       issuing the notice and summons.

13       (4) A summons issued pursuant to this subsection shall contain  
14       instructions to the trustee financial institution directing it not to freeze any  
15       funds of the judgment debtor that, based on deposit or other information kept  
16       by the trustee financial institution, are protected under 31 C.F.R. part 212 or  
17       exempt under section 2740(15) of this title.

18       (d)(1) The judgment creditor shall serve on the trustee financial institution  
19       and the judgment debtor pursuant to Rule 4 of the Vermont Rules of Civil  
20       Procedure, unless the judgment debtor files an appearance pursuant to Rule 5  
21       of the Vermont Rules of Civil Procedure:

1           (A) the motion for trustee process;

2           (B) the summons and notice of hearing issued by the clerk pursuant  
3 to subdivision (c)(1) of this section;

4           (C) a claim of exemptions form approved by the Court Administrator  
5 that permits the judgment debtor to identify any of the debtor’s funds in the  
6 possession of the trustee financial institution that may be exempt from  
7 execution under section 2740 of this title; and

8           (D) a disclosure form for the trustee.

9           (2) If the judgment creditor does not provide proof of service on the  
10 judgment debtor by the time of the hearing and the judgment debtor does not  
11 appear at the hearing, the court shall issue an order denying the motion for  
12 trustee process and directing the trustee financial institution to release all of the  
13 judgment debtor’s held funds to the judgment debtor, unless the hearing is  
14 continued for good cause.

15           (e) Upon receipt of a summons served pursuant to subsection (d) of this  
16 section, a trustee financial institution, based on the instructions contained in the  
17 summons and deposit or other information kept by the institution:

18           (1) shall not freeze any funds in its possession belonging to the  
19 judgment debtor that are protected under 31 C.F.R. part 212 or that are exempt  
20 under section 2740(15) of this title;

1           (2) shall freeze any funds up to the amount owed as provided in the  
2           summons to trustee that are not protected under 31 C.F.R. part 212 and that are  
3           not exempt under section 2740(15) of this title; and

4           (3) shall return the disclosure form to the court and to the parties within  
5           10 days.

6           (g)(1) A judgment debtor may request an expedited hearing to determine a  
7           claim of exemption.

8           (2) The judgment debtor shall:

9                   (A) submit the request in writing;

10                   (B) send a copy of the request to the court, to the judgment creditor,  
11                   and to the trustee financial institution; and

12                   (C) ensure that the court and the judgment creditor have a copy of the  
13                   disclosure of the trustee financial institution not later than one business day  
14                   before the expedited hearing date.

15           (3) The court shall give notice to the parties and hold the hearing within  
16           three business days after the judgment debtor makes the request.

17           (4) If the judgment debtor requests an expedited hearing, he or she is  
18           deemed to have entered an appearance and waived any further service.

19           (h) At the hearing on the motion for trustee process or motion for expedited  
20           hearing, the court shall consider the disclosure form from the trustee and the  
21           testimony and affidavits offered by any party, provided that an affiant is

1 available to testify in person or by telephone. The court shall issue an order  
2 granting or denying the motion for trustee process, which shall:

3 (1) state the amount of the judgment unpaid, including costs incurred  
4 since filing the motion;

5 (2) state the rate of post-judgment interest due under 9 V.S.A.  
6 § 41a(b)(11);

7 (3) identify any funds of the judgment debtor's in the possession of the  
8 trustee financial institution that are exempt from execution under section 2740  
9 of this title and order release of those funds to the judgment debtor;

10 (4) review any proposed settlement between the judgment creditor and  
11 the judgment debtor and make a finding as to whether any waiver of  
12 exemptions was knowing; and

13 (5) identify the amount of funds in the possession of the trustee financial  
14 institution that shall be released to the judgment creditor.

15 (i) A trustee financial institution shall not be subject to criminal or civil  
16 liability for any actions taken in reliance upon the provisions of this section.

17 Sec. 10. EFFECTIVE DATE

18 (a) This section, Secs. 1–4, and Secs. 5–8 shall take effect on July 1, 2018.

19 (b) In Sec. 6, 12 V.S.A. § 511(b)(1) (statute of limitations) applies to  
20 causes of actions that accrue on or after July 1, 2018.

21 (c) Secs. 5 and 9 shall take effect on October 1, 2018.



1

2 (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

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Representative \_\_\_\_\_

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FOR THE COMMITTEE