

02/26/2018

**To: House Committee on Commerce and Economic Development**

**Re: Comments Concerning H. 482 – Request that debt secured by a home mortgage be exempted.**

I would like to offer a few comments on H. 482 based on the latest version we have seen. I understand you may be considering a revised version this week.

Since 1974 the Vermont Housing Finance Agency has financed thousands of mortgage loans for low and moderate income Vermonters. VHFA currently owns and services hundreds of home mortgages and is committed to treating its customers fairly and professionally. VHFA is concerned that the provisions of this statute have expanded beyond the original focus of credit card debt to include all consumer debt, including home mortgage debt. VHFA supports the home mortgage mediation program enacted under 12 VSA § 4631, et seq., which requires pre-foreclosure attempts at mediation and communication, and we are concerned that the provisions of H. 482 creating a new set of requirements and time frames around debt collection will interfere with the Agency's ability to comply with its obligations under the state mediation program and other state foreclosure requirements, Federal requirements of the Consumer Financial Protection Bureau for notices of default, property inspections, requirements for live contacts, etc., government loan guarantee programs of Fannie Mae, Freddie Mac, Ginnie Mae and USDA Rural Development, and, in bankruptcy situations, requirements of the bankruptcy court.

**Given the already extensive state and federal rules and regulations governing mortgage foreclosures in Vermont, debt secured by a home mortgage should be exempted from the provisions of the new Subchapter 9 created by H. 482.**

In addition, **VHFA believes that the term "Debt Collector" should be defined consistent with the provisions of § 803(6) of the federal Fair Debt Collection Practices Act.** Otherwise, H. 482 would cover not just third-party commercial debt collection agencies, but also creditors collecting debts owed to them, federal and state employees collecting debts in the performance of their duties, process servers, non-profit debt counselors, etc.

**VHFA is also concerned about the minimum penalty added in 12 VSA § 2461(b) of \$500 for the first violation and \$1,000 for each subsequent violation as it relates to home mortgage servicing.** Given the extensive and longstanding nature of the mortgagor/mortgagee relationship, this provision provides no guidance of how a violation would be counted as opposed to the overall relationship, or how a violation would be deemed to continue or be deemed to have recurred. This is especially concerning given the provision that makes payment of the consumer's legal fees mandatory if the consumer succeeds.

Thank you for your consideration.

Sarah Carpenter  
Executive Director