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## *50<sup>th</sup> Anniversary: Mobilizing for Justice*

Via email to [Max.Dubin@dfs.ny.gov](mailto:Max.Dubin@dfs.ny.gov)

October 11, 2013

Max Dubin  
Department of Financial Services  
One State Street  
New York, NY 10004-1511

Re: Proposed Debt Collection Rule Making  
I.D. No. DFS-34-13-00002-P

Dear Mr. Dubin:

MFY Legal Services, Inc. submits the following comments to the rules regarding debt collection proposed by the New York State Department of Financial Services (DFS), and published in the New York State Register on August 21, 2013.

MFY envisions a society in which no one is denied justice because he or she cannot afford an attorney. To make this vision a reality, for 50 years MFY has provided free legal assistance to residents of New York City on a wide range of civil legal issues, prioritizing services to vulnerable and underserved populations, while simultaneously working to end the root causes of inequities through impact litigation, law reform and policy advocacy. We provide advice and representation to more than 8,000 New Yorkers each year. MFY launched its Consumer Rights Project in 2005 in response to our clients' growing demand for legal representation and information about debt collection and other consumer issues. Through a weekly hotline and our participation in courthouse clinics, we see first-hand debt abuses and unfair practices by debt collectors and their attorneys, and provide these comments from that perspective.

We welcome DFS's actions to help alleviate debt collection problems. We believe that these rules, with important changes and modifications, coupled with aggressive investigations and enforcement measures, will protect New Yorkers and provide a model for other states and federal agencies to emulate. The following are our suggestions for improving and clarifying the rules, some of which we believe are imperative to make the rules strong and beneficial to consumers.

Overall we have concerns about the substance and length of the numerous disclosures the rules require. In our experience, many consumers likely will

not read, much less understand, the lengthy disclosures as written. These concerns are further compounded by the fact that debt collectors in New York City already must provide disclosures to consumers, and collectors often include other states' disclosures, creating an amalgam of cautionary language that will likely get lost or overlooked, thus defeating their very purpose. We urge you to study the impact of disclosures on consumers and ensure they have the desired effects before adopting them. Alternatively, we suggest that you highlight key points in the disclosures using boldface type or all caps to emphasize critical information that a consumer might otherwise miss. Further, we suggest that DFS amend the rules to state that other states' disclosures not appear on communications with consumers in New York State, and that if simpler or stronger local language is already mandated, that debt collectors only include one set of disclosures.

Following are our specific suggested changes and modifications to each section of the proposed rules.

### § 1.1 Definitions

We suggest changes to three of the definitions regarding debt, debt collection, and default. We find that DFS' proposed definition of debt could have the effect of excluding many consumers from the protections of the proposed rules. The limitation that debt only includes an alleged obligation "which arises out of a transaction wherein credit has been offered or extended" would omit many common forms of debt that are routinely collected by debt collectors, including medical debt and rental arrears. In our experience, consumers with these forms of alleged debts face many of the same problems from debt collectors as consumers with other forms of debt, including harassment, lack of documentation, and collection on time-barred debt. We think it is imperative that these consumers be protected by the rules.

In addition, the definition's exclusion of debt for credit offered by providers of goods and services may unintentionally be too broad. The exclusion as written may have the unintended consequence of also excluding automobile dealers, medical providers, and department stores that offer financing options directly from their offices, but do not actually extend the credit themselves. For this reason, we recommend that DFS clarify the exclusion by indicating that it only applies when credit is extended "by a seller of consumer goods or services," which would conform more precisely with the Financial Services Law.

Furthermore, the definition of "debt collector" does not explicitly state that it applies to original creditors. This is in contrast to New York State's debt collection law, which does apply to original creditors by virtue of its definition of principal creditor: "any person, firm, corporation or organization to whom a consumer claim is owed, due or asserted to be due or owed, or an assignee for value of said person, firm, corporation or organization." NY GBS Law § 600. Also, the definition of "debt collector" does not explicitly reference debt collection law firms. We believe debt collection law firms are implicitly included in any laws pertaining to debt collectors, in keeping with federal precedent on this subject (*see Heintz v. Jenkins*, 514 U.S. 291 (1995) and *Goldstein v. Hutton, Ingram, Yuzek, Gainen, Carroll & Bertolotti*, 374 F.3d 56 (2d Cir. 2004)), and we do not recommend that the definition be amended.

And finally, the definition of "default" as written only applies to delinquency under the terms of the original agreement, but not all agreements specify such terms. We therefore suggest the simple addition of "or by law." Following are our suggested modifications, with new proposed text in bold and all-caps:

DFS Language for § 1.1 Definitions	MFY Proposed Language for § 1.1 Definitions
<p>(d) Debt Debt means any obligation or alleged obligation of a natural person for the payment of money or its equivalent which arises out of a transaction wherein credit has been offered or extended to a natural person, and the money, property or service which was the subject of the transaction was primarily for personal, family or household purposes. This term includes the obligation of a natural person who is a co-maker, guarantor, or endorser, as well as the obligation of the natural person to whom the credit was originally extended. Debt shall not include any obligation or alleged obligation of a consumer for the payment of money or its equivalent which arises out of credit extended directly to a consumer exclusively for the purpose of enabling that consumer to purchase consumer goods or services directly from the seller.</p>	<p>(d) Debt Debt means any obligation or alleged obligation of a natural person for the payment of money or its equivalent which arises out of a transaction wherein <del>credit has been offered or extended to a natural person, and</del> the money, property or service which was the subject of the transaction was primarily for personal, family or household purposes. This term includes the obligation of a natural person who is a co-maker, guarantor, or endorser, as well as the obligation of the natural person to whom the credit was originally extended. Debt shall not include any obligation or alleged obligation of a consumer for the payment of money or its equivalent which arises out of credit extended <b>BY A SELLER OF CONSUMER GOODS OR SERVICES</b> directly to a consumer exclusively for the purpose of enabling that consumer to purchase consumer goods or services directly from the seller.</p>
<p>(e) Debt collector Debt collector means any person engaged in a business with the principal purpose of collecting or attempting to collect debts, or any person who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another. Debt collector includes without limitation a buyer of delinquent debt who seeks to collect such debt either directly or indirectly.</p>	<p>(e) Debt collector Debt collector means any person engaged in a business with the principal purpose of collecting or attempting to collect debts, or any person who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due <del>another</del>. Debt collector includes without limitation a buyer of delinquent debt who seeks to collect such debt either directly or indirectly.</p>

(f) Default means that the payment on a debt obligation is delinquent under the terms of the original agreement that created the debt.	(f) Default means that the payment on a debt obligation is delinquent under the terms of the original agreement that created the debt <b>OR BY LAW.</b>
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**§ 1.2 Required initial disclosures by debt collectors**

We commend DFS for strengthening what is required of debt collectors when they first contact consumers. We agree that informing consumers of their rights under the Fair Debt Collection Practices Act (FDCPA) is important and empowering. However, we think the most important information for consumers to know is their right under the FDCPA to request that a debt collector cease contacting them. Therefore, we suggest adding that provision and ensuring it is prominent in the initial disclosures. We often encounter consumers whose only source of income is exempt from collection, but who do not know that their income is protected, and are thus frightened of losing their often-limited resources. Therefore, we agree it is important to reassure consumers about the fact that a debt collector may not forcibly take their exempt income under New York and federal law. However, we think that the disclosure as written, which begins with a warning that the consumer might be sued, will be confusing and frightening to consumers. Therefore, we propose an alternative notification that starts with reassuring consumers about their exempt income before explaining that the exemptions only apply if a creditor actually sues the consumer and wins a judgment. We also think it is important to alert working poor consumers that even if they are sued and a judgment is obtained against them, they will not be left destitute by wage garnishment.

Finally, the provision that requires a disclosure regarding the nature of the consumer’s defaulted debt is comprehensive and welcome, but the rule is missing a critical piece of relevant information that should be added: the date of default.

<b>DFS Language for § 1.2 Required initial disclosures by debt collectors</b>	<b>MFY Proposed Language for § 1.2 Required initial disclosures by debt collectors</b>
(a) Within five days after the initial communication with a consumer in connection with the collection of any debt, a debt collector shall, unless the following information is contained in the initial communication, provide the consumer clear and conspicuous written notification of the consumer’s rights in connection with the debt, including: (1) that debt collectors, in accordance with the federal Fair Debt Collection Practices Act,	(a) Within five days after the initial communication with a consumer in connection with the collection of any debt, a debt collector shall, unless the following information is contained in the initial communication, provide the consumer clear and conspicuous written notification of the consumer’s rights in connection with the debt, including: that (1) debt collectors, in accordance with the federal Fair Debt Collection Practices Act, 15 U.S.C § 1692 et seq., <b>MUST</b>

<p>15 U.S.C § 1692 et seq., are prohibited from engaging in abusive, deceptive, and misleading debt collection efforts, including but not limited to:</p> <ul style="list-style-type: none"> <li>(i) the use or threat of violence;</li> <li>(ii) the use of obscene or profane language; and</li> <li>(iii) repeated phone calls made with the intent to annoy, abuse, or harass.</li> </ul> <p>(a)(2) the following written notice:  “A creditor may sue you to collect on this debt. Even if the creditor wins and obtains a judgment against you, state and federal laws prevent certain ‘exempt’ moneys from being taken to satisfy that judgment. Income that you receive from the following sources may be ‘exempt’ from collection:</p> <ol style="list-style-type: none"> <li>1. Supplemental security income, (SSI);</li> <li>2. Social security;</li> <li>3. Public assistance (welfare);</li> <li>4. Spousal support, maintenance (alimony) or child support;</li> <li>5. Unemployment benefits;</li> <li>6. Disability benefits;</li> <li>7. Workers’ compensation benefits;</li> <li>8. Public or private pensions;</li> <li>9. Veterans’ benefits; and</li> <li>10. Federal student loans, federal student grants, and federal work study funds.”</li> </ol>	<p><b>CEASE ALL CONTACTS IF THE CONSUMER SO REQUESTS AND</b> are prohibited from engaging in abusive, deceptive, and misleading debt collection efforts, including but not limited to:</p> <ul style="list-style-type: none"> <li>(i) the use or threat of violence;</li> <li>(ii) the use of obscene or profane language; and</li> <li>(iii) repeated phone calls made with the intent to annoy, abuse, or harass.</li> </ul> <p>(a)(2) the following written notice:  <b>“CERTAIN INCOME IS EXEMPT FROM COLLECTION. EVEN IF THE CREDITOR SUES YOU AND WINS, STATE AND FEDERAL LAW PREVENT THE FOLLOWING TYPES OF INCOME FROM BEING TAKEN:</b>  <del>Income that you receive from the following sources may be ‘exempt’ from collection:</del></p> <ol style="list-style-type: none"> <li>1. Supplemental security income, (SSI);</li> <li>2. Social security;</li> <li>3. Public assistance (welfare);</li> <li>4. Spousal support, maintenance (alimony) or child support;</li> <li>5. Unemployment benefits;</li> <li>6. Disability benefits;</li> <li>7. Workers’ compensation benefits;</li> <li>8. Public or private pensions;</li> <li>9. Veterans’ benefits; and</li> <li>10. Federal student loans, federal student grants, and federal work study funds.</li> <li>11. <b>90 PERCENT OF RECENTLY EARNED INCOME.</b></li> </ol>
<p>(b) Within five days after the initial communication with a consumer in connection with the collection of any defaulted</p>	<p>(b) Within five days after the initial communication with a consumer in connection with the collection of any defaulted debt, a debt collector</p>

<p>debt, a debt collector shall, unless the following information is contained in the initial communication, provide the consumer clear and conspicuous written notification regarding the nature of the consumer's defaulted debt, including:</p> <p>(1) The name of the original creditor;</p> <p>(2) An itemized accounting of the debt, including:</p> <p>(i) The total amount of the debt due as of default, including principal balance due and any charges and fees;</p> <p>(ii) each additional charge or fee accrued since the default;</p> <p>(iii) the name of the creditor or debt collector that levied each charge or fee since the default;</p> <p>(iv) the date of and the basis for the accrual of each additional charge or fee since the default; and</p> <p>(v) each payment made on the debt since the default, including settlements, and the date of each payment.</p>	<p>shall, unless the following information is contained in the initial communication, provide the consumer clear and conspicuous written notification regarding the nature of the consumer's defaulted debt, including:</p> <p>(1) The name of the original creditor;</p> <p>(2) An itemized accounting of the debt, including:</p> <p>(i) The total amount of the debt due as of default, including principal balance due and any charges and fees;</p> <p>(ii) each additional charge or fee accrued since the default;</p> <p>(iii) the name of the creditor or debt collector that levied each charge or fee since the default;</p> <p>(iv) the date of and the basis for the accrual of each additional charge or fee since the default; <del>and</del></p> <p>(v) each payment made on the debt since the default, including settlements, and the date of each payment; <b>AND</b></p> <p><b>(VI) THE DATE OF DEFAULT.</b></p>
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### § 1.3 Disclosures for debts in which the statute of limitations may be expired

Debt collectors regularly contact consumers about debts that are beyond the statute of limitations. These consumers sometimes feel they must pay back a debt, even if they do not recall owing it, and have no information about it. The disclosures to address this statute of limitations problem therefore are welcome. However, they try to impart so much information that we feel they will serve to unnecessarily confuse and mislead consumers. Instead, we suggest simpler language about the fact that it is illegal to sue someone on a time-barred debt, rather than describe the steps consumers must take if they are sued.

Also, part of this section includes disclosure about the possible effects of paying and not paying debts on consumers' credit reports. As the Consumer Financial Protection Bureau has made clear, claims by debt collectors about credit reporting consequences of owing or paying debts are ripe for deception and cause for concern. The CFPB has noted specifically that collectors "may well deceive consumers if they make representations that paying debts in collection will improve a consumer's credit score," and "may well deceive consumers if they make representations about the nature or extent of improved creditworthiness that result from paying debts in collection." CFPB Bulletin 2013-08, "Representations Regarding Effect of Debt Payments on Credit Reports and Scores" (July

10, 2013), available at [http://files.consumerfinance.gov/f/201307\\_cfpb\\_bulletin\\_collections-consumer-credit.pdf](http://files.consumerfinance.gov/f/201307_cfpb_bulletin_collections-consumer-credit.pdf). Therefore, we strongly suggest removing the requirements that debt collectors provide cautionary language about credit scores and credit worthiness, as doing so is in conflict with CFPB guidelines and could result in relaying misinformation and actually cause credit-related problems for consumers.

<p><b>DFS Language for § 1.3 Disclosures for debts in which the statute of limitations may be expired</b></p>	<p><b>MFY Proposed Language for § 1.3 Disclosures for debts in which the statute of limitations may be expired</b></p>
<p>(a) If a debt collector knows or has reason to know that the statute of limitations for a debt may be expired, before accepting payment on the defaulted debt, the debt collector must provide the consumer with clear and conspicuous notice of the following in the same medium (e.g., via telephone, electronic communication) that the debt collector will accept payment that:</p> <p>(1) the debt collector believes that the statute of limitations applicable to the debt may be expired;</p> <p>(2) if the consumer is sued on a debt that has expired, the consumer can stop the lawsuit by responding to the court that the statute of limitations has expired;</p> <p>(3) the consumer is not required to provide the debt collector with an admission, affirmation, or acknowledgment of the debt, a promise to pay the debt, or a waiver of the statute of limitations;</p> <p>(4) if the consumer makes any payment on an expired debt or admits, affirms, acknowledges, or promises to pay the expired debt, the statute of limitations may restart; and</p> <p>(5) failure to pay a debt that the</p>	<p>(a) If a debt collector knows or has reason to know that the statute of limitations for a debt <del>may be</del> HAS expired, before accepting payment on the defaulted debt, the debt collector must provide the consumer with clear and conspicuous notice of the following <del>in the same medium (e.g., via telephone, electronic communication)</del> that the debt collector will accept payment <del>that</del>. <b>IN EVERY COMMUNICATION WITH THE CONSUMER:</b></p> <p>(1) the debt collector believes that the statute of limitations applicable to the debt <del>may be</del> HAS expired;</p> <p>(2) <del>if the consumer is sued on a debt that has expired, the consumer can stop the lawsuit by responding to the court that the statute of limitations has</del> <b>EXPIRED THAT A CONSUMER CANNOT LEGALLY BE SUED ON A DEBT ON WHICH THE STATUTE OF LIMITATIONS HAS EXPIRED; AND</b></p> <p><del>(3) the consumer is not required to provide the debt collector with an admission, affirmation, or acknowledgment of the debt, a promise to pay the debt, or a waiver of the statute of limitations;</del></p> <p>(3) if the consumer makes any</p>

<p>consumer owes, even if the statute of limitations has expired, may damage the consumer’s credit history and credit score and may negatively affect the consumer’s ability to obtain credit</p>	<p>payment on an expired debt or admits, affirms, acknowledges, or promises to pay the expired debt, the statute of limitations may restart.;<del>and</del>  <del>(5) failure to pay a debt that the consumer owes, even if the statute of limitations has expired, may damage the consumer’s credit history and credit score and may negatively affect the consumer’s ability to obtain credit</del></p>
<p>(b) The following language satisfies the notice requirement contained in section 1.3(a) of this Part:  “We are required by regulation of the New York State Department of Financial Services to notify you of the following information. This information is NOT legal advice:  Your creditor or debt collector believes that the legal time limit (statute of limitations) for suing you to collect this debt may have expired. If the creditor sues you to collect on this debt, court rules require you to tell the court that the statute of limitations has expired to prevent the creditor from obtaining a judgment against you.  Even if the statute of limitations has expired, you may choose to make payments on the debt. However, be aware: if you make a payment on the debt, admit to owing the debt, promise to pay the debt, or waive the statute of limitations on the debt, the time period in which the debt is enforceable in court may start again.</p>	<p>(b) The following language satisfies the notice requirement contained in section 1.3(a) of this Part:  <del>“We are required by regulation of the New York State Department of Financial Services to notify you of the following information. This information is NOT legal advice:  ————— Your creditor or debt collector believes that the legal time limit (statute of limitations) for suing you to collect this debt may have expired. If the creditor sues you to collect on this debt, court rules require you to tell the court that the statute of limitations has expired to prevent the creditor from obtaining a judgment against you.  ————— Even if the statute of limitations has expired, you may choose to make payments on the debt. However, be aware: if you make a payment on the debt, admit to owing the debt, promise to pay the debt, or waive the statute of limitations on the debt, the time period in which the debt is enforceable in court may start again.  ————— Further, please note that an expired debt is not extinguished even though the statute of limitations has expired. Failure to</del></p>

<p>Further, please note that an expired debt is not extinguished even though the statute of limitations has expired. Failure to pay the debt may negatively affect your credit history and credit score and your ability to obtain credit. If you would like to learn more about your legal rights and options, you can consult an attorney or a legal assistance or legal aid organization.”</p>	<p><del>pay the debt may negatively affect your credit history and credit score and your ability to obtain credit. If you would like to learn more about your legal rights and options, you can consult an attorney or a legal assistance or legal aid organization.”</del></p> <p><b>“THE LAW LIMITS HOW LONG YOU CAN BE SUED ON A DEBT. BECAUSE OF THE AGE OF THIS DEBT, YOU CANNOT BE LEGALLY SUED ON IT. IF YOU CHOOSE TO PAY THIS DEBT, OR SIGN A PAPER ADMITTING THAT YOU OWE THE DEBT, YOU MAY EXTEND THE TIME THAT YOU CAN BE SUED YOU FOR THIS DEBT.”</b></p>
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**§ 1.4 Verification of debts**

Overall, DFS’s requirements for verifying debts is strong and comprehensive and will go a long way toward helping consumers recognize and pay legitimate debts. In particular, we welcome the requirement that written verification of the defaulted debt be provided within 30 days of the dispute or request. We also commend DFS because the rules allow requests for verification to be made orally or in writing. We suggest that the same be true for disputes, in keeping with the recent ruling on this subject by the Second Circuit in *Hooks v. Forman, Holt, Eliades & Ravin, LLC*, 717 F.3d 282, 286 (2d Cir. 2013).

Further, under the rules as written, collectors need only provide a “final account statement” to be in compliance with the verification requirement. In our experience, a final account statement is usually produced six months after the date of default, and only contains an overall balance with accumulated fees and interest. Such an account statement is not particularly informative or useful to a consumer in determining whether an account actually belonged to him or her and whether the amount reflected is accurate. Instead, statements that show actual purchases and balance transfers made by the consumer will help jog memories and confirm that the debt being sought is legitimate. We also believe the provision regarding showing chain of assignment, while useful and important, would be greatly improved with the simple addition of requiring the name and address of each assignee and assignor.

§ 1.4 Verification of debts	MFY Proposed Language for § 1.4 Verification of debts
<p>(a) If a consumer disputes the validity of a defaulted debt or requests verification of a defaulted debt orally or in writing, a debt collector must provide the consumer written verification of the defaulted debt within 30 days of the dispute or request. Verification of the defaulted debt shall include:</p> <p>(a)(1)(ii) the final account statement or equivalent documents, issued by the original creditor to the consumer</p> <p>(a)(2) a statement describing the complete chain of title from the original creditor to the present debt owner, including the date of each assignment;</p>	<p>(a) If a consumer disputes the validity of a defaulted debt <b>ORALLY OR IN WRITING</b> or requests verification of a defaulted debt orally or in writing, a debt collector must provide the consumer written verification of the defaulted debt within 30 days of the dispute or request. Verification of the defaulted debt shall include:</p> <p>(a)(1)(ii) the <b>LAST FIVE STATEMENTS SHOWING TRANSACTIONS INITIATED BY THE CONSUMER</b> <del>final account statement or equivalent documents</del>, issued by the original creditor to the consumer;</p> <p>(a)(2) a statement describing the complete chain of title from the original creditor to the present debt owner, including the <b>NAME AND ADDRESS OF EACH ASSIGNOR AND ASSIGNEE AND THE</b> date of each assignment;</p>

### § 1.5 Debt payment procedures

In our experience, consumers often enter into agreements that they do not fully understand. Others--many of whom receive exempt income--feel pressured into signing repayment plans that they cannot afford. Thus, we appreciate the requirement that consumers be informed about exempt income, but we express the same concerns as above about the language as written and suggest an alternative. We also believe strongly that the rules as written are very problematic because the timing for the debt collector to provide the required information under this rule is simply before accepting payment on a debt. We believe it is imperative that consumers receive the terms of a settlement in writing and any disclosures promptly, and well before any payment is made.

§ 1.5 Debt payment procedures	MFY Proposed Language for § 1.5 Debt payment procedures
<p>(a) No debt collector shall accept any payment under a debt payment schedule or other agreement to settle a defaulted debt without first furnishing the consumer with a clear and conspicuous written document containing:</p> <p>(1) written confirmation of the debt payment schedule or other agreement to settle the defaulted debt. This written confirmation shall not include any terms or conditions to which the consumer did not specifically agree; and</p> <p>(2) the following notice:  “A creditor may sue you to collect on this debt. Even if the creditor wins and obtains a judgment against you, state and federal laws prevent certain ‘exempt’ moneys from being taken to satisfy that judgment. Income that you receive from the following sources may be ‘exempt’ from collection:</p> <ol style="list-style-type: none"> <li>1. Supplemental security income, (SSI);</li> <li>2. Social security;</li> <li>3. Public assistance (welfare);</li> <li>4. Spousal support, maintenance (alimony) or child support;</li> <li>5. Unemployment benefits;</li> <li>6. Disability benefits;</li> <li>7. Workers’ compensation benefits;</li> <li>8. Public or private pensions;</li> <li>9. Veterans’ benefits; and</li> <li>10. Federal student loans, federal student grants, and federal work study funds.</li> </ol>	<p><del>(a) No debt collector shall accept any payment under a debt payment schedule or other agreement to settle a defaulted debt without first furnishing the consumer with a clear and conspicuous written document containing:</del> <b>THE DEBT COLLECTOR SHALL, WITHIN FIVE DAYS AFTER REACHING DEBT PAYMENT SCHEDULE OR OTHER AGREEMENT TO SETTLE A DEFAULTED DEBT, AND BEFORE ACCEPTING ANY PAYMENT THEREUNDER, FURNISH THE CONSUMER WITH A CLEAR AND CONSPICUOUS WRITTEN DOCUMENT CONTAINING:</b></p> <p>(1) written confirmation of the debt payment schedule or other agreement to settle the defaulted debt. This written confirmation shall not include any terms or conditions to which the consumer did not specifically agree; and</p> <p>(2) the following notice:  <del>“A creditor may sue you to collect on this debt. Even if the creditor wins and obtains a judgment against you, state and federal laws prevent certain ‘exempt’ moneys from being taken to satisfy that judgment. Income that you receive from the following sources may be ‘exempt’ from collection:</del> <b>CERTAIN INCOME IS EXEMPT FROM COLLECTION. EVEN IF THE CREDITOR SUES YOU AND WINS, STATE AND FEDERAL LAW PREVENT THE FOLLOWING TYPES OF INCOME FROM BEING</b></p>

	<p><b>TAKEN:</b></p> <ol style="list-style-type: none"> <li>1. Supplemental security income, (SSI);</li> <li>2. Social security;</li> <li>3. Public assistance (welfare);</li> <li>4. Spousal support, maintenance (alimony) or child support;</li> <li>5. Unemployment benefits;</li> <li>6. Disability benefits;</li> <li>7. Workers' compensation benefits;</li> <li>8. Public or private pensions;</li> <li>9. Veterans' benefits; and</li> <li>10. Federal student loans, federal student grants, and federal work study funds;</li> <li>11. <b>90 PERCENT OF RECENTLY EARNED INCOME.</b></li> </ol>
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We also urge DFS to publicize its complaint procedures so that consumers may report debt collectors that do not comply with these rules. Finally, although Section 408 of the Financial Services Law authorizes DFS to levy civil penalties for violations of state debt collection laws, we believe that DFS should explicitly reference the potential penalties that may be imposed on debt collectors who fail to abide by these rules.

Thank you for the opportunity to comment on these rules. If you have any questions, please feel free to contact us.

Sincerely,

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