H.R. 5001, Non-Judicial Foreclosure Debt Collection Clarification Act
As ordered reported by the House Committee on Financial Services on November 14, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated

		Mandate Effects	
Statutory pay-as-you-go procedures apply?	Yes		
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Cannot Determine Costs

* = between zero and $500,000.

H.R. 5001 would classify some businesses engaged in nonjudicial foreclosure proceedings as debt collectors under the Fair Debt Collection Practices Act (FDCPA). (Nonjudicial proceedings allow foreclosures on delinquent mortgages to occur without court supervision.) By classifying such businesses as debt collectors, H.R. 5001 would require them to comply with all applicable provisions of the FDCPA.

The Federal Trade Commission (FTC) is primarily responsible for enforcing violations of the FDCPA. Using information from the FTC, CBO estimates that the agency would spend less than $500,000 over the 2020-2025 period to enforce additional violations under the amended statute; such spending would be subject to the availability of appropriated funds.

The Consumer Financial Protection Bureau (CFPB) is authorized to implement the FDCPA through regulation. Using information from the CFPB, CBO estimates that it would cost the bureau less than $500,000 to update FDCPA regulations. The CFPB has permanent authority, not subject to annual appropriation, to spend amounts transferred from the Federal Reserve.

The bill would impose private-sector and intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO cannot determine whether the cost of the private-sector mandates would exceed the threshold established in UMRA ($168 million in 2020, adjusted annually for inflation). CBO estimates the cost to comply with the

intergovernmental mandates would not exceed the threshold established in UMRA ($84 million in 2020, adjusted annually for inflation).

Under the FDCPA, a debt collector is prohibited from communicating with third parties about a debt without the consumer's approval and cannot communicate with a consumer who has requested not to be contacted. In addition, under the FDCPA, a debt collector cannot act to collect a debt that is in dispute without providing the consumer with verification of that debt. Applying those restrictions to nonjudicial foreclosures could slow the foreclosure process while the debt collector provides information requested by the consumer.

The restrictions would impose costs on the new debt collectors, including expenses to comply with the new disclosure requirements and revenues lost from the delay in the nonjudicial foreclosure process. Little data is available to estimate the number of newly classified debt collectors or the number of consumers who would make claims that would slow the nonjudicial foreclosure process; therefore, CBO cannot estimate the cost of the mandate. However, given the number of loans that might be affected, CBO expects the costs could be substantial.

Because the FDCPA preempts state laws that conflict with its provisions, any amendments that would broaden the scope of FDCPA also would preempt state law. Thus the reclassification would preempt laws in roughly 30 states and the District of Columbia that govern businesses involved in nonjudicial foreclosures. Although the preemption would limit the application of those laws, it would impose no duty on states that would result in additional spending or a loss of revenue.

The CBO staff contacts for this estimate are David Hughes (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.