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**TWENTY CONSUMER AND COMMUNITY GROUPS OPPOSE HB 3569 ALLOWING
“UNLIMITED FEES” TO BE IMPOSED ON MASSACHUSETTS CONSUMERS BY
FOR-PROFIT DEBT RELIEF FIRMS**

*Massachusetts Lawmakers Under Pressure from Consumer and Community Organizations to Limit
Harmful, For-profit Debt Relief Services*

(BOSTON) Quietly and unexpectedly, the Massachusetts House passed HB 3569 via a voice vote on Wednesday. Yesterday, nearly two dozen consumer protection experts and community groups working to stop predatory lending in Massachusetts issued a major sign-on letter raising concerns about HB 3569 advancing further in the State legislature.

The coalition letter is available online here <http://www.massassets.org/news/LettertoLegislators.pdf>

The troublesome legislation would reverse a long-standing statewide policy against for-profit debt relief services (including debt settlement) and allow providers to charge unlimited fees. The groups contend that the combination of high fees and growing, unsettled debts from for-profit services results in most clients leaving the programs worse off than when they started. According to the Center for Responsible Lending, in order to protect consumers from these dangers, states should either prohibit for-profit debt settlement services or limit the fees to no more of 15% of savings. States can also establish suitability standards or provide relief for consumers whose financial condition worsens as a result of enrolling in a debt settlement program.

HB 3569, as currently written, is out of sync with the trend in other states. Several states, including Arkansas, Hawaii, Louisiana, Oklahoma and Wyoming, ban for-profit debt settlement. Another 20 states place significant limits on the fees that debt settlers can charge. Last year, both Louisiana and New Mexico rejected bills similar to HB 3569.

The groups signing the letter to Massachusetts lawmakers are: Allston Brighton Community Development Corporation; Center for Public Representation; Center for Responsible Lending; Citizens' Housing and Planning Association; Coalition for Social Justice; Consumer Federation of America; Predatory Lending Prevention/Consumer Protection Clinic at the Legal Services Center of Harvard Law School; Consumers Union; Crittenton Women's Union; Greater Boston Legal Services, Inc., on behalf of its clients; Heading Home, Inc.; Lawrence Community Works, Inc.; Mass 211; Massachusetts Association of Community Development Corporations; MassPIRG; Massachusetts Senior Action Council; Midas Collaborative; National Association of Consumer Advocates; National Association of Consumer Bankruptcy Attorneys; and National Consumer Law Center, on behalf of its low-income clients.

“Massachusetts has always upheld a national model for consumer protection. That’s why HB 3569 is such an enigma. The bill contains zero provisions to protect consumers from the harmful practice of debt settlement. HB 3569 will do more harm than good to hard-working families in Massachusetts,” said Oneshia Herring, legislative counsel at the Center for Responsible Lending.

“It’s important that basic consumer protections be made a permanent part of this legislation and not be left to future regulatory discretion,” said National Consumer Law Center’s Director of Litigation Stuart Rossman.

Margaret Miley, executive director of the Midas Collaborative said, “Massachusetts communities were devastated by predatory mortgages. We simply can’t afford these harmful business practices again.”

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness. www.nclc.org