From: Bruce Thompson
To: submissions (Banking)
Subject: Consumer Debt Relief Act
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> The Proposal---The Consumer Debt Relief Act
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> Millions of hard-working Americans are mired in debt, besieged by predatory and abusive debt collection firms, and virtually barred from participating in the American economy. This proposal would provide a tax credit to encourage banks to stop selling their delinquent debt to debt collectors, and instead to donate the debt to qualified nonprofit organizations set up to work with consumers to resolve their debt. Under current law, major banks sell their delinquent loans to debt-buying companies, who abuse, harass, and sue consumers and never help them get back on their feet. This tax credit would reduce the role of predatory debt collectors and encourage the establishment of nonprofit organizations to help consumers get out of debt honorably without bankruptcies or lawsuits.
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> Reasons for Change
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> The proposed tax credit would relieve the financial distress of millions of Americans, and help them become active participants in our economy. This one small step will change the way consumer debt is collected. It will help stop debt collection abuses, reduce foreclosures and bankruptcies, and help consumers improve FICO scores. By improving access to consumer credit, it will reduce the need for predatory lending, payday loans, and pawn companies. And by easing financial distress, it will reduce family discord, substance abuse, and other social problems.
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> Seventy-seven million Americans have at least one delinquent debt on their credit report. An incredible $668 billion of consumer debt is delinquent, and $471 billion is seriously delinquent--- at least 90 days late. Nearly half of American families say their biggest financial problems are too much debt, healthcare costs, and low wages. According to one national survey, six in ten Americans say they lose sleep at night worrying about money matters, including how to get out of debt.
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> A major cause of consumer financial distress is the daily abuse millions of Americans face from predatory debt collectors. The CFPB reports that the number one source of consumer complaints is abusive debt collectors. The agency estimates that one in three Americans have been contacted by a creditor or debt collector in the past year. Ten million lawsuits for collection of debt are filed each year against consumers by debt collectors.
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> The problem of abusive debt collection is chilling consumer spending and economic growth, shutting millions of consumers out of participating in our economy Most of the consumer debt comes from spending on daily necessities such as food, clothing, housing, and prescriptions, and not from luxury items. Helping people get out of debt will enable people to get back on their feet and become participating members of our economy.
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> The tax credit proposal would encourage the establishment of nonprofit organizations specifically designed to help consumers resolve their debts. These nonprofits would be required to offer a series of free services to help consumers restructure and resolve their debts, including negotiating with creditors for repayment plans and settlements. They would provide assistance in finding new or better jobs, help identify public and private social services agencies, and provide educational resources and money management tools to help consumers improve their financial futures.
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> This tax credit proposal will help millions of Americans get out of debt and back on their feet, and help get the economy moving again.

Bruce Thompson
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