

HOUSE No. 4316

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, July 28, 2025.

The committee on Financial Services, to whom was referred the petition (accompanied by bill, House, No. 1275) of Tram T. Nguyen, Christine P. Barber and others relative to the collection of consumer debt, reports recommending that the accompanying bill (House, No. 4316) ought to pass.

For the committee,

JAMES M. MURPHY.

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In the One Hundred and Ninety-Fourth General Court
(2025-2026)

An Act relative to fairness in debt collection.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The General Laws are hereby amended by inserting after chapter 93L the
2 following chapter:-

3 CHAPTER 93M.

4 DEBT COLLECTION FAIRNESS ACT.

5 Section 1. As used in this chapter, the following words shall have the following meanings
6 unless the context clearly requires otherwise:

7 “Charge-off”, a declaration by a creditor that a delinquent consumer loan, consumer
8 credit account or other consumer debt has been removed from a creditor’s books as an asset and
9 treated as a loss or expense.

10 “Consumer”, a natural person.

11 “Consumer form contract”, a contract in writing between a business and a consumer
12 involving goods or services, including, but not limited to, credit or financial services, primarily

for personal, family or household purposes, that has been drafted by the business for use with more than 1 consumer, unless the only other consumer is the spouse of the first consumer.

“Consumer debt”, an obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance or services that are the subject of the transaction are primarily for personal, family or household purposes, whether or not the obligation has been reduced to judgment; provided, however, that “consumer debt” shall not include a common expense or charge levied under chapters 183A or 183B, an obligation or alleged obligation to pay common expenses or charges levied pursuant to a covenant or agreement running with the land or a residential mortgage loan.

“Creditor”, a person or entity to whom a debt is owed, including a judgment creditor and any other person or entity that obtains an execution on a debt; provided, however, that “creditor” shall not include an organization of unit owners as defined in section 1 of chapter 183A, a time-share association under chapter 183B or a homeowner association or entity to whom debt is owed pursuant to a covenant or agreement running with the land.

“Debt buyer”, a person or entity that is engaged in the business of purchasing delinquent or charged-off consumer loans, consumer credit accounts or other delinquent consumer debt for collection purposes, whether the person or entity collects the debt itself or hires a third party for collection or an attorney for litigation in order to collect the debt.

“Debt collector”, a person or entity that uses an instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of a debt, or who regularly collects or attempts to collect, directly or indirectly, a debt owed or due or asserted to be owed or due another.

“Earnings”, gross compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, payment for skilled, personal or professional services or otherwise, and whether earned as an employee or independent contractor.

“Execution”, an attachment, levy, garnishment or other disablement, freeze or seizure of property, whether pre-judgment or post-judgment, to satisfy a debt or a creditor’s exercise of a right of setoff to collect a debt; provided, however, that “execution” shall not include self-help repossession of collateral.

“Exempt”, not subject to execution, levy, attachment, garnishment, setoff, self-help, disablement, freeze, seizure or other form of process, court order, creditor or other action for debt collection or restitution or other equitable claim unless otherwise specified.

“Garnishment”, a legal or equitable procedure through which the earnings, property or funds of a person are required by a court of competent jurisdiction to be withheld by another entity for payment of a debt to a creditor.

“Residential mortgage loan” a loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling as defined in 15 U.S.C. section 1602(w) or residential real estate upon which is constructed or intended to be constructed a dwelling as so defined.

“Trustee”, a trustee served pursuant to chapter 246.

Section 2. (a) Notwithstanding section 34 of chapter 235, if a consumer’s earnings are attached to satisfy a judgment for collection of a consumer debt, wages equal to the greater of 90 per cent of the debtor's gross weekly wages or 65 times the greater of the federal minimum

hourly wage under 29 U.S.C. section 206(a)(1) or the state minimum hourly wage under section 1 of chapter 151 in effect at the time shall be exempt from the attachment and not subject to garnishment. This exemption shall be adjusted pro rata for a pay period that is more than weekly.

(b) Notwithstanding subsection (a), a consumer debtor subject to a judgement for collection of a consumer debt may seek to exempt additional wages from attachment by filing a form making a claim of undue financial hardship with the court. Such form shall be prepared by the court to allow a consumer debtor to readily identify the basis for the consumer debtor's request for an additional exemption under this subsection. Upon the filing of the financial hardship form, the court shall hold a hearing as soon as practicable to determine the total amount that shall be exempted from the judgment debtors' wages.

(c) If more than 1 order of attachment for a consumer debt is served on a trustee with respect to the same consumer, the order of attachment served the earliest shall take priority. If an order of attachment with greater priority consumes the entirety of the earnings that is available for garnishment under the preceding subsections, the consumer's earnings shall not be garnished pursuant to the order of attachment with lower priority.

(d) The protections for earnings under this section apply to consumers whose physical place of employment is in the commonwealth; provided, however, that such protections shall continue to apply even if such consumer's employer has corporate offices or other places of business located outside the commonwealth.

(e) This section shall not apply in a proceeding to attach earnings or a pension to satisfy a divorce, separate maintenance or child support order of a court of competent jurisdiction and, in such a proceeding, including an action for trustee process to enforce a support order under

section 36A of chapter 208, federal law limiting the amounts that may be trustee, assigned or attached in order to satisfy an alimony, maintenance or child support order shall apply.

(f) Except as otherwise permitted by law, an amount held by a trustee for a defendant in a pension, as defined in section 28 of chapter 246, shall be reserved in the hands of the trustee and shall be exempt from attachment to satisfy a judgment for collection of a consumer debt.

(g) An employer shall not take adverse employment action against an employee or refuse to hire an individual because of 1 or more garnishments for consumer debts or because of obligations that any garnishments impose against the employer. An employer who violates this section shall be liable in a civil action, action for contempt or other appropriate proceeding to the employee or individual for the wages and employment benefits lost by the employee or individual from the time of the adverse employment action or refusal to hire to the period of reinstatement and an additional penalty of not more than \$1,000.

(h) Income from child support payments shall be exempt from collection under this chapter.

Section 3. (a) Notwithstanding section 2 of chapter 260, an action for the collection of a consumer debt shall be commenced not more than 5 years after the cause of action accrues. Notwithstanding any applicable statute of limitations of the commonwealth or other jurisdiction, said limitations period shall apply to a claim for a consumer debt, whether the claim sounds in contract, account stated, open account, contract or instrument under seal or other basis.

(b) Notwithstanding section 14 of chapter 260, a payment on a consumer debt that is made after the limitations period under subsection (a) has expired shall not revive or extend the

99 limitations period or bar the consumer from asserting a defense to the collection of a consumer
100 debt.

101 (c) No creditor, debt buyer or debt collector shall bring a suit or initiate an arbitration or
102 other legal proceeding to collect a consumer debt if the applicable limitations period under
103 subsection (a) has expired.

104 (d) A waiver by a consumer of a protection or right under this section shall be void and
105 unenforceable.

106 (e) Notwithstanding section 20 of chapter 260 or any other general or special law to the
107 contrary, an action for the collection of a consumer debt arising from a judgment or decree,
108 including an execution upon or trustee process based on said judgment or decree and other
109 activity to collect on the judgment, shall be commenced not more than 10 years after the entry of
110 said judgment or decree. If such an action has commenced within 10 years, said judgment or
111 decree may be renewed one time for 10 years. A judgment or decree shall not be revived or
112 renewed after the limitations period under this subsection has expired.

113 Section 4. (a) A plaintiff who has obtained a judgment on a claim for the collection of a
114 consumer debt shall provide written notice to the consumer debtor not less than 30 days prior to
115 a supplementary process in a civil action for the examination of said consumer debtor pursuant to
116 section 14 of chapter 224 or a payment review hearing in a small claims action pursuant to
117 Uniform Small Claims Rule 7(i). Such notice shall inform the consumer debtor of the
118 opportunity to submit a financial affidavit in a form prescribed by the court and signed under the
119 penalties of perjury. If the consumer debtor indicates through the financial affidavit that all
120 income and assets are exempt from collection and files the affidavit as prescribed by the court,

the court shall acknowledge receipt and inform both parties that the supplementary process or payment review hearing shall not occur. Upon filing of said affidavit, no further supplementary proceedings or payment review hearings shall be scheduled unless the judgment creditor presents evidence of the judgment debtor's non-exempt assets or income and the court determines that there is a reasonable basis to believe that there are non-exempt assets or income warranting the scheduling of a new supplementary process or payment review hearing.

(b) Notwithstanding sections 18 and 20 of chapter 224 or any other applicable law, rule, or regulation to the contrary, no *capias* or other warrant to compel the attendance of an alleged consumer debtor shall be issued for failure of the alleged consumer debtor to appear at a supplementary process in a civil action for an examination pursuant to section 14 of chapter 224 or a payment review hearing in a small claims action pursuant to Uniform Small Claims Rule 7(i). If the alleged consumer debtor fails to appear, the court shall schedule a show cause hearing to determine whether a *capias* or other warrant to compel the attendance of the alleged consumer debtor should be issued. No *capias* or other warrant shall be issued to compel the attendance of the alleged consumer debtor at a show cause hearing without evidence that notice of the said hearing was served on the consumer either by signed return receipt or by a sworn return of service.

(c) Notwithstanding sections 18 and 20 of chapter 224 or any other applicable law, rule or regulation to the contrary, an alleged consumer debtor that is compelled to attend pursuant to a *capias* or other warrant shall be brought before the court the same day. The consumer shall be given the opportunity to complete the financial affidavit described in subsection (a). The *capias* or other warrant shall be satisfied by the consumer's appearance in court or completion of the financial affidavit indicating that all forms of income and assets are exempt.

(d) Notwithstanding sections 18 and 20 of chapter 224 or any other applicable law, rule or regulation to the contrary, no person shall be imprisoned or jailed for failure to pay a consumer debt, nor shall a person be imprisoned or jailed for contempt of or failure to comply with a court order to pay a consumer debt in part or in full.

Section 5. (a) Except as provided in subsection (b), if a plaintiff prevails in an action to collect a consumer debt, interest computed pursuant to section 6C of chapter 231 or section 8 chapter 235 shall be limited to a fixed rate of interest of 12 per cent per annum.

(b) For actions to collect a consumer debt, judgments entered on or after January 1, 2026, or where an application for renewal of judgment is filed on or after January 1, 2026, interest shall be limited to a fixed rate of 3 per cent per annum. Nothing in this subsection shall be construed to require any interest which accrued at a higher interest rate prior to January 1, 2026, to be recalculated or reduced to the new 3 per cent rate. Judgments issued prior to January 1, 2026, with an interest rate other than 3 per cent per annum shall not be required to be amended or reissued by the courts.

(c) If the plaintiff prevails in an action to collect a consumer debt, the plaintiff may collect attorney's fees only if the contract or other document evidencing the indebtedness sets forth an obligation of the consumer debtor to pay attorney's fees; provided, however, that if the contract or other document evidencing indebtedness provides for attorney's fees in some specific percentage, the provision and obligation shall be valid and enforceable for not more than 15 per cent of the amount of the debt excluding attorney's fees and collection costs; provided further that if a contract or other document evidencing indebtedness provides for the payment of reasonable attorney's fees by the consumer debtor, without specifying a specific percentage, the

provision shall be construed to mean the lesser of 15 per cent of the amount of the debt, excluding attorney's fees and collection costs, or the amount of attorney's fees calculated by a reasonable rate for such cases multiplied by the amount of time reasonably expended to obtain the judgment; provided further, that the documentation setting forth a party's obligation to pay attorney's fees shall be provided to the court before a court may enforce those provisions; and provided further, that such documentation shall not include materials that the plaintiff has already filed together with the complaint in compliance with applicable court rules.

Section 6. (a) A violation of sections 2 to 5, inclusive, shall constitute a violation of chapter 93A.

(b) Any portion of a contract, including a consumer form contract, that violates sections 2 to 5, inclusive, shall be void and unenforceable.

SECTION 2. Section 28 of chapter 246 of the General Laws, as appearing in the 2022 Official Edition, is hereby amended by adding the following paragraph:- This section shall not apply in a proceeding to attach earnings or a pension to satisfy a judgment for collection of a consumer debt as defined in section 1 of chapter 93M, and in such an action, said chapter 93M shall apply.

SECTION 3. Section 3 of chapter 93M of the General Laws shall not apply to a consumer debt for which the cause of action accrued before January 1, 2026; provided, however, that subsection (b) of said section 3 of said chapter 93M shall apply to payments made after the effective date of this act; provided, further, that subsection (b) of section 6 of chapter 93M shall not apply to a contract, including a consumer form contract that is in effect before January 1, 2026.

SECTION 4. This act shall take effect on January 1, 2026.