



Legislation Text

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Int. No. 419

By Council Members Gioia, Baez, Brewer, Comrie, Gerson, Koppell, Liu, Martinez, Nelson, Quinn, Stewart, Weprin and Yassky

A Local Law to amend the administrative code of the city of New York, in relation to creating disclosure requirements for debt collection agencies that collect child support payments.

Be it enacted by the Council as follows:

Section 1. Subchapter 30 of chapter two of title 20 of the administrative code of the city of New York is amended by adding a new section 20-494.1 to read as follows:

§20-494.1 Disclosure requirements relating to the collection of child support payments. a. Any debt collection agency collecting child support payments shall provide any person or persons seeking the services of such debt collection agency with the following disclosure in writing, on such debt collection agency's letterhead or stationery, in at least 14-point type, at the same time at which such agency first furnishes such person or persons with any informational or promotional materials, application or contract for services, regardless of the manner in which such materials are provided, including, but not limited to, in-person contact, by mail or via the Internet. Such disclosure shall take the following form:

**TERMS, CONDITIONS AND FEES DISCLOSURE**

1. **No Obligation:** You are under no obligation to hire {AGENCY NAME} or any debt collection agency to collect child support payments on your behalf.

2. **Fees:**

a. **Application Fee:** {AGENCY - CHOOSE ONE:}

- o {AGENCY NAME} will charge you an application fee in the amount of \$ {AGENCY - INSERT AMOUNT}.

This fee {AGENCY - CHOOSE ONE: is / is not refundable}. {IF REFUNDABLE, AGENCY MUST DESCRIBE

CONDITIONS NECESSARY TO RECEIVE SUCH REFUND.

- o {AGENCY NAME} **will not charge** you an application fee.

**b. Collection Fee for Child Support Payments that are in Arrears:** {AGENCY NAME} will collect a fee in the amount of % {AGENCY - INSERT AMOUNT} of the total amount of child support payments it collects that are in arrears.

**c. Collection Fee for Child Support Payments that are NOT in Arrears:** Some debt collection agencies will charge you a fee for any child support payments you receive in the future, even if those payments are not late and are made on time. {AGENCY - CHOOSE ONE:}

- o {AGENCY NAME} **will collect a fee** in the amount of % {AGENCY - INSERT AMOUNT} for any future child support payments you may receive, until your contract with the agency terminates, **even if those child support payments are paid on time and are not in arrears.**
- o {AGENCY NAME} **will not collect a fee** for any future child support payments you may receive that are not in arrears.

**d. Legal Fees:** {AGENCY NAME} {AGENCY - CHOOSE ONE: will / will not} charge you for legal fees incurred by {AGENCY NAME} in connection with the collection of child support payments. {IF LEGAL FEES MAY BE CHARGED, AGENCY - CHOOSE ONE:}

a. There is a limit of {AGENCY - INSERT PERCENTAGE OR DOLLAR AMOUNT} on the legal fees you may be charged.

b. There is **no limit** on the amount of legal fees you may be charged.

**e. Early Termination Penalty:** {AGENCY - CHOOSE ONE:}

a. You **will** be charged a fee in the amount of {AGENCY - INSERT PERCENTAGE OR DOLLAR AMOUNT} if you terminate the contract prior to {AGENCY - INSERT TERMINATION DATE OR IF NO SPECIFIC TERMINATION DATE, DESCRIBE HOW CONTRACT TERMINATES}.

b. You **will not** be charged a termination fee if you terminate the contract prior to {AGENCY - INSERT TERMINATION DATE OR IF NO SPECIFIC TERMINATION DATE, DESCRIBE HOW CONTRACT TERMINATES}.

c. You **may not terminate** the contract early.

f. **Additional Fees:** {AGENCY NAME} will also charge you the following additional fees {AGENCY - DESCRIBE ANY ADDITIONAL FEES}.

**3. Term and Automatic Renewals:**

a. The contract with {AGENCY NAME} will terminate on {AGENCY - INSERT SPECIFIC DATE. IF THERE IS NO SPECIFIC DATE, STATE HOW THE CONTRACT WILL TERMINATE (i.e., “until arrears are paid in full”)}.

b. You may terminate the contract with {AGENCY NAME} by {AGENCY - SUMMARIZE TERMINATION PROVISIONS}.

c. If you hire {AGENCY NAME}, your contract **will automatically renew** unless you {AGENCY - DESCRIBE PROVISIONS FOR TERMINATING CONTRACT}.

d. Any person or entity subject to the provisions of this section shall furnish a completed and current copy of the “Terms and Conditions Fees Disclosure”, together with a standard copy of such person or entity’s contract for child support payment debt collection services to the commissioner within sixty (60) days of enactment of this subdivision.

§2. Subchapter 30 of chapter two of title 20 of the administrative code of the city of New York is amended by adding a new subdivision c to section 20-492 to read as follows:

c. Any person or entity subject to the provisions of section 20-494.1 shall furnish a completed and current copy of the “Terms, Conditions and Fees Disclosure” required under section 20-494.1, together with a standard copy of such person or entity’s contract for child support payment debt collection services to the commissioner upon applying for a debt collection agency license or renewal thereof.

§3. Effect of invalidity; severability. If any section, subsection, sentence, clause, phrase or other portion of this local law is, for any reason, declared unconstitutional or invalid, in whole or in part, by any court of competent jurisdiction, such portion shall be deemed severable, and such unconstitutionality or invalidity shall not affect the validity of the remaining portions of this local law, which remaining portions shall continue

in full force and effect.

§4. This local law shall take effect immediately.

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