



June 26, 2023

Support for Senate Bill 2989 (Pou/Singer)

Dear Senator:

The Senate today will vote on [S2989](#), legislation that would allow New Jersey consumers in financial hardship to access regulated debt resolution services – programs that can help consumers enduring financial difficulty to reduce their total unsecured debt loads. I thank you for your consideration and urge your support for this legislation.

New Jersey is one of the only states in the country to have a statutory prohibition on debt resolution services, with certain exemptions. Therefore New Jersey residents do not have access to the debt resolution industry, which nationally settles more than \$5 billion in unsecured debt for hundreds of thousands of consumers in financial hardships each year.

With the promulgation of regulations by the Federal Trade Commission (FTC) in 2010, stringent rules were imposed on the debt resolution industry through a series of amendments to the Telemarketing Sales Rules (TSRs). Under the revisions to the TSRs, debt resolution companies are barred from assessing their customers any fees whatsoever until: 1) a settlement on an account has been reached; 2) the consumer has accepted the settlement; 3) and the consumer has made a payment to the creditor towards the settlement. Debt resolution is therefore one of the only products in the financial marketplace whose providers, by federal law, must deliver a resolution to their customers before they are legally permitted to collect a fee.

Despite the strong federal rules, New Jersey's statutory position remains unchanged, unlike most states across the country – including New Jersey's neighbors, such as New York, Delaware, Maryland and Pennsylvania – permitting their residents to access debt resolution services as an option to address their unmanageable debt burdens. Because New Jersey's neighboring states permit debt resolution, New Jersey residents frequently see advertisements for these services, which they are unable to lawfully access.

New Jerseyans continue to face rising consumer debt coupled with COVID-19's crippling effect on our economy and rising interest rates on credit. It makes sense for New Jersey to allow residents access to well-regulated and licensed debt resolution services to avoid bankruptcy and provide both debtors and creditors with some much-needed relief.

This legislation would provide another financial option for New Jersey residents struggling with unsecured debt. Further it aligns our state with our regional neighbors and the vast majority of states in the US that permit access to well-regulated and licensed debt resolution services.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Boms", written over a thin horizontal line.

Steven Boms
American Fair Credit Council