



HOUSE BILL 274: Increase Penalties for Debt Adjusting.

2017-2018 General Assembly

Committee:	House Judiciary II. If favorable, re-refer to Commerce and Job Development	Date:	April 25, 2017
Introduced by:	Reps. Stevens, Davis	Prepared by:	Susan Sitze
Analysis of:	First Edition		Howard Marsilio Committee Counsel

OVERVIEW: *House Bill 274 would increase the penalties for engaging in the business or practice of debt adjusting, and create a felony offense for certain levels of debt adjusting.*

CURRENT LAW: Article 56 of Chapter 14 relates to the prohibited business or practice of debt adjusting. Debt adjusting is entering into a contract with a debtor to act as an intermediary between a debtor and creditor (for various purposes) for a fee, as defined in G.S. 14-423(2). G.S. 14-426(1) through (7) lists persons and transactions deemed not to be debt adjusters or in the business or practice of debt adjusting.

It is unlawful for any person to engage in, or offer to or attempt to, engage in the business or practice of debt adjusting, or to act, offer to act, or attempt to act as a debt adjuster, pursuant to G.S. 14-424. A violation of this section is a Class 2 misdemeanor.

BILL ANALYSIS: This bill would increase the penalty for a violation of G.S. 14-424 from a Class 2 misdemeanor to a Class 1 misdemeanor.

It would also create a Class H felony if either of the following applies:

- The business or practice involves an aggregate payment of money or property by one or more debtors valued at five thousand dollars (\$5,000) or more.
- The business or practice involves five or more debtors.

EFFECTIVE DATE: This act would become effective December 1, 2017 and would apply to offenses committed on or after that date.

Karen Cochrane-Brown
Director



H 2 7 4 - S M B G - 3 2 E 1 - V - 6

Legislative Analysis
Division
919-733-2578