first lien residential mortgage loans that are acquired by bona fide loan servicers, not professional debt collectors. It would exempt them only from the ‘Miranda’ notice and the debt validation provisions of the FDCPA.

Importantly, all of the substantive protections under the FDCPA would continue to apply to any loan as to which the servicer is not exempt as a creditor. These provisions will allow residential mortgage loan servicers to treat the few loans subject to the FDCPA in the same way they treat all other loans and will thus reduce unnecessary administrative costs incurred identifying and separately handling these accounts. In addition, once a servicer is considered a “debtor collector” under the FDCPA, the borrower would have a right to request a “validation statement”—a statement of the amount necessary to bring the loan current and to pay off the loan in full as of a particular date.

I think it is also important to note that this proposed legislative clarification has the full support of the Federal Trade Commission, the agency with enforcement jurisdiction over the FDCPA. As a matter of fact, the FTC has consistently gone on record in its Annual Report to Congress as supporting legislative clarification in this area. The FTC’s 21st Annual Report to Congress provides as follows:

Section 803 (6) of the FDCPA sets forth a number of specific exemptions from the law, one of which is collection activity by a party to a loan to Congress provides as follows:

- Section 803 (6) of the FDCPA sets forth a number of specific exemptions from the law, one of which is collection activity by a party to a loan.
- The Commission believes that Section 803 (6) (F) (iii) was designed to exempt only businesses whose collection of delinquent debts is secondary to their function of servicing accounts. In this regard, the Commission recommends that Congress amend this exemption so that its applicability will depend upon the nature of the overall business conducted by the party to be exempted rather than upon the nature of the overall business conducted by the party to be exempted.
- I am pleased that several of my colleagues on the House Banking and Financial Services Committee, namely Reps. Jack Metcalf (WA) and Walter Jones (NC), are also sponsoring what I hope will be bipartisan legislation to clarify the FDCPA as it applies to residential mortgage loan servicers. I hope we can move early in the next session to address this issue in both Committee and on the House floor.

IN MEMORY OF WILLIE J. COTTON, JR.

HON. BOB ETHERIDGE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1999

Mr. ETHERIDGE. Mr. Speaker, I rise today in honor of the grandfather of Bailey Cotton, Seth Cotton, Emma Cotton, Justin Sloan, Matthew Evans and Leslie Evans; the father of Betts Evans, Junee Sloan and Dwight Cotton; and the husband of Irene Cotton. I rise in honor of Willie J. Cotton, Jr. who passed away on October 27.

Mr. Cotton was a native of Harnett County, North Carolina. He was a past county commissioner and served Harnett County in office for 12 years. Mr. Cotton served our country in World War II and was a lifelong member of Kipling United Methodist Church.

As North Carolina’s former Superintendent of public education, I know what a battle it is to build quality schools for our children. Improving schools for our children is my life’s work. Mr. Cotton took this battle on as a county commissioner to build better schools in Harnett County. There aren’t many times that a person in public service takes a stand for the good of future generations that can cost them their jobs. But Mr. Cotton was able to see that his people would lose but he voted anyway, and children in my home county have been in modern facilities since 1975. My own children and the children of Harnett county owe thanks to a man most of them never knew.

That is why, Mr. Speaker, I stand here today. To honor Mr. Cotton and to pay my respects to his family and my debt of gratitude. We have lost a great man, and I am proud to continue his fight for better schools for our children.

THE SMALL BUSINESS FRANCHISE ACT

HON. HOWARD P. “BUCK” McKEON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1999

Mr. McKEON. Mr. Speaker, I am a recent co-sponsor of H.R. 3308, the Small Business Franchise Act introduced by Representative HOWARD COBLE. Today, I include for the RECORD testimony from a recent Judiciary Commercial and Administrative Law Subcommittee hearing on this legislation. During this hearing a franchisee named Patrick Leddy, testified about his dealings as a franchise owner. Because of his very moving testimony, I became a co-sponsor of this legislation. I wish to thank him for his words and include them in the RECORD today.

STATEMENT OF PATRICK JAMES LEDDY, JR.

My name is Patrick James Leddy Jr. I have owned and operated a Baskin-Robbins 31 Flavors franchise in Newhall, California since August 1, 1986, a total of 13 years. I am also a 26 year veteran firefighter with the Los Angeles City Fire Department. I purchased my franchised business to supplement my income, and to prepare my wife and I for our retirement. In 1996 my wife and I became very discouraged with the manner in which our Baskin-Robbins, which is a wholly owned subsidiary of a foreign corporation, was treating its franchisees. After careful consideration and weighing the pros and cons we decided to sell our franchise, our franchisor, which is a wholly owned subsidiary of a foreign corporation, was treating its franchisees. After careful consideration and weighing the pros and cons we decided to sell our franchise, our franchisor, which is a wholly owned subsidiary of a foreign corporation, was treating its franchisees. After careful consideration and weighing the pros and cons we decided to sell our franchise.

In February of 1997, three months after notifying Baskin-Robbins that we were interested in selling our store, we received a notification that Baskin-Robbins was considering a location for a new store located in a shopping mall, a mere two miles from my store and well within the market from which we draw a large number of our customers.

I told my district manager to discuss our ability to sell our store to Congress provides as follows:

The Small Business Franchise Act is an attempt to help resolve the matter with Baskin-Robbins. They told us that we could lose but we voted anyway, and children in my home county have been in modern facilities since 1975. My own children and the children of Harnett county owe thanks to a man most of them never knew.

That is why, Mr. Speaker, I stand here today. To honor Mr. Cotton and to pay my respects to his family and my debt of gratitude. We have lost a great man, and I am proud to continue his fight for better schools for our children.

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