

Preparing for Regulation F

Are you ready for November 30, 2021?

Fast facts and resources to help you prepare.

The Consumer Financial Protection Bureau (CFPB) Debt Collection Practices final rule, "Regulation F", is effective on November 30, 2021. As a leading provider of accounts receivable management solutions, we can help industry experts like you prepare for the new rule.

What's Changing:

In order for collection agencies to prepare for this critical industry change and comply with the validation information required under 12 CFR §1006.34, "Regulation F", Clients will be required to include additional information on their placement files.

All accounts placed with collection agencies must include the following "new" data:

1. Itemization date
2. Amount owed on the itemization date
3. Amount owed on the day of placement
4. Itemization of the current amount due on the date of the placement reflecting interest, fees, payments, and credits since the itemization date

Our information shows:

You had a Main Street Department Store credit card from Bank of Rockville with account number 123-456-789.

1	As of January 2, 2017, you owed:	\$ 2,234.56	2
Between January 2, 2017 and today:			
	You were charged this amount in interest:	+ \$ 75.00	
	You were charged this amount in fees:	+ \$ 25.00	4
	You paid or were credited this amount toward the debt:	- \$ 50.00	
Total amount of the debt now:		\$ 2,284.56	3

Illustration of the CFPB's Debt Collection Model Validation Notice

What Creditors Should Know & Expect

1. Reg. F will require the assistance of Clients to implement the new Model Validation Notice "itemization of debt."
2. Reg. F provides clear guidelines on telephone call frequency including limits on telephone conversations.
3. Agencies are afforded "safe harbor" from civil liability if they follow Reg F guidelines (i.e. Model Validation Notice, as well as Email Communications).
4. Reg. F. provides bright line clarity to several provisions.
5. State laws must be followed over and above the Reg. F requirements.
6. Provide agencies with new information required on placement files.

Your Next Steps

- Determine the itemization date your institution will use going forward.
- Inform your collection agencies of the itemization date you will be utilizing.
- Complete internal programing, if applicable, to capture the new information.
- Provide all new information on placement files to your agencies going forward.

What's Changing for Collection Agencies

1. New Model Validation Notice must be created to reflect new required text and data fields in order to be clear and conspicuous for consumers.
2. New placement file template for Clients must be created that includes the required data fields in order to comply with the CFPB Model Validation Notice.
3. Must identify and capture Client preferred itemization date method per debt type.
4. ConServe will update our Client's statement of work.

ConServe's next Steps

- Gather Client itemization date preference by debt type
- Create and share new placement file with Clients
- Create new Model Validation Notice to mirror the by CFPB's requirements
- Update our Clients Statement of Work
- Provide all new information on placement files to your agencies going forward

What Consumers Can Expect

1. Collection agencies must make proper disclosures about the debt and inform Consumers of their rights related to disputing the debt and/or obtaining additional information about the debt and original creditor.

Consumer Dispute Prompts

- Dispute the debt
- This is not my debt
- The amount is wrong
- Other

Fast Facts & Definitions

The CFPB is a U.S. government agency that ensures banks, lenders and other financial companies treat consumers fairly.

- Created by Dodd-Frank Reform Act & Consumer Protection Act of 2010.
- Regulates Consumer Financial Markets and entities through the enforcement of FDCPA, FCRA, and other consumer financial regulations.
- Enforces "Unfair, Deceptive or Abusive Acts or Practices" (UDAAP).

Validation notice

Is a written or electronic notice which the initial communication that provides that a debt collector is attempting to collect a debt and that any information obtained will be used for that purpose and it must be clear and conspicuous. (see Section 1006.18€(2)by paragraph (c) of this section.

Consumer required information about the debt must be included on all validation notices:

1. Debt collector's name and mailing address to accept disputes and requests for original-creditor information.
2. The Consumer's name and mailing address.
3. The name of the creditor to whom the debt was owned on the itemization date.
4. The account number associated with the debt associated with the itemization date, or a truncated version of that number.
5. The name of the creditors to whom the debt currently is owned.
6. The itemization date.
7. The amount of the debt on the itemization date.
8. Itemization of the debt reflecting interest, fees, payments, and credits since the itemization date.
9. The current amount of the debt.

Clear and conspicuous

Information that is readily understandable. In the case of written and electronic disclosures, the location and type size also must be readily noticeable and legible to Consumers, although no minimum type size is mandated. In the case of oral disclosures, the disclosures also must be given at a volume and speed sufficient for the consumer to hear and comprehend them.

Initial communication

Initial communication means the first time that, in connection with the collection of a debt, a debt collector conveys information, directly or indirectly, to the consumer regarding the debt.

Validation period

The period starting on the date that a debt collector provides the validation information required by paragraph (c) of this section and ending 30 days after the Consumer receives or is assumed to receive the validation information. For purposes of determining the end of the validation period, the debt collector may assume that a consumer receives the validation information on any date that is at least five days (excluding legal public holidays identified in 5 U.S.C. 6103(a), Saturdays, and Sundays) after the debt collector provides it.

Definition of Itemization Dates

The CFPB Final Rule provides flexibility by defining the "itemization date" as one of five dates:

The last statement date, which is the date of the last periodic statement or written account statement or invoice provided to the Consumer by a creditor;

The charge-off date, which is the date the debt was charged off;

The last payment date, which is the date the last payment was applied to the debt; Communicating with Consumers;

The transaction date, which is the date of the transaction that gave rise to the debt; or

The judgment date, which is the date of a final court judgment that determines the amount of the debt owed by the Consumer.

Quick References

[Click here for the CFPB's final rule - Debt Collection Practices "Regulation F".](#)

[Click here for the CFPB's definitions of itemization dates.](#)

[Click here for a sample model Validation Notice](#)

The views and opinions expressed by ConServe are those of ConServe. This information is not intended as legal advice and may not be used as legal advice. Legal advice must be tailored to the specific circumstances of each case. Every effort has been made to assure this information is up-to-date as of the date of publication. This information is not intended to be a full and exhaustive explanation of the law in any area, nor should it be used to replace the advice of your own legal counsel.