



# Overview of Reg-F Implementation for State Clients

CFPB Debt Collection Rules



# What is Reg-F

- ▶ The Consumer Financial Protection Bureau (CFPB) issued final debt collection rules that will become effective on November 30, 2021.
- ▶ These rules are the first update to the Fair Debt Collection Practices Act since it was enacted in 1978
- ▶ These rules do not supersede or alter requirements under various state laws or other federal requirements



## What it does

- ▶ Validation notice must be substantially similar (or the same) as the CFPB's Model Form Validation Notice to reduce legal or regulatory liability.
- ▶ Requires debt collection agencies to provide a summary itemization of the debt that it is attempting to collect
- ▶ Places explicit limitations on how frequently a debt collector may communicate in connection with the debt
- ▶ Provides framework on communications via email, text, and other "modern" communication platforms.



# Validation Notice: Itemization of Debt Requirements

- ▶ Debt Collectors must utilize an “itemization date” for the purpose of providing consumers a debt detail. The “itemization date” can be one of the following:
  1. **Transaction Date** – date of the transaction that gave rise to the debt
    - \*\*\* This is the date that we recommend using if possible \*\*\*
    - For medical debt, transaction date is the Date of Service
  2. **Last Payment Date** – date the last payment was applied to the account
  3. **Last Statement Date** – date of the last periodic statement or written account statement or invoice provided to the consumer
  4. **Charge-off Date** - date is charged as profit and loss.
    - Note: This is not the date the account is sent to collections. Charge off date is an accounting term and is literally the date the creditor charges the account off
- ▶ Debt detail will provide the balance of the debt at the itemization date, any interest or other fees assessed from the itemization date until the date of placement, and any payments or credits to the account from the itemization date until the date of placement.



# Validation Notice: Itemization of Debt (cont'd)

- ▶ In order to provide the debt detail, SCSI will need additional information from you in your new business listings to comply with the new rules:
  - Itemization date (one of the four options listed on the previous slide)
  - Balance as of the itemization date selected
  - Interest assessed to the account from date of itemization date through date of placement
  - Fees assessed to the account from the date of itemization date through date of placement
  - Placement Balance
- ▶ You will need to include this data at the end of the listing spreadsheet which will be provided as soon as it is available, no later than November 8, 2021. Instructions will be noted on the spreadsheet.
- ▶ **All Clients who currently use the listing spreadsheet, list new business via State Online or send account details directly to State will be required to use the new listing spreadsheet by November 15, 2021.**
- ▶ **In the event you are unable to provide State with the required information, we will not be able to process, accept or work new business listings after November 29, 2021.**



# Credit Reporting

- ▶ The new rules place additional restriction on credit reporting and prohibit credit reporting until debt collector has communicated with the consumer
  - If the validation notice is returned for a bad address, the debt collector has not communicated with the consumer. Therefore, it is important to ensure that you continue to obtain updated demographic information from your patients at every interaction and are sending those updates to State Collection Service.



# Conclusion

- ▶ This presentation is not a comprehensive listing of what is required under the rules, but rather a high-level overview of what is most important for our clients to be aware.
- ▶ If you have any questions or concerns, please do not hesitate to contact your SCSI Client Service Representative.

