



CFPB Issues an Advance Notice of Proposed Rulemaking on Regulation F, As Authorized by Dodd-Frank

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On Tuesday, November 12, 2013, the Consumer Financial Protection Bureau (the “Bureau”) published an advance notice of proposed rulemaking in the *Federal Register* to obtain comments, data and information from the public on debt collection practices. Any resulting rulemaking would amend the Bureau’s Regulation F (12 CFR Part 1006) on debt collection.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Act”) authorizes the Bureau to issue substantive rules for debt collection under the Fair Debt Collection Practices Act of 1977. The Act also gives the Bureau broad authority to issue regulations concerning unfair, deceptive and abusive acts and practices and to establish disclosure requirements with respect to consumer financial products and services.

The advance notice is structured as 162 questions on the following main areas of the debt collection process and the debt collection industry:

1. The transfer of information related to a consumer debt when the debt is sold or placed for collection with a third party. Proposed rules in this area would regulate the activities of creditors, debt buyers and third-party debt collectors.
2. The obligations of debt collectors with respect to “validation notices” in consumer disputes. A “validation notice” (sometimes referred to as a “g notice,” since the notice requirement is codified in 15 U.S.C. 1692(g)) is a written notice to the consumer from the debt collector seeking to determine the validity of all or a part of the debt, and to provide information on the debt to the consumer if required.
3. In general, the communication between consumers and debt collectors during the debt collection process, and whether rules issued by the Bureau could help the consumer and the industry in this area.

4. The existence of any unfair, deceptive, or abusive acts or practices in connection with any aspect of the debt collection process.
5. The need for, and the costs and benefits of, proposed rules concerning the collection of time-barred debts.
6. Debt collection litigation practice and procedure in state courts.
7. Exemptions for state and local debt collection systems (which is the subject of current Regulation F) and bad check enforcement programs operated by private entities.
8. Recordkeeping, monitoring and compliance requirements.

The comment period ends February 10, 2014.

Lenders and debt collectors may comment, and should do so if they think that these changes, or the specifics of the implementation of these changes as published in the notice, will have an adverse effect on their businesses. Comments must be identified by Docket Number CFPB-2013-0033, or RIN 3170-AA41. The options available for sending the comments are set forth in the notice, which is published in the *Federal Register* of November 12, 2013 (Volume 78, No. 218) at page 67848.

Related People

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