

**BUREAU OF CONSUMER FINANCIAL PROTECTION**

**PAPERWORK REDUCTION ACT SUBMISSION  
1INFORMATION COLLECTION REQUEST**

**SUPPORTING STATEMENT PART A**

**DEBT COLLECTION PRACTICES RULE – 12 CFR 1006 (REGULATION F)  
(OMB CONTROL NUMBER: 3170-0056)**

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**OMB TERMS OF CLEARANCE:**

The Office and Management and Budget (OMB) provided no terms of clearance when it last approved the information collections under this OMB control number on April 8, 2019. This approval covers only the information collections currently contained in Regulation F, state applications for a waiver under 12 CFR 1006.2.

This request is being submitted to OMB in association with the finalization of certain provisions of the aforementioned proposed rule published in May 2019.

**ABSTRACT:** Regulation F establishes procedures and criteria whereby states may apply to the Bureau of Consumer Financial Protection (Bureau) for an exemption of a class of debt collection practices within the applying state from the provisions of the Fair Debt Collection Practices Act (FDCPA) as provided in section 817 of the Act, 15 U.S.C. § 1692. This final regulation adds information collections that apply to debt collectors as defined in the FDCPA. The purpose of the rule is to clarify application of the FDCPA to certain debt collection practices and to establish certain new disclosure requirements for debt collectors.

**JUSTIFICATION**

**1. Circumstances Necessitating the Data Collection**

In 1977, Congress passed the Fair Debt Collection Practices Act (FDCPA) “to eliminate abusive debt collection practices by debt collectors, to insure that those debt collectors who refrain from using abusive debt collection practices are not competitively disadvantaged, and to promote consistent State action to protect consumers against debt collection abuses.”<sup>1</sup> The FDCPA established certain consumer protections but interpretative questions have arisen since its

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<sup>1</sup> 15 U.S.C. 1692(e).

passage. Some questions, including those related to communication technologies that did not exist at the time the FDCPA was passed (such as cell phones, text messaging, and email), have been the subject of inconsistent court decisions, resulting in legal uncertainty and additional cost for industry and consumers. The Bureau's regulations implementing the FDCPA are contained in 12 CFR 1006, Regulation F.

Regulation F currently provides a procedure whereby State governments may apply to the Bureau for a determination that, under the laws of that State, any class of debt collection practices within that State is subject to requirements that are substantially similar to, or provide greater protection for consumers than, those imposed under the FDCPA, and that there is adequate provision for State enforcement of such requirements.

The FDCPA requires that debt collectors send a written notice to consumers, within five days of the initial communication, containing certain information about the debt and actions the consumer may take in response, unless such validation information was provided in the initial communication or the consumer has paid the debt.

To provide consumers and industry with greater clarity about the FDCPA's provisions, the Bureau issued a Notice of Proposed Rulemaking in May 2019, which would prescribe rules under Regulation F to govern the activities of debt collectors, as that term is defined under the FDCPA. The Bureau's proposal would, among other things, address communications in connection with debt collection; interpret and apply prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection; and clarify requirements for certain consumer-facing debt collection disclosures. The proposal builds on the Bureau's research and pre-rulemaking activities regarding the debt collection market, which remains a top source of complaints to the Bureau. The Bureau also engaged in testing of consumer disclosures related to time-barred debt that were not addressed in the May 2019 proposal. After testing, the Bureau published a supplemental Notice of Proposed Rulemaking related to time-barred debt disclosures. The Bureau is now finalizing certain of the provisions proposed in the May 2019 proposal, including rules for certain consumer-facing disclosures, including those made when communicating electronically. The Bureau anticipates finalizing certain other proposed provisions in the future, including provisions included in the supplemental proposal.

In addition to requirements regarding communication with consumers, the final rule requires debt collectors to retain records that are evidence of compliance or noncompliance with the FDCPA and Regulation F starting on the date that the debt collector begins collection activity on a debt and ending three years after the debt collector's last collection activity on the debt.

## **2. Use of the Information**

The rule contains information collection requirements that allow the Bureau to make a

determination on State applications for a determination that, under the laws of that state, any class of debt collection practices within that State is subject to requirements that are substantially similar to, or provide greater protection for consumers than, those imposed under sections 803 through 812 of the FDCPA, and that there is adequate provision for State enforcement of such requirements.. Other information collections would clarify the content of certain disclosures required by the FDCPA and require other disclosures under certain circumstances, such as when a debt collector communicates with a consumer by electronic means. The rule's record retention requirements will facilitate the Bureau's supervision and enforcement of the requirements of the FDCPA and the proposed rule.

### **3. Use of Information Technology**

The rule clarifies the application of the FDCPA to newer communications technologies including email and text messaging, including providing greater clarity about how to provide required disclosures electronically. The Bureau expects that this rule thereby encourages the use of information technology for debt collection communications by reducing the risk to debt collectors of legal liability when using such technologies. Additionally, to ensure that the process of applying for an exemption is both easy and fast, States may submit applications and supporting documentation to the Bureau in paper or electronic form. 12 CFR § 1006.3. Finally, the record retention provisions in § 1006.100 would not limit the use of available technology to maintain required records. The rule allows covered persons to retain records in a way that reproduces the records accurately (including computer programs) and that ensures the debt collector can easily access the records. Thus, this proposed rule is consistent with the aims of the Government Paperwork Elimination Act, 44 U.S.C. 3504.

### **4. Efforts to Identify Duplication**

The recordkeeping, reporting, and disclosure provisions in the proposed rule would not duplicate any other Federal information collection requirement. The information collection requirements are unique to this regulation and proposed rule.

### **5. Efforts to Minimize Burdens on Small Entities**

The disclosure and recordkeeping requirements of this rule would apply to all debt collectors as defined in the FDCPA. The Bureau estimates that over 90 percent of respondents are small entities. Many provisions of the rule and proposed rules are intended to reduce costs to entities covered by the FDCPA by providing additional clarity about how to comply with the FDCPA when using electronic communications or when leaving voice messages. The Bureau anticipates that these provisions reduced the burden of the FDCPA on small entities by making it easier to communicate with consumers using these methods, which are often less expensive than methods generally used today.

### **6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction**

Certain of the information collections are required by the FDCPA and others interpret the FDCPA's requirements. If the rule were not adopted, debt collectors and consumers would have less clarity about how the FDCPA applies to certain disclosures. Without the recordkeeping requirements of the rule, the Bureau would not have a tangible mechanism to ensure that consumers are receiving the protections contained in the rule. With respect to the State application, failing to collect this information may leave the Bureau without the necessary information as to State law to allow the Bureau to consider and grant the exemption request.

#### **7. Circumstances Requiring Special Information Collection**

There are no special circumstances. The collection of information requirements are consistent with the applicable guidelines contained in 5 CFR § 1320.5(d)(2).

#### **8. Consultation outside the Agency**

The Bureau convened a Small Business Review Panel to obtain feedback from small entities covered by the FDCPA as well as the general public. In developing the rule, the Bureau has consulted, or offered to consult with, the appropriate prudential regulators and other Federal agencies, including regarding consistency with any prudential, market, or systemic objectives administered by such agencies.

In accordance with 5 CFR § 1320.11, the Bureau has published a notice of proposed rulemaking in the Federal Register inviting the public to comment on the information collection requirements contained in the proposed rule. The Bureau did not receive any comments that directly address the Bureau's estimates of the burden associated with the proposed information collection requirements. The Bureau received a number of comments on the proposed rule, which suggested various changes or improvements to the rule which are addressed in the preamble to the final rule.

#### **9. Payments or Gifts to Respondents**

Not applicable. No payment, gifts, or other incentives are provided to respondents.

#### **10. Assurances of Confidentiality**

With the exception of the State Application mentioned in item 2 above and described further under item 12 below, the Bureau does not collect any information under this rule. The information collected under that application relates to State law and would not be confidential. To the extent that information covered by a recordkeeping requirement is collected by the Bureau for law enforcement purposes, the confidentiality provisions of the Bureau's rules on the Disclosure of Records and Information, 12 CFR part 1070, would apply.

#### **11. Justification for Sensitive Questions**

There is no information of a sensitive nature being requested by the Bureau under this information collection.

## **12. Estimated Burden of Information Collection**

Total Hours Allocated to CFPB: 860,500

Total Associated Labor Costs Allocated to CFPB: \$15,337,000

### *Covered Entities*

The Provision for a State application for a waiver applies to the 53 State and US territorial governments only.

The rules would apply to “debt collectors” as defined in the FDCPA. The Bureau has identified four categories of entities that would be considered debt collectors and therefore would be subject to the proposed requirements:

1. Collection Agencies – 9,944 firms primarily engaged in collecting payments for claims and remitting payments collected to their clients;<sup>2</sup>
2. Debt Buyers – 330 firms primarily engaged in purchasing delinquent accounts from creditors and attempting to collect amounts owed, themselves or through agents;<sup>3</sup>
3. Collection Law Firms – 1,000 firms primarily engaged in collecting consumer debt; and<sup>4</sup>
4. Loan Servicers subject to the FDCPA – 700 firms that acquire servicing rights to loans that are already in default.<sup>5</sup>

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<sup>2</sup> The Census Bureau estimates that there are 4,009 collection agencies (NAICS Code 56144) with paid employees in the U.S. and 5,935 nonemployer collection agencies in the U.S. as of 2012. U.S. Census Bureau, *2012 Economic Census of the United States: Summary Statistics by Employment Size of Firms for the U.S.* (March 2016), available at [https://factfinder.census.gov/bkmk/table/1.0/en/ECN/2012\\_US/56SSSZ5//naics~56144](https://factfinder.census.gov/bkmk/table/1.0/en/ECN/2012_US/56SSSZ5//naics~56144), and U.S. Census Bureau, *Nonemployer Statistics 2012 Data* (April 2014), available at <https://www.census.gov/econ/nonemployer/download.htm>.

<sup>3</sup> Receivables Management Association (previously DBA International), the largest trade group for this industry segment, states that it has approximately 300 debt buyer members and believes that 90 percent of debt buyers are current members.

<sup>4</sup> The primary trade association for collection attorneys, the National Creditors Bar Association (NARCA), states that it has approximately 600 law firm members. The Bureau estimates that approximately 60 percent of law firms that collect debt are NARCA members.

<sup>5</sup> Loan servicers would be covered by the proposal if they acquire servicing of loans already in default. The Bureau believes that this is most likely to occur with regard to companies that service mortgage loans or student loans. The Bureau estimates that there are 500 mortgage loan servicers that service more than 5,000 loans. The Bureau makes the assumption that all those servicing more than 5,000 loans may acquire servicing of loans when loans are in default and that at most 100 of those servicing 5,000 loans or fewer acquire servicing of loans when loans are in default. The Bureau estimates that there are fewer than 100 servicers of student loans that may obtain servicing of delinquent loans in the course of their business.

Therefore the Bureau estimates that the rule impacts 53 States and U.S. territorial governments and 11,974 firms defined as “debt collectors” in the FDCPA. Unless otherwise specified, debt collectors include all of the aforementioned mentioned firms in this analysis.

The estimated burden includes the burden of information requirements required by the rule, including the burden of information collections that are already required by the FDCPA and which are incorporated into the existing rule.

**Exhibit 1: Burden Hour Summary**

Information Collection Requirement	No. of Respondents	Type of IC	Annual Frequency	Annual Responses	Average Response Time (hours)	Annual Burden Hours	Hourly Rate	Hourly Costs
State Application for Waiver §1006.2 <sup>6</sup>	53	Reporting	1	1	2	2	\$33.57	\$67
<i>Opt-out notice for electronic communication</i>		<i>Disclosure</i>						
Ensuring communication system provides opt-out capacity (§ 1006.6(e)) *	11,974		1	11,974	0	0	n/a	\$0
Providing disclosure in communications (§ 1006.6(e))	11,974		1	11,974	0	0	n/a	\$0
<i>Transfer of debts discharged in bankruptcy</i>		<i>Disclosure</i>						

<sup>6</sup> The State application for waiver is an existing part of Regulation F (Fair Debt Collection Practices Act). The burden associated with the State application for waiver has been previously accounted for under OMB control number 3170-0056.

Information Collection Requirement	No. of Respondents	Type of IC	Annual Frequency	Annual Responses	Average Response Time (hours)	Annual Burden Hours	Hourly Rate	Hourly Costs
Providing notice to transferee that secured debt was discharged in bankruptcy	700				0	0	n/a	\$0
<i>Validation Notice</i>		<i>Disclosure</i>						
Delivering Validation Notice (FDCPA section 809(a))	11,974		6,815	81,600,000	0.003	245,000	\$17.79	\$4,359,000
<i>Request for creditor information</i>		<i>Disclosure</i>						
Responding to requests for original creditor information (proposed § 1006.38(c))	11,974		24	287,000	0.003	860	\$17.79	\$15,000
<i>Disputes</i>		<i>Disclosure</i>						
Responding to non-duplicative disputes (proposed § 1006.38(d)(2)(ii))	11,974		359	4,298,000	0.332	1,426,000	\$17.79	\$25,400,000
Responding to duplicative disputes (proposed § 1006.38(d)(2)(ii))	11,974		40	478,000	0.102	49,000	\$17.79	\$900,000
<i>Recordkeeping</i>		<i>Recordkeeping</i>						
Record retention (proposed § 1006.100)*	11,974		1		0	0	n/a	\$0
<b>Totals:</b>	<b>12,027</b>		//////////	<b>86,690,248</b>	//////////	<b>1,721,000</b>	//////////	<b>\$30,674,000</b>
<b>CFPB Totals:</b>	<b>12,027</b>		//////////	<b>43,451,240</b>	//////////	<b>860,500</b>	//////////	<b>\$15,337,000</b>

\*the Bureau assumes that all or substantially all respondents already provide this information in the regular course of their business and therefore assigns no burden to this information collection

The CFPB shares administrative enforcement authority under the FDCPA with the Federal Trade Commission. To avoid double-counting, the CFPB allocates to itself half of the estimated paperwork burden under the proposed rule by dividing the burden hours even between the agency. However since we have joint authority over the respondents themselves, we retain the entity count of all affected respondents as shown above.

### *State Application*

12 CFR § 1006.2 provides that any State may apply for a determination that, under the laws of that state, any class of debt collection practices within that State is subject to requirements that are substantially similar to, or provide greater protection for consumers than, those imposed under sections 803 through 812 of the FDCPA, and that there is adequate provision for State enforcement of such requirements. Such an application must be in writing, addressed to the Bureau, signed by the Governor, Attorney General or State official having primary enforcement or responsibility under the State law which is applicable to the class of debt collection practices, and shall be supported by the documents specified in the regulation. 12 CFR § 1006.3 also specifies the documentation that a State must submit to support its application, including: (1) a copy of the relevant State law with requirements similar to those contained in sections 803 and 812 of the FDCPA; (2) a comparison between the relevant State law and these FDCPA provisions; (3) a copy of the relevant State law permitting enforcement of the relevant State law; (4) a comparison between the relevant State law's enforcement provisions and the enforcement provisions in section 814 of the FDCPA; and (5) information identifying the State officials responsible for enforcing the relevant State law and describing the powers and resources these State officials can or will use in enforcement.

If the Bureau determines based on the application and supporting documents that the State meets the standard for an exemption set forth above, Regulation F states that the Bureau will exempt the class of debt collection practices in the State from the requirements of sections 803 through 812 and section 814 of the FDCPA.

There are potentially 53 state respondents (50 states and 3 territories); however, in past years, one State has applied for this determination. The application must be resubmitted annually. Given an estimate of two hours to complete the application, the Bureau estimates two burden hours annually and \$66 in ongoing labor costs.<sup>7</sup>

### *Opt-out Notice for Electronic Communications or Attempts to Communicate*

§ 1006.6(e) requires a debt collector who communicates or attempts to communicate with a consumer electronically in connection with the collection of a debt describe a reasonable and simple method by which the consumer can opt out of further electronic communications or

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<sup>7</sup> The Bureau uses the median hourly wage of \$33.57 for Business and Financial Operations Occupations (13-0000) to calculate labor costs. Bureau of Labor Statistics, *National Occupational Employment and Wage Estimates* (May 2019), available at [https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm) (May 2019 BLS Wage Estimates).



attempts to communicate by the debt collector to a particular electronic address or telephone number. Comment 6(e)-1 provides examples illustrating the rule, including language that could be used to comply with the requirement.

The Bureau understands that opt-out functionality is a common component of business email and text message software products. If a debt collector chose to adopt email or text messaging as a means of communication, it is very likely the software system the debt collector selected would include opt-out functionality. Therefore, inasmuch as this is something all or nearly all respondents already do in the ordinary course of business the Bureau estimates that there is no one-time or ongoing costs associated with this provision.<sup>8</sup>

*Disclosures required by FDCPA section 807(11).*

FDCPA section 807(11) requires debt collectors to disclose in their initial communications with consumers that they are attempting to collect a debt and that any information obtained will be used for that purpose, and to disclose in their subsequent communications with consumers that the communication is from a debt collector, except in a formal pleading made in connection with a legal action.<sup>9</sup> § 1006.18(e) implements FDCPA section 807(11). Comment 18(e)(1)-1 describes the circumstances in which debt collectors are required to provide disclosures in initial communications under § 1008.18(e)(1).

FDCPA section 807(11) and § 1006.18(e) provide the required content for a debt collector's initial and subsequent communication with a consumer. Therefore, this provision qualifies for the label exception to the definition of an information collection under the PRA<sup>10</sup> and the Bureau does not estimate any one-time or ongoing costs associated with it.

*Notification regarding secured claims in bankruptcy*

Section 1006.30(b) of the final rule generally prohibits a debt collector from selling, transferring for consideration, or placing for collection a debt if the debt collector knows or should know that the debt has been discharged in bankruptcy. However, § 1006.30(b)(2)(ii) provides an exception to this general rule if the debt is secured by an enforceable lien and the debt collector notifies the transferee that the consumer's personal liability for the debt was discharged in bankruptcy.

The Bureau understands that for most types of debt debt collectors generally do not sell, transfer,

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<sup>8</sup> Some free email software systems include this functionality. See [https://knowledge.hubspot.com/articles/kcs\\_article/email/how-do-i-add-an-unsubscribe-link-to-my-one-to-one-sales-emails-and-sequences](https://knowledge.hubspot.com/articles/kcs_article/email/how-do-i-add-an-unsubscribe-link-to-my-one-to-one-sales-emails-and-sequences) for opt-out functionality information. For product pricing see <https://www.hubspot.com/pricing/sales?selectedPackage=free>. Microsoft Outlook email users can add an unsubscribe link to all their email messages at no cost ([https://answers.microsoft.com/en-us/outlook\\_com/forum/all/insert-unsubscribe-link/4e37fcb2-e038-403d-93d3-68203675e4cb](https://answers.microsoft.com/en-us/outlook_com/forum/all/insert-unsubscribe-link/4e37fcb2-e038-403d-93d3-68203675e4cb)). The functionality is available in text message services as well; see, e.g., <https://www.protexting.com/product-and-services.html>.

<sup>9</sup> 15 U.S.C. 1692e(11).

<sup>10</sup> 5 CFR 1320.3(c)(2)

or place for collection debt that has been discharged in bankruptcy. The Bureau further understands, however, that in certain circumstances, in particular for certain residential mortgage debts, debts that have been discharged in bankruptcy but are secured by an enforceable lien may be transferred to servicers that are debt collectors under the FDCPA. The Bureau expects that entities affected by this provision would be loan servicers. Where such transfers take place, the Bureau understands that the transferring debt collector would, in the ordinary course of business, provide information to the transferee about whether the debt has been discharged in bankruptcy. Because affected respondents already make such notification in the ordinary course of business the Bureau estimates that there is no one-time or ongoing costs associated with this provision.

### *Validation Notice*

FDCPA section 809(a) generally requires a debt collector to provide certain information to a consumer either at the time that, or shortly after, the debt collector first communicates with the consumer in connection with the collection of a debt. The required information includes details about the debt and about consumer protections, such as the consumer’s rights to dispute the debt and to request information about the original creditor, and is generally sent in a written “validation notice.” The Bureau estimates that, to comply with this requirement, debt collectors send 136 million validation notices annually. The Bureau estimates that under the rule 60 percent of validation notices will be sent by mail and the remaining 40 percent will be sent electronically. Therefore, the Bureau estimates that 81.6 million notices will be sent by mail annually. Given an average time of 0.003 hours to mail each notice, the Bureau estimates debt collectors will incur approximately 245,000 burden hours annually and \$4,243,000 in labor costs.<sup>11</sup>

### *Responses to requests for original-creditor information*

§ 1006.38(c) requires that upon receipt of a request for the name and address of the original creditor submitted by the consumer in writing within the validation period, a debt collector must cease collection of the debt until the debt collector provides the name and address of the original creditor to the consumer in writing or electronically in a manner permitted by § 1006.42. This provision incorporates the existing requirement to provide information about the original creditor as required by FDCPA section 809(a)(5).

Debt collectors will incur costs to respond by mail to consumer requests for information about the original creditor. The Bureau expects that debt collectors who respond to requests for information by email will not incur any ongoing costs. The Bureau estimates that 0.35 percent of

<sup>11</sup> The Bureau uses the median hourly wage of \$17.79 for Bill and Account Collectors (43-3011) to calculate labor costs. See May 2019 BLS Wage Estimates.

consumers contacted by a debt collector request information about the original creditor.<sup>12</sup> The Bureau estimates that in 60 percent of these cases, the debt collector will respond by mail. As described above, the Bureau estimates 136 million validation notices are sent annually. Therefore, the Bureau estimates that there will be 286,500 requests for information that debt collectors will respond to by mail annually.<sup>13</sup> Given an average time of 0.003 hours to mail each response, the Bureau estimates that debt collectors will incur an ongoing annual burden of 860 hours and \$15,000 in labor costs.<sup>14</sup>

### *Responses to Disputes*

FDCPA section 809(b) provides that, if a consumer disputes a debt in writing within 30 days of receiving the validation information or notice described in section 809(a), the debt collector must cease collection of the debt, or any disputed portion of the debt, until the debt collector obtains verification of the debt or a copy of a judgment and mails it to the consumer.<sup>15</sup>

Section 1006.38(d) implements and interprets this requirement, including the requirement to provide a copy of verification of the debt or of a judgment to the consumer in writing or electronically in a manner permitted by § 1006.42.

§ 1006.38(d)(2)(ii) establishes an alternative way for debt collectors to respond to disputes that they reasonably conclude are duplicative disputes, as that term is defined in § 1006.38(a)(1). § 1006.38(d)(2)(ii) provides that, upon receipt of a duplicative dispute, a debt collector must cease collection of the debt, or any disputed portion of the debt, until the debt collector either: notifies the consumer in writing or electronically that the dispute is duplicative, provides a brief statement of the reasons for the determination, and refers the consumer to the debt collector's response to the earlier dispute; or provides the disclosure required for a non-duplicative dispute.

Debt collectors will incur costs to respond to both duplicative and non-duplicative disputes. The Bureau estimates that 3.5 percent of consumers who receive a validation notice dispute the debt.<sup>16</sup> The Bureau estimates that 10 percent of disputes are duplicative. As described above, the Bureau estimates that 136 million validation notices are sent annually. Therefore, the Bureau estimates there are 4,298,000 non-duplicative disputes and 478,000 duplicative disputes annually.

The Bureau expects that debt collectors who respond to disputes by mail will experience a time burden for investigating the dispute and for mailing a response. Debt collectors who respond electronically will only incur the time burden of investigating the dispute. The Bureau estimates

<sup>12</sup> The Bureau estimates that 3.5 percent of consumers dispute a debt after being contacted by a debt collector. See CFPB Operations Study at 30. The Bureau understands that requests for original creditor information are substantially less common than disputes.

<sup>13</sup>  $136,000,000 * 0.0035 * 0.6 = 286,500$ .

<sup>14</sup> The Bureau uses the median hourly wage of \$17.79 for Bill and Account Collectors (43-3011) to calculate labor costs. See May 2019 BLS Wage Estimates.

<sup>15</sup> 15 U.S.C. 1692g(b).

<sup>16</sup> See CFPB Operations Study at 30. 3.5 percent is the midpoint of the estimates given by respondents who used business data to estimate dispute rates.

that it takes 0.33 hours to investigate a non-duplicative dispute and 0.003 hours to mail a response, and that it takes 0.1 hours to investigate a duplicative dispute and 0.003 hours to mail a response. Given the estimate that 60 percent of responses to disputes will be sent by mail, the Bureau estimates that the average response time per non-duplicative dispute is 0.332 hours and that the average response time per duplicative dispute is 0.102 hours.<sup>17</sup> Therefore, the Bureau estimates an ongoing annual burden of approximately 1,426,000 hours and \$24.7 million for non-duplicative disputes and 49,000 hours and \$800,000 for duplicative disputes.<sup>18</sup>

### *Recordkeeping*

The rule requires debt collectors to retain evidence of compliance with the FDCPA and Regulation F for three years after the debt collector's last collection activity on the debt. The Bureau believes that, in most cases, debt collectors are already maintaining records for three or more years for legal purposes and therefore would not incur significant costs as a result of this requirement.

### **13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers**

#### *Validation Notice*

The rule requires debt collectors to provide a validation notice. The Bureau assumes that 60 percent of validation notices would be sent by mail in light of the rule's provisions regarding electronic communications. Given an estimated mailing cost of \$0.65 per response, the Bureau estimates the validation notice requirement will result in material costs of approximately \$53 million annually.

#### *Responses to requests for original-creditor information*

The rule requires debt collectors to respond to requests for information about the original creditor submitted by the consumer in writing within the validation period. As described above, the Bureau estimates there are approximately 286,500 requests annually that debt collectors will respond to by mail. Given an estimated mailing cost of \$0.65 per response, the Bureau estimates this requirement will result in materials costs of approximately \$186,000 annually.

#### *Responses to Disputes*

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<sup>17</sup> For non-duplicative disputes,  $0.6*(0.33 + 0.003) + 0.4*0.33 = 0.332$ ; for duplicative disputes  $0.6*(0.1 + 0.003) + 0.4*0.1 = 0.102$ .

<sup>18</sup> The Bureau uses the median hourly wage of \$17.79 for Bill and Account Collectors (43-3011) to calculate labor costs. See May 2019 BLS Wage Estimates.

Debt collectors will incur costs to respond to both duplicative and non-duplicative disputes. As described above, the Bureau estimates there are approximately 4,298,000 non-duplicative disputes and 478,000 duplicative disputes annually. The Bureau estimates that debt collectors will respond to 60 percent, or 2,578,000 non-duplicative disputes and 286,800 duplicative disputes, by mail. The Bureau estimates that the cost to respond is, on average, \$1.03 per non-duplicative dispute response and \$0.65 per duplicative dispute response.<sup>19</sup> Therefore, this requirement would result in material costs of approximately \$2,643,000 for non-duplicative disputes and \$186,000 for duplicative disputes annually.

**Exhibit 2: Cost Burden Summary**

Description of Costs (O&M)	Per Unit Costs	Quantity	Costs
Mailing Validation Notices	\$0.65	81,600,000	\$53,040,000
Responses to requests for original creditor	\$0.65	286,500	\$186,000
Responses to non-duplicative disputes	\$1.03	2,578,800	\$2,643,000
Responses to duplicative disputes	\$0.65	286,800	\$186,000
<b>Total Burden Costs:</b>	////////////////////	////////////////////	<b>\$56,055,000</b>
<b>CFPB Burden Costs:</b>	////////////////////	////////////////////	<b>\$28,027,500</b>

**14. Estimated Cost to the Federal Government**

There are no additional costs to the Federal Government.

**15. Program Changes or Adjustments**

**Exhibit 3: Summary of Burden Changes**

	Total	Annual	Burden Hours	Cost Burden
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<sup>19</sup> The Bureau estimated that the response to a non-duplicative is approximately 6 pages while the response to a duplicative request is approximately 1 page. Respondents to the CFPB Operations Study said the cost of including an additional 8.5” x 11” insert in a mailing costs approximately \$0.05 - \$0.10 per letter. See CFPB Operations Study at 33. The Bureau used the mid-point of this range in its analysis.

	<b>Respondents</b>	<b>Responses</b>		<b>(O &amp; M)</b>
Total Annual Burden Requested	12,027	43,451,240	860,500	\$28,027,500
Current OMB Inventory	1	1	2	\$100
Difference (+/-)	12,026	43,331,499	860,498	\$28,027,400
Program Change		43,33		
Discretionary	12,026	1,499	860,498	\$28,027,400
New Statute	12,026	43,331,499	860,498	\$28,027,400
Violation				
Adjustment				

The change in burden would result from new information collection requirements as contained in the final rule for 12 CFR 1006 (Regulation F). The information collection burden currently accounted for Regulation is 2 hours, which is for states to prepare and file a state application for waiver pursuant to 12 CFR 1006.2. This final rule includes six additional information collections that the Bureau estimates will add an additional 12,026 respondents 1,721,000 hours and \$56,055,000 in cost burden of which half are each allocated to the Bureau and FTC, respectively, for a total projected Bureau burden increase of 860,500 hours and \$28,027,400 in cost burden. The increased burden results from the new disclosure and recordkeeping requirements that are designed to enhance consumer protections in the debt collection market.

#### **16. Plans for Tabulation, Statistical Analysis, and Publication**

There are no plans to provide any publications based on the information collection of this regulation.

#### **17. Display of Expiration Date**

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at [www.reginfo.gov](http://www.reginfo.gov), as well as in the Code of Federal Regulations. There are no required forms or other documents upon which display of the control number and expiration date would be appropriate.

#### **18. Exceptions to the Certification Requirement**

The Bureau certifies that this collection of information is consistent with the requirements of 5 CFR § 1320.9, and the related provisions of 5 CFR § 1320.8(b)(3) and is not seeking an exemption to these certification requirements.

### **PART B: COLLECTIONS OF INFORMATION USING STATISTICAL METHODS**

Not applicable. The information collections contained in this proposed rule do not involve the use of statistical methods.