

Receivables Management Association International

October 26, 2021

Maryland Collection Agency Webinar
Debt Purchasing Best Practices



Certification Program Mission Statement

“The RMAI Receivables Management Certification Program (Certification Program) is an **industry self-regulatory program** administered by RMAI that is designed to provide **enhanced consumer protections** through rigorous and **uniform industry standards of best practice . . .**”
(emphasis added) [RMCP, Section 1.1]



Overview of RMAI Certification Program

- Certification Program began in 2013.
- Certification program is for both businesses and individuals (active certifications = 448).
- Certified individuals must complete 24 hours of continuing education and pass a background check every two years.
- Certified businesses must adhere to rigorous uniform industry standards of best practice and pass background checks and independent audits every three years. Most certified businesses are debt buying companies; but RMAI also certifies agencies, law firms, brokers, and vendors.
- Most certification standards exceed the requirements of state and federal law (hence why they are referred to as “industry best practices”).



Certification Standards = Best Practices

Series "A" Standards	
Debt Buying Companies, Collection Law Firms and Collection Agencies	
Standard # A1 Laws & Regulations	Requires compliance with FDCPA, TCPA, FCRA, SCRA, EFTA, Dodd-Frank, U.S. Bankruptcy Code, as well as all state and local consumer protection laws.
Standard # A2 Errors & Omissions Insurance	Requires a minimum insurance threshold to which all participants must adhere.
^A Standard # A3 Criminal Background Checks	Requires a criminal background check on all new full and part time prospective employees who will have access to consumer data.
Standard # A4 Employee Training Programs	Requires annual employee training on RMAI Certification Standards, corporate policies and procedures, and laws and regulations.
Standard # A5 Consumer Complaint and Dispute Resolution Policies	Requires policies and procedures that instruct employees how to handle and process consumer complaints and disputes in compliance with the law. Requires the policy to conform to components of a "reasonable consumer complaint and dispute resolution policy."
Standard # A6 Consumer Notices	Requires the maintenance of a master database of all state and federal consumer notice requirements and comply therewith.
^A Standard # A7 Data Security Policy	Requires a data security policy that: (1) meets or exceeds state and federal laws and regulations; (2) requires an annual risk assessment and to <u>make adjustments</u> based on the results; and (3) conforms to the components of a "reasonable data security policy" RMAI developed with the FTC.
Standard # A8 CFPB Consumer Complaint System	Requires the business to: (1) establish a portal for the receipt of consumer complaints, disputes, and inquiries with the CFPB, (2) respond to all complaints, disputes, or inquiries according to CFPB's

- Program consists of 54 Standards
- 87% exceeding state and federal laws
- www.rmaintl.org/certification



Standard A12 – Statute of Limitations

Statute of Limitations. A Certified Company shall not knowingly bring or imply that it has the ability to bring a lawsuit on a debt that is beyond the applicable statute of limitations, even if state law revives the limitations period when a payment is received after the expiration of the statute. This standard shall not be interpreted to prevent a Certified Company from continuing to attempt collection beyond the expiration of the statute provided there are no laws and regulations to the contrary.



Standard A18 – State of Emergency

State of Emergency. Unless state or federal agencies provide guidance to the contrary, a Certified Company shall:

- (a) Refrain from initiating phone calls with consumers concerning the payment of a debt when the company knows there is an ongoing and active emergency related to a natural disaster that is impacting the community where the consumer resides;
- (b) Implement their hardship policy (see Standard A20) when interacting with consumers who reside in an area that is subject to a state of emergency that was declared by the Federal Emergency Management Agency (FEMA);
- (c) Take reasonable steps to avoid soliciting or otherwise attaching to government emergency relief funds. A company may accept government emergency relief funds for the payment of a debt if the consumer voluntarily chooses to use those funds for payment; and

• • •



Standard B1 – Data & Document Requirements

ASSET CLASS	REQUIRED	COMMERCIALY REASONABLE EFFORTS
Credit Cards & Asset Classes Not Listed	<p>(i) Consumer's first and last name;</p> <p>(ii)* Consumer's Social Security number or other government issued identification number, if obtained by the creditor;</p> <p>(iii)*# Consumer's address at Charge-Off;</p> <p>(iv)*# Creditor's name at Charge-Off;</p> <p>(v)# Creditor's address at Charge-Off;</p> <p>(vi)*# Copy of the signed contract or other account level document(s) that were transmitted to the consumer while the account was active that provides evidence of the relevant consumer's liability for the debt in question. Other documents may include, but are not limited to, a copy of the most recent terms and conditions or a copy of the last activity statement showing a purchase transaction, service billed, payment, or balance transfer;</p> <p>(vii)*# Account number at Charge-Off;</p> <p>(viii)*# Unpaid balance due on the account with a post-Charge-Off breakdown of interest, fees, payments, and creditor/owner authorized credits or adjustments;</p> <p>(ix)*# Date and amount of the consumer's last payment, provided a payment was made;</p> <p>(x)* Sufficient information to calculate the dates of account delinquency and Default;</p> <p>(xi)# Date of Charge-Off;</p> <p>(xii)# Balance at Charge-Off;</p> <p>(xiii) Copy of a statement that reflects the Charge-Off Balance;</p> <p>(xiv)# Copy of each bill of sale or other document evidencing the transfer of ownership of the debt from the initial sale by the Charge-Off creditor to each successive owner that when reviewed in its totality provides a complete and unbroken chain of title documenting the name and dates of ownership of the creditor and each subsequent owner up to and including the Certified Company.</p>	<p>(i) If there was a legal change in the consumer's name during the life of the account, the prior name(s) used on the account;</p> <p>(ii) Consumer's date of birth;</p> <p>(iii) Consumer's last known telephone number;</p> <p>(iv) Consumer's last known email address;</p> <p>(v) Store or brand name associated with the account at Charge-Off if different from the Charge-Off creditor's name;</p> <p>(vi) Opening date of the account;</p> <p>(vii) Pre-Charge-Off account number(s) used by the creditor (and, if appropriate, its predecessors) to identify the consumer's account if different than the Charge-Off account number;</p> <p>(viii) Copy of the terms and conditions in place at the time of the most recent monthly statement recording a purchase transaction, service billed, payment, or balance transfer;</p> <p>(ix) Copy of the last activity statement showing a purchase transaction, service billed, payment, or balance transfer; and</p> <p>(x) Such other information it deems necessary to substantiate in a court of law the legal obligation, the identity of the person owing the legal obligation, and an accurate balance owed on the legal obligation.</p>

* = Office of Comptroller of the Currency

= CFPB

OTHER ASSET CLASSES:

- Auto
- Bankruptcy
- Judgments
- Medical
- Student Loans
- Fin Tech (2022)



New Standards 2020 & 2021

A19 – Social Media

A20 – Hardship Policy

A21 – Virtual Office

B5 – Per Diem Counsel

B6 – Interest

C8 – Court Proceedings



Potential New Standards for 2022

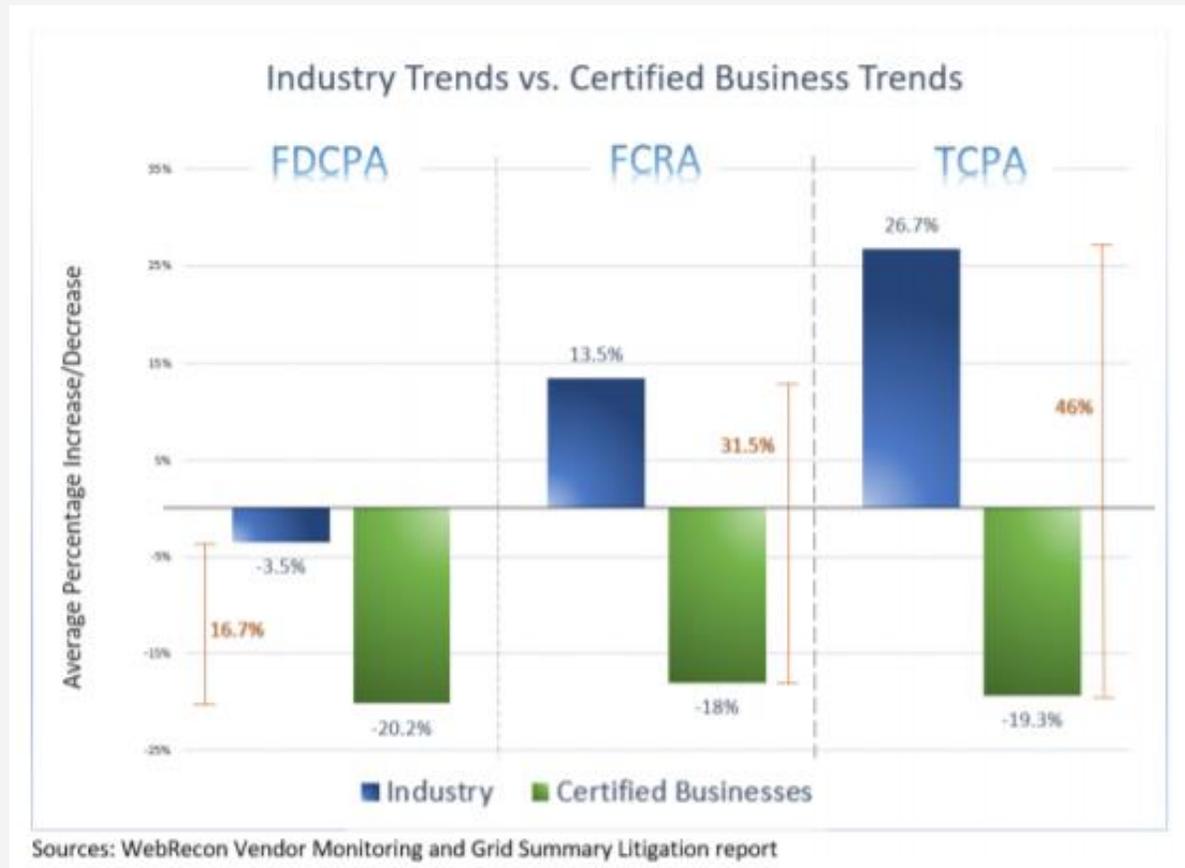
A22 – Non-Discrimination Policy

A23 – Communication Restrictions



Impact of RMAI Certification Program - Litigation

- RMAI's certification program has contributed to 20.8% decrease in consumer litigation.



RMAI Contact



David Reid, RMAI General Counsel

dreid@rmaintl.org

(916) 779-2492 (direct)

(916) 903-6031 (cell)





Health Facilities - Hospitals - Medical Debt Protection

HB 565; SB 514 (770 Md. Laws 2021)



Maryland's Medical Debt Protection Act

Joe Cunningham,
Director of Legislative
Response & Special
Initiatives

- Focuses on patient-related debt collection activities and practices involving hospital debt, and outlines debt collection requirements thereto, including standards around income-based payment plans.
- Prohibits a hospital, or its debt collector, from taking specified actions when collecting hospital debt from a patient (e.g., legal action, placing liens on patient and/or debtor property, body attachments, wage garnishments, and other means of debt collection).



Maryland's Medical Debt Protection Act

Joe Cunningham,
Director of Legislative
Response & Special
Initiatives

Health Facilities - Hospitals - Medical Debt Protection

HB 565; SB 514 (770 Md. Laws 2021)

(continued)

- Requires Maryland hospitals to annually submit their policy on the collection of debts owed by patients and provide reports to the Health Services Cost Review Commission (HSCRC), to be compiled into an annual debt collection report.
- By January 1, 2022, HSCRC must develop and report on guidelines for an income-based payment plan and study the impact on uncompensated care, providing specified refunds, or requiring hospitals to forgive certain judgments or strike specified adverse information.

Medical Debt Protection Act – Collections Challenges

Presented by:

Andy Madden, VP/Government & State Affairs, ACA International

Leslie Bender, Senior Counsel, Clark Hill

Challenges for Debt Collectors

- Income based solutions and resources for patients throughout the life of the hospital bill
 - Assessing and reassessing patients' eligibility
 - Installment payment plans
- Disclosures timed from date hospitals have sent their first statements
- Coordination on providing financial assistance information to patients
- Timing for credit reporting – and impact of later determination of eligibility for financial assistance or free care
- Coordination on refunds to which patients might later be entitled if found eligible for free care or reduced cost care

More Challenges for Debt Collectors

- Unclear whether if Reg F permits communicating with patients and their responsible parties via email or text if Maryland's law would allow that
- Hospitals must send statements in a patient's preferred language – but not clear if a debt collector also must do so as well.
- Unclear how some of the law's strategies work if the patient is deceased.
- Eligibility services – might these now fall under this law
- For debt buyers: no sales of hospital debt are permitted.
- For legal collectors: many restrictions on activities that may otherwise be part of a legal collections path.

Thank you!



Submit any concerns you'd like ACA International to consider to Andy Madden at Madden@acainternational.org

Industry Best Practices in Technology and Operations

Reg F Preparedness, Technology Solutions, Tracking Compliance



**Presented by Missy Meggison, Sara Woggerman & Erin Kerr, from the iA
Institute**

Presented By:

- Erin Kerr- Executive Director iA Strategy and Tech
- Sara Woggerman, ARM Compliance Business Solutions, iA Research Assistant
- Missy Meggison- Executive Director of Consumer Relations Consortium, iA Research Assistant



Reg F – 35 days/24 biz days- What if I'm not ready?

- Prioritize! There is no need to boil the ocean.
 - Look at the main topics of Reg F
 - Letters?
 - Calls?
 - Credit Reporting?
 - What is relevant to your current business model?
 - Understand what “safe harbor” means
 - What is urgent – what can wait?
- Ops and Legal need to work together
 - Develop a timeline and a plan
 - Focus on one or 2 items at a time
 - Execute



Can Technology Help? How?

- How many objectives do you have, and how many can the solution help you solve?
- Building vs. buying - the real cost of plug and play
- How much will it actually cost to operate?



How can I keep track of all the state and fed law changes?

- Subscribe to industry newsletters (multiple)
- Dedicate a person to track
- A simple spreadsheet can work
- Set recurring meetings
- Develop a policy and procedure for general implementation





Contact Information

- Missy Meggison (missy@insidearm.com)
- Sara Woggerman (sara@armcbs.com)
- Erin Kerr (erin@insidearm.com)

**For more information, or to subscribe to our newsletters
or Research Assistant, visit insideARM.com**