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B-332818

January 7, 2021

The Honorable Mike Crapo
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Maxine Waters
Chairwoman
The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Bureau of Consumer Financial Protection: Debt Collection Practices (Regulation F)*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Bureau of Consumer Financial Protection (Bureau) entitled “Debt Collection Practices (Regulation F)” (RIN: 3170-AA41). We received the rule on December 22, 2020. It was published in the *Federal Register* as a final rule; official interpretation on November 30, 2020. 85 Fed. Reg. 76734. The effective date of the rule is November 30, 2021.

According to the Bureau, the final rule revises Regulation F, which implements the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. § 1692 *et seq.*, and currently contains the procedures for state application for exemption from the provisions of FDCPA. The Bureau stated it is finalizing federal rules governing the activities of debt collectors, as that term is defined in FDCPA. According to the Bureau, the final rule addresses, among other things, communications in connection with debt collection and prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection.

Enclosed is our assessment of the Bureau’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Kathleen L. Kraninger
Director
Bureau of Consumer Financial Protection

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
BUREAU OF CONSUMER FINANCIAL PROTECTION
ENTITLED
“DEBT COLLECTION PRACTICES (REGULATION F)”
(RIN: 3170-AA41)

(i) Cost-benefit analysis

The Bureau of Consumer Financial Protection (Bureau) estimated the final rule will further the Fair Debt Collection Practices Act's (FDCPA), 15 U.S.C. § 1692 *et seq.*, goals of eliminating abusive debt collection practices and ensuring that debt collectors who refrain from such practices are not competitively disadvantaged. However, the Bureau stated it is not clear based on the information available whether the net effect of the final rule will be to make it more costly or less costly for debt collectors to recover unpaid amounts, and therefore not clear whether the rule will tend to increase or decrease the supply of credit. The Bureau also stated the final rule will benefit both consumers and debt collectors by increasing clarity and certainty about what FDCPA prohibits and requires.

According to the Bureau, several provisions of the final rule will likely change the way debt collectors communicate with consumers, and these provisions are likely to interact with each other in ways that make their net impact difficult for the Bureau to predict. The Bureau estimated the provisions related to communications will likely reduce the overall number of telephone calls per consumer, while at the same time potentially reducing the number of calls required to reach each consumer. Although the Bureau believes it is likely that consumers will benefit directly from a reduction in telephone calls that annoy, abuse, or harass them, the Bureau stated it cannot predict the net effect of these provisions on debt collectors' costs and revenues or the net change in indirect costs to consumers if debt collectors cannot reach them from, for example, litigation.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

The Bureau prepared a Final Regulatory Flexibility Analysis. The analysis included (1) a statement of the need for, and objectives of the final rule; (2) a description of significant issues raised by public comments in response to the Initial Regulatory Flexibility Analysis; (3) a response to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration; (4) a description and, where feasible, provision of an estimate of the number of small entities to which the final rule will apply; (5) projected reporting, recordkeeping, and other compliance requirements of the final rule, including an estimate of classes of small entities that will be subject to the requirement and the type of professional skills necessary for the preparation of the report or record; (6) a description of any significant alternatives to the final rule that accomplish the stated objectives of the applicable statutes and minimize any significant economic impact of the rule on small entities; and (7) a discussion of the impact on the cost of credit for small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Bureau is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On May 21, 2019, the Bureau published a proposed rule. 84 Fed. Reg. 23274. On March 3, 2020, the Bureau published a supplemental proposed rule. 85 Fed. Reg. 12672. The Bureau received more than 14,000 comments from consumers, consumer groups, Members of Congress, other government agencies, creditors, debt collectors, industry trade associations, and others. The Bureau responded to the comments in the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

The Bureau determined the final rule contained information collection requests (ICRs) subject to the Act. The Bureau stated the final rule revises the information collection requirements contained in the ICR entitled “Regulation F: Fair Debt Collection Practices Act,” which is associated with Office of Management and Budget Control Number 3170–0056. The Bureau estimated the total annual burden hours for the ICR to be 860,500.

Statutory authorization for the rule

The Bureau promulgated the final rule pursuant to sections 5512, 5514, and 5532 of title 12; and sections 1692*f*, 1692*o*, and 7004 of title 15, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

As an independent regulatory agency, the Bureau is not subject to the Order.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, the Bureau is not subject to the Order.