



February 28, 2014

Monica Jackson  
Office of the Executive Secretary  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, D.C. 20552

**Re: Advance Notice of Proposed Rulemaking Debt Collection (Regulation F): 12 CFR Part 1006, Docket No. CFPB-2-13-0033, RIN 3170-AA41**

Dear Consumer Financial Protection Bureau:

Thank you for this opportunity to comment on debt collection. The Greenlining Institute encourages the CFPB to implement robust regulations that curb abusive debt collection practices. As an advocacy organization for communities of color, we are quite familiar with the problems consumers face trying to deal with abusive debt collectors.

The effects of predatory lending and the housing meltdown have exposed millions more consumers to the debt collectors' abusive tactics. The culture of leverage and the toxic loans of the financial crisis have increased debt by a landslide. Now, abusive collection tactics run the gamut, from abusive lawsuits, to posing as a consumer's Facebook friend, to trying to collect on an amount that is not actually owed.

We are deeply troubled that this problem disproportionately pervades low-income neighborhoods and communities of color, who have been historically targeted by banks' redlining for decades. More recently these same communities were hammered by the financial crisis after being targeted by subprime lenders.

The racial disparities in abusive debt collection were recently spotlighted in New York where about 200,000 debt collection lawsuits were filed against consumers in 2011 alone. The bulk of the lawsuits were clustered in non-white, low-income neighborhoods -- the very communities who can ill afford further financial loss. In 2013, Demos and the NAACP Economic Department collaborated to find that, in survey of moderate-income American households with some credit card debt, African-American households are more likely to have been called by bill collectors.

And in California, where people of color are the majority, debt collection hurts our entire state. By abusing the legal system, debt collectors siphon millions of dollars out of the very communities that should be building wealth, rather than losing it. And California is beginning to respond. For example, Attorney General Kamala Harris filed an enforcement action against JPMorgan Chase for fraudulent



debt collection practices, including robo-signing and “sewer service.”

We are very glad to see the CFPB advancing this important issue at the federal level. We recommend that the CFPB should:

1. Clarify legal remedies to enable consumers to stop ongoing abusive debt collection. The CFPB should clarify that, when a collector commits multiple violations, courts can award multiple statutory damages (a damage award in civil law, in which the amount awarded is dictated by the statute) and injunctive relief (a court-ordered act or ban against an act or condition). These remedies should be explained in plain-English outreach materials for the benefit of consumers.
2. Require collectors to have much better information about the debt before collecting and suing — and more information about all previous collection efforts on the debt. Collectors must be responsible for having all the pertinent information about the debt itself, the consumer, previous communications and collection attempts, and the collector’s ownership of the debt. The CFPB should require collectors to have substantially better information before collecting and suing.
3. Stop abuses by payday lenders, credit card companies and other creditors. Current rules only cover third party debt collectors. Instead, all creditors should be required to follow rules preventing abusive collection practices.
4. Stop telephone harassment. Repeat calls to consumers at their homes and workplaces can quickly become abusive, causing enormous stress to consumers and even jeopardizing their jobs. The CFPB should limit calls to three per week and actual contact to once a week.
5. Ensure that consumers know about and can exercise their right to request that collectors stop communicating with them. Collectors should be required to inform consumers during each contact that the consumer has the right to stop these communications. Consumers’ verbal requests to stop communications should be honored immediately.
6. Protect consumers from collectors seeking old debts. The CFPB should clearly state that lawsuits seeking to obtain time-barred debt are not allowed, and should also prohibit other efforts to collect stale debt. (A debt becomes time-barred when the opportunity to collect expires under the statute of limitations). If collection is not barred altogether, the CFPB should require that (a) oral collection efforts and reports to credit bureaus be forbidden, (b) all written collection efforts come with a clear statement that the consumer cannot be sued, and (c) a time-barred debt not be revived by the consumer’s payment or acknowledgement responding to a collection effort.

7. Prevent credit reporting abuses. The CFPB should mandate that collectors (a) report disputes to the credit reporting agencies if the debt was reported, and (b) clearly inform consumers that paying debts will not remove the negative report from the credit report.
8. Require meaningful investigation of disputes. Collectors should be required to respond substantively to a dispute about a debt and to give the consumer the required information about their debt.
9. Provide needed protections for medical debt, student loan debt and servicemembers. The CFPB should flatly prohibit collectors from communicating with servicemembers' commanding officers. Medical debt and student loans pose immense problems and unique issues that the CFPB should address with targeted rules.
10. Prohibit forced arbitration. Debt collectors, debt buyers and creditors should be barred from depriving consumers of their day in court by compelling arbitration of consumer claims relating to collection abuses.

At Greenlining, we have a simple message: If debt collectors want consumers to pay, they have to play fair. We are glad to see that CFPB Director Richard Cordray agrees, stating that the CFPB will “root out” the debt collectors who “seek to gain an advantage by ignoring the rules.” We applaud this stance and encourage the CFPB to take aggressive action to protect consumers against the problem of abusive debt collection.

Thank you for the opportunity to comment on this important proposed rulemaking.

Sincerely,

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