**MEMORANDUM**

TO: Collection Agency License Applicants

FROM: William N. Lund, Superintendent

RE: Guidelines for Collection Letters

Several applicants have asked for general guidelines regarding collection letters, which must be approved as part of Maine’s debt collector licensing process.

1. The “initial letter” must contain the federally-required 30-day verification notice.

In addition, the initial letter should contain the following statement: “This is an attempt to collect a debt. Any information obtained will be used for that purpose.”

1. All subsequent letters should include the statement: “This communication is from a debt collector.”
2. The hours of operation, and the appropriate time zone, of the debt collector’s office must be included somewhere in each letter. Most collectors print it near the telephone number, so that consumers know when they can contact the collection agency.
3. Our preference is that the street address of the licensed office be listed in the letter. If consumers are expected to send their payment to a post office box, that address can also be included, but in order to verify that the office doing the collecting is licensed, we ask that the street address be listed.
4. If the letter references “legal action,” “litigation,” “referral to an attorney,” or similar language, that letter cannot be used in cases in which a creditor has not authorized litigation, or in which the amount of the debt is such that creditors would be unlikely to

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authorize litigation in the regular course of business. In other words, collectors must confirm that they will not use a letter referencing legal action or litigation for small collection amounts. Collectors should also indicate at what level that cutoff occurs (*e.g.*, any debt below $2,000).

1. Phrases like “pay immediately” or “pay now” should not be included in the initial letter. This type of demand overshadows the significance of the 30-day verification period provided in the initial letter.
2. Letters should be truthful. For example, a letter should not threaten a negative impact on a consumer’s credit history, if the collector has no plans to provide negative information to a credit reporting agency, or in cases where it is very likely that the creditor has already communicated that negative history, such that additional reports from the collector would have no practical, marginal impact. Also on the subject of truthfulness, a letter should not contain statements which do not reflect reality. Therefore, if a letter, for example, states that the consumer’s case will be referred to the “Litigation Review Board” within the agency, then we will ask for details on the corporate makeup of the collection agency to determine whether there really is such a board and if so, how it operates. If a letter says that an asset check will be performed, we ask the collector to prove that such practice is actually followed.
3. We do not permit a collector to offer to obtain or arrange a loan or other monies for a consumer’s use in paying the debt. This rule results from a specific prohibition in Maine law (32 MRSA §110.3 (3) (M)).
4. Please note that collection letters submitted for approval with the initial application are reviewed as a routine process with the application with no charge. All collection letters submitted for approval *after* licensure, are subject to a $5.00 charge per letter as authorized by 32 MRSA §11051. Please submit payment of $5 per letter when submitting the additional collection letters for review and approval.

Although this list is not exhaustive, it includes many of the issues that arise during our first review of proposed collection letters.