

# DBA International Debt Buyer Certification Program

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## I. Mission Statement

- 1.1 **Mission.** The DBA International Debt Buyer Certification Program (Certification Program) adopts a national standard for the debt buying industry to help ensure that those who are certified are aware of and are complying with state and federal statutory requirements, responding to consumer complaints and inquiries, and are following debt buying industry best practices.

## II. Definitions

- 2.1 **Definitions.** The following terms, when capitalized, shall have the following meanings:

“Applicant” shall mean the person or legal entity who submits an Application to DBA to be certified or to renew their certification.

“Application” shall mean the procedure by which a person or legal entity submits information and documentation required by DBA to be considered for certification or to renew their certification.

“Audit” or “Compliance Audit” shall mean an assessment of a Certified Party’s conformity to the Certification Standards that is performed by an Auditor.

“Auditor” shall mean an individual, company, or firm that is an independent third party approved or retained by the Council to perform Compliance Audits. The Council shall provide multiple options to Certified Debt Buyers for independent third parties, including individuals, companies, or firms that are not certified public accountants.

“Board” shall mean the DBA International Board of Directors.

“Certification Program” shall mean the DBA International Debt Buyer Certification Program.

“Certification Standards” or “Standards” shall mean the minimum requirements necessary to become and to maintain the status of a Certified Party.

“Certified Debt Buyer” shall mean a Debt Buyer who meets or exceeds the Certification Program requirements to be certified, has been granted certification, and remains in good standing.

“Certified Party” shall mean a Certified Individual and/or a Certified Debt Buyer.

“Certified Individual” shall mean an individual who meets or exceeds the Certification Program requirements for an individual certificate designation, has been granted certification, and remains in good standing.

“CFPB” shall mean the federal Consumer Financial Protection Bureau.

“Consumer Data” shall mean personally identifiable information associated with a consumer account that needs to be protected due to the confidential nature of the information.

“Council” shall mean the DBA International Debt Buyer Certification Council.

“DBA” shall mean DBA International, a 501(c)(6) non-profit association.

“Debt Buyer” shall mean a legal entity that is engaged in the business of purchasing consumer and/or commercial debt (i.e. distressed assets), whether it collects the debt itself, hires a third party for collection, or hires an attorney-at-law for litigation.

“Deficiency” shall mean a failing of a Certified Party to conform to one or more of the Certification Standards as identified through a Compliance Audit.

“Executive Director” shall mean the Executive Director of DBA International or his or her designee.

“FDCPA” shall mean the federal Fair Debt Collection Practices Act.

“FTC” shall mean the Federal Trade Commission.

“Governance Document” shall refer to all of the content contained on this and any prior or subsequent pages that comprise the Certification Program, including the appendices.

“Remediation” shall mean the process of conforming to the Certification Standards once a Deficiency has been identified through a Compliance Audit.

### **III. Debt Buyer Certification Council**

- 3.1 **Governing Body.** The DBA International Debt Buyer Certification Council (Council) is the governing body that administers the Certification Program on behalf of the DBA Board of Directors.
- 3.2 **Appointment.** The Council shall be appointed by the DBA International Board of Directors (Board). All vacancies that occur on the Council prior to the expiration of a term shall be filled by the Board for the remaining portion of the term.
- 3.3 **Composition.** The Council shall consist of eleven (11) individual members. The composition of the Council shall represent each of the following demographics:
- A. An experienced consumer representative from a consumer focused non-profit agency, the Better Business Bureau, the Consumer Credit Counseling Service, a retired member of the judiciary, or other consumer advocate familiar with the debt buying industry;
  - B. Representatives of six (6) Certified Debt Buyers, provided that the Board ensures that small, medium, and large Certified Debt Buyers are equally represented;
  - C. A Certified Individual;
  - D. A representative of a third party collection agency;
  - E. A representative of a consumer collection law firm; and
  - F. A representative of an originating creditor.
- 3.4 **Term.** Council Members shall serve a two (2) year term that commences on the first day of March and ends on the last day of February except that the first members of the Council

shall have their terms staggered to create two classes. No individual may be appointed by the Board to more than two (2) consecutive terms on the Council.

3.5 **Qualifications.** Each Council Member shall be selected based on the following qualifications:

- A. No more than one representative from a Debt Buyer (including parent and subsidiaries) may serve on the Council;
- B. No Board Member may serve on the Council;
- C. The Council should reflect the diversity of the debt buying industry, to the maximum extent possible;
- D. Council Members shall be recognized professionals who: (1) are in compliance with their respective Codes of Ethics within their industry, if applicable, and (2) have not been convicted of a felony;
- E. Preference should be shown to individuals who are employed with companies that are members of the Better Business Bureau; and
- F. Notwithstanding any provision contained in this Governance Document to the contrary, the Board may appoint an Interim Council consisting of the Certification Task Force Members for a period not to exceed one (1) year to allow sufficient time for DBA members to become qualified for appointment to the Council pursuant to the requirements contained herein. The Interim Council shall have the same powers as the Council.

3.6 **Dismissal from the Council.** Any member of the Council may be removed from office by a two-thirds (2/3) vote of all Council Members, with prior notice to the Board of such potential action, for engaging in any conduct or behavior contrary to the best interests of the Certification Program. Council Members having three (3) or more unexcused absences from scheduled Council meetings per year may be dismissed.

3.7 **Relationship with DBA.**

- A. **Council Authority.** The Council and the Certification Program shall be contained within the DBA International (DBA) corporate entity. The Council shall have the authority to:
  - 1. Elect a Council Chair from the appointed Council Members to a one (1) year term that commences on the first day of March and ends on the last day of February;
  - 2. Develop policies and procedures of the Council, including the creation of additional officers and committees not provided in this Governance Document;
  - 3. Develop Certification designations, Certification Standards, educational requirements, examination requirements, Audit requirements, the granting and revocation of certifications, the Remediation of Deficiencies, and the general

administration of the Certification Program, provided it is consistent with this Governance Document;

4. Suggest qualified individuals to the Board for appointment to the Council when a vacancy exists; and
5. Provide semi-annual reports to the Board regarding the Certification Program and monthly updates on the roster of Certified Entities.

**B. Board Authority.** Nothing in this Governance Document shall diminish the powers of the Board. The Board shall at a minimum:

1. Appoint the Council Members;
2. Approve and/or reject individually or as a slate: (i) the Council's selection of the Council Chair, (ii) the Council Chair's selection of Committee/Task Force Chairs, and (iii) the Committee/Task Force Chairs' selection of committee or task force members;
3. Hear appeals from Certified Parties on disciplinary actions taken by the Council;
4. Have oversight authority of the Council and the Certification Program to ensure that the Certification Program as developed and operated by the Council is conducted in a fair and equitable manner;
5. Provide staff for the operation of the Certification Program. The Executive Director of DBA International (Executive Director), or his or her designee, shall serve as the chief staff position supporting the Certification Program;
6. Provide financial support for the Certification Program. The Council shall provide the Board with an annual budget for the operation of the Certification Program. The Board will exercise final authority in approving such budgets and the accompanying fee schedules for the Certification Program; and
7. Retain independent third parties to audit the Certification Program and the administration of the Certification Program to ensure conformity with this Governance Document and generally accepted business practices.

**C. Board Review Procedures.** The Executive Director shall transmit to the Board all final decisions of the Council within two (2) business days of the decision, including the rationale for the decision. Except for the process provided in the Remediation Procedures Manual (**Appendix E**), the Board shall have the right to reverse any decision of the Council, in their complete discretion, provided that such action takes place within five (5) business days from the Executive Director's transmittal. If no action is taken by the Board, the Council's decision shall be implemented at the end of the seventh (7th) business day. In the case of reversing a disciplinary action taken by the Council, the Board's power to reverse will be dependent on an appeal of such action by the Certified Party.

## IV. Committees

4.1 **Standing Committees.** The Council Chair shall appoint all chairs of standing committees from the Certified Parties who are members of the Council. Committee Chairs, except for

the Chair of the Remediation Committee, shall appoint the members of their committees. The members of the Remediation Committee shall include the Chair of the Remediation Committee, the Executive Director, DBA General Counsel, and such other individuals selected and approved by the Council. Each committee shall have a minimum of three (3) members and a maximum of seven (7) members, provided that two-thirds (2/3) of the members on each committee shall be Professional Members of DBA (as defined in the DBA Bylaws) and meet the qualifications provided in section 3.5(C) and (D). The standing committees shall include the following:

- A. **Administration & Budget Committee.** The Administration & Budget Committee shall be responsible for issues concerning the administration and oversight of the Certification Program, Application procedures, and the development of a proposed annual budget and fee schedule. The committee is also responsible for assuring affordable access to the Certification Program.
  - B. **Audit Committee.** The Audit Committee shall be responsible for issues concerning the administration and oversight of the Certification Program's Compliance Audits.
  - C. **Education Committee.** The Education Committee shall be responsible for issues concerning the administration and oversight of the Certification Program's educational requirements. The development of all DBA education programming shall be managed by the Board's Education Committee.
  - D. **Remediation Committee.** The Remediation Committee shall be responsible for issues concerning the administration and oversight of Deficiencies and Remediation within the Certification Program.
  - E. **Public Relations & Marketing Committee.** The Public Relations & Marketing Committee shall be responsible for educating and promoting the Certification Program with DBA membership, the debt buying industry, press, public officials, and the general public. This shall include the development of all physical and electronic publications and resources, provided that they are developed jointly with the appropriate subject matter committees. All written material shall be approved or developed in collaboration with the Board's Editorial Committee to ensure a consistent message from the DBA.
  - F. **Standards Committee.** The Standards Committee shall be responsible for issues concerning the administration and oversight of the Certification Program's Certification Standards.
- 4.2 **Additional Committees and Task Forces.** The Council may establish additional committees or task forces in their discretion with the appointment of Chairs made by the Council Chair.

## V. Certification Standards

- 5.1 **Base Line.** The Council may change the Certification Standards contained in this Governance Document, provided that any alteration does not decrease the base line level established by the Governance Document.
- 5.2 **Annual Review.** The Standards Committee shall annually review the Certification Standards and make recommendations to the Council for changes based on the effectiveness of the Certification Program, changes in laws and regulations, and the evolution of best practices.
- 5.3 **Uniformity.** The goal of the Certification Program is to create a national standard for compliance based on uniform principles that are formed by statutes, regulations, ethical standards, interactions with regulatory agencies, and best practices.
- 5.4 **Conformity.** A Certified Party, as a condition of certification, shall demonstrate conformity with the Certification Standards and acknowledge that violations may result in sanctions being imposed on the Certified Party under this Governance Document and policies adopted by the Council, including expulsion from the Certification Program.
- 5.5 **Debt Buyer Certification Standards.** In order for a Debt Buyer to become and remain certified, the Debt Buyer shall demonstrate the following, unless a stricter requirement is imposed by state or federal law or regulation:
- A. **Chief Compliance Officer.** The Debt Buyer shall create and/or maintain the position of “Chief Compliance Officer” with a direct or indirect reporting line to the President, CEO, or General Counsel (unless the Chief Compliance Officer is the President, CEO, or General Counsel). The Chief Compliance Officer shall be individually certified within one (1) year of employment in such capacity. The position shall not be vacant for longer than three (3) months unless the Debt Buyer has someone serving in an “acting” capacity during the employment search. The Chief Compliance Officer shall be an employee, owner, or a corporate officer of the Certified Debt Buyer or of a corporate affiliate of the Certified Debt Buyer. The responsibilities of the position of Chief Compliance Officer shall be provided for in the Certification Standards Manual (see Appendix A).
  - B. **Conformity with the Certification Standards Manual.** The Debt Buyer shall conform to the Certification Standards Manual (see Appendix A) as may be amended from time-to-time by the Council.
  - C. **Publication.** The Debt Buyer shall authorize DBA to publish its name, certification number, year certified, website address, mailing address, and telephone number along with its Chief Compliance Officer’s name, title, certification number, year certified, employer issued telephone number, and employer issued email address in a directory of Debt Buyers who are certified on a publicly accessible website maintained by DBA. The Debt Buyer shall make the same information publicly available on its website

along with a link to a “Consumer Education” page provided on the DBA website. A Debt Buyer’s consumer facing employees shall provide the same information to a consumer upon request.

5.6 **Individual Certification Standards.** In order for an individual to become and remain certified, the individual shall demonstrate the following, unless a stricter requirement is imposed by state or federal law or regulation:

- A. **Educational Requirements.** The individual shall comply with the Educational Requirements as established by Article VI of this Governance Document in order to be certified. The subject matter that will qualify for continuing education credit shall be listed in the Certification Standards Manual (**see Appendix A**), unless otherwise qualified pursuant to section 6.8(C).
- B. **Employment.** Upon being certified, the individual shall maintain employment with a Certified Debt Buyer, provided that the Council shall provide exceptions for individuals who are (i) unemployed; (ii) operating as a third-party vendor providing compliance services to a Certified Debt Buyer; (iii) working for a government entity, a creditor, or a debt buying or collection industry trade association; or (iv) retired.
- C. **Publication.** The individual shall authorize DBA to publish his or her name, title, certification number, year certified, employer issued telephone number, and employer issued email address along with his or her employer’s name, certification number, year certified, website address, mailing address, and telephone number in a directory of individuals who are certified on a publicly accessible website maintained by DBA. The individual shall also be required to provide the same information to a consumer upon request.
- D. **Good Character.** The individual shall demonstrate good character, the requirements of which shall be provided in the Certification Standards Manual (**see Appendix A**).

5.7 **Amending Certification Standards.** The process for review and approval of any new or updated Certification Standards shall be as follows:

- A. **Annual Review.** The Standards Committee shall annually review the Certification Standards and make suggestions for updates on or before the last day of October based upon evolving debt buying industry best practices, input from key stakeholders and communities of interest, areas of Council concern, and recent regulatory and statutory changes. The changes will be documented in such a manner as to be easily recognizable as changes to the Certification Standards for the reader. The Standards Committee shall submit any proposed changes to the Council via the Executive Director to begin the approval process.
- B. **Comments.** The Council shall provide a copy of the proposed changes on a website maintained by DBA for thirty (30) days with the process for submitting comments prior to taking any official action.

- C. **Approval.** The Council shall approve, alter, or reject the proposed changes to the Certification Standards. Any changes to the Certification Standards may be reversed by the Board within seven (7) business days of the Council's approval pursuant to section 3.7(C) of this Governance Document.
  
- D. **Effective.** Provided that no action is taken by the Board after the Council's approval of the revised Certification Standards, a copy of the revised Certification Standards shall be made available to the primary contact for each DBA member, Certified Parties, and individuals and Debt Buyers who have submitted an Application for initial certification, as well as made publicly accessible on a website maintained by DBA. Certified Parties shall have six (6) months (unless a longer time is specified) from the date of this notice or publication on the DBA web site to conform and attest to conformity of the new Certification Standards in their next biannual Application.

## **VI. Educational Requirements**

- 6.1 **Base Line.** The Council may change the Educational Requirements contained in this Governance Document, provided that any alteration does not decrease the base line level established by the Governance Document.
  
- 6.2 **Annual Review.** The Education Committee shall annually review the Educational Requirements and make recommendations to the Council for changes based on the effectiveness of the Certification Program, changes in laws and regulations, and the evolution of best practices.
  
- 6.3 **Uniformity.** The goal of the Certification Program is to create a national standard for the level of knowledge that is expected of individuals who are certified based on subject matter contained in case law, statutes, regulations, ethical standards, and best practices.
  
- 6.4 **Administration.** The Education Committee shall manage the administration of the Educational Requirements and the approval of any authorized providers with the assistance of staff.
  
- 6.5 **Educational Requirement – Pre-Certification.** Twenty-four (24) continuing education credits shall be required of all individuals before becoming certified. The pre-certification continuing education credits must include credits obtained from an introductory survey course presented by DBA or its designated presenter. The length of the course shall be determined by the Education Committee provided that it is no fewer than four (4) credits in length. The subject matter covered in the introductory survey course shall be determined by the Education Committee but at a minimum should include an introduction to the “core” laws and regulations that all Debt Buyers should know. The Introductory Survey Course shall be eligible for continuing education credit.

- 6.6 **Educational Requirement – Annual “Current Issues” Course.** An annual two (2) hour “Current Issues” course presented by DBA or its designated presenter on the latest statutory, regulatory, and judicial developments of relevance to Debt Buyers and their vendors shall be required of all individuals. The “Current Issues” Course shall be eligible for continuing education credit.
- 6.7 **Educational Requirement – Ethics.** Ethics Course(s) totaling a minimum of two (2) hours shall be required of all individuals for pre-certification requirements and for biannual continuing education requirements. The Ethics Course(s) shall be eligible for continuing education credit.
- 6.8 **Educational Requirement – Continuing Education.** Certified Individuals shall take continuing education classes from an authorized provider based on the following criteria:
- A. **Biannually.** Twenty-four (24) continuing education credits shall be required every two years to maintain certification.
  - B. **Credit Calculation.** One (1) continuing education credit shall be equal to receiving fifty (50) minutes of class instruction. Instructors are eligible to receive double continuing education credit for providing class instruction, provided that an instructor cannot receive multiple credits for repeated lectures on the same material.
  - C. **Subject Matter.** Continuing education credits shall be provided for classes from a DBA authorized provider in a subject matter listed in the Certification Standards Manual (**see Appendix A**), except that an authorized provider may seek approval for continuing education credit for a class whose subject matter is not listed in the Certification Standards Manual if it is preapproved pursuant to criteria contained in the Educational Requirements Manual (**see Appendix B**). Authorized providers must provide DBA the topic and a short summary of the class content prior to the class taking place in order for the class to be eligible for continuing education credit.
  - D. **On-Line Classes.** Authorized providers may offer on-line classes subject to the following restrictions:
    - 1. No more than ten (10) continuing education credits in a biannual cycle shall be from on-line classes and
    - 2. Online classes shall have either a question/answer component or electronic prompts to continue the lecture to ensure active listening.
  - E. **Examination.** There shall not be an examination component for the entry level certification designation. If the Council creates additional certification designations beyond the entry level certification designation, the Council shall require an examination administered by DBA and/or a contracted third party.
- 6.9 **Authorized Providers.** Authorized providers shall be determined based on the following:

- A. **Recognized Professional Organizations.** The following organizations are recognized to be professional organizations within the debt buying and collection industry that have historically provided exceptional educational programming in the subject matter required for the Certification Program and therefore are automatically deemed to be authorized providers should the respective organizations wish to participate:
1. DBA International;
  2. ACA International;
  3. Commercial Law League of America (CLLA); and
  4. National Association of Retail Collection Attorneys (NARCA).
- B. **Recognized Excellence in the Delivery of Education.** The Education Committee may approve other organizations or individuals who are recognized for excellence in providing educational classes in the subject matter required for the Certification Program and who meet the criteria contained in the Educational Requirements Manual (see **Appendix B**);
- C. **Remedial Action.** The Council may, at its sole discretion, take remedial action to restrict, suspend, or revoke the status of an authorized provider or recommend such actions to the Board in the case of paragraph (A) of this section for failure to comply with the provisions of this Article or Appendix B.

6.10 **Non-Authorized Providers.** DBA, in its complete discretion, may consider qualifying a class for continuing education credit from a non-authorized provider pursuant to criteria contained in the Educational Requirements Manual (see **Appendix B**), provided that the instructional material and a certificate of attendance are submitted to DBA after completion of the course.

6.11 **Specialty Certifications.** The Education Committee may recommend to the Council the creation of specialty certification designations beyond the entry level certification designation. The Education Committee shall work with the Standards Committee in determining the required subject matter for any specialty certifications.

6.12 **Educational Requirements Manual.** The Education Committee shall maintain an Educational Requirements Manual (see **Appendix B**) that provides guidance and clarification on: (i) continuing education requirements for the Certification Program, (ii) subject matter eligible for continuing education credit, (iii) requirements for becoming an authorized provider of continuing education classes, and (iv) examination requirements, if applicable.

6.13 **Amending Educational Requirements.** The Education Committee shall follow the same process established in section 5.7 of this Governance Document for the review and approval of any new or updated Educational Requirements.

## VII. Application

- 7.1 **Annual Review.** The Administration & Budget Committee shall annually review the Application for the Certification Program (see **Appendix C**) and make recommendations to the Council for changes as the Committee deems appropriate.
- 7.2 **Application.** An Application (see **Appendix C**) and an application fee shall be required of all parties seeking certification through the Certification Program. As part of the Application, the Applicant shall perform a self-evaluation based on the Certification Standards. Applicants should not submit their Applications until they believe they are in full conformity with all of the Certification Standards and can document conformity in an acceptable fashion. The Administration & Budget Committee shall be responsible for reviewing the content of all Applications and making a determination on certification based upon the information submitted by the Applicant.
- 7.3 **Certification Period.** The certification period for a Certified Party shall be two (2) years from the point the initial Application is approved. A renewal of certification shall be based on the anniversary date regardless of whether the Application is processed and approved before or after such date. A grace period of ninety (90) days shall be provided for renewals before the Certified Party automatically loses their Certification.
- 7.4 **Eligibility.** Only eligible Applicants shall be considered for certification. Eligibility shall include but may not be limited to the following:
- A. **Certification Standards.** Agreeing to, achieving, and ongoing conformity with the Certification Standards.
  - B. **Audit Procedures.** Agreeing to and complying with the Audit Procedures.
  - C. **Remediation Procedures.** Agreeing to and complying with the Remediation Procedures.
  - D. **Unresolved Deficiency Allegations.** The Applicant shall not have any unresolved allegations pursuant to the requirements in Article IX of this Governance Document.
  - E. **DBA Membership.** DBA membership is required for certification of any Debt Buyer.
  - F. **Prior Sanctions.** The Applicant may have had sanctions imposed upon them in the past pursuant to the Certification Program; however, a former Certified Party who has been expelled from the Certification Program shall never be eligible for re-certification.
- 7.5 **Mergers/Acquisition/Change in Ownership of Certified Parties.** In the event of a change of structure or control of a Certified Party, the certification may or may not remain valid. Certified parties involved in mergers, acquisitions, or changes in majority ownership must notify DBA in writing of the new status within thirty (30) days of the close of the

transaction. This notice shall be provided to the Administration & Budget Committee for review and shall include the following:

- A. **Business Structure.** A description of the business structure of the new or changed entity shall be provided and shall include at a minimum a listing of the management team, the Employer Identification Number, and a declaration whether the new business structure is in conformity with the Certification Program.
- B. **Transitional Plan.** In the event that it is determined that the new or changed entity is not in conformity with the Certification Program, the entity shall provide a transitional plan with a timeline that details how it intends to maintain or conform to the Certification Standards. The Administration & Budget Committee shall review the new or changed business structure and how the relationship of the original Certified Debt Buyer is contained within the new business entity in order to determine whether the certification remains valid or will require re-Audit and/or re-Application. Non-certified Debt Buyers involved with a merger or acquisition with a Certified Debt Buyer are not allowed to claim to be certified or use the Certification Logo until approved in writing as being in conformity by the Administration & Budget Committee.

7.6 **Certificate and Logo.** Certified Parties shall be provided with a certificate, a sample press release for media distribution, and graphics/art work with the Certification Program logo including an explanation of limitations and proper use of this mark. Subsidiaries or affiliates of a Certified Debt Buyer may be authorized, in the sole discretion of the Administration & Budget Committee, to display the Certification Program logo upon written request and the payment of a fee, provided that their shared status is indicated in the publication requirements of section 5.5(C). Displaying or utilizing the certificate or logo of the Certification Program shall immediately cease if after certification the Certified Party: (i) withdraws its certification; (ii) has its certification suspended during such period; or (iii) has been expelled from the Certification Program.

7.7 **Voluntary Withdraw of Certification by a Certified Party in Good Standing.** Certified Parties may withdraw from certification at any time. A written letter signed by (i) the President/CEO/Owner/Officer of the Certified Debt Buyer or (ii) the Certified Individual, as applicable, shall be sent to the Council documenting such a request. No certification fees are refunded in conjunction with voluntary withdrawals of certification. A Certified Party in good standing who voluntarily withdraws from certification may reapply for certification at any time. This shall include any Certified Party that voluntarily withdraws from certification during the Audit process but prior to the completion of the Compliance Audit.

7.8 **Voluntary Withdraw of Certification by a Certified Party Prior to Remediating a Deficiency.** If a Certified Party is the subject of a Deficiency finding in a Compliance Audit and voluntarily withdraws from the Certification Program during the Remediation process but prior to entering into a Remediation Agreement with DBA, the Deficiency shall be dismissed without prejudice and without any further action by the Remediation Committee or the Council. The Certified Party may not reapply for certification for a

period of two (2) years from the effective date of its withdrawal, except in the case of a Debt Buyer where the allegation was against a Certified Individual serving as an employee and that employee is no longer employed by the Debt Buyer.

## VIII. Audit Procedures

- 8.1 **Base Line.** The Council may change the Audit Procedures contained in this Governance Document, provided that any alteration does not decrease the base line level of review established by the Governance Document.
- 8.2 **Annual Review.** The Audit Committee shall annually review the Audit Procedures to be followed and make recommendations to the Council for changes based on the effectiveness of the Certification Program, changes to the Certification Standards, and the evolution of generally accepted business practices.
- 8.3 **Scope.** The purpose of the Audit Procedures is to ensure that Certified Parties are conforming to the Certification Standards.
- 8.4 **Compliance Audit of Certified Debt Buyers.** The following Audit Procedures shall apply to Compliance Audits of Certified Debt Buyers:
- A. **Timing.** A Compliance Audit performed by an Auditor shall be required of each Certified Debt Buyer once every three (3) to four (4) years, except that the first Audit after becoming certified shall take place prior to renewal. A Limited Compliance Audit may be performed at any time, at the direction of the Remediation Committee, based on the requirements of this Governance Document.
  - B. **Written Notice.** When a Certified Debt Buyer receives a written notice from DBA requesting a Compliance Audit be performed, the Certified Party shall have four (4) months to have the Audit completed, inclusive of the Audit Committee's receipt of the Audit findings. Failure to comply shall result in the immediate suspension of certified status. A written extension of no more than two (2) months may be granted by the Audit Committee, in its discretion.
  - C. **Auditors.** DBA shall maintain a list of approved Auditors from which Certified Debt Buyers may contract for the performance of the Compliance Audit. Each Certified Debt Buyer shall be responsible for negotiating and payment of all costs associated with its Audit.
  - D. **Scope of the Compliance Audit.** The Auditor shall validate conformity with the Certification Standards and verify the accuracy of materials submitted with the Certified Debt Buyer's most recent Application. This review shall be based on the Certification Standards and criteria for observation and documentation contained in the Audit Review Manual (**see Appendix D**). This inspection is designed to ensure the Certified Debt Buyer's processes are not just on paper but that they are integrated into the everyday workflow of the Certified Debt Buyer. The Auditor may request an onsite

visit to see work in progress in order to verify conformity. A Certified Debt Buyer with multiple locations must verify conformity in all locations as the Certification Program does not provide for partial or process-based certification.

- E. **Alternate Audit Method.** The Audit Committee may in its sole discretion permit a Certified Debt Buyer who is performing another required audit to add the Certification Program Compliance Audit to the list of audited deliverables for cost efficiency. The Certified Debt Buyer shall be required to get the written preapproval of the Audit Committee for this exception to qualify. Only that portion of the audit that addresses the Certification Program Compliance Audit needs to be provided to the Audit Committee. This audit can be performed prior to a scheduled Compliance Audit and shall serve to reset the clock on the next required Compliance Audit.
  - F. **Deficiencies.** If a Compliance Audit shows material deficiencies in a Certified Debt Buyer's conformity with the Certification Standards, the Audit Committee shall forward the Compliance Audit to the Remediation Committee for remedial action.
  - G. **Limited Compliance Audits.** A Limited Compliance Audit can be required by the Remediation Committee to verify compliance with a Remedial Agreement or to investigate a third party allegation of nonconformity with the Certification Standards as provided in Article IX of this Governance Document. The scope of a Limited Compliance Audit shall be restricted to the terms of the Remedial Agreement or the allegation. If the Audit is based on a third party allegation, the Auditor may contact such other individuals who may have knowledge of the facts and circumstances surrounding the allegation. Limited Compliance Audits shall be performed by an Auditor contracted by DBA and whose costs, except travel and lodging, will be paid by DBA. Any travel and lodging expenses associated with a Limited Compliance Audit shall be paid by the Certified Debt Buyer being audited. It is the Certified Debt Buyer's responsibility to bring together into one location all applicable representatives, documents, and information that are needed to verify conformance with company policies, procedures, processes, etc. that the Auditor will need in order to complete the Limited Compliance Audit.
- 8.5 **Audit of Certified Individuals.** The audit of Certified Individuals shall be conducted by DBA staff or as otherwise determined by the Council.
- 8.6 **Audit Review Manual.** The Auditor, the Council, and applicable Committees of the Council shall use the Audit Review Manual (see **Appendix D**) as may be amended from time-to-time by the Council as a guide for determining certification approvals, denials, or remedial action based on conformity with the Certification Standards.
- 8.7 **Amending Audit Procedures.** The Audit Committee shall follow the same process established in section 5.7 of this Governance Document for the review and approval of any new or updated Audit Procedures.

## IX. Remediation Procedures

- 9.1 **Base Line.** The Council may change the Remediation Procedures contained in this Governance Document, provided that any alteration does not decrease the base line level of review established by the Governance Document.
- 9.2 **Annual Review.** The Remediation Committee shall annually review the Remediation Procedures and make recommendations to the Council for changes based on the effectiveness of the Certification Program and prior experiences with the Remediation process.
- 9.3 **Scope.** The purpose of the Remediation Procedures is to provide an objective process for investigating third party allegations and remediating Audit Committee findings concerning a Certified Party's conformity with the Certification Standards.
- 9.4 **Third Party Allegations.** Any third party allegation of nonconformity with the Certification Standards made against a Certified Party shall be in writing and made to the Executive Director and Chair of the Remediation Committee. No anonymous allegations shall be considered by the Remediation Committee. When the Chair receives a written allegation, he or she shall comply with the following procedures:
- A. **Preliminary Review.** The Chair shall perform a preliminary review which shall be limited to the written allegation. Based on the Chair's preliminary review, he or she has the authority to dismiss the allegation, without prejudice, if he or she believes the allegation is: (1) facially unreliable, (2) contains insufficient information, (3) is patently frivolous or trivial, or (4) does not involve a material violation of a Certification Standard.
  - B. **Remediation Committee Review.** If the Chair believes that sufficient information is contained in an allegation to suggest that there may have been a material violation of a Certification Standard, the Chair shall call a meeting of the Remediation Committee to review the allegation. If the Committee concurs that the allegation contains sufficient information to warrant an investigation, the Committee shall refer the allegation to the Audit Committee for a Limited Compliance Audit. In determining the sufficiency of the allegation, the Committee may seek additional information from the relevant parties.
- 9.5 **Recommendation of Remedial Action.** The Remediation Committee shall recommend to the Council such remedial action that it deems necessary to correct the deficiencies found in a Compliance Audit. Remediation shall be the goal of the Committee but in circumstances of egregious conduct where it is determined that remediation is not possible or warranted, the Remediation Committee may recommend disciplinary action against a Certified Party, including expulsion from the Certification Program.

- 9.6 **Remedial Powers of the Council.** The Board shall adopt a Remediation Procedures Manual (see **Appendix E**) that the Council shall follow when entering into Remedial Agreements with a Certified Party or when taking disciplinary action against a Certified Party, including expulsion from the Certification Program. The Board shall hear all appeals on disciplinary actions and its decision shall be final.
- 9.7 **Retaliatory Action Prohibited.** Direct or indirect retaliation of any kind by DBA, the Council, or their directors, officers, staff, or agents against any individual that makes, initiates, or is involved in the making of an allegation is strictly prohibited. This prohibition on retaliation shall be enforced strictly by the Board and the Council. Similarly, allegations made with knowledge of their falsity, in whole or in part, are strictly prohibited. This prohibition on the making of knowingly-false allegations shall be enforced by the Council to the fullest extent possible, up to and including expulsion.
- 9.8 **Additional Procedures for Third Party Consumer Allegations.** DBA encourages open communications between consumers and Certified Parties and does not serve as a liaison between the parties. The following procedures for handling third party consumer allegations are intended to encourage open communication and shall take place before DBA investigates any third party consumer allegations against a Certified Party:
- A. The consumer shall send a written communication to the Chief Compliance Officer of the Certified Party, if applicable, at the Certified Debt Buyer's address or the Chief Compliance Officer's email address listed on the DBA website detailing the allegation or dispute;
  - B. If the consumer does not receive a written response within thirty (30) days, the consumer may file the allegation with the Executive Director (which shall contain a copy of the written communication required by paragraph A of this section) and the Chair of the Remediation Committee. The Executive Director shall attempt contact with the Chief Compliance Officer to encourage communication with the consumer; and
  - C. If the consumer does not receive a written response within thirty (30) days after the submission of the allegation to DBA, the Chair of the Remediation Committee shall follow the Remediation procedures outlined in this Governance Document.
- 9.9 **Amending Remediation Procedures Manual.** The Remediation Committee shall follow the same process established in section 5.7 of this Governance Document for the review and approval of any new or updated Remediation Procedures, except that the recommendations shall be made to the Board.

## **X. Fee Schedule**

- 10.1 **Affordability.** The Council shall attempt to ensure that all fees and charges associated with the Certification Program are affordable and will result in neither a barrier for entry into the debt buying industry nor a reason that current Debt Buyers fail to become certified.

- 10.2 **Application Fees.** The Council shall recommend to the Board in the Certification Program's annual budget an application fee schedule for the following:
- A. **Individuals.** Individuals shall be assessed the following fees at the time of submitting an Application:
    - 1. **Administrative Fee.** A one-time nonrefundable administrative fee shall be charged for all first time Applicants.
    - 2. **Biannual Certification Fee.** A biannual certification fee, which shall cover the costs associated with administering the Certification Program.
  - B. **Debt Buyers.** Debt Buyers shall be assessed the following fees at the time of submitting an Application:
    - 1. **Administrative Fee.** A one-time nonrefundable administrative fee shall be charged for all first time Applicants.
    - 2. **Biannual Certification Fee.** A biannual certification fee, which shall cover the costs associated with administering the Certification Program.
- 10.3 **Appeals Fee.** A fee of one thousand dollars (\$1,000) shall be included with the filing of an appeal on a decision made by the Council as provided in the Remediation Procedures Manual (see **Appendix E**). The fee will be refunded only if the appeal is successful.
- 10.4 **Other Fees.** The Administration and Budget Committee may recommend to the Council the creation of other fees that are either associated with the Application or are charged at the point of an administrative action or request such as obtaining a Certificate of Good Standing.
- 10.5 **Refunds.** Refunds, less an administrative processing fee of \$50, shall be provided to any Applicant on application fees if the Application is withdrawn prior to the issuance of the certification or the rejection of the Application, whichever occurs first. No refunds shall be provided after the issuance of certification or the rejection of the Application.
- 10.6 **Currency.** All fees shall be based on the currency of the United States.
- 10.7 **Amending Fee Schedule.** The Administrative and Budget Committee shall follow the same process established in section 5.7 of this Governance Document for the review and approval of any new or updated fee schedules.

## **XI. Confidentiality, Records & Conflict of Interest**

- 11.1 **Confidentiality of Information.** Information submitted as part of the Certification Program shall be kept confidential and used for the limited purpose of determining eligibility for certification, compliance with certification, or as provided in section 11.6 of this Article.

- 11.2 **Confidentiality of Investigations.** Investigations and deliberations of the Council or any Committee concerning a party's certification or potential certification shall be conducted in strict confidence, to the extent possible. Investigations by their very nature may require the disclosure of certain information to parties essential to the review and/or investigation of the alleged misconduct but should be limited, to the extent possible.
- 11.3 **Redaction of Proprietary Information.** The Applicant has the right to redact any proprietary information it deems necessary from all documentation and in compliance with required laws and regulations. However, the redaction of information should not be of such a magnitude to impair the Council's ability to utilize the documentation in determining eligibility for certification and/or compliance with certification. Documents which are overly redacted and deemed unusable by the Auditor and/or the Council may be rejected and may result in an adverse certification decision.
- 11.4 **Property of DBA.** All information submitted during the certification process shall become the property of DBA.
- 11.5 **Record Retention.** The Council shall maintain original or electronic copies of the following Certification Program records in accordance with DBA's Record and Retention Schedule:
- A. Applications;
  - B. Self-evaluation Materials;
  - C. Reports of Auditors;
  - D. Records of Certification including disciplinary actions;
  - E. Records of Appeals;
  - F. The Certification Standards with Effective Dates;
  - G. Minutes of Council Meetings;
  - H. Copies of Policies and Procedures; and
  - I. Council Reports to the Board.
- 11.6 **Release of Information.** The Council shall not provide any additional information, including privileged information, to a third party except for the publication of information authorized by sections 5.5 and 5.6 of this Governance Document and the investigation of allegations and the remedial powers authorized by Article IX of this Governance Document. The Council shall not confirm or deny that a specific party is involved in any phase of the certification process prior to achieving certification, except as may be required for a reference check. The Council shall release information if it receives a written request

from the Applicant or Certified Party indicating who the information may be released to or if the Council is required to release information by a court order. In the event that the Council receives a subpoena or other form of compulsory process other than a court order, the Council will review before deciding whether to comply with the compulsory process to release the information. To the extent permitted by law, the Council will make commercially reasonable efforts to provide prior notice to the Applicant or Certified Party concerning the court order or subpoena so that they may have an opportunity to intervene in an effort to block the disclosures. The Council may communicate the fact and date of the Certified Party's withdraw from Certification, and the fact and general nature of the allegation that was pending at the time of withdraw to, or at the request of, one or more government agencies engaged in the administration of law or debt buying industry oversight.

- 11.7 **Confidentiality Agreement.** Council Members, Committee Members, staff, and vendors shall sign a Confidentiality Agreement where they agree to keep all information submitted as part of the Certification Program confidential. A violation of the Confidentiality Agreement may lead to dismissal from the Council, Committee, employment, or termination of a contractual relationship.
- 11.8 **Conflict of Interest.** Council Members, Committee Members, staff, and vendors shall recuse themselves from any discussion or actions associated with a party and/or issue where there is a personal or professional affiliation or interest that might have an impact on the deliberations. A violation of this paragraph may lead to dismissal from the Council, Committee, or employment.

## **XII. Meetings**

- 12.1 **Roberts Rules of Order.** Unless provided otherwise in this Governance Document, the Council and the Committees of the Council shall follow the most recent version of Roberts Rules of Order for voting procedures.
- 12.2 **Quorum.** A quorum for voting purposes shall be considered fifty percent (50%) plus one (1) of the positions filled.
- 12.3 **Public Meetings.** The meetings of the Council and the Committees of the Council are not open to the public unless stated otherwise in advance of the meeting.

## **XIII. Indemnification**

- 13.1 **Indemnification.** All Audit Committee Members, Remediation Committee Members, Council Members, DBA employees, DBA Counsel, independent contractors, and other individuals engaged in investigations or decisions on behalf of the Certification Program and DBA with respect to any allegation under the Certification Standards or an independent third party audit thereof shall be indemnified and held harmless and defended by DBA

against any liability arising from such activities to the extent permitted by law, provided such individuals acted in good faith and with reasonable care, without gross negligence or willful misconduct, and did not breach any fiduciary duty owed to DBA or the Council.

# Appendices

## APPENDIX A CERTIFICATION STANDARDS MANUAL

- A.1 **Minimum Standards.** The Certification Standards Manual provides the minimum standards that Certified Parties shall maintain in order to become certified or to remain certified.
- A.2 **Failure to Conform to Standards.** Failure to conform to the Certification Standards can lead to the loss of certification or such other actions deemed appropriate by the Council.
- A.3 **Individual Certification.** The following are the Certification Standards required for individual certification:
- (1) **Educational Requirements.** The individual shall have completed twenty-four (24) continuing education credits from an authorized provider prior to becoming certified and for each biannual Application thereafter based on the following criteria:
    - (a) Four (4) continuing education credits from an Introductory Survey Course presented by DBA shall be required of all individuals before becoming certified;
    - (b) Two (2) continuing education credits annually from a “Current Issues” Course presented by DBA on the latest statutory, regulatory, and judicial developments of relevance to Debt Buyers and their vendors shall be required of all individuals;
    - (c) Two (2) continuing education credits from an Ethics Course(s) shall be required of all individuals for both pre-certification and biannual certification requirements; and
    - (d) No more than ten (10) continuing education credits in a biannual cycle shall be from on-line classes.
  - (2) **Education Subject Matter.** An individual who seeks to be certified and remain certified shall take continuing education classes from an authorized provider in any of the following qualified subjects, unless additional subjects are otherwise authorized pursuant to the process contained in the Educational Requirements Manual (Appendix B):

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Account Documentation (at point of sale)

Account Documentation (access to after sale)  
Account level data requirements (minimum standards)  
Accounts – Closing  
Accounts – Recalling  
Affidavits (Account)  
Affidavits (Portfolio)  
Affidavits (State requirements)  
Attorney General Interaction  
Attorney Representation Issues  
Audited Financial Statements  
Audits  
Automated and Predictive Dialers  
Background Checks  
Bankruptcy Code  
Bankruptcy Issues  
Better Business Bureau  
Bills of Sale  
Business Management Practices  
Business Records Exception Rule  
Call Monitoring  
Call Recording and Retention Policies  
Cease and Desist Issues  
Cell-phone Communications  
CFPB Portal  
Chain of Title Issues & Requirements  
Charge-Off Account Statements  
Chief Compliance Officer – Role of  
Cloud Based Systems  
Collection Letters  
Compliance Policies  
Confidential Tip Lines  
Confidentiality and Non-Disclosure Agreements  
Consent to Sale Provisions  
Consumer Bill of Rights  
Consumer Communications  
Consumer Complaint and Dispute Resolution Process  
Consumer Disputes – Verbal & Written  
Consumer Education on Financial Responsibility  
Consumer Financial Protection Bureau (CFPB)  
Consumer Notices  
Consumer Support Services  
Court Rulings Impacting Debt Buyers  
Credit Bureaus – In General  
Credit Bureaus – E-Oscar and FACT Act Disputes  
Credit Bureaus – Reporting  
Credit Bureau Updates

Data Access & Control  
Data Accuracy and Integrity  
Data Backup  
Data Destruction  
Data Reconciliation (conformity, integrity, system of record)  
Data Security  
Data Vendors  
Deceased Debtors  
Disaster Recovery  
Disclaimers and "Negative" Representation and Warranties  
Do-Not-Call Issues  
Due Diligence (e.g. seller surveys, selection of vendors)  
E-mail Communications  
Employee Compensation & Commission Issues  
Employee Manual  
Employee Supervision & Oversight  
Employment Policies  
Encryption  
Escrow Account Issues  
Ethical Codes of Conduct (Employees)  
Ethical Codes of Conduct (Industry – DBA, ACA, NARCA, and CLLA)  
Fair Credit Reporting Act (FCRA)  
Fair Debt Collection Practices Act (FDCPA)  
FDCPA Complaints – How to handle them  
Federal Communications Commission (FCC)  
Federal Trade Commission (FTC)  
Fraud  
Gramm–Leach–Bliley (GLB) Act  
Hardship Policies and Programs  
Hiring Practices  
Identity Theft  
Indemnification  
Ineligible Account Definitions (e.g. compliance, legally uncollectible, or unenforceable)  
Insurance  
Insurance - Errors & Omissions (E&O) Insurance  
Insurance - Directors & Officers (D&O) Liability Insurance  
Insurance - Workers Compensation Insurance  
Interest Application  
Investigations - External  
Investigations – Internal  
Laptop Security  
Litigation  
Location Requirements  
Malware  
Media Systems and Operations

Mini Miranda  
Off-site Hosted Platforms  
Original Data Overrides – Issues to be aware of  
Pass through Rights  
Passwords  
Payment Application  
Policy Violations – How to Find & Handle  
Privacy Laws – State & Federal  
Publication of Contact Information  
Purchase & Sale Agreements  
Quality Assurance/Control Processes  
Recalling Accounts  
Records Management  
Records Retention  
Red Flag Rules  
Representations and Warranties (standard language)  
Resale Issues – In General  
Resale Policies and Practices  
Right Party Contact  
Security Breaches  
Servicing Agreements  
Skip Tracing  
Social Media  
Standards and Controls (e.g. SSAE 16, PCI, ISO 27001)  
State Licensing Requirements  
State Notice Requirements  
Statute of Limitations – In General  
Statute of Limitations – Out of Stat  
Statute of Limitations – Rehabilitation  
Supervisory Issues  
Telephone Consumer Protection Act (TCPA)  
Terms and Conditions  
Theft  
Third Party Issues  
Third Party Penalties for Non-Compliance  
Time-of-sale documentation standards (e.g. Bills of Sale, Portfolio Affidavits)  
Training Programs  
Transmitting Files  
Trust Fund  
Truth in Lending Act  
Unfair, Deceptive or Abusive Acts and Practices (UDAAP)  
Validation Notice Requirements  
Vendor Management – In General  
Vendor Management – Audits  
Vendor Management – Oversight  
Verification of Consumer Debt

Voicemail Messages  
Wrong Numbers

- (3) **Employment.** An individual who is certified shall be an employee, owner, or a corporate officer of the Certified Debt Buyer or of a corporate affiliate of the Certified Debt Buyer. An exception to this requirement shall be provided for an individual who:
- (a) Is working for a government entity, a creditor, or an debt buying or collection industry trade association and for one (1) year beyond his or her employment with such entity;
  - (b) Is unemployed, provided that he or she becomes employed by a Certified Debt Buyer or is otherwise exempt within two (2) years; or
  - (c) Is operating as a third-party vendor providing compliance services to a Certified Debt Buyer(s).
- (4) **Publication.** The individual shall authorize DBA to publish their name, title, certification number, year certified, employer issued telephone number, and employer issued email address along with their employer's name, certification number, year certified, website address, mailing address, and telephone number in a directory of Certified Individuals that is provided on a publicly accessible website maintained by DBA. The information provided must be correct and any updates shall be provided to DBA within thirty (30) days of its occurrence. The individual shall also be required to provide the same information to a consumer upon request.
- (5) **Good Character.** DBA may revoke, terminate or suspend an Individual Certification or deny an Individual Certification of any Certified Party and/or Applicant if the Council determines that the party has demonstrated a lack of good character that may place consumers in jeopardy or adversely reflect on the industry, by any of the following:
- (a) Engaged in any illegal conduct involving moral turpitude;
  - (b) Engaged in conduct involving dishonesty, fraud, deceit, misrepresentation, or any misappropriation of confidential data or information; or
  - (c) Engaged in any other conduct that adversely reflects on his or her fitness to engage in the business of debt buying.

A.4 **Debt Buyer Certification.** The following are the Certification Standards required for Debt Buyer certification:

- (1) **Laws & Regulations.** A Certified Debt Buyer shall comply with the Fair Debt Collection Practices Act and, as applicable, the Fair Credit Reporting Act, the Telephone Consumer Protection Act, and all other local, state, and federal laws and regulations concerning: (a) collection activity on consumer accounts, (b) the rights of consumers, (c) debt buying, and (d) financial services as they may apply to Debt Buyers.
- (2) **Account Documentation.** On all new debt portfolios purchased after becoming certified, the Certified Debt Buyer shall require in the purchase agreement (i.e. the contract) those data elements required to sufficiently identify the consumers on the associated accounts. The Certified Debt Buyer shall use commercially reasonable efforts to negotiate the inclusion of the following data elements in purchase agreements, provided that they are applicable to the type of debt being purchased: (a) name, (b) last known address, (c) account number or account identifier, (d) social security number or other government issued identification number, (e) account opening date, (f) last payment date, provided a payment was made, (g) the charge off balance, (h) the charge off date, and (i) the current balance at the point of sale. Additionally, any documents that the Certified Debt Buyer is required or wishes to have access to in the future shall also be listed in the purchase agreement.
- (3) **Errors & Omissions Insurance.** Each Certified Debt Buyer shall maintain an insurance policy that contains a minimum of two million U.S. dollars (\$2,000,000) in Errors & Omissions (E&O) insurance.
- (4) **Chain of Title Requirements.** Identify and maintain the name, address, and dates of ownership for the prior owner(s) of each account within a portfolio that is purchased. The intent is to have each subsequent Certified Debt Buyer maintain an accurate listing for chain of title on debts purchased after certification. This Certification Standard shall only apply to accounts purchased by the Debt Buyer after it obtains certification. This is not a retroactive requirement on accounts purchased prior to certification.
- (5) **Chief Compliance Officer.** Create and maintain the position of “Chief Compliance Officer” with a direct or indirect reporting line to the President, CEO, or General Counsel (unless the Chief Compliance Officer is the President, CEO, or General Counsel). The Chief Compliance Officer’s documented job description shall include, at a minimum, the following responsibilities:
  - (a) Maintaining the Debt Buyer’s official copy of the Certification Standards Manual;
  - (b) Identifying policies, procedures, or activities of the Debt Buyer that are out of conformity with the Certification Standards;

- (c) Receiving or supervising those who receive consumer complaints on behalf of the Debt Buyer;
  - (d) Investigating or supervising those who are investigating the legitimacy of consumer complaints;
  - (e) Ensuring a timely response is provided to consumer complaints;
  - (f) Developing recommendations for corrective actions when the Debt Buyer is not conforming with the Certification Standards and providing them to his or her direct and indirect report(s); and
  - (g) Interacting as the point of contact for the federal Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission (FTC), state consumer regulatory agencies, and state and federal attorneys general on consumer complaints regarding the Debt Buyer.
- (6) **Criminal Background Check.** Unless prohibited by state or federal law, perform a legally permissible criminal background check prior to employment on every prospective employee who will have access to confidential financial data and every owner of the business with a five (5) percent or greater share ownership in the Certified Debt Buyer, to determine the following:
- (a) Whether the prospective employee or owner has been convicted of any criminal felony involving dishonesty, fraud, deceit, misrepresentation, or any misappropriation of confidential data or information; and
  - (b) Whether the prospective employee or owner has been charged with any crime involving dishonesty, fraud, deceit, misrepresentation, or any misappropriation of confidential data or information such that the facts alleged support a reasonable conclusion that the acts were committed and that the nature, timing, and circumstances of the acts may place consumers in jeopardy.

The criminal background check is not a retroactive requirement for employees hired prior to certification but shall apply to all owners with a five (5) percent or greater share of ownership in the Certified Debt Buyer.

- (7) **Employee Training Programs.** Establish and maintain annual employee training program(s). These programs should educate the employees on the various corporate policies, standards, and laws and regulations that they must comply with in the performance of their duties. These programs should also inform employees of the possible consequences for failing to comply with them.
- (8) **Consumer Complaint and Dispute Resolution.** Establish and maintain written consumer complaint and dispute resolution policies and procedures that instruct

employees how to handle and process consumer complaints and disputes in compliance with applicable laws and regulations. As part of this policy, the Debt Buyer shall participate in the Consumer Financial Protection Bureau consumer response system (when available) and describe how employees are to handle communications that are transmitted via the portal.

- (9) **Consumer Notices.** Establish and maintain a database of applicable local, state, and federal consumer notices in the areas in which the Debt Buyer conducts business and maintain procedures to ensure that the appropriate notices are added to consumer correspondence.
- (10) **Data Security Policy.** Establish and maintain a data security policy to safeguard consumer information owned by the Certified Debt Buyer.
- (11) **Identity Theft or Fraud.** The Certified Debt Buyer shall not sell any accounts that have been identified as being created as a result of identity theft or fraud.
- (12) **Disputed Accounts.** The Certified Debt Buyer shall not sell any account where there is an outstanding written and non-duplicative consumer request for verification of the debt pursuant to the FDCPA (15 USC 1692g) that has not been responded to in writing.
- (13) **Publication.** The Certified Debt Buyer shall authorize DBA to publish their name, certification number, year certified, website address, mailing address, and telephone number along with their Chief Compliance Officer's name, title, certification number, year certified, employer issued telephone number, and employer issued email address in a Directory of Certified Debt Buyers that is provided on a publicly accessible website maintained by DBA. The information provided must be correct and any updates shall be provided to DBA within thirty (30) days of its occurrence.

The Certified Debt Buyer shall make the same information publicly available on their website along with a link to a "Consumer Education" page provided on the DBA website. A Certified Debt Buyer's consumer facing employees shall provide the same information to a consumer upon request.

- (14) **State Licensing Requirements.** Comply with the state and municipal licensing laws to the extent that they are applicable to Debt Buyers.
- (15) **Statute of Limitations.** A Certified Debt Buyer shall not knowingly bring a lawsuit on a debt that is beyond the applicable statute of limitations; however, a Certified Debt Buyer may continue to attempt collection provided there are no laws and regulations to the contrary.

- (16) **Vendor Management Policy.** Establish and maintain a Vendor Management Policy that at a minimum requires future contracts with third-party vendors who have access to the Certified Debt Buyer's Consumer Data to:
- (a) Provide documentation to the Certified Debt Buyer that demonstrates conformity with Certification Standards 6 through 10 if the third-party vendor is communicating with consumers on behalf of the Certified Debt Buyer;
  - (b) Provide documentation to the Certified Debt Buyer that demonstrates conformity with Certification Standards 6 and 10 if the third-party vendor only has access to Consumer Data owned by the Certified Debt Buyer and there is no consumer contact;
  - (c) Forward to the Certified Debt Buyer any written complaint that the third-party vendor received or that was filed with the CFPB/FTC on one of the Debt Buyer's accounts, if applicable;
  - (d) Cease collection on any or all of the certified Debt Buyer's accounts, if applicable, upon written notice by the certified Debt Buyer as clearly defined pursuant to the agreement;
  - (e) Respond to the certified Debt Buyer's inquires within seven (7) business days unless a shorter period is provided for pursuant to an agreement between the parties;
  - (f) Return any or all Consumer Data and/or accounts at the certified Debt Buyer's request within fourteen (14) business days or within such period of time as clearly defined pursuant to the agreement; and
  - (g) Be subject to a potential audit by an independent third-party auditor. This requirement shall be waived if the third-party vendor is a Certified Debt Buyer.
- (17) **Website.** Establish and maintain a publicly accessible website that can be found by a simple web search using the corporate name provided in communications with consumers.
- (18) **Credit Bureau Reporting.** If a Certified Debt Buyer reports consumer account information to a credit bureau, the Certified Debt Buyer shall: (a) correct with the credit bureau any inaccurately reported information that it identifies within thirty (30) days of its discovery, (b) notify the credit bureau when a consumer disputes the accuracy of an account within thirty (30) days of the dispute being made, unless the dispute is resolved prior to notification, and (c) notify the credit bureau within thirty (30) days if the Certified Debt Buyer sells the account.

- (19) **Resale**. If a Certified Debt Buyer sells consumer accounts to a non-certified Debt Buyer, the Certified Debt Buyer shall require in the terms and conditions of the sale agreement that the purchaser of those consumer accounts meet or exceed the standards of a Certified Debt Buyer with the exception that the purchaser need not be a Certified Party.

## **APPENDIX B**

### **EDUCATIONAL REQUIREMENTS MANUAL**

B.1 **Purpose.** The Educational Requirements Manual (hereinafter referred to in this Appendix as “Manual”) provides additional information to supplement the content provided in the Governance Document. The Manual is designed to be updated on an annual basis provided that the changes do not decrease the base line requirements established in the Governance Document. The Manual will provide guidance to the Education Committee and additional information pertaining to the requirements for:

- (1) Continuing education of Certified Individuals;
- (2) Authorized providers of continuing education;
- (3) Continuing education credit from non-authorized providers of continuing education; and
- (4) Future specialty certifications or testing authorized by the Council.

B.2 **Failure to Meet Requirements.** Failure to meet the requirements contained in the Governance Document or this Manual can lead to the loss of certification or authorized provider status.

B.3 **Introductory Survey Course.** The Education Committee shall work with staff and any contracted vendor(s) on the development and presentation of an Introductory Survey Course based on the following guidance:

- (1) The Introductory Survey Course should be a high level presentation of the life cycle of a charged-off consumer account;
- (2) The content should provide an overview of (i) applicable state and federal laws and regulations, (ii) DBA Certification Standards, and (iii) best practices (which may go beyond that required by law, regulation, or Certification Standard) that commonly apply to Debt Buyers and charged-off consumer accounts;
- (3) Given the nature of the course and the limited time available, an in-depth review of such subjects should be left for separate specialized continuing education courses;
- (4) An audience member should leave the course not as an expert on the subject matter but with sufficient understanding to recognize an issue if and when he or she encounters it;

- (5) The course shall be at least four (4) hours in length but may be increased by the Education Committee if it is determined it is necessary to fulfill the goals of the course;
- (6) The course shall be offered at each DBA Annual Meeting and at any other time at the discretion of the Education Committee;
- (7) A video version of the course provided at the DBA Annual Meeting shall be made available online for a fee; and
- (8) The following outline is provided as a suggestion of potential content for an Introductory Survey Course:

**Overview: History of Debt Buying & Regulations**

- Historical Overview of Debt Buying
- Overview of Laws and Regulations that Impact Debt Buying Industry -
  - FDCPA, FCRA, TCPA, GLB, 1099C, State Laws, Red Flag Rules, State Licensing Compliance, etc.
- Common Terms - Standard usage
- Debt Sale Scams - Highlight of common scams to watch out for
- Common Mistakes of a Debt Buyer
- Overview of the DBA Certification Program & Standards

**Life Cycle of a Debt**

- Typical Consumer Account from Creation to Charge-Off Status
- Evaluating a Portfolio
  - Masked files
- Due Diligence - Pre-selection questionnaires - questions for Sellers
- Contract Terms and Conditions
  - As-is / Reps and Warranties
  - Chain of Title / Documentation / Statements / Accuracy of Data
- Collection Issues & Responsibilities (internal, outsource, or sell)
  - Compliance (more details on key portions of regulations as relates to collection topics - most common issues)
  - Licensing
  - Consumer communications
    - Letters
    - Phone Calls
    - Cell Phones
    - Phone Call Scripting
    - Answering Machine Messaging
    - Restrictions on Frequency
    - Consumer ID Verification

- Collector Identification
    - Call Recording Disclosure
  - Mini Miranda
  - Cease and desist
  - Complaints
  - Quality Control/Call Monitoring
  - Credit Bureau - use and reporting
  - Bankruptcy
  - Deceased
  - Out-of-statute accounts
  - Litigation-related issues, including burden of proof
  - Vendor Management / Resale Policies and Practices
  - Data Security/Physical Security
  - Disputes
  - Payment Application
    - Convenience Fees
    - Overpayment Handling
  - Skip tracing
- Insurance Requirements
- Post-Sale Issues
- Paid in Full / Closed Accounts

### **Resources and Sources for More Information**

B.4 **Current Issues Course.** The Education Committee shall work with staff and any contracted vendor(s) on the development and presentation of a Current Issues Course based on the following:

- (1) The course should provide a detailed presentation on a subject matter concerning new state and/or federal statutory, regulatory, and/or judicial developments of relevance to Debt Buyers and their vendors;
- (2) The course shall be two (2) hours in length;
- (3) The course shall be offered at each DBA Annual Meeting and at any other time at the discretion of the Education Committee; and
- (4) A video version of the course provided at the DBA Annual Meeting shall be made available online for a fee.

B.5 **Ethics Courses.** Ethics courses given by an authorized provider shall count towards continuing education credit if the subject matter is on the following list:

- (1) DBA International Ethical Code of Conduct;
- (2) ACA International, Commercial Law League of America (CLLA), or National Association of Retail Collection Attorneys (NARCA) Ethical Codes of Conduct;
- (3) Presentations by consumer groups and/or the Better Business Bureau;
- (4) Financial accounting as it relates to trust accounts and commingling of assets;
- (5) Real life accounts by consumers who were victims of fraud or identity theft and the resulting consequences to their life;
- (6) Consequences of making a false or misleading statement;
- (7) Inspirational lectures by prominent community, corporate, or governmental leaders designed to encourage behavior that promotes the betterment of the debt buying industry or society as a whole; and
- (8) Other subjects approved by the Education Committee.

**B.6 General Courses.** The Certification Program requires the completion of twenty-four (24) continuing education credits by Certified Individuals on a biannual basis by taking classes from authorized providers. Classes offered by Authorized Providers from the approved list of topics identified in the Certifications Standards Manual (**See Appendix A**) will count toward certification without further approval by the DBA so long as DBA is provided the topic and a short summary of the class by the Authorized Provider prior to the class taking place. The Education Committee may grant continuing education credit for classes taken from a non-authorized provider based upon a written request by a Certified Individual (**see B.9 below**).

**B.7 Authorized Providers.** Authorized providers shall be determined by the following methodology:

- (1) **Recognized Professional Organizations.** DBA International, ACA International, Commercial Law League of America (CLLA), and National Association of Retail Collection Attorneys (NARCA) are designated by the Governance Document to be professional organizations within the debt buying and collection industry that have historically provided exceptional educational programming in the subject matter required for the Certification Program and are therefore automatically deemed to be authorized providers. Recognized professional organizations are

not required to fill out an application or pay a fee to participate but must comply with provisions contained in paragraph B.8 below. Affiliates or state chapters of recognized professional organizations do not qualify under this category but are encouraged to apply to become an authorized provider.

- (2) By Application. The Education Committee may approve other organizations or individuals based on the following:
  - (a) Demonstrated excellence in providing instruction in the subject matter that is qualified for continuing education credit;
  - (b) Compliance with the provisions contained in paragraph B.8 below; and
  - (c) Timely response to a Request for Proposals (RFP) that shall be posted from time-to-time on the DBA website seeking interested parties wishing to become an authorized provider of the Certification Program. The Education Committee shall provide any additional requirements for participation in the RFP, including but not limited to fees, length of authorization, and renewal criteria.

**B.8 Requirements of Authorized Providers.** All authorized providers shall conform to the following criteria when issuing Continuing Education Certificates:

- (1) Be a member of DBA in good standing, except for the Recognized Professional Organizations;
- (2) The subject matter of the class to be offered qualifies for continuing education credit pursuant to the Certification Standards Manual (**see Appendix A**).
- (3) If the subject matter does not qualify, the authorized provider may request written pre-approval from the Education Committee to provide continuing education credits for the class. Such requests must include a description of course, the course objectives, and demonstrate the relevance of the subject matter to the debt buying industry. The Education Committee may, at its sole discretion, require copies of the proposed course materials, audit the course, or request other relevant information;
- (4) Provide written descriptions for all classes on a publicly accessible website prior to or contemporaneous to registration, provided that classes may be subject to change;

- (5) Indicate the number of continuing education credits that an individual will receive for the completion of the class(es) adjacent to the written description of the class(es);
- (6) Provide the individual who attended the class(es) with a Continuing Education Certificate signed by a representative of the authorized provider that contains at a minimum the following:
  - (a) The name and logo of the authorized provider;
  - (b) The name of the individual attending the class;
  - (c) A space for the DBA Certification Number (if applicable) to be inserted by the recipient of the continuing education;
  - (d) The date and location that the continuing education class was held;
  - (e) The title of the class and the number of continuing education credits associated with the class;
  - (f) The signature of a representative of the authorized provider; and
  - (g) A declaratory statement to be signed and dated by the recipient of the continuing education that she or he has in fact attended the class for which s/he seeks continuing education credit, and that s/he acknowledges that providing false information may subject her or him to potential disciplinary action or the loss of certification;
- (7) Provide DBA with a sample of the Continuing Education Certificate they will issue, along with the name, title, contact information, and sample signature of the individual(s) who will sign the certificates;
- (8) Maintain documentation of course offerings and attendees for a period of three (3) years. Verification of attendance of an individual must be provided to DBA upon request;
- (9) Ensure class content is content-rich and not deemed a "sales opportunity" for additional classes, products, or services provided by the authorized provider

and/or presenter. Introductory classes designed to be the first step of a fee-based program will not generally be considered for continuing education credit;

- (10) Permit DBA to audit classes from time-to-time to ensure the content is delivered as advertised; and
- (11) Agree to assist the Education Committee in the investigation of any complaint regarding an instructor or class content.

B.9 **Non-Authorized Providers.** A Certified Individual may make a written request to the Education Committee to receive continuing education credit for a class taken from a non-authorized provider. The Education Committee, in its sole discretion, may grant the request provided that:

- (1) The request shall be in writing and contain the following information:
  - (a) The name of the entity providing the class;
  - (b) The date and location of the class;
  - (c) The length of the class in minutes;
  - (d) A copy of any handouts associated with the class, if available;
  - (e) A class description from an advertisement, website, or other documented source; and
  - (f) A brief statement of the relevance of the subject matter to the debt buying industry.
- (2) DBA receives a declaratory statement that is signed and dated by the recipient of the continuing education that she or he has in fact attended the class for which s/he seeks continuing education credit, and that s/he acknowledges that providing false information may subject her or him to potential disciplinary action or the loss of certification; and
- (3) Proof of attendance is provided to DBA along with any handouts associated with the class if they were not previously submitted.

- B.10 **Evaluation, Review, and Complaint Process.** Classes offered by authorized providers may be subject to evaluation and review by the Education Committee should DBA receive a written complaint regarding the instructor or class content.
- B.11 **Use of DBA "Authorized Provider" Status.** Non-authorized providers are prohibited from stating or suggesting that they are a DBA authorized provider either verbally or in writing.



Name

EIN:

7. Physical Address of Headquarters:

8. Mailing Address (if different from physical address):

9. Main Business Number:

10. Web Site Address:

### Chief Compliance Officer Information

11. Name of Chief Compliance Officer (CCO):

12. If CCO goes by different title, please provide:

13. Does the CCO hold an Individual Certification with DBA?

13a. If "yes" to question 13, please provide the Individual Certification Number:

14. Please indicate the date the CCO started serving in this capacity:

15. CCO's Company Issued Telephone Number:

16. CCO's Company Issued Email Address:

### Acknowledgements

I, \_\_\_\_\_ (insert name of Applicant signatory), the legal representative of \_\_\_\_\_ (insert name of Applicant), hereby certify and agree to each of the following statements by affixing my initials next to said statements:

17. \_\_\_\_ I have the legal capacity to answer the questions on this application and thereby bind the Applicant by my responses.

18. \_\_\_\_ I have read and understood this application and all documents referenced by this application and by my signature below agree to bind the Applicant.

19. \_\_\_\_ Applicant has completed the Certification Standards Self-Audit Checklist (see below) and has determined that it is in conformity with the Certification Standards and agrees to maintain conformity with the Certification Standards, as may be amended from time-to-time.
20. \_\_\_\_ Applicant has read and understands the audit procedures as contained in the Governance Document and agrees to comply with such procedures, as may be amended from time-to-time.
21. \_\_\_\_ Applicant has read and understands the Remediation procedures as contained in the Governance Document and agrees to comply with such procedures, as may be amended from time-to-time.
22. \_\_\_\_ (Renewing Applicant's only) Applicant does not have any unresolved certification deficiencies.
23. \_\_\_\_ (Renewing Applicants who are under the terms of a Remedial Agreement only) Applicant is in compliance with the terms of any current Remedial Agreement between Applicant and DBA.
24. \_\_\_\_ Applicant has never been expelled from the Certification Program.
25. \_\_\_\_ Applicant understands that it must reapply for certification every two (2) years prior to the expiration of the current certification. If Applicant fails to reapply, it will lose its certification and membership in DBA.
26. \_\_\_\_ Applicant will hold DBA International, its agents, directors, council members, staff, and/or auditors harmless from any claim of damage or loss as a result of Applicant's failure to achieve certification.
27. \_\_\_\_ Applicant understands that DBA International's Debt Buyer Certification Program is a voluntary program and failing to be certified does not preclude an individual or company from operating a debt buying business unless state or federal law provides otherwise.
28. \_\_\_\_ Applicant will not prosecute the Auditor for trespassing or for any crime associated with verifying the Certification Standards.
29. \_\_\_\_ Applicant understands that at any time during the application, audit process, or associated with a Remedial Agreement, the Council, its agents, and/or the auditors may investigate or require additional information or documentation from the Applicant in order to verify information on this application, an audit, or Remedial Agreement. Applicant agrees to cooperate and provide such information and documentation upon request.
30. \_\_\_\_ Applicant, including all of its employees and agents will refrain from any false or misleading claims, suggestions, or references regarding certification, including but not limited to such claims used in advertising produced in advance and/or in anticipation of accreditation at some future date.

31. \_\_\_\_\_ Applicant will notify DBA in writing within thirty (30) days of any material change that occurs that would make any information provided on this application inaccurate.

### Certification Standards Self-Audit Checklist

When completing the Certification Standards Self-Audit Checklist, please review the Debt Buyer Certification Standards located at [www.dbainternational.org/dbstandards](http://www.dbainternational.org/dbstandards). Applicant should not submit an application unless it believes it is in conformity with each Certification Standard and will pass a Compliance Audit based on the criteria contained in the Audit Manual. The Audit Manual is located at [www.dbainternational.org/auditmanual](http://www.dbainternational.org/auditmanual). Please initial next to each Certification Standard once the Applicant has confirmed that it conforms to the standards:

- \_\_\_\_\_ Laws & Regulations (Standard 1)
- \_\_\_\_\_ Account Documentation (Standard 2)
- \_\_\_\_\_ Errors & Omissions Insurance (Standard 3)
- \_\_\_\_\_ Chain of Title Requirements (Standard 4)
- \_\_\_\_\_ Chief Compliance Officer (Standard 5)
- \_\_\_\_\_ Criminal Background Check (Standard 6)
- \_\_\_\_\_ Employee Training Programs (Standard 7)
- \_\_\_\_\_ Consumer Complaint & Dispute Resolution (Standard 8)
- \_\_\_\_\_ Consumer Notices (Standard 9)
- \_\_\_\_\_ Data Security Policy (Standard 10)
- \_\_\_\_\_ Identity Theft or Fraud (Standard 11)
- \_\_\_\_\_ Disputed Accounts (Standard 12)
- \_\_\_\_\_ Publication (Standard 13)
- \_\_\_\_\_ State Licensing Requirements (Standard 14)
- \_\_\_\_\_ Statute of Limitations (Standard 15)
- \_\_\_\_\_ Vendor Management Policy (Standard 16)
- \_\_\_\_\_ Website (Standard 17)
- \_\_\_\_\_ Credit Bureau Reporting (Standard 18)
- \_\_\_\_\_ Resale (Standard 19)

Upon confirming the Applicant conforms to the above Certification Standards, please initial adjacent to question 19 above.

### Signature

I, \_\_\_\_\_ as the authorized representative of \_\_\_\_\_, hereby certify that all of the information I have provided herein is true and complete to the best of my knowledge. I understand that any misrepresentation of information included on this form or in this

process is grounds for revocation of our certification. I authorize verification of this information and release all concerned from any liability in connection therewith. I hereby apply for Debt Buyer Certification through DBA International and agree to abide by the rules and procedures established by DBA International in the administration of the Certification Program.

Full Name of Applicant Debt Buyer: \_\_\_\_\_

Full Name of Authorized Representative: \_\_\_\_\_

Signature of Authorized Representative: \_\_\_\_\_

Date of Signature: \_\_\_\_\_

**Mail the completed application with any required attachments and required fees to:**

DBA International  
Debt Buyer Certification Program  
1050 Fulton Avenue, Suite 120  
Sacramento, CA 95825

**Required Application Fee:**

Certified Debt Buyer: \$1,250.00  
First-Time Applicant Administrative Fee: \$100

Contact the DBA International office by phone at 916-482-2462 or email [cert@dbainternational.org](mailto:cert@dbainternational.org) if you have any questions concerning the application.

**DBA INTERNATIONAL**  
**DEBT BUYER CERTIFICATION PROGRAM**  
**INDIVIDUAL APPLICATION**

This application should be completed by the individual seeking an Individual Certification (hereinafter referred to as "Applicant").

Date: \_\_\_\_\_

Type of Application:    \_\_\_\_\_ First-Time Application                      \_\_\_\_\_ Renewal Application

**Individual Information**

1. Legal name of Applicant:
2. Applicant's Debt Buyer Certification Number (if renewing):
3. Employer Name:
4. Mailing Address:
5. Telephone Numbers:

\_\_\_\_\_  
Employer-Issued                      Cell                      Other:

6. Email Addresses:

\_\_\_\_\_  
Employer-Issued                      Other:

7. Is your employer a Certified Debt Buyer?
8. Are you serving as a Chief Compliance Officer to a Certified Debt Buyer?
9. Job Title:

## Acknowledgements

I, \_\_\_\_\_ (insert name of Applicant signatory), hereby certify and agree to each of the following statements by affixing my initials next to said statements:

10. \_\_\_\_ I am eighteen years of age or older and have the legal capacity to be bound by this application.
11. \_\_\_\_ I have read and understood this application and the DBA Debt Buyer Certification Program Governance Document located at [www.dbainternational.org/governance](http://www.dbainternational.org/governance) and by my signature below agree to bind myself to its terms.
12. \_\_\_\_ I have received a minimum of 24 credit hours of continuing education in the past two (2) years that have been approved by DBA International, including 2 credit hours of ethics, 4 credit hours from DBA's Introductory Survey Course (first-time applicants), and 4 credit hours from DBA's Current Issues Course (for renewing applicants). Please attach copies of your certificates.
13. \_\_\_\_ I understand that my educational credits and any other responses I provide on this application may be audited by DBA International or an agent of DBA International and I agree to cooperate and provide such information and documentation necessary to confirm the accuracy of my responses.
14. \_\_\_\_ I understand that in order to maintain an "Individual Certification" with DBA International that I must be employed by a Certified Debt Buyer within two years or I am eligible to hold such certificate as otherwise permitted by the Certification Program.
15. \_\_\_\_ I authorize DBA to publish my name, title, certification number, year certified, employer issued telephone number, and employer issued email address along with my employer's name, certification number, year certified, website address, mailing address, and telephone number in a directory of Certified Individuals that is provided on a publicly accessible website maintained by DBA.
16. \_\_\_\_ I have never been convicted of a crime involving dishonesty, fraud, deceit, or misrepresentation, or any misappropriation of confidential data or information. If you have been convicted of a crime involving dishonesty, fraud, deceit, or misrepresentation, or any misappropriation of confidential data or information, please provide the details of such conviction in an attachment.
17. \_\_\_\_ I have never been expelled from the DBA Certification Program.
18. \_\_\_\_ I understand that I must reapply for certification every two (2) years prior to the expiration of the current certification.

19. \_\_\_\_\_ I agree to hold DBA International, its agents, directors, council members, staff, and/or auditors harmless from any claim of damage or loss as a result of my failure to achieve certification.

20. \_\_\_\_\_ I will notify DBA in writing within thirty (30) days of any material change that occurs that would make any information provided on this application inaccurate.

**Signature**

I, \_\_\_\_\_ hereby certify that all of the information I have provided herein is true and complete to the best of my knowledge. I understand that any misrepresentation of information included on this form or in this process is grounds for revocation of my certification. I authorize verification of this information and release all concerned from any liability in connection therewith. I hereby apply for Individual Certification through DBA International and agree to abide by the rules and procedures established by DBA International in the administration of the Certification Program.

Full Name of Applicant: \_\_\_\_\_

Signature of Applicant: \_\_\_\_\_

Date of Signature: \_\_\_\_\_

**Mail the completed application with any required attachments and required fees to:**

DBA International  
Debt Buyer Certification Program  
1050 Fulton Avenue, Suite 120  
Sacramento, CA 95825

**Required Application Fee:**

Certified Individual: \$250.00  
First-Time Applicant Administrative Fee: \$100

Contact the DBA International office by phone at 916-482-2462 or email [cert@dbainternational.org](mailto:cert@dbainternational.org) if you have any questions concerning the application.

## **APPENDIX D**

# **AUDIT REVIEW MANUAL**

### **General Directions to the Auditor**

The Compliance Audit that you are performing and that will be provided to DBA International is a requirement for certification in the DBA International Debt Buyer Certification Program.

The Compliance Audit and any work product associated with or resulting from the Audit as well as any information about the Debt Buyer provided to the Auditor is considered confidential and shall not be shared with any party other than the DBA International Debt Buyer Certification Council, the Certified Debt Buyer, and the Auditor and any agents of such entities, unless provided otherwise in writing.

### **Scope**

The Auditor shall validate Debt Buyer's conformity with the Certification Program's Certification Standards and verify the accuracy of materials submitted with the Certified Debt Buyer's most recent Application via a standardized audit report form provided by the DBA International. Demonstrating conformity with a Certification Standard or lack thereof may be achieved through a combination of interviews, documentation review, and control review.

Conformity with Certification Standards shall, wherever possible, be based upon objective findings only, but if interpretation is necessary due to the subjective nature of the Certification Standard, such subjective interpretation shall be noted on the audit report as such and any subjective interpretation shall be applied consistently to all Certified Debt Buyers.

Where control review is needed, it shall be based on a random sample. The Auditor shall indicate the size and scope of any random sample and may expand the random sample to determine whether a violation that is found in the first random sample is material. The Auditor may request an onsite visit to see work in progress in order to verify conformity. A Certified Debt Buyer with multiple locations must verify conformity at all locations.

If a Certified Debt Buyer contracts exclusively with a third party as its master servicer or servicer on the accounts owned by the Debt Buyer, the Auditor shall audit the Debt Buyer for conformity on all Certification Standards but shall test Certification Standards 7, 8, and 9 exclusively through the Debt Buyer's conformity with Certification Standard 16.

### **Responsibilities of the Parties**

*Auditor:* The Auditor's responsibility is to determine to the best of their ability whether or not the Debt Buyer is in material conformity with the Certification Standards. The Auditor is responsible for documenting findings of conformity and Deficiency.

*Debt Buyer:* The Certified Debt Buyer must be forthright and accommodating to any reasonable request by the Auditor for the purposes of completing the Audit. If the Debt Buyer fails to meet this obligation it may be the basis for the Auditor to find a material Deficiency in each Certification Standard the Auditor cannot confirm.

*Disputes:* Should the Auditor and Debt Buyer have questions and/or disagreements about the interpretation of a Certification Standard or its applicability, the Auditor and/or Debt Buyer shall direct the inquiry to the Chair of the Audit Committee in writing, care of DBA International, 1050 Fulton Avenue, Suite 120, Sacramento, CA 95825 or [cert@dbainternational.org](mailto:cert@dbainternational.org).

### **Plain Meaning**

The Compliance Audit shall be based on the plain meaning of the words contained in each Certification Standard unless defined otherwise in Article II of the Governance Document.

### **Methodology**

For each Certification Standard, the Auditor shall include in their review their observations, where appropriate, on: (a) policies, (b) processes, (c) controls, (d) training, and (e) verification.

### **Materiality**

When the Auditor is determining a Debt Buyer's conformity with the Certification Standards, the Auditor shall only report material violations. All violations shall be considered material unless: (a) the violation is of a Certification Standard that is subject to daily repetition and the violation is isolated and does not repeat in the random sample or (b) there was a good faith attempt to comply with the Certification Standard and the Auditor is satisfied that appropriate corrective steps have been taken to ensure that the violation will not recur.

### **Conflicts with Laws & Regulations**

Where a municipal, state, or federal law or regulation is in conflict with a DBA Certification Standard so that complying with the DBA Certification Standard would place the Debt Buyer in violation of such law or regulation, the Debt Buyer shall conform to the governmental standard. For purposes of the Audit, conforming to the law or regulation is the same as adhering to the Certification Standard and should be noted as such in the report.

### **Findings**

The findings of the Compliance Audit Report shall state either "Met Requirements" or "Deficiency Discovered" for each Certification Standard.

*Met Requirements:* If the Auditor finds no material deficiencies in a Certified Debt Buyer's conformity with a Certification Standard, the Auditor shall indicate "Met Requirements" and no other commentary is required except for any documentation which may be required to be submitted with the report.

*Deficiency Discovered:* If the Auditor finds material deficiencies in a Certified Debt Buyer's conformity with a Certification Standard, the Auditor shall indicate "Deficiency Discovered" and state and document only that which is required to be submitted with the report and to provide a recommendation for the remediation of the Deficiency. If the Deficiency was already identified and corrected by the Debt Buyer prior to the audit, then that should be stated in the report and no recommendation for remediation is required to be provided.

Any additional work the Auditor does for the Certified Debt Buyer outside of the scope of the Compliance Audit of the Certification Standards shall not be provided to DBA International.

### **Management Representation Letter**

A Certified Debt Buyer may provide a management representation letter to DBA International to provide any explanations or state any disagreements concerning the findings in the Compliance Audit.

### **Questions Concerning the Interpretation of a Certification Standard**

If at any time the Auditor has a question or requires clarification as to the intention or requirements of a Certification Standard, the Auditor shall direct the inquiry to the Chair of the Audit Committee in writing, care of DBA International, 1050 Fulton Avenue, Suite 120, Sacramento, CA 95825 or [cert@dbainternational.org](mailto:cert@dbainternational.org).

### **Standard #1 – Laws & Regulations**

*Standard:* A Certified Debt Buyer shall comply with the Fair Debt Collection Practices Act and, as applicable, the Fair Credit Reporting Act, the Telephone Consumer Protection Act, and all other local, state, and federal laws and regulations concerning: (a) collection activity on consumer accounts, (b) the rights of consumers, (c) debt buying, and (d) financial services as they may apply to Debt Buyers.

#### **Directions to the Auditor:**

1. The Auditor shall obtain from the Certified Debt Buyer a list and a copy of all judicial decisions and any local, state, and federal regulatory orders, directives, and decrees from the CFPB, FTC, state consumer regulatory agencies, and state and federal attorneys general that were issued within the dates of the audit period where the ruling determined the Debt Buyer violated a law or regulation within the scope of the Certification Standard. The list shall include: case name, court, case number, a description of the violation, the holding of the court, and the judicial relief granted.
2. The Auditor shall also independently conduct a search for reported local, state, and federal judicial decisions involving the Debt Buyer within the dates of the audit period; however, the Auditor shall not disregard other judicial cases should it come to

their attention. The Auditor will reconcile their list with the list provided by the Debt Buyer and if there are discrepancies, the Auditor shall endeavor to reconcile the list with the Debt Buyer. The result of this reconciliation shall be attached to the report.

3. If there were final judicial decisions and/or regulatory orders, directives, and decrees, the Auditor shall test against the court and regulatory agency's findings for those dates within the audit period that occurred after each judicial decision and regulatory order, directive, and decree to determine compliance with the court or such regulatory agency's decision and summarize those findings within the report.
4. The Auditor shall not consider the following a violation of a Certification Standard for the purposes of the report: (a) judicial decisions that are under appeal, (b) regulatory orders, directives, and decrees that are under appeal, (c) settlements, or (d) news accounts of a settlement.

## **Standard # 2 – Account Documentation**

*Standard:* On all new debt portfolios purchased after becoming certified, the Certified Debt Buyer shall require in the purchase agreement (i.e. the contract) those data elements required to sufficiently identify the consumers on the associated accounts. The Certified Debt Buyer shall use commercially reasonable efforts to negotiate the inclusion of the following data elements in purchase agreements, provided that they are applicable to the type of debt being purchased: (a) name, (b) last known address, (c) account number or account identifier, (d) social security number or other government issued identification number, (e) account opening date, (f) last payment date, provided a payment was made, (g) the charge off balance, (h) the charge off date, and (i) the current balance at the point of sale. Additionally, any documents that the Certified Debt Buyer is required or wishes to have access to in the future shall also be listed in the purchase agreement.

*Directions to the Auditor:*

NOTE: The goal of this Certification Standard is for the Certified Debt Buyer to require appropriate data, at the point of purchase, that is necessary to sufficiently identify the consumers on the accounts being purchased. This Certification Standard is not intended to address issues concerning any omission or error that might exist in the required data as that is a contractual matter between the parties.

1. The Auditor shall review the purchase agreements that were entered into within the dates of the audit period to determine what data elements were included in the purchase agreements. In the report, the Auditor shall document the type of consumer debt and the data elements that were subject to the agreement. If the data elements described in the Certification Standard are missing in the purchase agreement, the Auditor shall note which elements are missing and the Debt Buyer's documented explanation for the lack of those elements. Provided that the Certified Debt Buyer used commercially reasonable efforts to include the data elements in the purchase

agreement and documented the reason for their absence, the failure to obtain the data elements in the purchase agreement shall not be a basis for a violation of this Certification Standard.

2. The Auditor shall select a random sample of accounts associated with each purchase agreement to verify whether the required data elements were in fact transmitted. The Debt Buyer can provide either a sampling of accounts from their system or from a file if the accounts are not on their system. The Auditor is not testing whether the data is correct, as a Debt Buyer should be able to rely on the attestations from the seller, but rather the availability & delivery of the data pursuant to the agreement. The Auditor's findings shall be documented in the report.

### **Standard # 3 – Errors & Omissions Insurance**

*Standard:* Each Certified Debt Buyer shall maintain an insurance policy that contains a minimum of two million U.S. dollars (\$2,000,000) in Errors & Omissions (E&O) insurance.

*Directions to the Auditor:*

The Auditor shall obtain a copy of the E & O insurance policies sufficient to demonstrate that the Certified Debt Buyer had the required amount of E & O insurance in place within the dates of the audit period. A failure to provide a continuum of coverage shall be considered a Deficiency.

### **Standard # 4 – Chain of Title Requirements**

*Standard:* Identify and maintain the name, address, and dates of ownership for the prior owner(s) of each account within a portfolio that is purchased. The intent is to have each subsequent Certified Debt Buyer maintain an accurate listing for chain of title on debts purchased after certification. This Certification Standard shall only apply to accounts purchased by the Debt Buyer after it obtains certification. This is not a retroactive requirement on accounts purchased prior to certification.

*Directions to the Auditor:*

NOTE: For purposes of conforming to the Certification Standard, the information maintained by the Certified Debt Buyer need only be accurate at the point of each sales transaction. For example, if the originating creditors name changed from Bank A to Bank B after the accounts were sold, the chain of title would be in conformity if it listed Bank A.

The Auditor shall select a random sample of accounts from various portfolios and differing asset classes, if applicable, to review the account level chain of title for the selected accounts to determine if the documentation is in conformity with the Certification Standard. The account level chain of title documentation should enable the Auditor to identify:

1. The name of the charge-off creditor and each subsequent owner of the account;
2. The address of the charge-off creditor and each subsequent owner of the account;
3. The date of each purchase in the chain of title;
4. Information or documentation supporting each sale that identifies the accounts being sold and purchased; and
5. A copy of any judgments obtained on an account by the previous owners, if applicable.

### **Standard # 5 – Chief Compliance Officer**

*Standard:* Create and maintain the position of “Chief Compliance Officer” with a direct or indirect reporting line to the President, CEO, or General Counsel (unless the Chief Compliance Officer is the President, CEO, or General Counsel). The Chief Compliance Officer’s documented job description shall include, at a minimum, the following responsibilities:

- (a) Maintaining the Debt Buyer’s official copy of the Certification Standards Manual;
- (b) Identifying policies, procedures, or activities of the Debt Buyer that are out of conformity with the Certification Standards;
- (c) Receiving or supervising those who receive consumer complaints on behalf of the Debt Buyer;
- (d) Investigating or supervising those who are investigating the legitimacy of consumer complaints;
- (e) Ensuring a timely response is provided to consumer complaints;
- (f) Developing recommendations for corrective actions when the Debt Buyer is not conforming with the Certification Standards and providing them to his or her direct and indirect report(s); and
- (g) Interacting as the point of contact for the federal Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission (FTC), state consumer regulatory agencies, and state and federal attorneys general on consumer complaints regarding the Debt Buyer.

*Directions to the Auditor:*

NOTE: The term Chief Compliance Officer is meant in terms of role and not necessarily in terms of title. The person who performs this role for the company can be an employee where the

CCO is a part of their job responsibilities, an owner, or a corporate officer of the Certified Debt Buyer or of a corporate affiliate of the Certified Debt Buyer.

NOTE: The requirements set forth in this Certification Standard apply to all Certified Debt Buyers regardless of the volume of accounts they own, the number of individuals they employ, and how they seek to collect or recover on the debt they own. The Certified Debt Buyer owns the debt and is therefore accountable for the debt. Consequently, the Certified Debt Buyer should reflect how this is accomplished when work is being outsourced to third party servicers, such as collection agencies and legal collection firms.

1. The Auditor shall document the name and title of the Chief Compliance Officer and the date that the individual started in that capacity. If the individual has been acting in the capacity of Chief Compliance Officer for greater than a year, confirm whether the individual has an Individual Certification through the Certification Program.
2. The Auditor shall obtain a copy of the Chief Compliance Officer's job description from the Certified Debt Buyer and confirm that it is in conformity to the Certification Standard.
3. The Auditor shall obtain a copy of the management organizational chart from the Certified Debt Buyer and document the name and title of the Chief Compliance Officer's direct and indirect supervisor.
4. The Auditor shall obtain sufficient evidence from the Certified Debt Buyer's Chief Compliance Officer on how they have complied with the requirements of their job description as enumerated in the Certification Standard.

## **Standard # 6 – Criminal Background Check**

*Standard:* Unless prohibited by state or federal law, perform a legally permissible criminal background check prior to employment on every prospective employee who will have access to confidential financial data and every owner of the business with a five (5) percent or greater ownership interest in the Certified Debt Buyer, to determine the following:

- (a) Whether the prospective employee or owner has been convicted of any criminal felony involving dishonesty, fraud, deceit, misrepresentation, or any misappropriation of confidential data or information; and
- (b) Whether the prospective employee or owner has been charged with any crime involving dishonesty, fraud, deceit, misrepresentation, or any misappropriation of confidential data or information such that the facts alleged support a reasonable conclusion that the acts were committed and that the nature, timing, and circumstances of the acts may place consumers in jeopardy.

The criminal background check is not a retroactive requirement for employees hired prior to certification but shall apply to all owners with a five (5) percent or greater share of ownership in the Certified Debt Buyer.

Directions to the Auditor:

1. The Auditor shall determine whether the Certified Debt Buyer has a written policy which requires all new employees (including rehires) who will have access to consumer financial data to have a criminal background check performed.
2. The Auditor shall obtain from the Certified Debt Buyer evidence that criminal background checks have been performed, provided that the evidence does not violate employee confidentiality.

## **Standard # 7 – Employee Training Programs**

Standard: Establish and maintain annual employee training program(s). These programs should educate the employees on the various corporate policies, standards, and laws that they must comply with in the performance of their duties. These programs should also inform employees of the possible consequences for failing to comply with them.

Directions to the Auditor:

1. The Auditor shall review the Certified Debt Buyer's employee training programs and determine whether they conform to the Certification Standard.
2. The Auditor shall document in the report what policies, standards, and laws for which the Certified Debt Buyer is providing annual employee training.
3. The Auditor shall obtain from the Certified Debt Buyer evidence that the training has occurred and confirmation that attendance is being tracked.

## **Standard # 8 – Consumer Complaint and Dispute Resolution**

Standard: Establish and maintain written consumer complaint and dispute resolution policies and procedures that instruct employees how to handle and process consumer complaints and disputes in compliance with applicable laws and regulations, including claims of identity theft. As part of this policy, the Certified Debt Buyer shall participate in the Consumer Financial Protection Bureau consumer response system (when available) and describe how employees are to handle communications that are transmitted via the portal.

Directions to the Auditor:

NOTE: Debt Buyer has the option of addressing Certification Standards 8, 11, and 12 as a single policy and plan or to develop separate policies and plans for each Certification Standard. Either approach is acceptable for meeting the Certification Standards.

1. The Auditor shall obtain from the Certified Debt Buyer copies of their consumer complaint and dispute resolution policies and procedures.
2. The Auditor shall review the policies and procedures to determine whether they provide sufficient guidance to employees to:
  - (a) Understand what steps are to be taken by employees and management in an attempt to resolve consumer complaints, if applicable.
  - (b) Understand what steps are to be taken when it is not possible to resolve consumer complaints, including informing the Certified Debt Buyer's Chief Compliance Officer, if applicable.
3. The Auditor shall choose a sample of consumer complaints received, if any, by the Certified Debt Buyer within the dates of the audit period to verify that the employees conformed to the Certified Debt Buyer's policies and procedures in the handling of the complaint and document their findings in the report.

## **Standard # 9 – Consumer Notices**

*Standard:* Establish and maintain a list of applicable local, state, and federal consumer notices in the areas in which the Debt Buyer conducts business and maintain procedures to ensure that the appropriate notices are added to consumer correspondence.

### *Directions to the Auditor:*

1. The Auditor shall review and document the Certified Debt Buyer's list of state and federal consumer notices.
2. The Auditor shall review and document the procedures the Certified Debt Buyer has adopted to identify new or amended consumer notice requirements.
3. The Auditor shall review and document the procedures the Certified Debt Buyer has adopted to ensure that appropriate notices are added to the outgoing consumer correspondence. A random sample of consumer correspondence should be tested to verify the procedures are working as intended.

## **Standard # 10 – Data Security Policy**

*Standard:* Establish and maintain a data security policy to safeguard Consumer Data owned by the Debt Buyer.

Directions to the Auditor:

NOTE: There are a number of differing standards in the field of data security depending on the nature of the underlying consumer debt portfolio and the type of Consumer Data associated with the asset class. Additionally, the standards in data security are constantly evolving so as to require constant vigilance. Consequently, each Certified Debt Buyer shall adopt standards that are appropriate for their consumer debt portfolio and the Consumer Data contained therein and review those standards annually. If the Certified Debt Buyer has questions as to which data security standards to adopt they should consult the requirements contained in the original purchase agreement with the originating creditor and such other experts and sources of information on information security as they deem appropriate. Generally, Certified Debt Buyers should consider adopting provisions that are applicable to their circumstances, which might include but are not limited to provisions found in PCI DSS, BITS, ISO 27002, and SAFE.

1. The Auditor shall obtain from the Certified Debt Buyer a copy of their data security policy.
2. The Auditor shall document how the Certified Debt Buyer determines what standards to adopt in their data security policy and if they perform an annual review of the policy.
3. The Auditor shall perform random tests to verify whether the Certified Debt Buyer is conforming to its data security policy.
4. If the Certified Debt Buyer in the twelve (12) months prior to the Compliance Audit has passed a data security audit performed using PCI DSS, BITS, ISO 27002, SAFE, or such other standards approved in writing by the Audit Committee, the Auditor shall accept the audit as conforming with this Certification Standard.

## **Standard # 11 – Identity Theft or Fraud**

Standard: The Certified Debt Buyer shall not sell any accounts that have been identified as being created as a result of identity theft or fraud.

Directions to the Auditor:

1. The Auditor shall obtain from the Certified Debt Buyer their written policies and procedures of how employees should handle claims of identity theft or fraud, including adequate procedures for investigating and determining the legitimacy of the claims.

2. The Auditor shall determine whether the Certified Debt Buyer has a system in place to flag accounts where there has been a claim of identity theft or fraud to prevent the unintentional sale of the account during the investigation of the claim.
3. The Auditor shall obtain from the Certified Debt Buyer a list of all consumer accounts within the dates of the audit period where the consumer complaint indicated the debt was incurred as a result of identity theft or fraud.
4. The Auditor shall choose a random sample of consumer accounts from the list to verify if the Certified Debt Buyer:
  - (a) Conformed to its written policy concerning the handling of claims of identity theft or fraud and report their findings.
  - (b) Properly flagged the claim of identity theft or fraud during the investigation and after confirming the account was likely created as a result of identity theft or fraud.
  - (c) Sold the account during the investigation or after confirming the account was likely created as a result of identity theft or fraud. The repurchase of accounts that would have otherwise violated this Certification Standard shall not be considered a violation, provided the intent was not to knowingly sell an account that was identified as identity theft or fraud.

## **Standard # 12 - Disputed Accounts**

*Standard:* The Certified Debt Buyer shall not sell any account where there is an outstanding written and non-duplicative consumer request for verification of the debt pursuant to the FDCPA (15 USC 1692g) that has not been responded to in writing.

*Directions to the Auditor:*

1. The Auditor shall obtain from the Certified Debt Buyer their written policies and procedures of how employees should handle requests for verification of the debt pursuant to 15 USC 1692g.
2. The Auditor shall determine whether the Certified Debt Buyer has a system in place to flag accounts while the Certified Debt Buyer complies with the FDCPA (15 USC 1692g) verification request to prevent the unintentional sale of the account prior to providing the consumer with such verification.
3. If in the course of the Compliance Audit the Auditor identifies accounts that are currently or were in dispute, the Auditor shall verify if the Certified Debt Buyer:
  - (a) Conformed to its written policy concerning the handling of verification requests.

- (b) Properly flagged the verification request.
- (c) Sold the account prior to providing the consumer the verification that they requested. The repurchase of accounts that would have otherwise violated this Certification Standard shall not be considered a violation, provided the intent was to not to knowingly sell an account prior to providing verification.

### **Standard # 13 – Publication**

*Standard:* The Debt Buyer shall authorize DBA to publish their name, certification number, year certified, website address, mailing address, and telephone number along with their Chief Compliance Officer’s name, title, certification number, year certified, employer issued telephone number, and employer issued email address in a directory of Debt Buyers who are certified on a publicly accessible website maintained by DBA. The information provided must be correct and any updates shall be provided to DBA within thirty (30) days of its occurrence.

The Debt Buyer shall make the same information publicly available on their website along with a link to a “Consumer Education” page provided on the DBA website. A Debt Buyer’s consumer facing employees shall provide the same information to a consumer upon request.

*Directions to the Auditor:*

NOTE: The authorization from the Certified Debt Buyer to publish their information pursuant to this Certification Standard is a condition which is accepted in the initial Application for Certification and is not a requirement that needs to be verified by the Auditor.

1. The Auditor shall confirm that the individual who serves in the role of Chief Compliance Officer is the same individual identified on the DBA and Debt Buyer’s websites and the information required to be published is present and correct.
2. The Auditor shall confirm that the information required to be published by the Certified Debt Buyer on its website is present and correct and is the same information that is published on the DBA website.
3. The Auditor shall confirm that there is a working hyperlink to DBA’s Consumer Education page on the Certified Debt Buyer’s website or has their own consumer education page of similar quality and content.

### **Standard # 14 – State Licensing Requirements**

*Standard:* Comply with the state and municipal licensing laws to the extent that they are applicable to Debt Buyers.

Directions to the Auditor:

1. The Auditor shall obtain from the Certified Debt Buyer the list of states that correspond to the consumer account addresses where there is active collection activity by the Debt Buyer or an agent of the Debt Buyer at the time of the Compliance Audit.
2. The Auditor shall obtain from the Certified Debt Buyer the list of jurisdictions where the Debt Buyer is licensed as well as any jurisdictions where their license was suspended, revoked, or an application denied, including any jurisdictional license numbers.
3. In jurisdictions where the Certified Debt Buyer is not licensed, the Auditor shall make a reasonable effort to confirm whether the Debt Buyer should be licensed depending on the specific facts and circumstances. If in the opinion of the Auditor, the Certified Debt Buyer is not licensed in a particular jurisdiction where licensure may be required and collection activity is occurring, the Debt Buyer shall provide an explanation as to why they are not licensed in that state.

**Standard # 15 – Statute of Limitations**

Standard: A Certified Debt Buyer shall not knowingly bring a lawsuit on a debt that is beyond the applicable statute of limitations; however, a Certified Debt Buyer may continue to attempt collection provided there are no laws and regulations to the contrary.

Directions to the Auditor:

1. The Auditor shall document and report how the Certified Debt Buyer determines which accounts they own are past an applicable statute of limitations, including but not limited to whether the Certified Debt Buyer:
  - (a) Has established a policy and procedure concerning how employees and agents are to handle accounts after the statute of limitation has expired.
  - (b) Has a standard in place that defines and identifies the applicable statute of limitations as applied to each account.
  - (c) Has a process for determining when a state changes their statute of limitations.
2. The Auditor shall obtain from the Certified Debt Buyer the states that correspond to the consumer account addresses where the Debt Buyer has sought a judgment within the dates of the audit period to verify through a random sample that:
  - (a) The statute of limitation was properly calculated.
  - (b) The litigation conformed to the Certification Standard.

3. The Auditor shall obtain from the Certified Debt Buyer a list of accounts in those states that prohibit collection activity after the statute of limitations has expired and through a random sample shall verify whether any attempts were made to collect on those accounts or whether those accounts were sold.

## **Standard # 16 – Vendor Management Policy**

*Standard:* Establish and maintain a Vendor Management Policy that at a minimum requires future contracts with third-party vendors who have access to the Certified Debt Buyer's Consumer Data to:

- (a) Provide documentation to the Certified Debt Buyer that demonstrates conformity with Certification Standards 6 through 10 if the third-party vendor is communicating with consumers on behalf of the Certified Debt Buyer;
- (b) Provide documentation to the Certified Debt Buyer that demonstrates conformity with Certification Standards 6 and 10 if the third-party vendor only has access to Consumer Data owned by the Certified Debt Buyer and there is no consumer contact;
- (c) Forward to the Debt Buyer any written complaint that the third-party vendor received or that was filed with the CFPB/FTC on one of the Debt Buyer's accounts, if applicable;
- (d) Cease collection on any or all of the Debt Buyer's accounts, if applicable, upon written notice by the Debt Buyer as clearly defined pursuant to the agreement;
- (e) Respond to the Debt Buyer's inquires within seven (7) business days unless a shorter period is provided for pursuant to an agreement between the parties;
- (f) Return any or all Consumer Data and/or accounts at the Debt Buyer's request within fourteen (14) business days or within such period of time as clearly defined pursuant to the agreement; and
- (g) Be subject to a potential audit by an independent third-party auditor. This requirement shall be waived if the third-party vendor is a Certified Debt Buyer.

### *Directions to the Auditor:*

1. The Auditor shall verify that the Certified Debt Buyer has a Vendor Management Policy that is in conformity with the Certification Standard.
2. The Auditor shall review the third party vendor contracts that were entered into within the dates of the audit period to verify that the agreements contain terms that

conform to the Certification Standard. The Auditor shall limit the review to those contracts where the vendor has access to the Debt Buyer's Consumer Data.

3. The Auditor shall select a random sample of third party vendor contracts where the vendor has access to the Certified Debt Buyer's Consumer Data and verify whether the Debt Buyer has received documentation of the vendor's conformity with the Certification Standards 6 through 10, if applicable.

## **Standard # 17 – Website**

*Standard:* Establish and maintain a publicly accessible website that can be found by a simple web search using the corporate name provided in communications with consumers.

*Directions to the Auditor:*

The Auditor shall perform a simple web search using the corporate name that the Certified Debt Buyer provides in communications with consumers and document the results.

## **Standard # 18 – Credit Bureau Reporting**

*Standard:* If a Certified Debt Buyer reports consumer account information to a credit bureau, the Certified Debt Buyer shall: (a) correct with the credit bureau any inaccurately reported information that it identifies within thirty (30) days of its discovery, (b) notify the credit bureau when a consumer disputes the accuracy of an account within thirty (30) days of the dispute being made, unless the dispute is resolved prior to notification, and (c) notify the credit bureau within thirty (30) days if the Certified Debt Buyer sells the account.

*Directions to the Auditor:*

1. The Auditor shall determine whether the Certified Debt Buyer reports any consumer account information to a credit bureau. If the Auditor determines that the Certified Debt Buyer does not report to credit bureaus, this Standard shall not apply.
2. If the Auditor determines that the Certified Debt Buyer does report consumer account information to a credit bureau, the Auditor shall select a random sample from consumer accounts that had been reported to a credit bureau within the dates of the audit period and determine that: (a) if inaccurate information had been identified, that the Certified Debt Buyer had communicated the correct information to the credit bureau within thirty (30) days of its discovery; (b) if a consumer disputed the accuracy of an account, that the Certified Debt Buyer had communicated the dispute to the credit bureau within thirty (30) days of the dispute being made, unless the

dispute is resolved prior to notification; and (c) if a consumer account was sold, that the Certified Debt Buyer had communicated that information to the credit bureau within thirty (30) days of the sale.

## **Standard # 19 – Resale**

*Standard:* If a Certified Debt Buyer sells consumer accounts to a non-certified Debt Buyer, the Certified Debt Buyer shall require in the terms and conditions of the sale agreement that the purchaser of those consumer accounts meet or exceed the standards of a Certified Debt Buyer with the exception that the purchaser need not be a Certified Party.

*Directions to the Auditor:*

The Auditor shall review a Certified Debt Buyer's sale agreements involving the sale of consumer accounts that were entered into within the dates of the audit period to verify that the agreements contain terms and conditions that conform to the Certification Standards.

## **APPENDIX E**

### **REMEDATION PROCEDURES MANUAL**

- E.1 **Purpose.** The Remediation Procedures Manual (hereinafter referred to in this Appendix as “Manual”) provides the remedial authority granted to the Council by the Board when entering into Remedial Agreements with a Certified Party or in taking disciplinary action against a Certified Party.
- E.2 **Remediation-Based Program.** The Certification Program’s primary goal is for the Certified Party to take remedial action to conform to the Certification Standards when a Deficiency is identified through a Compliance Audit. However, when remedial action cannot be achieved, the Council shall consider disciplinary action against the Certified Party.
- E.3 **Remediation Procedures.** The Remediation Committee (hereinafter referred to in this Appendix as “Committee”) and Council shall comply with the following procedures when reviewing Deficiency findings contained in a Compliance Audit:
- (1) The Committee shall perform an initial review of the Deficiency findings within fifteen (15) business days from the receipt of the Audit from the Auditor;
  - (2) The Committee has the authority to dismiss the matter as either without merit or with a cautionary letter if the Committee determines there is no current basis to support the need of a Remediation Agreement due to: (a) the nature of the nonconformity, (b) extenuating circumstances leading to the nonconformity, (c) the nonconformity has already been remediated, or (d) a determination that there was insufficient grounds for the Auditor to conclude the existence of a nonconformity to a Certification Standard;
  - (3) If the Committee determines that remediation is necessary to achieve conformity with the Certification Standards, the Committee shall prepare a draft Remediation Agreement with the assistance of staff and submit it to the Council Chair no greater than thirty (30) business days from the receipt of the Audit;
  - (4) Upon the Council Chair’s approval, staff shall send the signed Remediation Agreement to the Certified Party;
  - (5) Upon receipt of the Remediation Agreement, the Certified Party may either:
    - (a) Accept the agreement as written by indicating their acceptance of the terms of the agreement by signing the agreement and returning it to DBA; or
    - (b) Suggest edits to the agreement pursuant to the process identified in an enclosure with the agreement.

- (6) If within ninety (90) days of the initial transmittal of the Remediation Agreement a mutual agreement has not been reached and adopted, the Chair of the Remediation Committee in consultation with the Council Chair and the Executive Director shall submit to the Council at least two (2) options for their consideration, which may include:
  - (a) Requiring a new Compliance Audit;
  - (b) Adoption of the last edited version of the Remediation Agreement received from the Certified Party;
  - (c) Based upon further review, there is no current basis to support the need a Remediation Agreement due to: (i) the nature of the nonconformity, (ii) extenuating circumstances leading to the nonconformity, (iii) the nonconformity has already been remediated, or (iv) a determination that there was insufficient grounds for the Auditor to conclude the existence of a nonconformity to a Certification Standard; or
  - (d) Disciplinary action as authorized in clause E.5 of this Appendix.
- (7) If the Council chooses any option that would result in the temporary or permanent loss of certification, the Council shall notify the Certified Party in writing of such decision in a Deficiency Notice which shall take effect fifteen (15) business days from transmittal unless DBA receives a written appeal from the Certified Party following the process and procedures identified on the DBA website and enclosed with the Deficiency Notice. The Certified Party shall be deemed to have waived the right to respond to the terms and allegations contained in the Deficiency Notice and such terms and allegations shall be deemed admitted and/or accepted by the failure to appeal.

#### E.4 **Additional Grounds for a Finding of a Deficiency.**

- (1) In addition to failing to conform to the Certification Standards, the following acts or omissions, whether performed individually or in concert with others, may constitute grounds for the Committee or Council's request for a Compliance Audit or a finding by the Council that a Deficiency exists that is a basis for Disciplinary Action:
  - (a) Any act or omission involving dishonesty, theft, or misappropriation which violates the criminal laws of any State or of the United States or of any province, territory or jurisdiction of any other country, provided however, that conviction thereof in a criminal proceeding shall not be a prerequisite to the institution of Deficiency proceedings, and provided further, that acquittal in a criminal proceeding shall not bar a Deficiency action;

(b) Failure to respond to a request by the Council, Board, or any committee, panel, or agent thereof, without good cause shown, or obstruction of such entities in the performance of their duties; or

(c) Any false or misleading statement made to the Board or Council.

(2) The enumeration of the foregoing acts and omissions constituting grounds for a finding by the Council that a Deficiency exists that is subject to disciplinary action by the Council is not exclusive and other acts or omissions amounting to unprofessional conduct may constitute grounds for discipline.

E.5 **Disciplinary Action.** Where grounds for discipline have been established by the Council, any of the following forms of discipline may be imposed upon a Certified Party:

- (1) **Private Censure.** Private Censure shall be an unpublished written reproach;
- (2) **Public Letter of Admonition.** A Public Letter of Admonition shall be a publishable written reproach of the Certified Party's behavior. In the event of a public letter of admonition, the Council may publish the Letter of Admonition in a press release or in such other form of publicity selected by the Council;
- (3) **Suspension of Certification.** Suspension of Certification shall be for a specified period of time, not to exceed five (5) years, for those Certified Parties the Council deems can be rehabilitated. In the event of a suspension, the Council may publish the fact of the suspension together with identification of the Certified Party in a press release, or in such other form of publicity as is selected by the Council;
- (4) **Non-Renewal of Certification.** Non-Renewal of Certification shall be a decision not to renew the certification upon the expiration of the Certified Party's biannual term; and
- (5) **Expulsion from the Certification Program.** Expulsion from the Certification Program shall be a permanent loss of a Certified Parties certification which shall be for willful and egregious conduct. In the event of an expulsion, the Council may publish the fact of the expulsion together with identification of the Certified Party in a press release, or in such other form of publicity as is selected by the Council. Pursuant to section 7.4(F) of the Governance Document, Certified Parties that are expelled are not eligible for future certification.

E.6 **Reinstatement after Suspension.** Unless otherwise provided by the Council in its order of suspension, a Certified Party who has been suspended for a period of one (1) year or less shall be automatically reinstated upon the expiration of the period of suspension, provided the Certified Party provides the Council prior to the expiration of the period of suspension an affidavit stating that they have fully complied with the order of suspension

and with all applicable provisions of these Certification Standards, unless such condition is waived by the Council in its discretion.

E.7 **Council Guidelines for Disciplinary Action.** The following scalable guidelines shall be considered by the Council prior to the issuance of a Disciplinary Action against a Certified Party and are by no means intended to limit their authority. Rather, the following guidelines are intended to ensure the Council takes into consideration such factors as the (i) frequency and persistence of the violation of Certification Standards, (ii) efforts of the Certified Parties (or lack thereof) to maintain or obtain conformance with the Certification Standards, and (iii) efforts to comply with any Remediation Agreement:

- (1) **Private Censure:** Should be considered in matters where the violation of the Certification Standards is minor and has been remediated yet a message is needed to convey Council concern.
- (2) **Public Letter of Admonition:** Should be considered in cases where the violation may be minor but nonetheless pervasive or not remediated. Alternatively, if the violation is a serious legal or regulatory violation but that which has been remediated yet the Council desires to admonish the Certified Party to avoid repeat violations, a Public letter of Admonition may be issued.
- (3) **Suspension of Certification:** Should be considered when a violation of a Certification Standard is a serious legal or regulatory violation and has not been remediated or the attempt to remediate is without merit.
- (4) **Non-renewal of Certification:** Should be considered when the Certified Party has a history of violating the Certification Standards and the Council believes that no other form of disciplinary action will alter that behavior.
- (5) **Expulsion from Certification:** Should be considered when egregious conduct is a willful violation of law or regulation or an egregious violation of the Certification Standards and no remediation efforts have been made. Also, if a suspension has lasted more than one year and has expired without a request for renewal and no other good cause exists for reinstatement, expulsion may be warranted.

E.8 **Appeals.** Any appeal of a disciplinary action taken by the Council shall be received by DBA within fifteen (15) business days from the Council's transmittal of the Deficiency Notice to the Certified Party following the process and procedures identified on the DBA website and enclosed with the Deficiency Notice. All appeals will be heard and decided by the Board within sixty (60) days of DBA's receipt of the appeal and a decision will be rendered within thirty (30) days after the conclusion of the Board hearing. The Board's decision will be final.

E.9 **Costs.** In all Deficiency matters, the Council shall assess against the Certified Party the costs of the investigations.