

# WHERE ARE COLLECTIONS TODAY: BEST PRACTICES AND RECENT TRENDS

## ALABAMA

### No Collection License Required

Alabama Collection Licensing: Alabama does not require collection companies to be licensed as a collection company. Collection companies must still comply with federal, state and local collection laws. Other licenses or permits may be required depending on the nature of each particular business.

## ALASKA

### Alaska Collection Licensing Required

Alaska Collection Licensing: In order to collect debt in the state, Alaska requires collection companies to be licensed with general business licenses, as well as operator's and professional licenses. Other licenses or permits may also be required depending on the nature of each particular business.

### Out-of-State Agencies

Licensure may not be required for an out-of-state agency collecting from debtors in Alaska, but is required when an agency collects claims or solicits to collect claims on behalf of creditors based in Alaska.

### Collection License Fees

The filing fee for Alaska collection licensing varies depending on whether the agency is based in the state. A \$5,000 bond is required as well.

## **ARIZONA**

### **Collection License Required**

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Arizona requires collection companies to be licensed as a collection company. Collection companies must also comply with federal, state and local collection laws. Other licenses or permits may be required depending on the nature of each particular business.

### **Certificate of Authority**

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With certain limited exceptions, an Arizona certificate of authority is required if a company does business in the state of Arizona regardless of where the company is located.

### **Collection License Fees**

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The filing fee for an Arizona collection license application is \$1,500.00.

## **ARKANSAS**

### **Arkansas Collection Licensing Required**

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Arkansas collection Licensing: Companies are required to be licensed to collect from debtors in the state. Other licenses or permits may be required depending on the nature of each particular business.

### **Out-of-State Agencies**

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An out-of-state collection agency is required to obtain a license to collect or solicit accounts in Arkansas, regardless of where it is located.

## **Collection License Fees**

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The fee for an Arkansas collection license is \$140.00.

## **DELAWARE**

### **Delaware Collection Licensing Required**

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Delaware Collection Licensing: Delaware does not require collection companies to be licensed as a collection company. Collection companies must still comply with federal, state and local collection laws. Other licenses or permits may be required depending on the nature of each particular business.

### **Certificate of Authority**

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With certain limited exceptions, a Delaware certificate of authority is required if a company does business in the state of Delaware regardless of where the company is located.

### **Collection License Fees**

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The filing fee for a Delaware certificate of authority is \$150.00.

## **FLORIDA**

### **Florida Collection Licensing Required**

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Florida Collection Licensing: Companies are required to be licensed. Other licenses or permits may be required depending on the nature of each particular business.

### **Certificate of Authority**

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With certain limitations, a Florida certificate of authority is required if a company does business in the state of Florida regardless of where the company is located.

## **Collection License Fees**

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The filing fee for a Florida certificate of authority is \$70.00.

## **HAWAII**

### **Hawaii Collection Licensing Required**

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Hawaii Collection Licensing: Companies are required to be licensed in Hawaii. Other licenses or permits may be required depending on the nature of each particular business.

### **Certificate of Authority**

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With certain limitations, a Hawaii certificate of authority is required if a company does business in the state regardless of where the company is located.

### **Collection License Fees**

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The filing fee for a Hawaii collection license application is \$135.00.

## **IDAHO**

### **Idaho Collection Licensing Required**

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Idaho Collection Licensing: Companies are required to be licensed in Idaho. Other licenses or permits may be required depending on the nature of each particular business.

## Certificate of Authority

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With certain limited exceptions, an Idaho certificate of authority is required if a company does business in the state regardless of where the company is located.

## Collection License Fees

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The filing fee for an Idaho collection license application is \$350.00.

## ILLINOIS

## Illinois Collection Licensing Required

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Illinois Collection Licensing Requirements: Companies are required to be licensed in Illinois. Other licenses or permits may be required depending on the nature of each particular business.

## Certificate of Authority

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With certain limited exceptions, an Illinois certificate of authority is required if a company does business in the state regardless of where the company is located.

## Collection License Fees

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The filing fee for an Illinois certificate of authority is \$750.00.

## **PROFESSIONS, OCCUPATIONS, AND BUSINESS OPERATIONS (225 ILCS 425/) Collection Agency Act.**

(225 ILCS 425/1) (from Ch. 111, par. 2001)

(Section scheduled to be repealed on January 1, 2026)

Sec. 1. This Act shall be known and may be cited as the  
"Collection Agency Act".

(Source: P.A. 78-1248.)

(225 ILCS 425/1a) (from Ch. 111, par. 2001a)

(Section scheduled to be repealed on January 1, 2026)

Sec. 1a. Declaration of public policy. The practice as a collection agency by any entity in the State of Illinois is hereby declared to affect the public health, safety and welfare and to be subject to regulation and control in the public interest. It is further declared to be a matter of public interest and concern that the collection agency profession merit and receive the confidence of the public and that only qualified entities be permitted to practice as a collection agency in the State of Illinois. This Act shall be liberally construed to carry out these objects and purposes.

It is further declared to be the public policy of this State to protect consumers against debt collection abuse. (Source: P.A. 89-387, eff. 1-1-96.)

(225 ILCS 425/2) (from Ch. 111, par. 2002)

(Section scheduled to be repealed on January 1, 2026)

Sec. 2. Definitions. In this Act:

"Address of record" means the designated address recorded by the Department in the applicant's or licensee's application file or license file as maintained by the Department's licensure maintenance unit.

"Board" means the Collection Agency Licensing and Disciplinary Board.

"Charge-off balance" means an account principal and other legally collectible costs, expenses, and interest accrued prior to the charge-off date, less any payments or settlement.

"Charge-off date" means the date on which a receivable is treated as a loss or expense.

"Collection agency" means any person who, in the ordinary course of business, regularly, on behalf of himself or herself or others, engages in the collection of a debt.

"Consumer debt" or "consumer credit" means money or property, or their equivalent, due or owing or alleged to be due or owing from a natural person by reason of a consumer credit transaction.

"Credit transaction" means a transaction between a natural person and another person in which property, service, or money is acquired on credit by that natural person from such other person primarily for personal, family, or household purposes.

"Creditor" means a person who extends consumer credit to a debtor.

"Current balance" means the charge-off balance plus any legally collectible costs, expenses, and interest, less any credits or payments.

"Debt" means money, property, or their equivalent which is due or owing or alleged to be due or owing from a person to another person.

"Debt buyer" means a person or entity that is engaged in the business of purchasing delinquent or charged-off consumer loans or consumer credit accounts or other delinquent consumer debt for collection purposes, whether it collects the debt itself or hires a third-party for collection or an attorney-at-law for litigation in order to collect such debt.

"Debtor" means a person from whom a collection agency seeks to collect a consumer or commercial debt that is due and owing or alleged to be due and owing from such person.

"Department" means the Department of Financial and Professional Regulation.

"Email address of record" means the designated email address recorded by the Department in the applicant's application file or the licensee's license file, as maintained by the Department's licensure maintenance unit.

"Person" means a natural person, partnership, corporation, limited liability company, trust, estate, cooperative, association, or other similar entity.

"Licensed collection agency" means a person who is licensed under this Act to engage in the practice of debt collection in Illinois.

"Multi-state licensing system" means a web-based platform that allows licensure applicants to submit their applications and renewals to the Department online.

"Secretary" means the Secretary of Financial and Professional Regulation.

(Source: P.A. 99-227, eff. 8-3-15; 99-500, eff. 1-29-16; 100-132, eff. 8-18-17.)

Sec. 2.03. **Exemptions.** This Act does not apply to persons whose collection activities are confined to and are directly related to the operation of a business other than that of a collection agency, and specifically does not include the following:

1. Banks, including trust departments, affiliates, and subsidiaries thereof, fiduciaries, and financing and lending institutions (except those who own or operate collection agencies);
2. Abstract companies doing an escrow business;
3. Real estate brokers when acting in the pursuit of their profession;
4. Public officers and judicial officers acting under order of a court;
5. **Licensed attorneys at law;**
6. Insurance companies;
7. Credit unions, including affiliates and subsidiaries thereof (except those who own or operate collection agencies);
8. Loan and finance companies, including entities

licensed pursuant to the Residential Mortgage License Act of 1987;

9. Retail stores collecting their own accounts;

10. Unit Owner's Associations established under the

Condominium Property Act, and their duly authorized agents, when collecting assessments from unit owners; and

11. Any person or business under contract with a

creditor to notify the creditor's debtors of a debt using only the creditor's name.

(Source: P.A. 99-227, eff. 8-3-15.)

## **INDIANA**

### **Indiana Collection Licensing**

#### **Required**

Indiana Collection Licensing Requirements: Companies are required to be licensed in Indiana. Other licenses or permits may be required depending on the nature of each particular business.

#### **Certificate of Authority**

With certain limited exceptions, an Indiana certificate of authority is required if a company does business in the state regardless of where the company is located.

#### **Collection License Fees**

The filing fee for an Indiana certificate of authority is \$100.00.

## **IOWA**



# Debt Collector Notification



***\*\* 2022 Registration Due by  
January 31st\* \****

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Iowa **does not** license debt collectors. However, debt collectors who collect over \$58,300 a year (all accounts, not just Iowa accounts) are required to file notification with the Attorney General of Iowa and pay a **\$50 annual fee**. (Note: the 2017 Iowa Legislature increased the notification fee for ICCB debt collectors effective July 1, 2017. The new fee is \$50 (up from \$10).

## **MINNESOTA**

### **Minnesota Collection Licensing**

#### **Required**

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Minnesota Collection Licensing: Companies are required to be licensed in Minnesota. Other licenses or permits may be required depending on the nature of each particular business.

#### **Certificate of Authority**

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With certain limitations, a Minnesota certificate of authority is required if a company does business in the state regardless of where the company is located.

## Collection License Fees

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The filing fee for a Minnesota collection license application is \$1,059.95.

### **332.31 DEFINITIONS.**

#### **Subdivision 1. Terms.**

The terms in this section for the purposes of sections [332.31](#) to [332.44](#) shall have the meanings given them.

#### **Subd. 2. Person.**

"Person" means and includes individuals, partnerships, associations or corporations.

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#### **Subd. 3. Collection agency.**

"Collection agency" or "licensee" means (1) a person engaged in the business of collection for others any account, bill, or other indebtedness, except as hereinafter provided; or (2) a debt buyer. It includes persons who furnish collection systems carrying a name which simulates the name of a collection agency and who supply forms or form letters to be used by the creditor, even though such forms direct the debtor to make payments directly to the creditor rather than to such fictitious agency.

#### **Subd. 6. Collector.**

"Collector" is a person acting under the authority of a collection agency under subdivision 3 or a debt buyer under subdivision 8, and on its behalf in the business of collection for an account, bill, or other indebtedness except as otherwise provided in this chapter.

### **332.32 EXCLUSIONS.**

(a) The term "collection agency" does not include banks when collecting accounts owed to the banks and when the bank will sustain any loss arising from uncollectible accounts, abstract companies doing an escrow business, real estate brokers, public officers, persons acting under order of a court, lawyers, trust companies, insurance companies, credit unions, savings associations, loan or finance companies unless they are engaged in asserting, enforcing or prosecuting unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.

Subd. 5a. **Individual collector registration.**

A licensee, on behalf of an individual collector, must register with the state all individuals in the licensee's employ who are performing the duties of a collector as defined in sections [332.31](#) to [332.44](#). The licensee must apply for an individual collection registration in a form prescribed by the commissioner. The licensee shall verify on the form that the applicant has confirmed that the applicant meets the requirements to perform the duties of a collector as defined in sections [332.31](#) to [332.44](#). Upon submission of the application to the department, the individual may begin to perform the duties of a collector and may continue to do so unless the licensee is informed by the commissioner that the individual is ineligible.

## **NEBRASKA**

### **Nebraska Collection Licensing Required**

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Nebraska Collection Licensing: Companies are required to be licensed in Nebraska. Other licenses or permits may be required depending on the nature of each particular business.

## **Certificate of Authority**

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With certain limited exceptions, a Nebraska certificate of authority is required if a company does business in the state regardless of where the company is located.

## **Collection License Fees**

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The filing fee for a Nebraska collection license application is \$400.00.

# **NEVADA**

## **Nevada Collection Licensing**

### **Required**

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Nevada Collection Licensing: Companies are required to be licensed in Nevada. Other licenses or permits may be required depending on the nature of each particular business.

## **Certificate of Authority**

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With certain limitations, a Nevada certificate of authority is required if a company does business in the state regardless of where the company is located.

## **Collection License Fees**

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The filing fee for a Nevada collection license application is \$805.00.

## **NEW JERSEY**

Currently, the only requirement in New Jersey that pertains to collection agencies is that those in the industry go through New Jersey's bonding and registration processes to operate legally.

Under New Jersey law, any business operating as a collection agency or is in the business of collecting or receiving payment for others of any account, bill, or other indebtedness must annually file a Collection Agency Bond Application. The application attests that a \$5,000 bond has been filed by the business with the State of New Jersey as required by statute. Additionally, all in-state and out-of-state businesses must file a bond application with New Jersey

A finance statement from the surety company and an executed power of attorney form establishing the attorney-in-fact as the surety's authorized legal representative must be attached to the application. The application fee is \$25 and two witnesses other than the principal are required for each signature on the application. The registration of the bond is mailed to the business after it is reviewed by the state attorney general's office.

## **NORTH CAROLINA**

**North Carolina Collection**

**Licensing Required**

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North Carolina Collection Licensing: Companies are required to be licensed in North Carolina. Other licenses or permits may be required depending on the nature of each particular business.

## Certificate of Authority

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With certain limitations, a North Carolina certificate of authority is required if a company does business in the state regardless of where the company is located.

## Collection License Fees

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The filing fee for a North Carolina collection license application is \$1,000.00.

§ 58-70-15. Definition of collection agency and collection agency business. NC General Statutes - Chapter 58 Article 70 5 (a) "Collection agency" means a person directly or indirectly engaged in soliciting, from more than one person delinquent claims of any kind owed or due or asserted to be owed or due the solicited person and all persons directly or indirectly engaged in the asserting, enforcing or prosecuting of those claims. (b) "Collection agency" includes any of the following: (1) Any person that procures a listing of delinquent debtors from any creditor and that sells the listing or otherwise receives any fee or benefit from collections made on the listing. (2) Any person that attempts to or does transfer or sell to any person not holding the permit prescribed by this Article any system or series of letters or forms for use in the collection of delinquent accounts or claims which by direct assertion or by implication indicate that the claim or account is being asserted or collected by any person, firm, corporation, or association other than the creditor or owner of the claim or demand. (3) An in-house collection agency, whereby a person, firm, corporation, or association sets up a collection service for his or its own business and the agency has a name other than that of the business. (4) A "debt buyer." As used in this subdivision, the term "debt buyer" means a person or

entity that is engaged in the business of purchasing delinquent or charged-off consumer loans or consumer credit accounts, or other delinquent consumer debt for collection purposes, whether it collects the debt itself or hires a third party for collection or an attorney-at-law for litigation in order to collect such debt. (c) "Collection agency" does not include any of the following: (1) Regular employees of a single creditor. (2) Banks, trust companies, or bank owned, controlled or related firms. (2a) Corporations or associations engaged in accounting, bookkeeping, or data processing services where a primary component of such services is the rendering of statements of accounts and bookkeeping services for creditors. (3) Mortgage banking companies. (4) Savings and loan associations. (5) Building and loan associations. (6) Duly licensed real estate brokers and agents when the claims or accounts being handled by the broker or agent are related to or are in connection with the broker's or agent's regular real estate business. (7) Express, telephone and telegraph companies subject to public regulation and supervision. (8) Attorneys-at-law handling claims and collections in their own name and not operating a collection agency under the management of a layman. (9) Any person, firm, corporation or association handling claims, accounts or collections under an order or orders of any court. (10) A person, firm, corporation or association which, for valuable consideration purchases accounts, claims, or demands of another, which such accounts, claims, or demands of another are not delinquent at the time of such purchase, and then, in its own name, proceeds to assert or collect the accounts, claims or demands.

**Effective October 1, 2016 N.C.G.** §58-70-5 allows a single employee of a licensed collection agency to telework from remote location without needing to secure an additional permit under certain conditions.

### **Section 3.1-ATTORNEY INFORMATION**

NGCS§ 58-70-125 prohibits the sharing of office space and/or common waiting room of a collection agency with a practicing attorney or any type of lending institution.

- (a) Update information on all attorneys who have been or will be hired to collect debts/receivables owned by the applicant; (b) Update information for any owners, governing members, and/or officers of the applicant who are attorneys.

## **NORTH DAKOTA**

Who Is Required to Have This License? A person or entity who, in the ordinary course of business, engages in debt collection. "Debt collection" means the act of collecting or attempting to collect, directly or indirectly, debts owed or due or asserted to be owed or due another. As used in this chapter, this term also includes solicitation of debt for the purpose of collection and accepting assignment of debts for the purpose of collection. **Both consumer and commercial debt collection is covered under licensure.** North Dakota Century Code Chapter 13-05. Activities Authorized Under This License This license authorizes the following activities... o Third-party debt collection o Active debt buying o Judgment Recovery o Other – debt

## **OREGON**

### **Oregon Collection Licensing**

#### **Required**

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Oregon Collection Licensing: Companies are required to be licensed in Oregon. Other licenses or permits may be required depending on the nature of each particular business.

#### **Certificate of Authority**

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With certain limitations, an Oregon certificate of authority is required if a company does business in the state regardless of where the company is located.



## Collection License Fees

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The filing fee for an Oregon collection license application is \$350.00.

## **TENNESSEE**

## Tennessee Collection Licensing Required

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Tennessee Collection Licensing: Companies are required to be licensed in Tennessee. Other licenses or permits may be required depending on the nature of each particular business.

## Certificate of Authority

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With certain limited exceptions, a Tennessee certificate of authority is required if a company does business in the state regardless of where the company is located.

## Collection License Fees

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The filing fee for a Tennessee collection license application is \$850.00.

## **UTAH**

## **Utah Collection Licensing**

### **Required**

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Utah Collection Licensing: Companies are required to be licensed in Utah. Other licenses or permits may be required depending on the nature of each particular business.

### **Certificate of Authority**

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With certain limited exceptions, an Utah certificate of authority is required if a company does business in the state regardless of where the company is located.

### **Collection License Fees**

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The filing fee for an Utah certificate of authority is \$70.00.

## **WASHINGTON**

## **Washington Collection Licensing**

### **Required**

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Washington Collection Licensing: Companies are required to be licensed in Washington. Other licenses or permits may be required depending on the nature of each particular business.

### **Certificate of Authority**

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With certain limited exceptions, a Washington certificate of authority is required if a company does business in the state regardless of where the company is located.

## Collection License Fees

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The filing fee for a Washington collection license application is \$325.00.

### **RCW [19.16.100](#)**

#### **Definitions.**

(4) "Collection agency" means and includes:

(a) Any person directly or indirectly engaged in soliciting claims for collection, or collecting or attempting to collect claims owed or due or asserted to be owed or due another person;

(5) "Collection agency" does not mean and does not include:

(c) Any person whose collection activities are carried on in his, her, or its true name and are confined and are directly related to the operation of a business other than that of a collection agency, such as but not limited to: Trust companies; savings and loan associations; building and loan associations; abstract companies doing an escrow business; real estate brokers; property management companies collecting assessments, charges, or fines on behalf of condominium unit owners associations, associations of apartment owners, or homeowners' associations; public officers acting in their official capacities; persons acting under court order; lawyers; insurance companies; credit unions; loan or finance companies; mortgage banks; and banks;

## **RCW 19.16.110**

### **License required.**

No person shall act, assume to act, or advertise as a collection agency or out-of-state collection agency as defined in this chapter, except as authorized by this chapter, without first having applied for and obtained a license from the director.

Nothing contained in this section shall be construed to require a regular employee of a collection agency or out-of-state collection agency duly licensed under this chapter to procure a collection agency license.

## **WEST VIRGINIA**

WHO IS COVERED BY THE ACT? “Collection Agency” means and includes all persons, firms, corporations and associations: (1) directly or indirectly engaged in the business of soliciting from or collecting for others any account, bill or indebtedness due or asserted to be owed or due another and all persons, firms, corporations and associations directly or indirectly engaged in asserting, enforcing or prosecuting those claims; (2) which, in attempting to collect or in collecting his or its own accounts or claims uses a fictitious name or names other than his or its own name; (3) which attempts to or does give away or sell to others any system or series of letters or forms for use in the collection of accounts or claims which assert or indicate directly or indirectly that the claims or accounts are being asserted or collected by any person, firm, corporation or association other than the creditor or owner of the claim or account. WHO IS EXEMPT FROM THE ACT? The term “collection agency” shall not mean or include: ( 1) regular employees of a single creditor or of a collection agency licenses hereunder; ( 2) banks; ( 3) trust companies; ( 4) savings and loan associations; ( 5) building and loan associations; ( 6) industrial loan companies; ( 7) small loan companies; ( 8) abstract companies doing an escrow business; ( 9) duly licensed real estate brokers or agents when the claims or accounts being handled by such broker or agent are related to or in connection with such brokers’ or agents’ regular real estate business; (10) express

and telegraph companies subject to public regulation and supervision; (11) attorneys at law handling claims and collections in their own names and not operating a collection agency under the management of a layman;

## WISCONSIN

DEFINITIONS. The following terms, as used in this section, shall have the meaning stated, unless the context requires a different meaning:

"Collection agency" means any person engaging in the business of collecting or receiving for payment for others of any account, bill, or other indebtedness. "Collection agency" does not include attorneys at law authorized to practice in this state and resident herein, banks, express companies, health care billing companies, state savings banks, state savings and loan associations, insurers and their agents, trust companies, district attorneys acting under s. [971.41](#), persons contracting with district attorneys under s. [971.41 \(5\)](#), real estate brokers, and real estate salespersons.

## **METHODS OF COLLECTION COMMERCIAL ACCOUNTS**

### **LETTER**

- ❖ What is included in your commercial demand letter?
  - Name and address of the debtor
  - Name of the creditor
  - Balance due
  - Name of agency/law firm
    - Name and contact information of the individual for who debtor should contact for payment or questions
    - Hard date to contact you for payment
    - Ramifications for not contacting you
    - How effective of a collection method is the initial demand letter
      - Is the initial demand letter a more effective collection tool for law firms as opposed to collection agencies
        - ◆ Do your collectors wait a certain amount of time after the initial demand to initiate telephone contact or start calling right away

### **EMAIL**

- ❖ Arguably the most effective method of collection in the modern age
  - How aggressive do you allow your collection team with who they email
    - With all the skip tracing tools many times you can obtain multiple potential email addresses for a single debtor
      - ◆ If allow for aggressive email blasts need to train collection staff on how to handle potential non-liaible party contact
  - Do you only send email demand letter and no letter if confident that email address is valid
    - Include same information as mailed demand letter

## **TEXTING**

- ❖ Telephone Consumer Protection Act (TCPA) concerns
  - No issues if don't an "automatic telephone dialing system" which has the capacity to store or produce telephone numbers to be called, using a random or sequential number generator
- ❖ Many individuals main source of contact is via cell phone

## **SOCIAL MEDIA (Facebook, Instagram, Twitter etc...)**

- ❖ Use to contact debtors
  - Can use for skip tracing purposes

## MISCELLANEOUS ISSUES

- ❖ KPI (Key Performance Indicators)
  - Some agencies/law firms pay require collectors to hit certain KPI goals before paying commissions
    - Required number of telephone calls per day
    - Talk time on phone calls
  - Have KPI's changed with new methods of contact with debtors
    - Allow for emails, texts and file work to be indicative of proper file handling as opposed to the traditional phone requirements
- ❖ Different collection strategies if collecting from agency as opposed to law firm
  - Demand letter may carry more weight from law firm
  - Texting from law firm may seem unprofessional
- ❖ Different strategies if communicating with debtor directly as opposed to counsel for debtor
- ❖ Different strategies if collecting against business as opposed to sole proprietor or personal guarantor
  - Against individual threat of credit reporting, seizure of personal assets and wage garnishment holds more weight
- ❖ Has “work from home” changed the way collectors are trained and oversight of work product
  - Review of call recordings more useful since no in person collection management
- ❖ CFPB concerns 6 months in