

SHARE:



[Join Our Email List](#)



[View as Webpage](#)



February 23, 2021

“Just Send a Venmo!”...To a Collection Agency?

By **Victoria L. Creta**

As a result of COVID-19, many businesses are leery of handling cash, credit cards, or debit cards, and consumers feel concerned about using paper money and coins. It is therefore unsurprising that a byproduct of the COVID-19 pandemic is a boom in touchless payment. Peer-to-peer payment platforms, such as Venmo, PayPal, Xoom, and others, allow for the digital transfer of money from one user to another in a quick, convenient, and socially distanced manner. Digital wallet platforms have seen a dramatic increase in personal use throughout the pandemic and are beginning to expand their touchless payment services to brick-and-mortar stores and retailers such as CVS.

On January 21, 2021, Paypal Holdings Inc. received a Civil Investigative Demand ("CID") from the Consumer Financial Protection Bureau ("CFPB") "related to Venmo's unauthorized funds transfers and collections processes." This is not the first time Venmo's practices have come under scrutiny from the CFPB. A CID is when the CFPB is in the fact-gathering stage to determine whether Venmo has violated the Fair Debt Collection Practices Act and if enforcement action is necessary.

Click [here](#) to read the entire article.

Some Mortgage Servicers Violated Forbearance Rules, Put Consumers at Risk During the Pandemic

"But data from the Consumer Financial Protection Bureau reveals that several loan servicers have actually violated forbearance rules since the start of the pandemic, while others supplied incorrect information that prevented borrowers from getting the help they needed."

Why this is important: If you are a lender or loan servicer, ensure that you are compliant with the CARES Act rules. First, all borrowers are eligible for forbearance, not just delinquent borrowers. Second, lenders cannot require borrowers to catch up on missed payments during forbearance in the form of a lump sum immediately afterward. Third, borrowers who are struggling cannot be assessed additional

fees, such as forbearance and late fees. Relatedly, lenders and loan servicers also need to ensure that they do not send automated collection notices to borrowers whose accounts were in forbearance indicating that credit score reporting and late fees could ensue. --- [Bryce J. Hunter](#)

2021 Begins with Eye-popping Reverse Mortgage Volume

"Home Equity Conversion Mortgage endorsements in January recorded a very strong increase at the beginning of the year, rising 10.8% to 4,539 loans."

Why this is important: While the headlines tend to focus on home sales and interest, other areas of the housing industry also have experienced explosive growth and demand over the past few months. One of those areas includes the reverse mortgage industry. Available only to those 62 and older, a reverse mortgage allows a homeowner access to the equity in their home (similar to a traditional mortgage), but without the need to make monthly mortgage payments. Homeowners receive a lump-sum payment and the balance grows over time until paid off. January 2021 "recorded a very strong increase at the beginning of the year, rising 10.8% to 4,539 loans," and is the highest number since May 2020. A strong start in January generally bodes well for the year for the entire mortgage industry. Lenders and servicers should continue to monitor industry metrics and the housing market as a whole for insight on how long the demand for reverse mortgages may last. --- [Angela L. Beblo](#)

EV and Fintech Convergences with Innovative Disruptions, A New Era Unfolds in the World's Economy

"Specialists are expecting Fintech to reshape legacy-dominated financial services and open doors to many new fields."

Why this is important: This article compiles news releases and other bits of information from various sources in connection with discussing a recent report by Investorideas.com that the electric vehicle market and financial technology are blending. The punchline is that the sales of electric vehicles are increasing, and, with companies like Tesla purchasing positions in bitcoin, the merging of EV and fintech is likely to increase in the coming years. Also featured is the future Apple Car as additional support for this proposition, especially with the success of Apple Pay and the recent announcement that BitPay Prepaid MasterCard users will be able to use Apple Pay to make purchases with cryptocurrency. --- [Nicholas P. Mooney II](#)

Virginia Set to Become Second State to Pass Data Privacy Law

"Gov. Ralph Northam expected to sign data privacy law that is less strict than California's and exempts many small businesses."

Why this is important: Virginia may become the second state to pass a data privacy law, the Consumer Data Protection Act (the "CDPA"), assuming there are no issues as it undergoes "a few last-minute tweaks." Under the CDPA, consumers will be given more control over their personal data. A consumer is a Virginia resident acting in "an individual or household context ... [and not] in a commercial or employment context." Consumers will be able to confirm that an entity has their personal data, correct any inaccuracies in that data, ask that the data be deleted, and opt out of having their data used for targeted advertising. The CDPA will apply to entities that control or process data of 100,000 or more Virginia residents in a year. It also will apply to entities that derive "50 percent of their revenues from the sale and processing of consumer data of at least 25,000 customers." While there is no private right of action, the Attorney General may seek damages for up to \$7,500 for each violation of the CDPA. Considering that several other states are looking into similar legislation, the federal government may take notice and finally address data privacy at the national level. --- [Kellen M. Shearin](#)

A Radical Change is Coming to the Way Major Credit Cards Work

"This comes as apps like TikTok and Instagram acclimate the world toward a vertically scrolling feed, and it also reflects how most consumers use their credit cards anyway — by inserting them into chip readers

vertically, for example."

Why this is important: Get ready to see a different look to your credit and debit cards. If you haven't already, when you next get a new card, chances are the information on its face will be in portrait orientation instead of landscape orientation. Credit and debit card issuers are changing the looks of their cards to reflect how customers use cards -- inserting them into chip readers, tapping one end on a tap-to-pay, or using virtual versions of cards on their phones. This points partly to these behaviors and partly to popular social media apps in arguing that customers operate more in portrait than landscape orientation. Credit and debit card issuers are going to follow this trend. --- [Nicholas P. Mooney II](#)

Biden Again Rejects \$50,000 Student Loan Debt Forgiveness Plan Pushed by Other Top Democrats

"President Joe Biden made it clear that he disagrees with other members of his party who want to cancel \$50,000 of student debt per borrower."

Why this is important: There are more than 40 million borrowers that owe in excess of \$1.5 trillion in federal student loan debt in 2020. Prior to the election, there were numerous conversations surrounding the high levels of student loan debt and its impact on borrowers. These discussions centered around an across-the-board waiver of student loan debt separate and apart from available loan forgiveness programs. President Biden supports a waiver of \$10,000, and recently stated that he disagrees with those that want forgiveness of \$50,000. Given the current make-up of Congress, there likely will be compromise before any relief bill is proposed, voted on, and sent to President Biden for signature. While any forgiveness would not apply to private student loans, servicers of government-backed student loans should pay close attention to this issue and any directives from the Department of Education. --- [Angela L. Beblo](#)

Inside the Billion-Dollar Plan to Kill Credit Cards

"Affirm's Max Levchin saw a way to repackage buying now and paying later for younger folks—and it's made him a billionaire."

Why this is important: This article reports on Affirm, the brainchild of Max Levchin, co-founder of PayPal and early investor in Yelp, among other companies. Affirm offers an alternative to credit cards, and it's hardly the only company to do so, counting Sweden's Klarna and Australia's AfterPay as competitors. Each of these companies provides its own product for enticing customers to ditch credit cards. For Affirm, it does not charge late fees, and, although it charges in some instances hefty interest rates, the article reports that those rates are clearly disclosed prior to any purchases being made. One of the more interesting selling points for Affirm, though, is the way it structures certain purchases. With traditional credit card purchasing, customers can make purchases and avoid paying interest if the statement balance is paid in full every month. However, if a large purchase is made, the customer may not be able to pay the balance in full, leaving him or her subject to interest charges for all of the purchases made during that billing cycle. Affirm gets away from this model and instead allows customers to finance big-ticket purchases on their account almost as installment loans without subjecting all of their purchases that month to interest. Not to be outdone, some credit card companies have begun permitting customers to take advantage of the same structure when using their credit cards. --- [Nicholas P. Mooney II](#)

Featured Spilman Attorney Profile

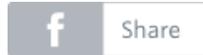


[Lori D. Thompson](#)
Member
Roanoke, Va.
540.512.1807
lthompson@spilmanlaw.com

Lori is a Member in our Roanoke office. Her primary area of practice is litigation, including bankruptcy and creditors' rights. She represents businesses in state and federal courts and mediation proceedings involving banking, breach of contract, business disputes, computer/technology law, employment

disputes, real estate disputes, taxation, and various collection matters. In addition, she advises clients in bankruptcy proceedings and contested matters concerning debtor-in-possession financing, dischargeability of debts, executory contracts and leases, jurisdiction, plan confirmation, preference actions, officers' and directors' liability, and venue challenges.

Lori is a very well-known and highly sought after attorney. Her accolades include being named AV® Preeminent Peer Review Rated by Martindale-Hubbell; named the Best Lawyers® "Lawyer of the Year" in the area of Litigation—Bankruptcy in Roanoke; inducted as a Fellow of the Virginia Law Foundation; named Leader in the Law by Virginia Lawyers Weekly; named an Influential Woman of Virginia by Virginia Lawyers Weekly; selected as Virginia Business magazine's "Legal Elite"; recognized as a Virginia Super Lawyer by Law & Politics magazine; named to Top 50 Women Attorneys in Virginia by Virginia Super Lawyers; and named Master of the Bench for the American Inns of Court. She graduated *summa cum laude* from Radford University and earned her J.D. from University of Virginia School of Law.



This is an attorney advertisement. Your receipt and/or use of this material does not constitute or create an attorney-client relationship between you and Spilman Thomas & Battle, PLLC or any attorney associated with the firm. This e-mail publication is distributed with the understanding that the author, publisher and distributor are not rendering legal or other professional advice on specific facts or matters and, accordingly, assume no liability whatsoever in connection with its use.

Responsible Attorney: Michael J. Basile, 800-967-8251