

March 8, 2021



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By Electronic Submission and Post

Department of Financial Protection & Innovation, Legal Division
Attn: Sandra Sandoval, Legal Assistant
300 S. Spring Street, Suite 15513
Los Angeles, CA 90013

Re: Comments on Proposed Rulemaking under the California Consumer Financial Protection Law (PRO 01-21)

Dear Commissioner Alvarez:

The Receivables Management Association International (RMAI) is pleased to submit our comments to the Department of Financial Protection & Innovation (DFPI or Department) on the upcoming rulemaking process for the California Consumer Financial Protection Law (CFPL) as requested in DFPI's invitation for comments issued on February 4, 2021.

RMAI would like to begin our comments with a statement of sincere gratitude to the Department and its staff for our ongoing conversations regarding the new debt collector licensing law which the Department is working on standing up. RMAI is looking forward to the new licensing regimen and feel that this law, by itself, will go a long way in helping with consumer protection in California.

As background, RMAI is the nonprofit trade association that represents more than 575 companies that purchase or support the purchase of performing and nonperforming receivables on the secondary market. RMAI member companies work in a variety of financial services fields, including debt buying companies, collection agencies, collection law firms, originating creditors, brokers, international members, and industry-related product and service providers. RMAI's Receivables Management Certification Program (also referred to as RMCP)¹ and its Code of Ethics² set the "gold standard" within the receivables management industry due to their rigorous uniform industry standards of best practice which focuses on protecting consumers.

¹ Receivables Management Association International, *Receivables Management Certification Program* (February 25, 2021), publicly available at <https://rmaintl.org/rmaiftp/Certification-Policy-version-8.0-FINAL-with-Hyperlink.pdf> (last accessed March 8, 2021).

² Receivables Management Association International, *Code of Ethics* (August 13, 2015), publicly available at <https://rmaintl.org/about-rmai/code-of-ethics/> (last accessed March 3, 2021).

Industry Overview

The importance of receivables in a credit-based economy

The use of credit is the cornerstone of the United States financial system. Consumers, businesses, and local, state, and federal governments all rely on the availability and extension of credit to purchase goods and services. A credit-based economy is dependent on free-market principles that support the extension of credit, such as the right to contract and the right to possess and dispose of property.

An account receivable is the byproduct of an extension of credit because it represents the promise to repay the creditor for the credit that was extended for the purchase of goods or services. An account receivable is an asset that can be purchased and sold just like any other asset. Debt buying companies are businesses that purchase receivable portfolios from originating creditors or other debt buying companies on the secondary market. When a debt buying company purchases an account from a creditor, it purchases the contract and all rights, benefits, and liabilities associated with the contract that were held by the creditor. These purchases can include accounts that are performing (i.e., making payments), as well as those that are non-performing (i.e., in default).³

The free marketability of receivables creates significant benefits to both the business and consumer communities. For consumers, it allows credit to be widely available, keeps the cost of credit lower, provides greater socio-economic advancement opportunities, and enhances the availability of products, services, and conveniences. For businesses, it facilitates the sale and reinvestment of corporate assets, permits small businesses to compete against larger companies, and allows companies to change their business models based on evolving corporate priorities.⁴

Furthermore, secondary market resale transactions offer consumers unique benefits that are not always available when accounts are retained by originators or first tier purchasers. When banks and other originators initially sell their receivable portfolios, they tend to rely on a limited number of national debt buying companies due to convenience and the companies' ability to handle multiple asset-classes over a broad geographic range of operations. However, due to the significant volume and complexity of accounts maintained by large debt buying companies, it is not unusual for some to resell their special asset or state-specific accounts on the secondary

³ David E. Reid, *The Debt Buying Industry*, Receivables Management Association International White Paper (April 2015), publicly available at <https://rmaintl.org/rmaiftp/RMAI-Debt-Buying-White-Paper-2016-FINAL.pdf> (last accessed March 5, 2021).

⁴ *Securitization of Assets: Problems and Solutions, Testimony before the U.S. Senate Committee on Banking, Housing, and Urban Affairs*, 111th Congress, 1st session, p. 25 (2009) (Testimony of Mr. George Miller), publicly available at <https://www.govinfo.gov/content/pkg/CHRG-111shrg56262/pdf/CHRG-111shrg56262.pdf> (last accessed March 5, 2021).

market to state, regional, or specialty asset companies that are more familiar with the customers and nuances in a particular market. This provides consumers with a host of benefits, including but not limited to: (1) greater access to lower-cost settlements, (2) increased sensitivity to local circumstances, (3) superior expertise in a particular asset category, and (4) certain enhanced consumer services.⁵

RMAI and its members understand that almost no one enters a consumer-creditor relationship with any intent other than making the required payments for the credit, product, or service that was received. However, life intervenes with unexpected events such as job losses, health emergencies, loss of spousal income, economic downturns that disrupt prior intentions, or even pandemics. The writers of the United States Constitution anticipated these “personal recessions” by granting Congress the authority to enact “uniform Laws on the subject of Bankruptcies.”⁶ But those who do not pursue the fresh start available under the Bankruptcy Code remain in a debtor/creditor relationship and as in all contractual relationships the contract confers rights and responsibilities upon each party to the agreement, including the right of the creditor to receive payment.

The role the RMAI Certification Program has played in the industry

Rolled out in 2013, RMAI’s Certification Program sets best practices and industry standards and is an important pro-consumer effort⁷ led by the receivables management industry. The result has been to provide consumers the protections they need and deserve, without constructing artificial barriers to the professional and ethical collection of legitimate receivables.

While the program was first designed to certify debt buying companies, it has expanded to include certifications for law firms, collection agencies, and vendors (e.g., receivable brokers and process servers). Currently, 421 companies and individuals hold these internationally respected certifications. These companies and individuals are committed to upholding standards that meet, but in the vast majority of cases exceed, current state and federal laws, regulations, and rules. Presently, all the largest debt buying companies in the United States are RMAI certified and we estimate that approximately 80 to 90 percent of all recently charged-off receivables that have been sold on the secondary market are owned by an RMAI certified company.

⁵ David E. Reid, *The Value of Resale on the Receivables Secondary Market*, Receivables Management Association International White Paper (April 2016), publicly available at <https://rmaintl.org/wp-content/uploads/2019/01/RMAI-Secondary-Market-White-Paper-2016-FINAL.pdf> (last accessed March 5, 2021).

⁶ U.S. Const. art. 1, § 8, cl. 4.

⁷ RMCP’s Mission Statement reads in part, the certification program “is an industry self-regulatory program administered by RMAI that is designed to provide enhanced consumer protections through rigorous and uniform industry standards of best practice.”

A review of the federal Consumer Financial Protection Bureau's (CFPB's) Consumer Response Portal (the Portal) shows that 97.97 percent of RMAI's certified companies (the vast majority being small businesses) are either complaint-free or have maintained a statistical zero-percent complaint rate on the Portal since the Department started tracking debt collection complaints/inquiries in July 2013. Only 2.27 percent of certified companies have a complaint/inquiry volume of greater than one percent with the remaining 0.76 percent of certified companies being rounded up to a one percent complaint/inquiry rate.

A before-and-after analysis of lawsuits filed against RMAI certified businesses found that after certification, litigation on average decreased by 20.8 percent in the seven-year span from 2012-2018. During the same time-period, litigation against all businesses in the receivables industry increased by 3.1 percent, with Fair Debt Collection Practices Act⁸ (FDCPA), Fair Credit Reporting Act⁹ (FCRA), and Telephone Consumer Protection Act¹⁰ (TCPA) lawsuits experiencing a 3.5 percent decrease, 13.5 percent increase, and a 26.7 percent increase, respectively. The correlation between RMAI certified businesses and a 20.8 percent decrease in lawsuits, compared to the industry as a whole, reinforces the beneficial effect of the program's high standards and its focus on compliance.¹¹

Highlights of the RMAI certification program include a commitment to ongoing education, independent third-party audits, designation of a company Chief Compliance Officer ("CCO"), and compliance with robust standards including:

- Vendor Management: Ensuring that anyone with access to or contact with consumer accounts adheres to the same criteria as the certified company, including assurance of data security systems/policies.
- Data & Documentation Integrity: Compliance with a comprehensive list of data and documentation requirements that exceeds all state and federal requirements. RMAI certification program maintains unique asset class criteria for auto, credit cards, bankruptcy, judgments, medical, and student loan receivables.
- Consumer Disputes: Creating a culture that promotes open lines of communication with consumers to address disputes regardless of the mode of communication the consumer chooses to use. When RMAI's certification standards are viewed in their entirety, they provide a level of consumer protection unseen elsewhere within the receivables industry.

⁸ 15 U.S.C. 1692 et seq.

⁹ 15 U.S.C. 1681 et seq.

¹⁰ 47 U.S.C. 227 et seq.

¹¹ Pamela Hong, *The Impact of the Receivables Management Certification Program on Litigation*, Receivables Management Association International White Paper (June 2019), publicly available at https://rmaintl.org/wp-content/uploads/2019/06/Litigation_White_Paper.pdf (last accessed August 16, 2019).

The standards include, but are not limited to, requirements that all certified businesses be registered on the CFPB consumer portal, maintain well-defined dispute policies, proactively address issues in credit reports, provide consumers direct access to the CCO, and prohibit the sale or resale of accounts that are currently in dispute or have been identified as fraudulent.

- **Portfolio-Sale Standards:** Ensuring the integrity of account information and transparency in the sale and resale process is paramount. Standards on chain-of-title, due diligence in the portfolio review, and representations and warranties in the purchase-and-sale agreement combine to ensure the integrity of the account information, thereby providing important consumer protections.

The positive impact on consumer credit from RMAI's certification program has been recognized during the CFPB's development of Regulation F over the course of nearly a decade and through two administrations. First in its 2016 Small Business Regulatory Enforcement Fairness Act (SBREFA) review¹² and again the 2019 notice of proposed rulemaking¹³ as it helps to reinforce our ongoing efforts within the broader industry. Importantly, as original creditors see the value of the certification program, we are seeing an increase in the number of creditors requiring that their approved buyers be RMAI certified.

Regulatory Framework

RMAI favors a strong role for government in the regulation of the receivables management industry. RMAI equally believes in the importance of a strong self-regulatory role for the industry given our ability to quickly respond to market trends. A strong self-regulatory program that focuses on robust consumer protections benefits both consumers and the industry. RMAI members want to ensure that there can be no room for bad actors in the industry as they not only harm consumers but also reputationally harm by association all the companies that are following the letter of the law.

RMAI welcomes the proposed rules and looks forward to their adoption after a public comment and review process occurs.

However, effective regulation cannot occur in a vacuum, it requires a thoughtful understanding of the role of debt collection in the consumer-credit cycle and accurate identification of any

¹² Consumer Financial Protection Bureau, "Outline of Proposals Under Consideration And Alternatives Considered," (July 28, 2016), fn 85 and 92 (publicly available at http://files.consumerfinance.gov/f/documents/20160727_cfpb_Outline_of_proposals.pdf (last accessed March 5, 2021)).

¹³ Debt Collection Practices (Regulation F), 84 FR 23274 (May 21, 2019), fn 378, 402, 647, and 743.

systemic problems that need to be addressed. RMAI cautions the Department to avoid calls for onerous regulations that are ultimately designed to target the behavior of a few outlying entities but will have the effect of harming the business operations of the vast majority of the industry that are complying with the law. Instead, the Department should ask whether the benefits of any proposed regulation will exceed the unintended costs of those regulations on the consumer population.

A 2015 Working Paper¹⁴ that was published by the Mercatus Center at George Mason University generally captured RMAI's cost-benefit concerns when it concluded that:

- Bad regulations can injure consumers and the economy.
- Riskier borrowers (those most likely to default) tend to be most harmed by increased restrictions on collection practices.
- Additional regulations often force lower income users to turn to higher-risk products such as payday lending and auto title loans.
- Small businesses should not be disproportionately burdened by unnecessary regulatory compliance costs which tend to force unnecessary consolidations within the industry.
- Regulations should be based on careful cost-benefit analysis and consider changing consumer lifestyles and communication technologies.

Several independent and unrelated research articles prepared by economists at Federal Reserve Banks have also identified a link between the availability of consumer credit and over-regulation of the banking and collection industry. A 2017 Federal Reserve of New York staff report¹⁵ used empirical analysis to conclude that increased impediments on the collection of debt would have a corresponding decrease in access to consumer credit. The authors divided the 50 states into two groups in their analysis – states that had adopted increased restrictions on the collection of debt and states that had not. The results of the study showed “restricting collection activities leads to a decrease in access to credit and to a deterioration in indicators of financial health.” While the decrease in access to credit was seen across all credit scores, it was more prevalent with those who had lower credit scores.

¹⁴ Todd J. Zywicki, *The Law and Economics of Consumer Debt Collection and Its Regulation*, Mercatus Working Paper, Mercatus Center at George Mason University (September 2015), publicly available at <https://www.mercatus.org/system/files/Zywicki-Debt-Collection-v2.pdf> (last accessed March 5, 2021) or <https://zenodo.org/record/4586857#.YEKyb2hKiM8> (last accessed March 5, 2021).

¹⁵ Julia Fonseca, Katherine Strair, Basit Zafar, *Access to Credit and Financial Health: Evaluating the Impact of Debt Collection*, Federal Reserve Bank of New York, Staff Report 814 (May 2017), publicly available at https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr814.pdf?la=en (last accessed March 5, 2021) or <https://zenodo.org/record/4586865#.YEKzqGhKiM8> (last accessed March 5, 2021).

Similar results were identified in a 2015 Federal Reserve Bank of Philadelphia working paper,¹⁶ which found a “statistically significant” correlation between the adoption of state debt-collection laws and the reduction of consumer credit. Specifically, it found that an increase in debt-collection requirements resulted in a 16 percent decrease in the number of debt collectors and lowered recovery rates on charged-off credit cards by nine (9) percent, which resulted in a reduction of new revolving lines of credit by approximately two (2) percent. Based on this, the paper’s author concluded that “stricter debt collection laws reduce the effectiveness of contract enforcement in consumer credit markets and reduce the availability of revolving debt.”

Finally, the Federal Reserve Bank of Minneapolis published a research paper¹⁷ in 2013 that found that the median reduction in profitability of community banks with less than \$50 million in assets was 45 basis points when they had to increase staffing by two employees due to additional regulatory burdens. The staffing increases on small financial institutions were based on the expected cost of salary for professionals possessing the necessary skills and capabilities to oversee the regulatory requirements. The additional costs were expected to result in 33 percent of small community banks becoming unprofitable. This research paper was cited by the Federal Reserve Bank of Dallas¹⁸ in analyzing the precipitous drop in the number of small-sized and medium-sized community banks between 1992 and 2015. RMAI can confirm that a similar correlation has taken place within the receivables industry since 2011. With the adoption of new compliance requirements by state and federal entities over the last eight years, there has been a similar precipitous drop in debt buying companies, collection agencies, and collection law firms within the industry. RMAI is in strong favor of a regulatory framework that would embrace the value of maintaining a robust and compliant marketplace.

It is important to note that RMAI does not cite the aforementioned reports by the Mercatus Center and the Federal Reserve Banks to discourage the adoption of regulations; rather, it cites those reports merely to remind the Department of the possible negative consequences to both consumers and industry that comes from over-regulation and to highlight the importance the cost-benefit analysis should have on the final rule.

¹⁶ Viktor Fedaseyev, *Debt Collection Agencies and the Supply of Consumer Credit*, Federal Reserve Bank of Philadelphia – Working Paper 15-23 (June 2015), publicly available at <https://zenodo.org/record/4586838#.YEKu92hKiM8> (last accessed March 5, 2021).

¹⁷ Ron J. Feldman, Jason Schmidt, Ken Heinecke, *Quantifying the Costs of Additional Regulation on Community Banks*, Federal Reserve Bank of Minneapolis – Economic Policy Paper 13-3 (May 2013), publicly available at <https://www.minneapolisfed.org/research/economic-policy-papers/quantifying-the-costs-of-additional-regulation-on-community-banks> (last accessed March 5, 2021) or <https://web.archive.org/web/20201126012405/https://www.minneapolisfed.org/article/2013/quantifying-the-costs-of-additional-regulation-on-community-banks> (last accessed March 5, 2021)..

¹⁸ Preston Ash, Christoffer Koch and Thomas F. Siems, *Too Small to Succeed? — Community Banks in a New Regulatory Environment*, The Federal Reserve Bank of Dallas, “Financial Insights”, Vol. 4 Issue 4 (December 31, 2015), publicly available at <https://www.dallasfed.org/~media/documents/outreach/fi/2015/fi1504.pdf> (last accessed March 5, 2021) or <https://zenodo.org/record/4586849#.YEKxTmhKiM8> (last accessed March 5, 2021).

RMAI Responses to the Department's Questions

Below, please find RMAI's comments and observations on the proposed questions posed by the Department in PRO 01-21:

1. Definitions

a. Financial Code section 90005 establishes definitions that apply to the CCFPL. Are additional definitions needed? For the terms already defined, are any of the definitions unclear, and if so, why? Does any definition result in ambiguity regarding whether an individual or entity, or product or service, falls within the scope of the CCFPL?

RMAI generally agrees with the definitions as statutorily codified. While RMAI would have preferred certain definitions (e.g., "debt") to have followed widely used and accepted definitions contained within the FDCPA or California's Rosenthal Fair Debt Collection Practices Act¹⁹ (Rosenthal Act), we recognize that the Department does not have regulatory authority to change those definitions. However, we would ask that when the Department is adopting any regulations associated with the Rosenthal Act, the Fair Debt Buying Practices Act²⁰, or the California Debt Collection Licensing Act²¹, that the Department use the definitions contained within those acts rather than the definitions provided in section 90005.

b. Financial Code section 90005, subdivision (k)(12), permits the DFPI to define additional financial products or services subject to the CCFPL by regulation, subject to certain limitations under that section. Are there additional financial products or services that the DFPI should, by regulation, bring within the scope of the CCFPL? If so, please describe the financial product or service and explain why it meets the requirements set by Financial Code section 90005, subdivision (k)(12).

RMAI recommends that the Department add "credit repair services" to the list of financial product and services that is subject to the CCFPL. Many business practices of those who engage in credit repair services have caught the attention of the CFPB and various state regulators. The CFPB recently issued an advisory to consumers that noted the prevalence of complaints alleging "fraud or scam" against such companies and advised that the companies may be taking advantage of consumers in violation of several federal statutes.²² These companies target vulnerable consumers who may not understand the protections offered to them or the laws that govern these organizations.

¹⁹ California Civil Code, 1788 et seq.

²⁰ California Civil Code, 1788.50 et seq.

²¹ California Financial Code, 100000 et seq.

²² Consumer Financial Protection Bureau, Consumer Advisory, *Don't Be Misled by Companies Offering Paid Credit Repair Services* (Dec. 3, 2019) publicly available at https://files.consumerfinance.gov/f/documents/092016_cfpb_ConsumerAdvisory.pdf (last accessed March 5, 2021) or <https://zenodo.org/record/4586881#.YEK1r2hKiM8> (last accessed March 5, 2021).

2. Exemptions

a. Financial Code section 90002 describes certain entities that are exempt from the CCFPL. Should the DFPI issue regulations to clarify the scope of these exemptions?

RMAI requests that debt collectors licensed pursuant to the California Debt Collection Licensing Act also be exempt from this division. RMAI believes but for the CCFPL and the California Debt Collection Licensing Act being adopted in the same legislative session,²³ the list of licensees contained in section 9002 would have included debt collectors. To the best of our knowledge, every DFPI licensee is expressly exempt from this division except for debt collectors. RMAI understands that the Department may not have the regulatory authority to add exemptions; however, we would request that the Department consider it be added to any future legislative clarifications made to this division.

3. Registration Requirements

a. For what industries should the DFPI first establish registration requirements under Financial Code section 90009, subdivision (a)? What consumer protection risks do those industries present to consumers that would make it appropriate to prioritize the registration of those industries over others? The DFPI invites stakeholders to submit examples of acts or practices in those industries that stakeholders find concerning.

RMAI has no position on which industries the Department should first develop registration requirements as authorized pursuant to section 90009. If debt collection licensing had not been adopted during the 2020 legislative session, RMAI certainly would have recommended its inclusion.

b. For each industry that a stakeholder states should be a priority for registration, what rules should the DFPI establish to facilitate oversight of the industry, what records should the DFPI require those registrants to maintain, and what requirements should the DFPI impose to ensure that covered persons are legitimate? (Fin. Code §90009, subd. (b).) What data should the DFPI require registrants to submit in annual or special reports to the DFPI? (Fin. Code § 90009, subd. (f)(2).) Why should the DFPI collect this data?

RMAI has no formal position.

4. Complaint Handling

a. What reasonable procedures should the DFPI establish to ensure that businesses provide timely responses to consumer complaints and inquiries? (Fin. Code § 90008.) Should the

²³ Chapters 157 and 163 of the Laws of 2020.

procedures vary based upon whether the consumer submits the complaint or inquiry directly to the business or to the DFPI? If so, how should the procedures vary?

RMAI recommends that the DFPI develop standards that are substantially similar to those created by the CFPB for their Consumer Response Portal. RMAI suspects that their will be attempts to compare data that is shared with the public via the Department's and CFPB's complaint systems. In order to accurately compare or contrast such data, the procedures and timelines established for timely responses to consumer complaints or inquiries should be similar. The one exception that RMAI strongly requests the Department to consider adopting that differs from the CFPB portal is to segregate complaints from inquiries that seek additional information. One source of ongoing confusion associated with the CFPB portal is that it comingles complaints and inquires and by doing so the public cannot obtain an accurate understanding of the level of complaints lodged against a particular business or industry. Simple questions that seek assistance or clarification should not be treated as complaints.

b. With respect to the timeliness of complaint and inquiry responses, what timelines should the DFPI establish for businesses? Should the timelines vary based upon the type of business or product to which the complaint or inquiry relates?

See RMAI's response to Question 4a.

c. With respect to the substance of complaint or inquiry responses, what requirements should the DFPI establish to ensure that responses demonstrate that the business has undertaken a reasonable investigation in response to the complaint or inquiry and that the business has taken steps to address any errors or mistakes discovered during that investigation?

See RMAI's response to Question 4a.

d. Should the DFPI require businesses to establish a specific mailing address, email address, or internet portal by which California consumers can submit inquiries or complaints that are subject to the procedures the DFPI establishes?

See RMAI's response to Question 4a.

e. Should the DFPI interpret or clarify through regulation any provisions of Financial Code section 90008 concerning complaints? For example, Financial Code section 90008, subdivision (d)(2)(D), provides that a business need not disclose "nonpublic or confidential information, including confidential supervisory information" in response to a consumer complaint or inquiry. Is rulemaking necessary to clarify what constitutes "nonpublic or confidential information"?

RMAI does not have an opinion on whether the Department should clarify what constitutes "nonpublic or confidential information" but should the Department decide to do so, RMAI would

request a definition which respects confidential information associated with purchase and sale contracts as often they contain proprietary and personally identifiable information.

5. Unlawful, Unfair, Deceptive and Abusive Acts and Practices (Consumer)

a. Are there specific acts or practices in the market for consumer financial products or services that stakeholders believe are unlawful, unfair, deceptive, or abusive? If so, please describe the act or practice (with specific examples, if possible) and explain why the act or practice is unlawful, unfair, deceptive, or abusive. Should the DFPI identify the act or practice as unlawful, unfair, deceptive, or abusive through regulation? (Fin. Code § 90009, subd. (c).) If so, describe the harm the act or practice causes consumers, the frequency of the act or practice (if known), and any other relevant information concerning the cause or potential causes of the act or practice. Please also describe what requirements the DFPI should adopt to prevent the act or practice.

RMAI has no formal position.

6. Unfair, Deceptive and Abusive Acts and Practices (Commercial)

a. Are there specific acts or practices in the commercial financing market or in the offering and the provision of financial products or services to small business recipients, nonprofits, and family farms that stakeholders believe are unfair, deceptive, or abusive? If so, please describe the act or practice (with specific examples, if possible) and explain why the act or practice is unfair, deceptive, or abusive. Should the DFPI issue a regulation to define the act or practice as unfair, deceptive, or abusive? (Fin. Code § 90009, subd. (e).)

RMAI has no formal position.

7. Data Collection and Reporting for Commercial Financing

a. Should providers of commercial financing and other financial products and services to small business recipients, nonprofits, and family farms be required to collect and report data to the DFPI? (Fin. Code § 90009, subd. (e).) If so, what data should the DFPI require to be collected and why?

RMAI has no formal position.

8. Disclosures

a. Should the DFPI prescribe rules to ensure that the features of a consumer financial product or service are fully, accurately, and effectively disclosed to consumers in a manner that permits consumers to understand the costs, benefits, and risks associated with the product or service? (Fin. Code § 90009, sub. (d).) If so, please describe the product or service where

consumers would benefit from disclosure rules, what disclosures the DFPI should require, and why those disclosures will help consumers understand the costs, benefits, and the risks associated with the product or service.

RMAI has no formal position.

9. Clarifying the Applicability of California Credit Cost Provisions

a. Should the DFPI issue regulations clarifying the applicability of state credit cost limitations, including rate and fee caps, to consumer financial products and services offered by covered persons? (Fin. Code § 90009, subd. (f)(3).) If so, how should the regulations clarify the applicability of those limitations?


RMAI has no formal position.

Conclusion

RMAI has been a strong public proponent for the adoption of rules to modernize and provide clarity to statutory and regulatory provisions at both the federal and state level. RMAI's supportive position has been reiterated during countless meetings with the CFPB; the Federal Trade Commission; conversations federal and state legislators and regulators; state attorneys general; in educational sessions at RMAI conferences and non-RMAI conferences; and in conversations with consumer advocates. RMAI urges the Department to proceed with its review of the public comments provided by all sides, make fair and balanced decisions based on those comments, and adopt a clear, concise, and fair rules for the benefit of both consumers and the business community.

RMAI sincerely appreciates the opportunity to comment on the Department's invitation for comment on future proposed rulemaking. Please do not hesitate to contact me if you need further clarification on RMAI's comments.

Sincerely,



Jan Stieger,
Executive Director