



1<sup>st</sup> Nor Cal  
1<sup>ST</sup> NORTHERN CALIFORNIA CREDIT UNION

July 8, 2021

California Department of Financial Protection and Innovation  
Attn: Sandra Sandoval  
300 S. Spring Street, Suite 15513  
Los Angeles, California 90013

Re: Comment on Modifications to Proposed Regulations Under the Debt Collection Licensing Act (PRO 02/20)

Via Electronic Mail to: [regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov)

Dear Ms. Sandoval:

I am writing to you on behalf of 1<sup>st</sup> Northern California Credit Union and our 31,000 members living primarily in California. We are concerned over apparent confusion found in the language of Calif. Financial Code §100001(b) regarding the applicability of the Debt Collection Licensing Act (DCLA). Specifically, there is ambiguity as to whether an individual employee of a depository institution would be covered by the exclusion applicable to the institution itself, or if such individuals must comply with the licensure and other requirements of the DCLA.

The DCLA requires all persons who "*engage in the business of debt collection*" in California to be licensed by the DFPI. (*Fin. Code* §100001(a)(emphasis added)). The DCLA expressly exempts depository institutions, including federal and state-chartered credit unions, from the licensure and related obligations. (*Fin. Code* §§ 1420(a) and 100001(b).) However, the language of §100001(b) does not address whether this exemption extends to any persons employed by or acting on behalf of an exempt depository institution.

Given that the class of persons subject to the DCLA appears very broad and potentially reaches "any person" who engages in consumer debt collection, absent clarification, it could be interpreted to include credit union employees. Thus, an employee's actions taken on behalf of its employer with regard to debt collection (e.g., managing call centers, sending letters and account statements, making outbound phone calls, writing policies, supervising collections staff, etc.) could be deemed a violation of the DCLA unless the individual employee obtains a license and meets the other requirements of DCLA.

While it is our belief that this was never the intent of this legislation, a literal interpretation could inadvertently sweep credit union employees under the DCLA umbrella and subject them to burdensome and unnecessary regulations. Therefore, we urge the DFPI to resolve this ambiguity by addressing it in the draft regulations and confirming that the exemption for a depository institution §100001(b)(1) extends to any employee engaging in the business of debt collection on behalf of the depository institution.



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Thank you for taking the time to consider our concerns on the draft regulations to the DCLA. We hope any proposed rulemaking should clarify that the exemption in §100001(b) also include individual employees acting on behalf of a depository institution and thank you for the opportunity to comment.

Sincerely,



David M. Green  
President/CEO