



August 29, 2022

by e-mail to regulations@dfpi.ca.gov

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Department of Financial Protection and Innovation

Attn: Sandra Sandoval
300 S. Spring Street, Suite 15513
Los Angeles, California 90013

**Re: Comments on Proposed Rulemaking
Under the California Debt Collection Licensing Act (PRO 02/20)**

Dear Ms. Sandoval:

This letter is submitted by the California Financial Service Providers (“CFSP”) as a comment to the proposal to adopt new regulations under the Debt Collection Licensing Act (the “DCLA”) issued by the Department of Financial Protection and Innovation (the “Department”) on July 15, 2021 (the “Proposal”). CFSP is a trade association representing business entities licensed under the Consumer Financing Law (“CF Law”). CFSP has been serving our members since 1956, and currently represents over 50 separate business entities holding several hundred licenses issued by the Department. CFSP appreciates the opportunity to comment on the Proposal.

CFSP offers the following comments:

(1) Section 1850.1(c)

CFSP supports the proposed exemptions pertaining to first-party creditors. However, the current proposed definitions are incomplete. Specifically, what happens if a creditor or servicer meets the exemption threshold, then has a bad year (as may be upcoming if there is a recession) and exceeds the threshold? Is the creditor or servicer then out of compliance, or must it just then apply for a DCLA license?

(2) Section 1850.1(d)

Likewise, what happens if one debt in a performing portfolio goes delinquent? Is the servicer then then out of compliance, or must it just then apply for a DCLA license? What if the servicer then just transfers the non-performing debt to a DCLA licensee: will that suffice to maintain the exemption?

(3) Section 1850.2 is adopted to read: § 1850.2 Consumer credit transactions.

CFSP agrees that the failure of a personal check to clear does not create a consumer credit transaction under the Debt Collection Licensing Act.

(4) §1850.71 Document Retention.

CFSP requests clarification as to how this subsection interfaces with the Department's proposed consumer complaint regulation. The regulations seem to cover similar or identical situations yet are not consistent.



(5) §1850.71 Document Retention

CFSP believes that the proposed seven-year record retention rule is excessive. No other agency has such a long record retention rule, and nothing in the DCLA or its legislative history suggest that such an unreasonably long record retention period was contemplated by the Legislature.

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CFSP reiterates our appreciation for the consideration of these comments by the Department.

Sincerely,

A black rectangular redaction box covering the handwritten signature of Thomas Leonard.

/s/ *Thomas Leonard*
Executive Director