

From: George Uberti [REDACTED]
Sent: Saturday, January 21, 2023 5:59 PM
To: DFPI Regulations
Subject: PRO: 06-21

RE: PRO: 06-21

My name is George Uberti. I am a federal student loan borrower and I thank the DFPI for this opportunity to comment on:

The proposed changes Student Loan and Debt Servicing Act.

The following suggestions concern:

TITLE 15, ARTICLE 1, SECTION 2032(a)(13)

In this section one of the proposed changes is to eliminate the possibility that schools or income share providers may waive the payment of funds for post secondary costs, where student borrowers agree to share a percentage or amount of future income.

As the proposed regulation is written, schools and income share providers may advance, cover, credit, defer, or fund tuition amounts to student borrowers. Including the right to waive amounts on that list of options does not make it mandatory, it merely gives schools and income share providers another lever which has advantages for both those lenders and student borrowers which the state gains no benefit by removing where other options are available.

Therefore, I would like to voice my opposition to this change, as the waiving of costs, where such waiver is possible such as in tuition, is the least costly method of administering student loan relief for all parties concerned. It cuts out an unnecessary step by allowing schools to simply eliminate a payment that they essentially make to themselves rather than create and then administer a debt for a student which may then be credited or funded. Instead of creating a debt instrument where none needs to exist, it allows the parties to simplify the process and thereby makes the program more efficient and more suited to the variety of fiscal circumstances which present themselves to the parties.

TITLE 15, ARTICLE 1, SECTION 2032(a)(14)

In this section the proposed regulation seeks to redefine "Income share" such that the "percentage or amount of a borrower's income payable during the term of the income share agreement" will no longer be subject to a floor or a cap.

I would like to voice my opposition to this change of the grounds that it is the role of the Department as an administrative agency to articulate the intentions of the legislature to protect borrowers and define the legal expectations of lenders in concrete boundaries through specific regulations. By removing either the mention of, or the legal obligation to floors and caps in income share agreements the Department can only encourage over charging and underpayment, while producing no discernable regulatory or legal benefit.

TITLE 15, ARTICLE 1, SECTION 2032(a)(17)

In this section the proposed regulation seeks to redefine "Minimum income threshold," "minimum threshold," "payment floor" or "floor" such that these threshold are no longer defined by annual units of income. No replacement measurement period is suggested.

I voice my opposition to this change on the grounds that the logical consequence of eliminating the annual criteria is to allow unscrupulous lenders to manipulate the size of the income period so as to command higher threshold payments from impoverished borrowers with inconsistent income streams. The only thing this proposed regulation can accomplish is the punishment of workers whose income is seasonal, and given that many borrowers may work in education, that is a material concern. I myself once took an educational job which did not pay in summer months. This regulation allows for the penalization of such workers, in exchange for no discernable regulatory advantage.

TITLE 15, ARTICLE 13, SECTION 2042.75(a)

In this section as it is currently written, a student loan servicer must maintain its books, records, and accounts at one or more of its licensed locations. The proposed change to this regulation however, seeks to eliminate the requirement that licensees designate the licensed location(s) at which their books, records, and accounts are maintained.

I voice my opposition to this regulation as the only potential effect it can have is to make enforcement of the regulation more practically impossible and thereby encourage a lack of compliance. These regulations are in place because predatory lenders with no intention of properly servicing their loans create entirely fictitious operations which exist solely in name. They use these fictitious entities outside the light of a definite and known public location for the express purpose of avoiding the routine consumer, regulatory and journalistic interests that might have occasion to confront them at those locations. Further the service of process in legal proceedings is obstructed by the loss of physical locations creating a burden on the court system and providing another hurdle to accountability through obstructing justice in tort recovery.

These costs have no comparable legal benefit to the state, and can only serve to obstruct the shared economic benefits of a properly serviced loan economy.

Thank you for your time, your consideration and the important work that you do.

George Uberti
Student borrower

