



**NOTICE OF THIRD MODIFICATION TO PROPOSED RULEMAKING
UNDER THE CALIFORNIA CONSUMER FINANCIAL PROTECTION LAW,
CALIFORNIA FINANCING LAW, CALIFORNIA DEFERRED DEPOSIT
TRANSACTION LAW, AND CALIFORNIA STUDENT LOAN SERVICING ACT
PRO 01-21**

On March 17, 2023, the Department of Financial Protection and Innovation gave notice of the proposed adoption of the following in California Code of Regulations, title 10, chapter 3:

- In subchapter 4, the adoption of article 1, consisting of sections 1000, 1001, 1002, 1003, 1004, 1010, 1011, 1012, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1030, 1031, 1032, 1033, and 1034; the adoption of article 2, consisting of sections 1040, 1041, 1042, 1043, 1044, and 1045; and the adoption of article 3, consisting of sections 1048, 1050, 1051, and 1052;
- in subchapter 6, article 3, the adoption of section 1430.1, and, in article 4, the adoption of sections 1461, 1462, 1462.5, 1463, 1464, 1465, and 1466;
- in subchapter 13, article 3, the adoption of section 2030.5; and
- in subchapter 15, article 6, the adoption of section 2044.1.

The proposed regulations implement, interpret, and make specific registration requirements for covered persons under the California Consumer Financial Protection Law; requirements for exemption from registration for licensees under the California Financing Law, California Deferred Deposit Transaction Law, and Student Loan Servicing Act; and the regulation of certain advances under the California Financing Law.

On November 6, 2023, and January 17, 2024, the Department made available for comment modifications to the originally proposed regulations (First Modified Text and Second Modified Text, respectively). On March 14, 2024, the Department submitted the proposed regulatory action to the Office of Administrative Law (OAL) for review.

On April 26, 2024, OAL issued a notice disapproving the regulatory action because it failed to comply with the clarity standard of Government Code section 11349.1 and with a procedural requirement of the Administrative Procedure Act. On May 3, 2024, OAL issued a Decision of Disapproval of Regulatory Action, detailing the reasons for disapproval and permitting the Department to resubmit revised regulations within 120 days of the Department's receipt of the decision under Government Code section 11349.4, subdivision (a).

The Department has modified the proposed regulations with significant substantive changes (Third Modified Text) to address OAL's reasons for disapproval. A copy of the text of the originally proposed regulations, with all changes to the original text indicated, is being made available to the public in accordance with Government Code section 11346.8, subdivision (c), and California Code

of Regulations, title 1, sections 44 and 46. The Department is also providing a version that shows only changes made to the Second Modified Text.

The Third Modified Text includes a change involving a document incorporated by reference. The proposed regulations now incorporate by reference NMLS Company Form (Form MU1), Version 13.0, dated 2/1/2024, instead of Version 11.0, dated 9/12/2015. This change is being identified in accordance with California Code of Regulations, title 1, section 20, subdivision (c)(3). In accordance with section 20, subdivision (c)(2), the document is available upon request at the Department's contact information below, on the Department's website as described below, or at [https://mortgage.nationwidelicensingsystem.org/licensees/resources/LicenseeResources/NMLS%20Company%20\(MU1\)%20Form.pdf](https://mortgage.nationwidelicensingsystem.org/licensees/resources/LicenseeResources/NMLS%20Company%20(MU1)%20Form.pdf).

The public may submit written comments on the changes to the text of the proposed regulations, including the document incorporated by reference. In accordance with Government Code sections 11346.8, subdivision (c), and 11346.9, subdivision (a)(3), the Department will not respond to any comments that are not specifically directed at the changes made since the last comment period.

The proposed regulations as modified are not yet effective and will not become effective until approved by the Office of Administrative Law and filed with the Secretary of State as provided in Government Code section 11349.3.

15-DAY COMMENT PERIOD

No later than Wednesday, July 17, 2024, any interested person or authorized representative may submit written comments regarding these changes to the proposed regulation to the Department by electronic or postal mail, addressed as follows:

Electronic mail

Comments may be submitted electronically to regulations@dfpi.ca.gov. Include "PRO 01-21" in the subject line. Comments submitted as attachments in Microsoft Word format (.docx) are preferred.

Postal mail

Department of Financial Protection and Innovation
Attn: DeEtte Phelps
2101 Arena Boulevard
Sacramento, California 95834

THE RULEMAKING FILE

The notices of proposed actions, initial statement of reasons, and texts of the proposed regulations are available at the Department's website at www.dfpi.ca.gov. At the top of the home page, under the "Licensees" tab, click "Laws and Regulations," then click the "Regulations / Rulemaking" link, and then click the "California Consumer Financial Protection Law (CCFPL)" link. The rulemaking file is also available for public inspection during regular business hours at the Department's Legal Division.

Dated: July 2, 2024