

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

DEPARTMENT OF BUSINESS OVERSIGHT
1515 K STREET, SUITE 200
SACRAMENTO, CA 95814

NOTICE OF SECOND MODIFICATIONS TO PROPOSED REGULATIONS UNDER
THE STUDENT LOAN SERVICING ACT

To Interested Persons:

On September 8, 2017, the Commissioner of Business Oversight published a Notice of Rulemaking Action to adopt sections 2032 through 2057 in Subchapter 15, Chapter 3, of Title 10 of the California Code of Regulations (see California Regulatory Notice Register 2017, No. 36-Z). The proposed sections implement the Student Loan Servicing Act (AB 2251, Ch. 824, Stats. 2016), which became operative on July 1, 2018.

After consideration of public comments, the Commissioner proposed additional changes to the regulations, and invited public comment during a 15-day comment period. The Commissioner received comments to the revised, proposed regulations. After consideration of these comments, the Commissioner is proposing additional changes to the proposed rules. A copy of these proposed revisions is being made available to the public in accordance with the requirements of Government Code section 11346.8(c). The text showing modifications to some of proposed sections 2032 through 2057 is attached. The previously proposed sections are shown in single underline, and the additional changes proposed by this notice are shown by double underlining of additions and double strike-out of deletions. The public may submit comments on the proposed changes, as described more fully below.

DESCRIPTION OF CHANGES

The proposed changes are in response to comments to the modified rules, received by the Commissioner. The proposed changes, grouped by subject matter, would:

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PAYMENTS

- clarify that payments are credited to a borrower's account on the same business day, if made before the stated cut off period for same business day crediting posted on the servicer's website.

BORROWER COMMUNICATIONS and INFORMATION-"QUALIFIED WRITTEN REQUESTS"

- clarify that a servicer is not required to send borrower a receipt of acknowledgment of a Qualified Written Request, within five business days of receipt, if the action requested has been taken within five business days of receipt of the Qualified Written Request;
- clarify that servicers may designate a specific electronic and/or physical address to which Qualified Written Requests must be sent; and
- clarify that federal and private loan customer service representatives must inform callers about alternative repayment plans, if the caller inquires about repayment options; and that federal loan customer service representatives must also inform callers about loan forgiveness benefits, if the caller inquires about repayment options.

SERVICER RECORDS

- clarify that books and records, whether maintained physically or electronically, must be maintained in accordance with generally accepted accounting principles; and
- clarify that the aggregate student loan servicing report servicers must maintain must specify, for each loan, the maturity date or the number of monthly payments required to repay the loan.

MISCELLANEOUS

- revise certain verbiage to accord with industry operations;
- renumber sections as necessitated by proposed changes, and
- include an additional link to a specific webpage.

The initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available on the Department of Business Oversight's website at www.dbo.ca.gov, and from the Legal Division of the Department of Business Oversight. As required by the Administrative Procedure Act, the Legal Division maintains a rulemaking file containing all the information upon which the proposal is based. The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed regulation changes may be directed to Mark Dyer at (916) 322-1977.

15-DAY COMMENT PERIOD

Any interested person may submit written comments to the second modified rules by written communication addressed as follows:

Commissioner of Business Oversight
Attn: Mark Dyer, Regulations Coordinator, Legal Division
1515 K Street, Suite 200
Sacramento, CA 95814

Comments must be received by July 25, 2018. Written comments may also be sent to Mark Dyer via electronic mail at regulations@dbo.ca.gov.

The proposed additions to the Commissioner's rules in the text accompanying this notice are not yet effective, and will not be effective until approved by the Office of Administrative Law and filed with the Secretary of State in accordance with Government Code section 11349.3. Questions regarding the content of this notice may be directed to Mark Dyer at (916) 322-1977.

Dated: July 9, 2018
Sacramento, California