



CALIFORNIA ISSUES FINAL REGULATIONS FOR DEBT COLLECTION LICENSING ACT

The California Department of Financial Protection and Innovation ("DFPI") released the final version of the implementing regulations for California's Debt Collection Licensing Act ("DCLA"), along with final responses to comments submitted on the previous round of proposed modifications and earlier. See our prior ALERT [dated Nov. 29, 2021](#) discussing the previous proposed regulations.

The final version of the implementing regulations does not materially differ from previous versions. Notable changes include the following:

- The definition of "affiliate" was narrowed so that an affiliate must be licensed only if the affiliate itself meets the definition of debt collector. This change removed an ambiguity that arguably could require any affiliate of a licensed debt collector to need its own license;
- The definition for "branch office" now specifies the activities that will require a location to be registered. This clarifies how a licensee can support remote working without registering employees' residences as branch offices;
- The requirement to provide compliance policies and procedures with the application was removed;
- The requirement for higher dollar surety bonds was removed; and
- A few procedural hurdles in the application were removed as unnecessary or duplicative.

The final regulations focus on the procedures for licensing. No material changes were made to narrow the broad scope of the DCLA despite multiple comments. Regulated entities should consider airing their concerns in the hope of obtaining future clarifications or in anticipation of future rulemaking or enforcement actions to preserve potential questions, concerns and objections for later discussion.

The effective date for the DCLA remains January 1, 2022. If you are still considering the need to file for a license or have questions about the DCLA, please do not hesitate to contact us. ☐

✧ *Mike Tomkies and Ben Hurford*

DEALING WITH MULTISTATE DEBT COLLECTION COMPLIANCE? We routinely advise on collection-related activities and the regulated activities of creditors, third party debt collectors, debt buyers and loan servicers. We also publish an easy-to-use reference that compiles state and federal laws governing debt collection practices. Our DEBT COLLECTION DIGEST is organized topically, includes the federal Fair Debt Collection Practices Act and Commentary for easy cross-reference, and covers ADAD and monitoring and recording statutes. **Contact us for details.**

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