



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

DIVISION OF CONSUMER SERVICES

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November 26, 2018

**Concise Explanatory Statement**

Pursuant to RCW 34.05.325(6)

Rule Amendments to the Consumer Loan Act (CLA), chapter 31.04 RCW and chapter 208-620 WAC.

**Agency reasons for adopting the rules.** (RCW 34.05.325(6)(a)(i))

Chapter 62, Laws of 2018 amended chapter 31.04 RCW. The rules are proposed for amendment to implement the changes, which include, but are not limited to, regulatory authority over student education loan servicers.

Other amendments include, but are not limited to, technical and clarifying changes, and making the regulated industry aware of the federal and other state laws they must comply with. The anticipated effect is clear and consistent rules for the regulated industry.

**Describe differences between the text of the proposed rules as published in the Washington State Register and the text of the rules as adopted, other than editing changes, stating the reasons for differences.** (RCW 34.05.325(6)(a) (ii))

See attachment 1.

**Summary of comments received by DFI during the rulemaking process, and DFI's responses to the comments.** (RCW 34.05.325(6)(a) (iii))

I. Written comments received. See attachment 2.

II. Oral comments received during the public hearing held August 21, 2018, at the Department's location in Tumwater, Washington: No comments received.

The written comments in their entirety and the hearing audio are available on our website:  
<https://dfi.wa.gov/rulemaking/student-education-loan-servicers-rulemaking>

## **CONCLUSION**

DFI made the proposed rule amendments available to all interested parties by notifying potential new licensees, the licensed industry, and other interested persons through GovDelivery notifications and publishing the proposed amendments to the department website along with all rulemaking notices, documents, and the audio of the public meeting. The final proposed rule is the product of an open, deliberative process with stakeholder input.

**Attachment 1 to Concise Explanatory Statement**  
**Pursuant to RCW 34.05.325(6)(a)(i)**

**Describe differences between the text of the proposed rules as published in the Washington State Register and the text of the rules as adopted, other than editing changes, stating the reasons for differences.** (RCW 34.05.325(6)(a) (ii))

1. WAC 208-620-011: interpreted definition of student education loan servicer to clarify that the definition does not include those collecting on student education loans that are in default when they are collection agencies licensed in Washington or an attorney licensed in Washington under certain circumstances.
2. WAC 208-620-240: this section was repealed because the contents were included either in the statute or in other places in the rules.
3. WAC 208-620-442: added introductory language and the definition of portfolio.
4. WAC 208-620-490: added a new section (5) describing specific information that a student education loan servicer must collect, maintain, and report to the department.
5. WAC 208-620-520: subsection (5) was removed and incorporated in WAC 208-620-490. See number 4 immediately above.
6. WAC 208-620-550: sentence added to (1) to clarify that payoff information must be provided either pursuant to the rule or pursuant to an applicable federal program requirement.
7. WAC 208-620-950: Added language clarifying that the requirements in (4) may be met with a telephonic system providing the borrower speaks with a single point of contact on repayment or loan forgiveness options.
8. WAC 208-620-970: added introductory language clarifying that if a servicers is acquiring, transferring, or selling servicing activities on federal student education loans in compliance with the Department of Education, the requirements of this section do not apply.

**Attachment 2 to Concise Explanatory Statement**  
**Pursuant to RCW 34.05.325(6)**

**Summary of written comments received by DFI during the rulemaking process, and DFI's responses to the comments. (RCW 34.05.325(6)(a) (iii))**

See the DFI rulemaking web page for this program for the complete text of the comments submitted.

Comments received as to applicability of the amendments to collection agencies or law firms engaging in collection activities.	Changes were made based on these comments.
Comment asserting federal preemption over activities involving federal education loan programs.	No changes were made based on this comment.
Specific comments on definitions, exemptions, capital requirements, license actions, annual assessment, disclosures, records maintenance, prohibited business practices, fees, affirmative requirements, requests for information from borrowers, transferring servicing, and the effective date.	Changes were made based on these comments.
Comment on the importance of regulation of this industry at the state level.	No changes were made based on this comment.