



August 5, 2019

TO: The Honorable Anthony Portantino  
Chair, Senate Committee on Appropriations  
State Capitol, Room 3086  
Sacramento, CA 95814

FROM: California Bankers Association  
California Credit Union League  
Consumer Bankers Association

RE: **Opposition to Assembly Bill 376 (Stone): Student loan servicing**

Dear Senator Portantino:

The California Bankers Association, California Credit Union League, and the Consumer Bankers Association write to express our opposition to Assembly Bill 376 (Stone). We believe significant portions of the measure are preempted and would create unnecessary, conflicting and confusing regulatory requirements between state and federal law. Some detailed specifics of these conflicts are contained in a separate letter prepared by the Consumer Bankers Association.

As written, the measure departs from thoughtful precedent in current law that explicitly exempts entities under section 28102, subdivision (b) of the California Financial Code. In recent legislation on this subject, the author exempted certain defined entities that already follow rigorous standards and are regulated through separate regulatory agencies and appropriately focused efforts around loan servicers who were not covered or regulated. This precedent was set through the language in *[AB 2251 (Stone), Chapter 824, Statutes of 2016]* and *[AB 38 (Stone), Chapter 379, Statutes of 2018]*.

For these reasons, we are opposed unless the measure is amended to apply only to student loan servicers who are licensed by the Department of Business Oversight. The coalition looks forward to engaging in additional discussions and we are happy to provide amendments that would remove our opposition to the measure.

cc: The Honorable Mark Stone, Member, California State Assembly  
All Members, Senate Committee on Appropriations  
Chantele Denny, Consultant, Senate Republican Caucus