

AMENDED IN ASSEMBLY MARCH 28, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1570

Introduced by Assembly Member Mendoza

February 23, 2007

~~An act relating to consumer credit applications.~~ *An act to add Section 1724 to the Civil Code, relating to retail sales.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1570, as amended, Mendoza. ~~Consumer~~ *Retail sales: credit applications: identity verification report. applications.*

Existing law imposes upon retail sellers specified duties related to, among others, warranties, return policies, negotiable instruments, credit verification processes, and consumer records.

This bill would require a retail seller in this state that offers a limited-term special price, sale, or interest rate on any purchase that requires a consumer to apply for credit with that retail seller to honor that price, sale, or interest rate for an additional business day if the consumer's credit application cannot be verified within the timeframe of the offer, as specified.

~~Existing law provides for the regulation of various financial institutions and lenders by the Department of Financial Institutions.~~

~~This bill would require the department to prepare an analysis and report to the Legislature by January 1, 2009, on the process by which consumer identities are verified on applications of credit, specifically through the use of 3rd parties, for the purpose of uncovering potential identity theft issues connected with this process.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ *no*. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1724 is added to the Civil Code, to read:
2 1724. Any retail seller in this state that offers a limited-term
3 special price, sale, or interest rate on any purchase that requires
4 a consumer to apply for credit with that retail seller or a subsidiary
5 shall honor that price, sale, or interest rate for an additional
6 business day if both of the following circumstances apply:

7 (a) The information on the consumer’s credit application cannot
8 be, or is not, verified within the timeframe of the offer.

9 (b) The consumer’s information and credit worthiness are
10 subsequently verified.

11 ~~SECTION 1. The Department of Financial Institutions shall~~
12 ~~prepare an analysis and report to the Legislature by January 1,~~
13 ~~2009, on the process by which consumer identities are verified on~~
14 ~~applications of credit, specifically through the use of third parties,~~
15 ~~for the purpose of uncovering potential identity theft issues~~
16 ~~connected with this verification process.~~