

ASSEMBLY BILL

No. 986

Introduced by Assembly Member Eng

February 18, 2011

An act to amend Section 22361 of the Financial Code, relating to finance lenders.

LEGISLATIVE COUNSEL'S DIGEST

AB 986, as introduced, Eng. Finance lenders.

Existing law requires the Commissioner of Corporations to submit a report, on or before January 1, 2014, to the Senate Committee on Banking, Finance and Insurance and the Assembly Committee on Banking and Finance summarizing the utilization of the Pilot Program for Affordable Credit-Building Opportunities and including recommendations relative to the continuation of the program.

This bill would specify that the report is required to be submitted to the Senate Committee on Banking and Financial Institutions and the Assembly Committee on Banking and Finance.

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

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

1 SECTION 1. Section 22361 of the Financial Code is amended
2 to read:
3 22361. (a) On or before January 1, 2014, the commissioner
4 shall submit a report to the Senate Committee on Banking, Finance
5 and Insurance and Financial Institutions, the Assembly Committee
6 on Banking and Finance, and the Senate and Assembly Committees

1 on Judiciary, in compliance with Section 9795 of the Government
2 Code, summarizing utilization of the Pilot Program for Affordable
3 Credit-Building Opportunities and including recommendations
4 regarding whether the program should be continued after January
5 1, 2015.

6 (b) The information disclosed to the commissioner for the
7 commissioner’s use in preparing the report described in this section
8 is exempted from any requirement of public disclosure by
9 paragraph (2) of subdivision (d) of Section 6254 of the Government
10 Code.

11 (c) If there is more than one licensee approved to participate in
12 the program under this article, the report required pursuant to
13 subdivision (a) shall state information in aggregate so as not to
14 identify data by specific licensee.

15 (d) The report required pursuant to this section shall include,
16 but not be limited to, the following:

17 (1) The number of finance lender licensees who applied to
18 participate in the program.

19 (2) The number of finance lender licensees accepted to
20 participate in the program.

21 (3) The number of program loan applications received by lenders
22 participating in the program, the number of loans made pursuant
23 to the program, the total amount loaned, and the distribution of
24 interest rates and principal amounts upon origination among those
25 loans.

26 (4) The number of borrowers who obtained more than one
27 program loan.

28 (5) Of the number of borrowers who obtained more than one
29 program loan, the percentage of those borrowers whose credit
30 scores increased between successive loans, based on information
31 from at least one major credit bureau, and the average size of the
32 increase.

33 (6) The income distribution of borrowers, including the number
34 of borrowers who obtained at least one program loan and who
35 resided in a low-to-moderate-income census tract at the time of
36 their loan application.

37 (7) The number of borrowers who obtained loans for the
38 following purposes, based on borrower responses at the time of
39 their loan applications indicating the primary purpose for which
40 the loan was obtained:

- 1 (A) Medical.
- 2 (B) Other emergency.
- 3 (C) Vehicle repair.
- 4 (D) Vehicle purchase.
- 5 (E) To pay bills.
- 6 (F) To consolidate debt.
- 7 (G) To build or repair credit history.
- 8 (H) To finance a purchase of goods or services other than a
- 9 vehicle.
- 10 (I) Other.
- 11 (8) The number of borrowers who have a bank account, the
- 12 number of borrowers who have a bank account and use
- 13 check-cashing services, and the number of borrowers who do not
- 14 have a bank account.
- 15 (9) The number and type of finders used by all licensees, the
- 16 amount of finder's fees paid by the type of finder, and the relative
- 17 performance of loans consummated by finders compared to the
- 18 performance of loans consummated without a finder.
- 19 (10) The number and percentage of borrowers who obtained
- 20 one or more program loans on which late fees were assessed, the
- 21 total amount of late fees assessed, and the average late fee assessed
- 22 by dollar amount and as a percentage of the principal amount
- 23 loaned.
- 24 (11) The quality of underwriting and performance of loans under
- 25 this article consistent with the reporting standards applicable to
- 26 other loans and financial products, including, but not limited to,
- 27 credit cards and deferred deposit transactions.
- 28 (12) The number of times the commissioner found that a finder
- 29 or licensee had violated this article.
- 30 (13) The number of times that the commissioner disqualified a
- 31 finder from performing services, barred a finder from performing
- 32 services at one or more specific locations of the finder, terminated
- 33 a written agreement between a finder and a licensee, or imposed
- 34 an administrative penalty.
- 35 (14) Recommendations for improving the program.
- 36 (15) Recommendations regarding whether the program should
- 37 be continued after January 1, 2015.
- 38 (e) The commissioner shall conduct a random sample survey
- 39 of borrowers who have participated in the program to obtain
- 40 information regarding the borrowers' experience and licensees'

- 1 compliance with this article. The results of this survey shall be
- 2 included in the report required by this section.

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