

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2233**

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**Introduced by Assembly Member Atkins**

February 24, 2012

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An act to amend Section ~~22164~~ 22361 of the Financial Code, relating to ~~mortgage~~ *finance* lending.

LEGISLATIVE COUNSEL'S DIGEST

AB 2233, as amended, Atkins. ~~Mortgage~~ *Finance* lending: ~~regulation~~. *Pilot Program for Affordable Credit-Building Opportunities.*

Existing law provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Corporations. ~~Existing law authorizes the commissioner to require these licensees to state the interest rates, charges, or loan costs of advertised loan products fully and clearly, as specified. Existing law, until January 1, 2015, establishes the Pilot Program for Affordable Credit-Building Opportunities for the purpose of increasing the availability of credit-building opportunities to underbanked individuals seeking low-dollar-value loans. Existing law requires the commissioner to report to specified legislative committees, by January 1, 2014, summarizing utilization of the Pilot Program for Affordable Credit-Building Opportunities, as specified.~~

This bill would ~~make a technical, nonsubstantive change to these provisions~~ change the due date of the commissioner's report to July 1, 2013.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. 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~~, July 1, 2013, the  
 4 commissioner shall submit a report to the Senate Committee on  
 5 Banking, Finance and Insurance, the Assembly Committee on  
 6 Banking and Finance, and the Senate and Assembly Committees  
 7 on Judiciary, ~~in compliance with Section 9795 of the Government~~  
 8 ~~Code~~, summarizing utilization of the Pilot Program for Affordable  
 9 Credit-Building Opportunities and including recommendations  
 10 regarding whether the program should be continued after January  
 11 1, 2015.  
 12     (b) The information disclosed to the commissioner for the  
 13 commissioner’s use in preparing the report described in this section  
 14 is exempted from any requirement of public disclosure by  
 15 paragraph (2) of subdivision (d) of Section 6254 of the Government  
 16 Code.  
 17     (c) If there is more than one licensee approved to participate in  
 18 the program under this article, the report required pursuant to  
 19 subdivision (a) shall state information in aggregate so as not to  
 20 identify data by specific licensee.  
 21     (d) The report required pursuant to this section shall include,  
 22 but not be limited to, the following:  
 23         (1) The number of finance lender licensees who applied to  
 24 participate in the program.  
 25         (2) The number of finance lender licensees accepted to  
 26 participate in the program.  
 27         (3) The number of program loan applications received by lenders  
 28 participating in the program, the number of loans made pursuant  
 29 to the program, the total amount loaned, and the distribution of  
 30 interest rates and principal amounts upon origination among those  
 31 loans.  
 32         (4) The number of borrowers who obtained more than one  
 33 program loan.  
 34         (5) Of the number of borrowers who obtained more than one  
 35 program loan, the percentage of those borrowers whose credit  
 36 scores increased between successive loans, based on information  
 37 from at least one major credit bureau, and the average size of the  
 38 increase.

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

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

9 (A) Medical.

10 (B) Other emergency.

11 (C) Vehicle repair.

12 (D) Vehicle purchase.

13 (E) To pay bills.

14 (F) To consolidate debt.

15 (G) To build or repair credit history.

16 (H) To finance a purchase of goods or services other than a  
17 vehicle.

18 (I) Other.

19 (8) The number of borrowers who have a bank account, the  
20 number of borrowers who have a bank account and use  
21 check-cashing services, and the number of borrowers who do not  
22 have a bank account.

23 (9) The number and type of finders used by all licensees, the  
24 amount of finder's fees paid by the type of finder, and the relative  
25 performance of loans consummated by finders compared to the  
26 performance of loans consummated without a finder.

27 (10) The number and percentage of borrowers who obtained  
28 one or more program loans on which late fees were assessed, the  
29 total amount of late fees assessed, and the average late fee assessed  
30 by dollar amount and as a percentage of the principal amount  
31 loaned.

32 (11) The quality of underwriting and performance of loans under  
33 this article consistent with the reporting standards applicable to  
34 other loans and financial products, including, but not limited to,  
35 credit cards and deferred deposit transactions.

36 (12) The number of times the commissioner found that a finder  
37 or licensee had violated this article.

38 (13) The number of times that the commissioner disqualified a  
39 finder from performing services, barred a finder from performing  
40 services at one or more specific locations of the finder, terminated

1 a written agreement between a finder and a licensee, or imposed  
2 an administrative penalty.

3 (14) Recommendations for improving the program.

4 (15) Recommendations regarding whether the program should  
5 be continued after January 1, 2015.

6 (e) The commissioner shall conduct a random sample survey  
7 of borrowers who have participated in the program to obtain  
8 information regarding the borrowers' experience and licensees'  
9 compliance with this article. The results of this survey shall be  
10 included in the report required by this section.

11 SECTION 1. Section 22164 of the Financial Code is amended  
12 to read:

13 ~~22164. If any person engaged in the business regulated by this~~  
14 ~~division refers in any advertising to rates of interest, charges, or~~  
15 ~~cost of loans, the commissioner shall require that the rates, charges,~~  
16 ~~or costs are stated fully and clearly in the manner that the~~  
17 ~~commissioner deems necessary to give adequate information to~~  
18 ~~prospective borrowers. If the rates or costs advertised do not apply~~  
19 ~~to loans of all classes made or negotiated by the person, this fact~~  
20 ~~shall be clearly indicated in the advertisement.~~