

ASSEMBLY BILL

No. 2149

Introduced by Assembly Member Bonilla

February 17, 2016

An act to amend Section 22380 of the Financial Code, relating to consumer loans.

LEGISLATIVE COUNSEL'S DIGEST

AB 2149, as introduced, Bonilla. Consumer loans: Pilot Program for Increased Access to Responsible Small Dollar Loans.

Existing law, the California Finance Lenders Law, provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight and makes a willful violation of its provisions a crime. Existing law, until January 1, 2018, establishes the Pilot Program for Increased Access to Responsible Small Dollar Loans for the purpose of allowing greater access for responsible installment loans in principal amounts of at least \$300 and less than \$2,500. Existing law, on or before January 1, 2017, requires the commissioner to post a report on his or her Internet Web site containing specified information including a recommendation whether the program should be continued after January 1, 2018.

This bill would require, on or before January 1, 2018, the commissioner to also post a report that provides the number of borrowers who were students and obtained loans for specified purposes.

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

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

1 SECTION 1. Section 22380 of the Financial Code is amended
2 to read:

3 22380. (a) (1) On or before July 1, 2015, and again, on or
4 before January 1, 2017, the commissioner shall post a report on
5 his or her Internet Web site summarizing utilization of the Pilot
6 Program for Increased Access to Responsible Small Dollar Loans.
7 The report required to be submitted on or before July 1, 2015, shall
8 additionally include the information required by former Section
9 22361, summarizing utilization of the Pilot Program for Affordable
10 Credit-Building Opportunities, which was created by Chapter 640
11 of the Statutes of 2010.

12 (2) *On or before January 1, 2018, the commissioner shall post*
13 *a report on the same Internet Web site that provides the number*
14 *of borrowers who were students and obtained a loan for school*
15 *textbooks, materials, and electronics, along with the time period*
16 *to which the report corresponds.*

17 (b) The information disclosed to the commissioner for the
18 commissioner’s use in preparing the report described in this section
19 is exempted from any requirement of public disclosure by
20 paragraph (2) of subdivision (d) of Section 6254 of the Government
21 Code.

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

26 (d) The report required pursuant to ~~this section~~ *paragraph (1)*
27 *of subdivision (a)* shall specify the time period to which the report
28 corresponds, and shall include, but not be limited to, the following
29 for that time period:

30 (1) The number of entities that applied to participate in the
31 program.

32 (2) The number of entities accepted to participate in the program.

33 (3) The reason or reasons for rejecting applications for
34 participation, if applicable. This information shall be provided in
35 a manner that does not identify the entity or entities rejected.

36 (4) The number of program loan applications received by lenders
37 participating in the program, the number of loans made pursuant
38 to the program, the total amount loaned, the distribution of loan

1 lengths upon origination, and the distribution of interest rates and
2 principal amounts upon origination among those loans.

3 (5) The number of borrowers who obtained more than one
4 program loan and the distribution of the number of loans per
5 borrower.

6 (6) Of the number of borrowers who obtained more than one
7 program loan, the percentage of those borrowers whose credit
8 scores increased between successive loans, based on information
9 from at least one major credit bureau, and the average size of the
10 increase.

11 (7) The income distribution of borrowers upon loan origination,
12 including the number of borrowers who obtained at least one
13 program loan and who resided in a low-to-moderate-income census
14 tract at the time of their loan application.

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

19 (A) Medical.

20 (B) Other emergency.

21 (C) Vehicle repair.

22 (D) Vehicle purchase.

23 (E) To pay bills.

24 (F) To consolidate debt.

25 (G) To build or repair credit history.

26 (H) To finance a purchase of goods or services other than a
27 vehicle.

28 (I) For other than personal, family, or household purposes.

29 (J) Other.

30 (9) The number of borrowers who self-report that they had a
31 bank account at the time of their loan application, the number of
32 borrowers who self-report that they had a bank account and used
33 check-cashing services, and the number of borrowers who
34 self-report that they did not have a bank account at the time of
35 their loan application.

36 (10) With respect to refinance loans, the report shall specifically
37 include the following information:

38 (A) The number and percentage of borrowers who applied for
39 a refinance loan.

- 1 (B) Of those borrowers who applied for a refinance loan, the
2 number and percentage of borrowers who obtained a refinance
3 loan.
- 4 (C) Of those borrowers who obtained a refinance loan:
 - 5 (i) The percentage of borrowers who refinanced once.
 - 6 (ii) The percentage of borrowers who refinanced twice.
 - 7 (iii) The percentage of borrowers who refinanced more than
8 twice.
- 9 (D) Of those borrowers who obtained a refinance loan, the
10 average percentage of principal paid down before obtaining a
11 refinance loan.
- 12 (E) Of those borrowers who obtained a refinance loan, the
13 average amount of additional principal extended.
- 14 (F) Of those borrowers who obtained a refinance loan, the
15 average number of late payments made on the loan that was
16 refinanced.
- 17 (11) The number and type of finders used by licensees and the
18 relative performance of loans consummated by finders compared
19 to the performance of loans consummated without a finder.
- 20 (12) The number and percentage of borrowers who obtained
21 one or more program loans on which late fees were assessed, the
22 total amount of late fees assessed, and the average late fee assessed
23 by dollar amount and as a percentage of the principal amount
24 loaned.
- 25 (13) (A) The performance of loans under this article, as reflected
26 by all of the following:
 - 27 (i) The number and percentage of pilot program borrowers who
28 experienced at least one delinquency lasting between ~~7~~ seven and
29 29 days, and the distribution of principal loan amounts
30 corresponding to those delinquencies.
 - 31 (ii) The number and percentage of pilot program borrowers who
32 experienced at least one delinquency lasting between 30 and 59
33 days, and the distribution of principal loan amounts corresponding
34 to those delinquencies.
 - 35 (iii) The number and percentage of pilot program borrowers
36 who experienced at least one delinquency lasting 60 days or more,
37 and the distribution of principal loan amounts corresponding to
38 those delinquencies.

1 (iv) The number and percentage of pilot program borrowers
2 who experienced at least one delinquency of greater than ~~7~~ *seven*
3 days and who did not subsequently bring their loan current.

4 (v) Among loans that were ever delinquent for ~~7~~ *seven* days or
5 more, the average number of times borrowers experienced a
6 delinquency of ~~7~~ *seven* days or more.

7 (B) To the extent data are readily available to the commissioner,
8 the commissioner shall include in his or her report comparable
9 delinquency data for unsecured loans made by persons licensed
10 under Chapter 2 (commencing with Section 22365) of Division 9
11 in principal amounts between two thousand five hundred dollars
12 (\$2,500) and four thousand nine hundred ninety-nine dollars
13 (\$4,999), and in principal amounts between five thousand dollars
14 (\$5,000) and nine thousand nine hundred ninety-nine dollars
15 (\$9,999), and for unsecured extensions of credit made by
16 state-chartered banks and credit unions under the commissioner's
17 jurisdiction, in principal amounts between two thousand five
18 hundred dollars (\$2,500) and four thousand nine hundred
19 ninety-nine dollars (\$4,999), and in principal amounts between
20 five thousand dollars (\$5,000) and nine thousand nine hundred
21 ninety-nine dollars (\$9,999).

22 (14) The number and types of violations of this article by finders,
23 which were documented by the commissioner.

24 (15) The number and types of violations of this article by
25 licensees, which were documented by the commissioner.

26 (16) The number of times that the commissioner disqualified a
27 finder from performing services, barred a finder from performing
28 services at one or more specific locations of the finder, terminated
29 a written agreement between a finder and a licensee, or imposed
30 an administrative penalty.

31 (17) The number of complaints received by the commissioner
32 about a licensee or a finder, and the nature of those complaints.

33 (18) Recommendations for improving the program.

34 (19) Recommendations regarding whether the program should
35 be continued after January 1, 2018.

36 (e) The commissioner shall conduct a random sample survey
37 of borrowers who have participated in the program to obtain
38 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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