

AMENDED IN ASSEMBLY AUGUST 11, 2016

AMENDED IN ASSEMBLY AUGUST 4, 2016

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 777

Introduced by Senator Lara

February 27, 2015

An act to ~~amend Section 22050 of~~ *add and repeal Section 22050.5* of the Financial Code, relating to finance lenders.

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as amended, Lara. The California Finance Lenders Law: application.

Existing law, the California Finance Lenders Law, provides for the licensure and regulation of finance lenders and brokers. Existing law exempts from its provisions, among others, persons making 5 or fewer commercial loans in a 12-month period if the loans are incidental to the business of the person relying upon the exemption.

This bill would also ~~exempt~~ *exempt, until January 1, 2022*, a person who makes one commercial loan in a 12-month period from regulation pursuant to the California Finance Lenders Law.

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 22050.5 is added to the Financial Code,*
- 2 *to read:*

1 22050.5. (a) *This division does not apply to any person who*
2 *makes one loan in a 12-month period if that loan is a commercial*
3 *loan as defined in Section 22502.*

4 (b) *This section shall remain in effect only until January 1, 2022,*
5 *and as of that date is repealed.*

6 SECTION 1. ~~Section 22050 of the Financial Code is amended~~
7 ~~to read:~~

8 ~~22050. (a) This division does not apply to any person doing~~
9 ~~business under any law of any state or of the United States relating~~
10 ~~to banks, trust companies, savings and loan associations, insurance~~
11 ~~premium finance agencies, credit unions, small business investment~~
12 ~~companies, community advantage lenders, California business and~~
13 ~~industrial development corporations when acting under federal~~
14 ~~law or other state authority, or licensed pawnbrokers when acting~~
15 ~~under the authority of that license.~~

16 ~~“Community advantage lender” means an entity authorized by~~
17 ~~the United States Small Business Administration to deliver~~
18 ~~community advantage loans.~~

19 ~~(b) This division does not apply to a check casher who holds a~~
20 ~~valid permit issued pursuant to Section 1789.37 of the Civil Code~~
21 ~~when acting under the authority of that permit, and shall not apply~~
22 ~~to a person holding a valid license issued pursuant to Section 23005~~
23 ~~of the Financial Code when acting under the authority of that~~
24 ~~license.~~

25 ~~(c) This division does not apply to a college or university making~~
26 ~~a loan for the purpose of permitting a person to pursue a program~~
27 ~~or course of study leading to a degree or certificate.~~

28 ~~(d) This division does not apply to a broker-dealer acting~~
29 ~~pursuant to a certificate then in effect and issued pursuant to~~
30 ~~Section 25211 of the Corporations Code.~~

31 ~~(e) This division does not apply to any person who makes five~~
32 ~~or fewer loans in a 12-month period, these loans are commercial~~
33 ~~loans as defined in Section 22502, and the loans are incidental to~~
34 ~~the business of the person relying upon the exemption.~~

35 ~~(f) This division does not apply to any person who makes one~~
36 ~~loan in a 12-month period if that loan is a commercial loan as~~
37 ~~defined in Section 22502.~~

38 ~~(g) This division does not apply to any public corporation as~~
39 ~~defined in Section 67510 of the Government Code, any public~~
40 ~~entity other than the state as defined in Section 811.2 of the~~

1 ~~Government Code, or any agency of any one or more of the~~
2 ~~foregoing, when making any loan so long as the public corporation,~~
3 ~~public entity, or agency of any one or more of the foregoing~~
4 ~~complies with all applicable federal and state laws and regulations.~~

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