

Introduced by Senator Vidak

February 10, 2016

An act to amend Section 22202 of the Financial Code, relating to finance lenders.

LEGISLATIVE COUNSEL'S DIGEST

SB 979, as introduced, Vidak. California Finance Lenders Law.

Existing law, the California Finance Lenders Law (CFLL), provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight. The CFLL defines charges for its purposes to include aggregate interest, fees, bonuses, commissions, brokerage, discounts, expenses, and other forms of costs charged, contracted for, or received by a licensee or any other person in connection with the investigating, arranging, negotiating, procuring, guaranteeing, making, servicing, collecting, and enforcing of a loan or forbearance of money, credit, goods, or things in action, or any other service rendered. The CFLL also specifies that charges do not include, among other things, fees paid to a licensee for the privilege of participating in an open-end-credit program, as provided.

This bill would make nonsubstantive changes to that provision specifying items that are not charges for purposes of the CFLL.

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 22202 of the Financial Code is amended
- 2 to read:
- 3 22202. "Charges" do not include any of the following:

1 (a) Commissions received as a licensed insurance agent or
2 broker in connection with insurance written as provided in Section
3 22313.

4 (b) Amounts not in excess of the amounts ~~specified~~ *set forth* in
5 subdivision (c) of Section 3068 of the Civil Code paid to holders
6 of possessory liens, imposed pursuant to Chapter 6.5 (commencing
7 with Section 3067) of Title 14 of Part 4 of Division 3 of the Civil
8 Code, to release motor vehicles that secure loans subject to this
9 division.

10 (c) Court costs, excluding attorney's fees, incurred in a suit and
11 recovered against a debtor who defaults on his or her loan.

12 (d) Fees paid to a licensee for the privilege of participating in
13 an open-end credit program, which fees are to cover administrative
14 costs and are imposed upon executing the open-end loan ~~agreement~~
15 *agreement*, and on annual renewal dates or anniversary dates
16 thereafter.

17 (e) Amounts received by a licensee from a seller, from whom
18 the borrower obtains money, goods, labor, or services on credit,
19 in connection with a transaction under an open-end credit program
20 that are paid or deducted from the loan proceeds paid to the seller
21 at the direction of the borrower and ~~which~~ *that* are an obligation
22 of the seller to the licensee for the privilege of allowing the seller
23 to participate in the licensee's open-end credit program. Amounts
24 received by a licensee from a seller pursuant to this subdivision
25 may not exceed 6 percent of the loan proceeds paid to the seller
26 at the direction of the borrower.

27 (f) Actual and necessary fees not exceeding five hundred dollars
28 (\$500) paid in connection with the repossession of a motor vehicle
29 to repossession agencies licensed pursuant to Chapter 11
30 (commencing with Section 7500) of Division 3 of the Business
31 and Professions ~~Code Code~~, provided that the licensee complies
32 with Sections 22328 and 22329, and actual fees paid to a licensee
33 in conformity with Sections 26751 and 41612 of the Government
34 Code in an amount not exceeding the amount specified in those
35 ~~sections~~ *provisions* of the Government Code.

36 (g) Moneys paid to, and commissions and benefits received by,
37 a licensee for the sale of goods, services, or insurance, whether or
38 not the sale is in connection with a loan, that the buyer by a
39 separately signed authorization acknowledges is optional, if sale

1 of the goods, services, or insurance has been authorized pursuant
2 to Section 22154.

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