

AMENDED IN SENATE MAY 31, 2016

SENATE BILL

No. 984

Introduced by Senator Hueso

(Principal coauthor: Assembly Member Alejo)

(Coauthors: Senators Hill and Mitchell)

(Coauthors: Assembly Members Bonilla, Bonta, Brown, Low, Mullin,
Ting, and Williams)

February 10, 2016

An act to amend Sections ~~22365, 22370, 22377, and 22380~~ of, to amend the heading of Article 3.6 (commencing with Section 22365) of Chapter 2 of Division 9 of, and to repeal Section ~~22381~~ of, and ~~22381~~ of the Financial Code, relating to consumer loans.

LEGISLATIVE COUNSEL'S DIGEST

SB 984, as amended, Hueso. Pilot Program for Increased Access to Responsible Small Dollar Loans: extension.

Existing

(1) *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 requires licensees and other entities to file an application and pay a specified fee to the commissioner to participate in the program. Existing law authorizes a licensee approved by the commissioner to participate in the program to impose specified alternative interest rates and charges, including an administrative fee

and delinquency fees, on loans of at least \$300 and less than \$2,500, subject to certain requirements. 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 *pilot* program should be continued after January 1, 2018.

This bill would ~~delete the January 1, 2018, repeal date for~~ extend the Pilot Program for Increased Access to Responsible Small Dollar Loans ~~thereby extending these provisions indefinitely, and would make related conforming changes. The bill would also delete until January 1, 2023, and make a conforming change to~~ the requirement that the report include the above-referenced recommendation.

Because a willful violation of these *extended* provisions would be a crime, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. ~~The heading of Article 3.6 (commencing with~~
2 ~~Section 22365) of Chapter 2 of Division 9 of the Financial Code~~
3 ~~is amended to read:~~

4
5 Article 3.6. Program for Increased Access to Responsible Small
6 Dollar Loans
7

8 SEC. 2. ~~Section 22365 of the Financial Code is amended to~~
9 ~~read:~~

10 22365. (a) ~~The Program for Increased Access to Responsible~~
11 ~~Small Dollar Loans is hereby established.~~

12 (b) ~~The Legislature finds and declares that consumer demand~~
13 ~~for responsible installment loans in principal amounts of at least~~
14 ~~three hundred dollars (\$300) but less than two thousand five~~
15 ~~hundred dollars (\$2,500) exceeds the supply of these loans. In~~
16 ~~2010, the Legislature enacted the Pilot Program for Affordable~~
17 ~~Credit-Building Opportunities, as a first step toward addressing~~

1 this gap. California’s experience to date with that pilot program
2 has identified several improvements that could be made, which
3 would allow more Californians to access responsible installment
4 loans of at least three hundred dollars (\$300) but less than two
5 thousand five hundred dollars (\$2,500). The Program for Increased
6 Access to Responsible Small Dollar Loans is intended to implement
7 those improvements.

8 (e) For purposes of this article:

9 (1) ~~“Commissioner” means the Commissioner of Business
10 Oversight.~~

11 (2) ~~“Program” means the Program for Increased Access to
12 Responsible Small Dollar Loans.~~

13 (3) ~~Pursuant to Section 22380.5, “licensee” also includes a
14 licensee approved to participate in the former Pilot Program for
15 Affordable Credit-Building Opportunities as described in the
16 former Article 3.5 (commencing with Section 22348).~~

17 ~~SEC. 3. Section 22370 of the Financial Code is amended to
18 read:~~

19 ~~22370. (a) Any loan made pursuant to this section shall comply
20 with the following requirements:~~

21 ~~(1) The loan shall be unsecured.~~

22 ~~(2) Interest on the loan shall accrue on a simple-interest basis,
23 through the application of a daily periodic rate to the actual unpaid
24 principal balance each day.~~

25 ~~(3) The licensee shall disclose the following to the consumer
26 in writing, in a typeface no smaller than 12-point type, at the time
27 of application:~~

28 ~~(A) The amount borrowed; the total dollar cost of the loan to
29 the consumer if the loan is paid back on time, including the sum
30 of the administrative fee, principal amount borrowed, and interest
31 payments; the corresponding annual percentage rate, calculated in
32 accordance with Federal Reserve Board Regulation Z (12 C.F.R.
33 226); the periodic payment amount; the delinquency fee schedule;
34 and the following statement: “Repaying your loan early will lower
35 your borrowing costs by reducing the amount of interest you will
36 pay. This loan has no prepayment penalty.”~~

37 ~~(B) A statement that the consumer has the right to rescind the
38 loan by notifying the licensee of the consumer’s intent to rescind
39 the loan and returning the principal advanced by the end of the
40 business day following the date the loan is consummated.~~

1 ~~(4) A licensee may provide the borrower with the disclosures~~
 2 ~~required by paragraph (3) in a mobile or other electronic~~
 3 ~~application, on which the size of the typeface of the disclosure can~~
 4 ~~be manually modified by a prospective borrower, if the prospective~~
 5 ~~borrower is given the option to print the disclosure in a typeface~~
 6 ~~of at least 12-point size or is provided by the licensee with a~~
 7 ~~hardcopy of the disclosure in a typeface of at least 12-point size~~
 8 ~~before the loan is consummated.~~

9 ~~(5) The loan shall have a minimum principal amount upon~~
 10 ~~origination of three hundred dollars (\$300) and a term of not less~~
 11 ~~than the following:~~

12 ~~(A) Ninety days for loans whose principal balance upon~~
 13 ~~origination is less than five hundred dollars (\$500).~~

14 ~~(B) One hundred twenty days for loans whose principal balance~~
 15 ~~upon origination is at least five hundred dollars (\$500), but is less~~
 16 ~~than one thousand five hundred dollars (\$1,500).~~

17 ~~(C) One hundred eighty days for loans whose principal balance~~
 18 ~~upon origination is at least one thousand five hundred dollars~~
 19 ~~(\$1,500).~~

20 ~~(b) As an alternative to the charges authorized by Section 22303~~
 21 ~~or 22304, a licensee approved by the commissioner to participate~~
 22 ~~in the program may contract for and receive charges for a loan~~
 23 ~~made pursuant to this section at an annual simple interest rate not~~
 24 ~~to exceed the following:~~

25 ~~(1) The lesser of 36 percent or the sum of 32.75 percent plus~~
 26 ~~the United States prime lending rate, as of the date of loan~~
 27 ~~origination, on that portion of the unpaid principal balance of the~~
 28 ~~loan up to and including, but not in excess of, one thousand dollars~~
 29 ~~(\$1,000). The interest rate calculated as of the date of loan~~
 30 ~~origination shall be fixed for the life of the loan.~~

31 ~~(2) The lesser of 35 percent or the sum of 28.75 percent plus~~
 32 ~~the United States prime lending rate, as of the date of loan~~
 33 ~~origination, on that portion of the unpaid principal balance of the~~
 34 ~~loan in excess of one thousand dollars (\$1,000), but less than two~~
 35 ~~thousand five hundred dollars (\$2,500). The interest rate calculated~~
 36 ~~as of the date of loan origination shall be fixed for the life of the~~
 37 ~~loan.~~

38 ~~(c) (1) As to any loan made under this section, a licensee~~
 39 ~~approved by the commissioner to participate in the program may~~
 40 ~~contract for and receive an administrative fee, which shall be fully~~

1 earned immediately upon making the loan, in an amount not to
2 exceed the applicable of the following:

3 (A) Seven percent of the principal amount, exclusive of the
4 administrative fee, or ninety dollars (\$90), whichever is less, on
5 the first loan made to a borrower.

6 (B) Six percent of the principal amount, exclusive of the
7 administrative fee, or seventy-five dollars (\$75), whichever is less,
8 on the second and subsequent loans made to that borrower.

9 (2) A licensee shall not charge the same borrower an
10 administrative fee more than once in any four-month period.

11 (3) For purposes of this section, “refinance” means the
12 replacement or revision of an existing loan contract with a borrower
13 that results in an extension of additional principal to that borrower.
14 A licensee shall not refinance a loan made under this section, unless
15 all of the following conditions are met at the time the borrower
16 submits an application to refinance:

17 (A) The borrower has repaid at least 60 percent of the
18 outstanding principal remaining on his or her loan.

19 (B) The borrower is current on his or her outstanding loan.

20 (C) The licensee underwrites the new loan in accordance with
21 paragraph (4) of subdivision (f).

22 (D) If the loan proceeds of both the original loan and the
23 refinance loan are to be used for personal, family, or household
24 purposes, the borrower has not previously refinanced the
25 outstanding loan more than once.

26 (4) Notwithstanding paragraph (3), an administrative fee shall
27 not be contracted for or received in connection with the refinancing
28 of a loan unless at least eight months have elapsed since the receipt
29 of a previous administrative fee paid by the borrower. With the
30 exception of a loan that is refinanced, only one administrative fee
31 may be contracted for or received until the loan has been repaid
32 in full. Section 22305 shall not apply to any loan made under this
33 section.

34 (d) Notwithstanding subdivision (a) of Section 22320.5, a
35 licensee approved by the commissioner to participate in the
36 program may require reimbursement from a borrower for the actual
37 insufficient funds fees incurred by that licensee due to actions of
38 the borrower, and may contract for and receive a delinquency fee
39 that is one of the following amounts:

- 1 ~~(1) For a period of delinquency of not less than seven days, an~~
2 ~~amount not in excess of fourteen dollars (\$14).~~
- 3 ~~(2) For a period of delinquency of not less than 14 days, an~~
4 ~~amount not in excess of twenty dollars (\$20).~~
- 5 ~~(e) If a licensee opts to impose a delinquency fee, it shall use~~
6 ~~the delinquency fee schedule described in subdivision (d), subject~~
7 ~~to all of the following:~~
- 8 ~~(1) No more than one delinquency fee may be imposed per~~
9 ~~delinquent payment.~~
- 10 ~~(2) No more than two delinquency fees may be imposed during~~
11 ~~any period of 30 consecutive days.~~
- 12 ~~(3) No delinquency fee may be imposed on a borrower who is~~
13 ~~180 days or more past due if that fee would result in the sum of~~
14 ~~the borrower's remaining unpaid principal balance, accrued interest,~~
15 ~~and delinquency fees exceeding 180 percent of the original~~
16 ~~principal amount of the borrower's loan.~~
- 17 ~~(4) The licensee or any of its wholly owned subsidiaries shall~~
18 ~~attempt to collect a delinquent payment for a period of at least 30~~
19 ~~days following the start of the delinquency before selling or~~
20 ~~assigning that unpaid debt to an independent party for collection.~~
- 21 ~~(f) The licensee shall develop and implement policies and~~
22 ~~procedures designed to respond to questions raised by applicants~~
23 ~~and borrowers regarding their loans, including those involving~~
24 ~~finders, and to address customer complaints as soon as reasonably~~
25 ~~practicable.~~
- 26 ~~(g) The following shall apply to a loan made by a licensee~~
27 ~~pursuant to this section:~~
- 28 ~~(1) Prior to disbursement of loan proceeds, the licensee shall~~
29 ~~either (A) offer a credit education program or seminar to the~~
30 ~~borrower that has been previously reviewed and approved by the~~
31 ~~commissioner for use in complying with this section; or (B) invite~~
32 ~~the borrower to a credit education program or seminar offered by~~
33 ~~an independent third party that has been previously reviewed and~~
34 ~~approved by the commissioner for use in complying with this~~
35 ~~section. The borrower shall not be required to participate in either~~
36 ~~of these education programs or seminars. A credit education~~
37 ~~program or seminar offered pursuant to this paragraph shall be~~
38 ~~provided at no cost to the borrower.~~
- 39 ~~(2) The licensee shall report each borrower's payment~~
40 ~~performance to at least one consumer reporting agency that~~

1 compiles and maintains files on consumers on a nationwide basis,
2 upon acceptance as a data furnisher by that consumer reporting
3 agency. For purposes of this section, a consumer reporting agency
4 that compiles and maintains files on consumers on a nationwide
5 basis is one that meets the definition in Section 603(p) of the
6 federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(p)). Any
7 licensee that is accepted as a data furnisher after admittance into
8 the program must report all borrower payment performance since
9 its inception of lending under the program, as soon as practicable
10 after its acceptance into the program, but in no event more than
11 six months after its acceptance into the program.

12 (A) The commissioner may approve a licensee for the program,
13 before that licensee has been accepted as a data furnisher by a
14 consumer reporting agency, if the commissioner has a reasonable
15 expectation, based on information supplied by the licensee, of both
16 of the following:

17 (i) The licensee will be accepted as a data furnisher, once it
18 achieves a lending volume required of data furnishers of its type
19 by a consumer reporting agency.

20 (ii) That lending volume will be achieved within the first six
21 months of the licensee commencing lending.

22 (B) Notwithstanding subparagraph (A), the commissioner shall
23 withdraw approval for program participation from any licensee
24 that fails to become accepted as a data furnisher by a consumer
25 reporting agency within six months of commencing lending under
26 the pilot program.

27 (3) The licensee shall provide each borrower with the name of
28 the consumer reporting agency or agencies to which it will report
29 the borrower's payment history. A licensee that is accepted as a
30 data furnisher after admittance into the program shall notify its
31 borrowers, as soon as practicable following acceptance as a data
32 furnisher, regarding the name of the consumer reporting agency
33 or agencies to which it will report that borrower's payment history.

34 (4) (A) The licensee shall underwrite each loan to determine a
35 borrower's ability and willingness to repay the loan pursuant to
36 the loan terms, and shall not make a loan if it determines, through
37 its underwriting, that the borrower's total monthly debt service
38 payments, at the time of origination, including the loan for which
39 the borrower is being considered, and across all outstanding forms

1 of credit that can be independently verified by the licensee, exceed
2 50 percent of the borrower's gross monthly income.

3 (B) (i) ~~The licensee shall seek information and documentation~~
4 ~~pertaining to all of a borrower's outstanding debt obligations during~~
5 ~~the loan application and underwriting process, including loans that~~
6 ~~are self-reported by the borrower but not available through~~
7 ~~independent verification. The licensee shall verify that information~~
8 ~~using a credit report from at least one consumer reporting agency~~
9 ~~that compiles and maintains files on consumers on a nationwide~~
10 ~~basis or through other available electronic debt verification services~~
11 ~~that provide reliable evidence of a borrower's outstanding debt~~
12 ~~obligations.~~

13 (ii) ~~Notwithstanding the verification requirement in~~
14 ~~subparagraph (A), the licensee shall request from the borrower~~
15 ~~and include all information obtained from the borrower regarding~~
16 ~~outstanding deferred deposit transactions in the calculation of the~~
17 ~~borrower's outstanding debt obligations.~~

18 (iii) ~~The licensee shall not be required to consider, for purposes~~
19 ~~of debt-to-income ratio evaluation, loans from friends or family.~~

20 (C) ~~The licensee shall also verify the borrower's income that~~
21 ~~the licensee relies on to determine the borrower's debt-to-income~~
22 ~~ratio using information from either of the following:~~

23 (i) ~~Electronic means or services that provide reliable evidence~~
24 ~~of the borrower's actual income.~~

25 (ii) ~~Internal Revenue Service Form W-2, tax returns, payroll~~
26 ~~receipts, bank statements, or other third-party documents that~~
27 ~~provide reasonably reliable evidence of the borrower's actual~~
28 ~~income.~~

29 (5) ~~The licensee shall notify each borrower, at least two days~~
30 ~~prior to each payment due date, informing the borrower of the~~
31 ~~amount due, and the payment due date. Notification may be~~
32 ~~provided by any means mutually acceptable to the borrower and~~
33 ~~the licensee. A borrower shall have the right to opt out of this~~
34 ~~notification at any time, upon electronic or written request to the~~
35 ~~licensee. The licensee shall notify each borrower of this right prior~~
36 ~~to disbursing loan proceeds.~~

37 (h) (1) ~~Notwithstanding Sections 22311 to 22315, inclusive,~~
38 ~~no person, in connection with, or incidental to, the making of any~~
39 ~~loan made pursuant to this article, may offer, sell, or require the~~
40 ~~borrower to contract for "credit insurance" as defined in paragraph~~

1 (1) of subdivision (a) of Section 22314 or insurance on tangible
2 personal or real property of the type specified in Section 22313.

3 (2) Notwithstanding Sections 22311 to 22315, inclusive, no
4 licensee, finder, or any other person that participates in the
5 origination of a loan under this article shall refer a borrower to any
6 other person for the purchase of “credit insurance” as defined in
7 paragraph (1) of subdivision (a) of Section 22314 or insurance on
8 tangible personal or real property of the type specified in Section
9 22313.

10 (i) (1) No licensee shall require, as a condition of providing the
11 loan, that the borrower waive any right, penalty, remedy, forum,
12 or procedure provided for in any law applicable to the loan,
13 including the right to file and pursue a civil action or file a
14 complaint with or otherwise communicate with the commissioner
15 or any court or other public entity, or that the borrower agree to
16 resolve disputes in a jurisdiction outside of California or to the
17 application of laws other than those of California, as provided by
18 law. Any waiver by a borrower must be knowing, voluntary, and
19 in writing, and expressly not made a condition of doing business
20 with the licensee. Any waiver that is required as a condition of
21 doing business with the licensee shall be presumed involuntary,
22 unconscionable, against public policy, and unenforceable. The
23 licensee has the burden of proving that a waiver of any rights,
24 penalties, forums, or procedures was knowing, voluntary, and not
25 made a condition of the contract with the borrower.

26 (2) No licensee shall refuse to do business with or discriminate
27 against a borrower or applicant on the basis that the borrower or
28 applicant refuses to waive any right, penalty, remedy, forum, or
29 procedure, including the right to file and pursue a civil action or
30 complaint with, or otherwise notify, the commissioner or any court
31 or other public entity. The exercise of a person’s right to refuse to
32 waive any right, penalty, remedy, forum, or procedure, including
33 a rejection of a contract requiring a waiver, shall not affect any
34 otherwise legal terms of a contract or an agreement.

35 (3) This subdivision shall not apply to any agreement to waive
36 any right, penalty, remedy, forum, or procedure, including any
37 agreement to arbitrate a claim or dispute, after a claim or dispute
38 has arisen. Nothing in this subdivision shall affect the enforceability
39 or validity of any other provision of the contract.

1 ~~(j) This section shall not apply to any loan of a bona fide~~
 2 ~~principal amount of two thousand five hundred dollars (\$2,500)~~
 3 ~~or more as determined in accordance with Section 22251. For~~
 4 ~~purposes of this subdivision, “bona fide principal amount” shall~~
 5 ~~be determined in accordance with Section 22251.~~

6 ~~SEC. 4. Section 22377 of the Financial Code is amended to~~
 7 ~~read:~~

8 ~~22377. (a) The commissioner may examine the operations of~~
 9 ~~each licensee and each finder to ensure that the activities of the~~
 10 ~~licensee and the finder are in compliance with this article. The~~
 11 ~~costs of the commissioner’s examination of each finder shall be~~
 12 ~~attributed to the commissioner’s examination of the licensee. Any~~
 13 ~~violation of this article by a finder or a finder’s employee shall be~~
 14 ~~attributed to the finance lender with whom it has entered into an~~
 15 ~~agreement for purposes of determining the licensee’s compliance~~
 16 ~~with this division.~~

17 ~~(b) Upon a determination that a finder has acted in violation of~~
 18 ~~this article, or any implementing regulation, or upon a~~
 19 ~~determination that it would be warranted by the data reported to~~
 20 ~~the commissioner pursuant to subdivision (c) of Section 22375 for~~
 21 ~~any finder, the commissioner may disqualify a finder from~~
 22 ~~performing services under this article, bar a finder from performing~~
 23 ~~services at one or more specific locations of that finder, terminate~~
 24 ~~a written agreement between a finder and a licensee, and, if the~~
 25 ~~commissioner deems that action in the public interest, prohibit the~~
 26 ~~use of that finder by all licensees accepted to participate in the~~
 27 ~~program.~~

28 ~~(c) In addition to any other penalty allowed by law, the~~
 29 ~~commissioner may impose an administrative penalty up to two~~
 30 ~~thousand five hundred dollars (\$2,500) for violations of this article~~
 31 ~~committed by a finder.~~

32 ~~SEC. 5:~~

33 ~~SECTION 1. Section 22380 of the Financial Code is amended~~
 34 ~~to read:~~

35 ~~22380. (a) On or before July 1, 2015, and again, on or before~~
 36 ~~January 1, 2017, the commissioner shall post a report on his or her~~
 37 ~~Internet Web site summarizing utilization of the Pilot Program for~~
 38 ~~Increased Access to Responsible Small Dollar Loans. The report~~
 39 ~~required to be submitted on or before July 1, 2015, shall~~
 40 ~~additionally include the information required by former Section~~

1 22361, summarizing utilization of the Pilot Program for Affordable
2 Credit-Building Opportunities, which was created by Chapter 640
3 of the Statutes of 2010.

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

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

13 (d) The report required pursuant to this section shall specify the
14 time period to which the report corresponds, and shall include, but
15 not be limited to, the following for that time period:

16 (1) The number of entities that applied to participate in the
17 program.

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

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

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

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

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

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

39 (8) The number of borrowers who obtained loans for the
40 following purposes, based on borrower responses at the time of

- 1 their loan applications indicating the primary purpose for which
- 2 the loan was obtained:
- 3 (A) Medical.
- 4 (B) Other emergency.
- 5 (C) Vehicle repair.
- 6 (D) Vehicle purchase.
- 7 (E) To pay bills.
- 8 (F) To consolidate debt.
- 9 (G) To build or repair credit history.
- 10 (H) To finance a purchase of goods or services other than a
- 11 vehicle.
- 12 (I) For other than personal, family, or household purposes.
- 13 (J) Other.
- 14 (9) The number of borrowers who self-report that they had a
- 15 bank account at the time of their loan application, the number of
- 16 borrowers who self-report that they had a bank account and used
- 17 check-cashing services, and the number of borrowers who
- 18 self-report that they did not have a bank account at the time of
- 19 their loan application.
- 20 (10) With respect to refinance loans, the report shall specifically
- 21 include the following information:
- 22 (A) The number and percentage of borrowers who applied for
- 23 a refinance loan.
- 24 (B) Of those borrowers who applied for a refinance loan, the
- 25 number and percentage of borrowers who obtained a refinance
- 26 loan.
- 27 (C) Of those borrowers who obtained a refinance loan:
- 28 (i) The percentage of borrowers who refinanced once.
- 29 (ii) The percentage of borrowers who refinanced twice.
- 30 (iii) The percentage of borrowers who refinanced more than
- 31 twice.
- 32 (D) Of those borrowers who obtained a refinance loan, the
- 33 average percentage of principal paid down before obtaining a
- 34 refinance loan.
- 35 (E) Of those borrowers who obtained a refinance loan, the
- 36 average amount of additional principal extended.
- 37 (F) Of those borrowers who obtained a refinance loan, the
- 38 average number of late payments made on the loan that was
- 39 refinanced.

1 (11) The number and type of finders used by licensees and the
2 relative performance of loans consummated by finders compared
3 to the performance of loans consummated without a finder.

4 (12) The number and percentage of borrowers who obtained
5 one or more program loans on which late fees were assessed, the
6 total amount of late fees assessed, and the average late fee assessed
7 by dollar amount and as a percentage of the principal amount
8 loaned.

9 (13) (A) The performance of loans under this article, as reflected
10 by all of the following:

11 (i) The number and percentage of program borrowers who
12 experienced at least one delinquency lasting between 7 and 29
13 days, and the distribution of principal loan amounts corresponding
14 to those delinquencies.

15 (ii) The number and percentage of program borrowers who
16 experienced at least one delinquency lasting between 30 and 59
17 days, and the distribution of principal loan amounts corresponding
18 to those delinquencies.

19 (iii) The number and percentage of program borrowers who
20 experienced at least one delinquency lasting 60 days or more, and
21 the distribution of principal loan amounts corresponding to those
22 delinquencies.

23 (iv) The number and percentage of program borrowers who
24 experienced at least one delinquency of greater than 7 days and
25 who did not subsequently bring their loan current.

26 (v) Among loans that were ever delinquent for 7 days or more,
27 the average number of times borrowers experienced a delinquency
28 of 7 days or more.

29 (B) To the extent data are readily available to the commissioner,
30 the commissioner shall include in his or her report comparable
31 delinquency data for unsecured loans made by persons licensed
32 under Chapter 2 (commencing with Section 22365) of Division 9
33 in principal amounts between two thousand five hundred dollars
34 (\$2,500) and four thousand nine hundred ninety-nine dollars
35 (\$4,999), and in principal amounts between five thousand dollars
36 (\$5,000) and nine thousand nine hundred ninety-nine dollars
37 (\$9,999), and for unsecured extensions of credit made by
38 state-chartered banks and credit unions under the commissioner's
39 jurisdiction, in principal amounts between two thousand five
40 hundred dollars (\$2,500) and four thousand nine hundred

1 ninety-nine dollars (\$4,999), and in principal amounts between
2 five thousand dollars (\$5,000) and nine thousand nine hundred
3 ninety-nine dollars (\$9,999).

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

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

8 (16) The number of times that the commissioner disqualified a
9 finder from performing services, barred a finder from performing
10 services at one or more specific locations of the finder, terminated
11 a written agreement between a finder and a licensee, or imposed
12 an administrative penalty.

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

15 (18) Recommendations for improving the program.

16 (19) *Recommendations regarding whether the program should*
17 *be continued after January 1, 2023.*

18 (e) The commissioner shall conduct a random sample survey
19 of borrowers who have participated in the program to obtain
20 information regarding the borrowers' experience and licensees'
21 compliance with this article. The results of this survey shall be
22 included in the report required by this section.

23 ~~SEC. 6. Section 22381 of the Financial Code is repealed.~~

24 *SEC. 2. Section 22381 of the Financial Code is amended to*
25 *read:*

26 22381. This article shall remain in effect only until January 1,
27 2018, 2023, and as of that date is ~~repealed, unless a later enacted~~
28 ~~statute, that is enacted before January 1, 2018, deletes or extends~~
29 ~~that date.~~ *repealed.*

30 ~~SEC. 7.~~

31 *SEC. 3.* No reimbursement is required by this act pursuant to
32 Section 6 of Article XIII B of the California Constitution because
33 the only costs that may be incurred by a local agency or school
34 district will be incurred because this act creates a new crime or
35 infraction, eliminates a crime or infraction, or changes the penalty
36 for a crime or infraction, within the meaning of Section 17556 of
37 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

O