

AMENDED IN SENATE JULY 2, 1997

AMENDED IN SENATE JUNE 12, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 725

Introduced by Assembly Member Papan

February 26, 1997

An act to amend Sections 22154 and 22155 of the Financial Code, relating to finance lenders.

LEGISLATIVE COUNSEL'S DIGEST

AB 725, as amended, Papan. Finance lenders.

(1) Existing law prohibits a licensed finance lender from conducting the business of making loans within any office, room, or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, except as authorized by the Commissioner of Corporations.

This bill would ~~exempt from that prohibition another business that is conducted by~~ *specify that the products or services of an affiliated company corporation of a licensee that is a supervised financial institution, or a parent or subsidiary of a supervised financial institution that is an affiliate of the licensee, as defined, may be provided, offered, or sold at the licensed location of the licensee without authorization by the commissioner.*

(2) Existing law prohibits a licensed finance lender from transacting business or making a loan under any other name



or place of business than that named in the license except pursuant to a currently effective written order of the commissioner authorizing the other name or other place of business.

This bill would specifically authorize a licensee to ~~transact the business licensed or to~~ make a *any* loan ~~at~~ *and engage in* any other ~~place of business if the transaction is based upon the borrower's request with respect to the other place of business or through electronic means at a place other than the licensed location under specified conditions.~~

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 22154 of the Financial Code is
 2 amended to read:
 3 22154. (a) No licensee shall conduct the business of
 4 making loans under this division within any office, room,
 5 or place of business in which any other business is solicited
 6 or engaged in, or in association or conjunction therewith,
 7 ~~unless the other business is conducted by an affiliated~~
 8 ~~company of the licensee that is a supervised financial~~
 9 ~~institution or a parent or subsidiary thereof or except as~~
 10 *except as* is authorized in writing by the commissioner
 11 upon the commissioner's finding that the character of the
 12 other business is such that the granting of the authority
 13 would not facilitate evasions of this division or of the rules
 14 and regulations made pursuant to this division. ~~As used in~~
 15 ~~this paragraph, "supervised financial institution" means~~
 16 ~~any~~ *An authorization once granted remains in effect until*
 17 *revoked by the commissioner.*
 18 (b) *The products or services of an affiliated*
 19 *corporation of the licensee that is a supervised financial*
 20 *institution, or a parent or subsidiary of a supervised*
 21 *financial institution that is an affiliate of the licensee, may*
 22 *be provided, offered, or sold at the licensed location of the*
 23 *licensee without authorization by the commissioner*
 24 *pursuant to subdivision (a) if (1) the activity is not*
 25 *prohibited by, or in violation of, the laws applicable to the*



1 *affiliate or supervised financial institution, and (2) the*
2 *products and services are not offered and sold in a*
3 *manner that restricts the ability of the borrower or*
4 *customer to individually select or reject a product or*
5 *service that is offered.*

6 (c) *The following definitions govern the construction*
7 *of this section:*

8 (1) *“Affiliated” or “affiliate” means the following: A*
9 *corporation is an affiliate of, or a corporation is affiliated*
10 *with, another specified corporation if it directly, or*
11 *indirectly through one or more intermediaries, controls,*
12 *is controlled by, or is under common control with, the*
13 *other specified corporation.*

14 (2) *“Supervised financial institution” means any*
15 *commercial bank, credit card bank, trust company,*
16 *savings and loan association, savings bank, credit union,*
17 *industrial loan company, California finance lender,*
18 *residential mortgage lender or servicer, or insurer,*
19 *provided that the institution is subject to supervision by*
20 *an official or agency of this state or of the United States.*
21 ~~An authorization once granted remains in effect until~~
22 ~~revoked by the commissioner.~~

23 SEC. 2. Section 22155 of the Financial Code is
24 amended to read:

25 22155. No licensee shall transact the business licensed
26 or make any loan provided for by this division under any
27 other name or at any other place of business than that
28 named in the license except pursuant to a currently
29 effective written order of the commissioner authorizing
30 the other name or other place of business. The
31 commissioner’s order, while effective, shall be deemed to
32 amend the original license issued pursuant to Section
33 22106. ~~Notwithstanding any other provision of this~~
34 ~~section, a licensee may transact the business licensed or~~
35 ~~make any loan provided for by this division at any other~~
36 ~~place of business, under either of the following conditions:~~

37 (a) ~~The borrower makes a request orally or in writing~~
38 ~~to conduct business with respect to a specific transaction~~
39 ~~at a location other than that named in the license. The use~~



1 ~~of a preprinted form shall not constitute a request as used~~
2 ~~in this subdivision.~~

3 ~~(b) The business is conducted through electronic~~
4 ~~means.~~ *provision of this section, a licensee may make any*
5 *loan and engage in any other business provided for by this*
6 *division, other than the business described in subdivision*
7 *(b) of Section 22154, at a place other than the licensed*
8 *location under either of the following conditions:*

9 *(a) The borrower requests, either orally or in writing,*
10 *that a loan be initiated or made at a location other than*
11 *the licensee's licensed location. The use by the licensee of*
12 *a preprinted solicitation form returned to the licensee by*
13 *the borrower shall not constitute a request by the*
14 *borrower that a loan be initiated or made at a location*
15 *other than the licensee's licensed location.*

16 *(b) The licensee makes a solicitation or advertises for,*
17 *or makes an offer of, a loan displayed on "home pages" or*
18 *similar methods by the licensee on the Internet, the*
19 *World Wide Web, or similar proprietary or common*
20 *carrier electronic systems, and the prospective borrower*
21 *may transmit information over these electronic systems*
22 *to the licensee in connection with the licensee's offer to*
23 *make a loan.*

