

Assembly Bill No. 725

CHAPTER 218

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

[Approved by Governor August 4, 1997. Filed with Secretary of State August 4, 1997.]

LEGISLATIVE COUNSEL'S DIGEST

AB 725, 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 specify that the products or services of an affiliated 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 make any loan and engage in any other business at a place other than the licensed location under specified conditions.

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

SECTION 1. Section 22154 of the Financial Code is amended to read:

22154. (a) No licensee shall conduct the business of making loans under this division 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 is authorized in writing by the commissioner upon the commissioner's finding that the character of the other business is such that the granting of the authority would not facilitate evasions of this division or of the rules and regulations made pursuant to this division. An authorization once granted remains in effect until revoked by the commissioner.

(b) The products or services of an affiliated corporation of the licensee that is a supervised financial institution, or a parent or subsidiary of a supervised financial institution that is an affiliate of the licensee, may be provided, offered, or sold at the licensed location of the licensee without authorization by the commissioner pursuant to subdivision (a) if (1) the activity is not prohibited by, or in violation of, the laws applicable to the affiliate or supervised financial institution, and (2) the products and services are not offered and sold in a manner that restricts the ability of the borrower or customer to individually select or reject a product or service that is offered.

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

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

(2) “Supervised financial institution” means any commercial bank, credit card bank, trust company, savings and loan association, savings bank, credit union, industrial loan company, California finance lender, residential mortgage lender or servicer, or insurer, provided that the institution is subject to supervision by an official or agency of this state or of the United States.

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

22155. No licensee shall transact the business licensed or make any loan provided for by this division under any other name or at any other 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. The commissioner’s order, while effective, shall be deemed to amend the original license issued pursuant to Section 22106. Notwithstanding any provision of this section, a licensee may make any loan and engage in any other business provided for by this division, other than the business described in subdivision (b) of Section 22154, at a place other than the licensed location under either of the following conditions:

(a) The borrower requests, either orally or in writing, that a loan be initiated or made at a location other than the licensee’s licensed location. The use by the licensee of a preprinted solicitation form returned to the licensee by the borrower shall not constitute a request by the borrower that a loan be initiated or made at a location other than the licensee’s licensed location.

(b) The licensee makes a solicitation or advertises for, or makes an offer of, a loan displayed on “home pages” or similar methods by the licensee on the Internet, the World Wide Web, or similar proprietary or common carrier electronic systems, and the prospective borrower



may transmit information over these electronic systems to the licensee in connection with the licensee's offer to make a loan.

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