

AMENDED IN ASSEMBLY APRIL 23, 1998

AMENDED IN ASSEMBLY APRIL 13, 1998

CALIFORNIA LEGISLATURE—1997-98 REGULAR SESSION

ASSEMBLY BILL

No. 2088

Introduced by Assembly Member Floyd

February 18, 1998

~~An act to amend Sections 21051, 21200, 21200.1, 21200.6, 21201, 21201.1, 21201.2, 21201.5, 21203, and 21208 of, to add Sections 21204 and 21205 to, to repeal Section 21200.7 of, and to repeal and add Section 21200.5 of, the Financial Code, relating to act to amend Section 21201 of the Financial Code, relating to pawnbrokers.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2088, as amended, Floyd. Pawnbrokers.

Existing law provides a comprehensive scheme for the regulation of pawnbrokers, including property in the possession of a pawnbroker.

~~Existing law sets forth a schedule of maximum compensation and a schedule of charges that may be levied by a pawnbroker, as specified.~~

~~This bill would revise that rate of compensation and would increase various fees that may be charged by a pawnbroker, as specified.~~

~~Existing law authorizes a pawnbroker to collect at the time property is redeemed a handling and storage charge for all items, including certain motor vehicles and boats.~~

~~This bill would eliminate that authorization, except with respect to those motor vehicles and boats. It would revise the charge calculation for those motor vehicles and boats.~~

~~Existing law provides that whenever a pledger, or his or her assignee, loses a pawn ticket, a fee not to exceed \$10 may be charged, as specified.~~

~~This bill would reduce the maximum amount that may be charged for a lost pawn ticket to \$3.~~

~~Existing law requires any property held in pawn which is not subject to a hold to be returned to the pledger immediately upon redemption of the loan, as specified.~~

~~This bill would additionally require the provision of a receipt of any fees paid.~~

~~Existing law requires a pawnbroker to report to the police chief executive or sheriff descriptions of all property received, on a form as specified.~~

~~This bill would authorize the police chief executive or sheriff to charge \$1 per form filled out in handwriting. It would authorize those local law enforcement entities to assist the Department of Justice in developing a computerized system to meet those reporting requirements.~~

~~This bill would exempt certain redeemed property of the original borrower that has become vested in the pawnbroker by foreclosure from being treated as a taxable sale for any purpose.~~

~~A violation of these provisions is a misdemeanor. In expanding the scope of an existing crime the bill would impose a state-mandated local program.~~

~~Existing law requires a pawnbroker, if a pledged article is not redeemed during the specified loan period, to notify the borrower in writing of the termination of the loan period and extending the right of redemption for a period of 10 days from the date of mailing of that notice.~~

~~This bill would require the notice to specify a date certain, which shall constitute the final day of that 10-day period, and shall be a day on which the pawnbroker is open during regular business hours.~~

~~A violation of the provisions regulating pawnbrokers is a crime. By adding new requirements with respect to the notification that must be provided by pawnbrokers to~~



borrowers who fail to redeem their property within the stated loan period, this bill would expand the scope of an existing crime, thereby imposing a state-mandated local program.

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. Section 21051 of the Financial Code is~~
2 *SECTION 1. Section 21201 of the Financial Code is*
3 *amended to read:*
4 21201. Every loan made by a pawnbroker for which
5 goods are received in pledge as security shall be
6 evidenced by a written contract, a copy of which shall be
7 furnished to the borrower. The loan contract shall
8 provide a four-month loan period, shall set forth the loan
9 period and the date on which the loan is due and payable,
10 and shall clearly inform the borrower of his or her right
11 to redeem the pledge during the loan period.
12 Every loan contract shall contain the following notice,
13 in at least 8-point bold face type and circumscribed by a
14 box, immediately above the space for the borrower's
15 signature:
16 "You may redeem the property you have pledged at
17 any time until the close of business on ____ [fill in date
18 four months from date loan begins]. To redeem, you must
19 pay the amount of the loan and the applicable charges
20 which have accrued through the date on which you
21 redeem."
22 Every pawnbroker shall retain in his or her possession
23 every article pledged to him or her for a period of four
24 months. During such period the borrower may redeem
25 the articles upon payment of the amount of the loan and
26 the applicable charges.



1 If any pledged article is not redeemed during the
2 four-month loan period as provided herein, and the
3 borrower and pawnbroker do not mutually agree in
4 writing to extend the loan period, the pawnbroker shall
5 notify the borrower within 30 days after expiration of the
6 loan period. If the pawnbroker fails to notify the borrower
7 within 30 days after the expiration of the loan period, the
8 pawnbroker shall not charge interest from the day after
9 the expiration of the 30-day period. The pawnbroker shall
10 notify the borrower either by registered mail, or by
11 certified mail, or by regular mail for which a certificate
12 of mailing is issued by the United States Postal Service
13 addressed to his or her last known address of the
14 termination of the loan period, and extending the right of
15 redemption for a period of 10 days from *the* date of
16 mailing of ~~such~~ that notice. *The notice shall specify a date*
17 *certain, which shall constitute the final day of that 10-day*
18 *period and shall be a day on which the pawnbroker is*
19 *open during regular business hours.*

20 However, the posted schedule of charges required
21 pursuant to Section 21200.5 shall contain a notice
22 informing the borrower that if he or she desires, the
23 pawnbroker shall send the notice of termination of the
24 loan period by registered or certified mail with return
25 receipt requested, upon prepayment of the mailing costs.
26 If any pledged article is not redeemed within the 10-day
27 period, the pawnbroker shall become vested with all
28 right, title, and interest of the pledgor, or his or her
29 assigns, to the pledged article, to hold and dispose of as his
30 or her own property. Any other provision of law relating
31 to the foreclosure and sale of pledges shall not be
32 applicable to any pledge the title to which is transferred
33 in accordance with this section. The pawnbroker shall not
34 sell any article of pledged property until he or she has
35 become vested with the title to that property pursuant to
36 this section. The sale of pledged property is a
37 misdemeanor pursuant to Section 21209.

38 *SEC. 2. No reimbursement is required by this act*
39 *pursuant to Section 6 of Article XIII B of the California*
40 *Constitution because the only costs that may be incurred*



1 *by a local agency or school district will be incurred*
2 *because this act creates a new crime or infraction,*
3 *eliminates a crime or infraction, or changes the penalty*
4 *for a crime or infraction, within the meaning of Section*
5 *17556 of the Government Code, or changes the definition*
6 *of a crime within the meaning of Section 6 of Article*
7 *XIII B of the California Constitution.*

8 *Notwithstanding Section 17580 of the Government*
9 *Code, unless otherwise specified, the provisions of this act*
10 *shall become operative on the same date that the act*
11 *takes effect pursuant to the California Constitution.*

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Assembly, April 13, 1998 (JR 11)**

