

Assembly Bill No. 1357

Passed the Assembly May 11, 2009

Chief Clerk of the Assembly

Passed the Senate September 2, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 21200 of the Financial Code, relating to pawnbrokers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1357, Coto. Pawnbrokers.

Existing law prohibits a pawnbroker from charging or receiving compensation at a rate exceeding 2.5% per month on that portion of the unpaid principal balance of any loan up to, including, but not in excess of \$225. For other loan amounts, existing law prohibits a pawnbroker from charging or receiving compensation at a rate exceeding specified amounts based upon the unpaid principal balance of the loan. A knowing violation of the laws regulating pawnbrokers is a crime.

This bill would revise these limits on pawnbroker compensation and would instead prohibit a pawnbroker from charging or receiving compensation at a rate exceeding 2.5% per month on the unpaid principal balance of any loan.

Because a knowing violation of this bill's provisions would be a crime, the bill would impose 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.

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

SECTION 1. Section 21200 of the Financial Code is amended to read:

21200. (a) Except as otherwise provided in this chapter, no pawnbroker shall charge or receive compensation at a rate exceeding the sum of the following:

(1) Two and one-half percent per month on the unpaid principal balance of any loan.

(2) A charge not exceeding three dollars (\$3) a month on any loan when the monthly charge permitted by this section would otherwise be less than that minimum charge.

(b) One month's interest may be charged for any part of the month in which pawned property is redeemed.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2009

Governor