

ASSEMBLY BILL

No. 336

Introduced by Assembly Member Dickinson

February 10, 2011

An act to add Section 22343 to the Financial Code, relating to loans.

LEGISLATIVE COUNSEL'S DIGEST

AB 336, as introduced, Dickinson. Consumer loans.

Existing law, the California Finance Lenders Law, provides for the licensure and regulation by the Commissioner of Corporations of those engaged in making consumer loans, as defined. The law makes a willful violation of its provisions a misdemeanor.

This bill would prohibit a licensee from taking the title to a vehicle as security for a consumer loan unless the interest rate for the loan is no greater than 36% and specified disclosures are provided to the consumer.

Because a violation of the 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.

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 22343 is added to the Financial Code, to
2 read:

3 22343. No licensee shall take the title to a vehicle as security
4 for any consumer loan unless the following requirements are
5 satisfied:

6 (a) The annual interest rate for the consumer loan is no greater
7 than 36 percent.

8 (b) The licensee provides the consumer with a disclosure that
9 informs the consumer of the interest rate and any fees or other
10 charges associated with the consumer loan, the consequences for
11 defaulting on the consumer loan, and a complete amortization
12 schedule indicating the total cost to the consumer over the life of
13 the loan. The licensee shall ensure that the consumer has read and
14 understood the disclosure.

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