

# Highlights of 2016 State Chartered Legislation

The legislation noted below is a compendium of many, but not necessarily all, of the chartered bills that may affect or be of interest to DBO licensees. The full text of these bills may be found at: <http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml>

## I. **BANKS AND CREDIT UNIONS**

### **AB 1723 (Dodd)**

Debt Collection.

[AB 1723, Chapter 376, Statutes 2016](#)

(Civil Code)

This bill prescribes under the Identity Theft Resolution Act the time frames within which a debt collector must, if it furnished adverse information about a debtor to a consumer credit reporting agency, investigate the debtor's claim of identity theft and notify the consumer credit reporting agency and creditor concerning the disputed debt. This bill also requires the debt collector to inform the debtor of the results of the investigation and prohibits the creditor from selling the debt after the debt collector ceases collection activities.

The California Debt Collection Practices Act defines "debt collector" as any person who in the ordinary course of business regularly, on behalf of himself or herself or others, engages in debt collection.

### **AB 1784 (Dababneh)**

State banks.

[AB 1784, Chapter 180, Statutes 2016](#)

(Financial Code)

This bill allows state-chartered banks to participate in financial education programs that include receiving deposits or processing withdrawals on school premises, or at a facility used by a school, if certain conditions are met.

### **AB 2258 (Eggman)**

Unclaimed property.

[AB 2258, Chapter 463, Statutes 2016](#)

(Code of Civil Procedure)

This bill amends the Unclaimed Property Law to provide that specific electronic transactions, which are reflected in the books and records of a banking or financial institution, constitute account activity, starting on or before January 1, 2018. This will require banking and financial institutions to consider electronic transactions when determining whether property is unclaimed and subject to escheat. As a result, such transactions will be subject to the three-year timeline used to determine whether such funds or deposits have been abandoned.

### **AB 2274 (Dababneh)**

Credit unions.

[AB 2274, Chapter 463, Statutes 2016](#)

(Financial Code)

This bill amends the California Credit Union Law to allow a credit union to form an audit committee in place of a supervisory committee if specified requirements are met. This bill also makes changes to the functions and statutory requirements of a credit union, the credit union's board of directors and the board's supervisory committee.

## **II. MORTGAGE LENDING**

### **AB 1645 (Dababneh)**

Mortgage guaranty insurance.

[AB 1645, Chapter 62, Statutes 2016](#)

(Insurance Code)

This bill removes the provision in the law that was supposed to become operative January 1, 2018, which limits the amount of risk a mortgage guaranty insurer may cover with mortgage insurance, before reinsurance is required, to 30 percent of the indebtedness on a first lien mortgage. Under the bill, mortgage guaranty insurers will not be subject to the requirement to obtain reinsurance for mortgage insurance coverage beyond 30 percent of an insured's indebtedness.

### **SB 657 (Berryhill)**

The California Residential Mortgage Lending Act: lenders: licensees

[SB 657, Chapter 797, Statutes 2016](#)

(Financial Code)

This bill amends the definition of "lender" under the California Residential Mortgage Lending Act to specify that licensees engaging in loan processing or underwriting activities, but not otherwise originating mortgage loans, do not need to be federally-approved lenders.

### **SB 983 (Morrell)**

Finance lenders: commercial loan: referral

[SB 983, Chapter 170, Statutes 2016](#)

(Financial Code)

This bill increases the base fees a trustee performing a non-judicial foreclosure may charge. This bill also repeals Section 2924.11 of the Civil Code, which is a duplicative section, and makes other technical changes.

### **SB 1150 (Leno)**

Trust and mortgage deeds: successors in interest.

[SB 1150, Chapter 838, Statutes 2016](#)

(Civil Code)

This bill allows successors in interest, as defined, who document ownership interest in the subject real property, to apply to assume the loan of a deceased borrower, or to apply to assume the loan and simultaneously apply for a foreclosure prevention alternative. Successors in interest who wish to assume the deceased's loan and apply for a foreclosure prevention alternative must be afforded California Homeowner Bill of Rights protections, except the "initial contact" requirement. This bill will sunset on January 1, 2020.

### **AB 2562 (Committee on Veteran Affairs)**

Military service: benefits.

[AB 2562, Chapter 332, Statutes 2016](#)

(Military and Veterans Code)

Existing law authorizes a reservist who is called to active duty on and after January 1, 2014, to defer payments on mortgages, credit cards, retail installment accounts and contracts, real property taxes and assessments, vehicle leases and obligations owed to utility companies. A reservist may defer payments for the period of active duty plus 60 calendar days, or 180 days, whichever is less. Existing law provides similar authorization to a reservist who was called to active duty before January 1, 2014 as a part of the Iraq and Afghanistan conflicts.

This bill deletes references to the date a reservist is called to active duty, in both the definition of a reservist and the payment deferral provisions, thereby making the above-described benefits available to any reservist who otherwise meets the definition.

### **AB 2693 (Dababneh)**

Financing requirements: property improvements.

[Chapter 618, Statutes 2016](#)

(Government Code and the Streets and Highways Code)

This bill establishes additional standards property owners must meet to qualify for Property Assessed Clean Energy (PACE) financing. The bill also gives homeowners three days to cancel a PACE contract without penalty or obligation and requires that they are given a detailed financing estimate and disclosure before finalizing a PACE transaction.

## **III. FINANCE LENDERS**

### **SB 777 (Lara)**

California Finance Lenders Law: exemption for commercial loans.

[SB 777, Chapter 478, Statutes 2016](#)

(Financial Code)

This bill exempts from the California Finance Lenders Law until January 1, 2022 a person that makes one commercial loan in a 12-month period. This bill restores the exemption that existed in law prior to 2014.

**SB 984 (Hueso)**

Pilot Program for Increased Access to Responsible Small Dollar Loans.

[SB 984, Chapter 480, Statutes 2016](#)

(Financial Code)

This bill extends the sunset date of the Pilot Program for Increased Access to Responsible Small Dollar Loans (Pilot Program) another five years, from January 1, 2018 to January 1, 2023. This bill requires the Department to recommend whether the Pilot Program should be continued after January 1, 2023. The bill removes a requirement that the Department conduct random sample surveys of borrowers. The bill increases the number of aggregate utilization reports the Department must prepare and post to its website from one report due in 2017 to a total of five reports, due annually on or before July 1, from 2017 through 2021.

**IV. STUDENT LOAN SERVICERS**

**AB 2251 (Stone)**

Student loan servicers: licensing and regulation: Student Loan Servicing Act.

[AB 2251, Chapter 824, Statutes 2016](#)

(Financial Code)

This bill adds a new Division, the “California Student Loan Servicing Act (Act),” to the Financial Code. The Act requires servicers to adhere to specified borrower protections when servicing student loans. The bill also expands the authority of the Commissioner of Business Oversight to include the licensure, regulation and oversight of student loan servicers. This bill prohibits a person from acting as a student loan servicer without a license, unless exempt. This new Division becomes operative on July 1, 2018. The Commissioner may take action on and after January 1, 2017, as authorized under the Division to prepare for the July 1, 2018 operative date.

**V. ESCROW**

**AB 2416 (Wilk)**

Escrow agent rating service.

[AB 2416, Chapter 135, Statutes 2016](#)

(Civil Code)

This bill extends for another five years, until January 1, 2022, the sunset date on a law that requires escrow agent rating services to comply with specific sections of the California Consumer Credit Reporting Agencies Act. Specifically, this bill continues to allow an escrow agent to inspect all files maintained by a rating company regarding that agent and to dispute and correct inaccurate information. This bill also continues to require

until January 1, 2022 that a rating company establish policies and procedures to safeguard any personally identifiable information it obtains from an escrow agent.

## **VI. REAL ESTATE**

### **AB 1807 (Bonta)**

Real estate licensees

[AB 1807, Chapter 558, Statutes 2016](#)

(Business and Professions Code)

This bill allows a real estate licensee to request the removal of a disciplinary action from the Bureau of Real Estate's (BRE) website if it has been posted for at least 10 years. In evaluating a petition, the BRE's Commissioner must consider other violations since the posting of the discipline action requested for removal. The real estate licensee must pay a fee, submit a petition and provide evidence that demonstrates the posting is no longer required to protect the public. This bill authorizes the BRE to develop regulations to determine the amount of the fee and the information a licensee's petition must include. AB 1807 also requires the BRE to maintain and update a list of all licensees whose disciplinary records are altered as a result of the petition process and to make the list available to other licensing bodies. This bill will become operative on January 1, 2018.