

PROPOSED CHANGES UNDER THE
CALIFORNIA FINANCE LENDERS LAW
CALIFORNIA RESIDENTIAL MORTGAGE LENDING ACT
MODIFIED: JULY 23, 2015

(Additions shown by double underline and deletions shown by double strikethrough)

1. Adopt Section 1422.3 to read:

~~§ 1422.3. Operating Subsidiaries, Affiliates, and Agents.~~

~~(a) For purposes of subdivision (a) of Section 22050 of the Code, a nondepository subsidiary, affiliate, or agent of a commercial bank, savings and loan association, savings bank or credit union is not exempt from licensure unless it is a subsidiary, affiliate, or agent that is chartered as a national bank or federal savings association.~~

~~(b) Notwithstanding subsection (a), a nondepository operating subsidiary of a federally chartered commercial bank, savings and loan association, savings bank, or credit union is exempt from licensure under subsection (a) of Section 22050 of the Code if the nondepository operating subsidiary does not engage in the business of making consumer loans in this state~~

§ 1422.3. Certain consumer lenders not exempt from licensure.

(a) For purposes of subdivision (a) of Section 22050 of the Code,

(1) no bank holding company or savings and loan holding company,

(2) no subsidiary of a bank, trust company, savings and loan association or credit union, which subsidiary is doing business under the laws of any state or the United States relating to its parent financial institution,

(3) no subsidiary of a bank holding company and

(4) no subsidiary of a savings and loan holding company, that engages in the business of making consumer loans in this state, shall be exempt from licensure unless

such person is expressly identified as exempt in Section 22050(a) of the Code or exempted by the Code from licensure under a provision other than Section 22050(a).

(b) For purposes of subsection (a)(1) and (a)(3), the terms “bank holding company” and “subsidiary” mean a bank holding company or subsidiary, respectively, as defined in Chapter 17 (commencing with Section 1841) of Title 12 of the United States Code. For purposes of subsection (a)(1) and (a)(4), the terms “savings and loan holding company” and “subsidiary” mean a savings and loan holding company or subsidiary, respectively, as defined in Section 10 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. § 1467a). For purposes of subsection (a)(2), the terms “bank,” “trust company,” “savings and loan association” and “credit union” shall have the definitions ascribed to such terms in Chapter 1 of Division 1 of the Code, and the term “subsidiary” means a subsidiary as defined in Title 10, Section 10.170 of the California Code of Regulations. For avoidance of doubt, the term “bank” shall be deemed to include a national bank, as such term is defined in Section 189 of the Code, and the term “savings and loan association” shall be deemed to include a Federal savings association or Federal savings bank that is chartered under Section 5 of the Home Owners’ Loan Act of 1933, as amended (12 U.S.C. Section 1464).

(c) This section shall become operative 180 days after the effective date of this section.

Note: Authority cited: Sections 22100 and 22150, Financial Code. Reference: Section 22050, Financial Code.

2. Adopt Section 1950.122.4.2 to read:

~~§ 1950.122.4.2. Operating Subsidiaries, Affiliates, and Agents.~~

~~For purposes of subdivision (c) of Section 50002 of the Code, a nondepository subsidiary, affiliate, or agent of a commercial bank, savings and loan association, savings bank or credit union is not exempt from licensure pursuant to Section 50002 of the Code unless it is a subsidiary, affiliate, or agent that is chartered as a national bank or federal savings association.~~

§ 1950.122.4.2. Certain consumer lenders not exempt from licensure.

(a) For purposes of subdivision (c) of Section 50002 of the Code,

(1) no bank holding company or savings and loan holding company,

(2) no subsidiary of a bank, trust company, savings and loan association or credit union, which subsidiary is doing business under the laws of any state or the United States relating to its parent financial institution,

(3) no subsidiary of a bank holding company and

(4) no subsidiary of a savings and loan holding company, that engages in the business of making consumer loans in this state, shall be exempt from licensure unless such person is expressly identified as exempt in Section 50002(c) of the Code or exempted by the Code from licensure under a provision other than Section 50002(c).

(b) For purposes of subsection (a)(1) and (a)(3), the terms “bank holding company” and “subsidiary” mean a bank holding company or subsidiary, respectively, as defined in Chapter 17 (commencing with Section 1841) of Title 12 of the United States Code. For purposes of subsection (a)(1) and (a)(4), the terms “savings and loan holding company” and “subsidiary” mean a savings and loan holding company or subsidiary, respectively, as defined in Section 10 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. § 1467a). For purposes of subsection (a)(2), the terms “bank,” “trust company,” “savings and loan association” and “credit union” shall have the definitions ascribed to such terms in Chapter 1 of Division 1 of the Code, and the term

“subsidiary” means a subsidiary as defined in Title 10, Section 10.170 of the California Code of Regulations. For avoidance of doubt, the term “bank” shall be deemed to include a national bank, as such term is defined in Section 189 of the Code, and the term “savings and loan association” shall be deemed to include a Federal savings association or Federal savings bank that is chartered under Section 5 of the Home Owners’ Loan Act of 1933, as amended (12 U.S.C. Section 1464).

(c) This section shall become operative 180 days after the effective date of this section.

Note: Authority cited: Section 50304, Financial Code. Reference: Section 50002, Financial Code.