

**DEPARTMENT OF BUSINESS OVERSIGHT***Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

DEPARTMENT OF BUSINESS OVERSIGHT  
 1515 K STREET, SUITE 200  
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NOTICE OF MODIFICATIONS TO PROPOSED REGULATIONS UNDER THE  
 CALIFORNIA FINANCE LENDERS LAW AND  
 THE CALIFORNIA RESIDENTIAL MORTGAGE LENDING ACT

To Interested Persons:

On October 24, 2014, the Commissioner of Business Oversight published a Notice of Rulemaking Action to adopt Section 1422.3 within article 1 of subchapter 5, and Section 950.122.4.2 within article 2 of subchapter 11.5, of title 10, chapter 3 of the California Code of Regulations (see California Regulatory Notice Register 2014, No. 43-Z). The proposed sections relate to the exemption for certain financial institutions under the California Finance Lenders Law and the California Residential Mortgage Lending Act.

After consideration of public comments, the Commissioner is proposing additional changes to the proposed sections. A copy of the proposed revisions is being made available to the public in accordance with the requirements of Government Code Section 11346.8(c). The text showing modifications to proposed Section 1422.3 and Section 950.122.4.2 is attached. The originally proposed additions to the section are shown in single underline, and the additional changes proposed by this notice are shown by double underlining of additions and double strike-out of deletions. The public may submit comments on the proposed changes, as described more fully below.

**DESCRIPTION OF CHANGES**

The proposed changes would clarify that the rule is only applicable to consumer lenders, and specifically identify the types of entities that may not rely on the exemptions for depository institutions in the licensing laws. In addition, the proposed changes would provide that the sections are not operative until 180 days after the effective date of the sections.

The initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available on the Department of Business Oversight's website at [www.dbo.ca.gov](http://www.dbo.ca.gov), and from the Legal Division of the Department of Business Oversight. As required by the Administrative Procedure Act, the Office of Legislation and Policy maintains a hearing file containing all the information

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upon which the proposal is based. The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed regulation changes may be directed to Dan Warren at (916) 322-3553.

### **15-DAY COMMENT PERIOD**

Any interested person may submit written comments regarding the changes from the originally proposed amendments by written communication addressed as follows:

Commissioner of Business Oversight  
Attn: Dan Warren, Regulations Coordinator, Legal Division  
1515 K Street, Suite 200  
Sacramento, CA 95814

Comments must be received by August 7, 2015. Written comments may also be sent to Dan Warren via electronic mail at [regulations@dbo.ca.gov](mailto:regulations@dbo.ca.gov) or via fax at (916) 322-5875.

The proposed changes to the Commissioner's rules in the text accompanying this notice are not yet effective, and will not be effective until approved by the Office of Administrative Law and filed with the Secretary of State in accordance with Government Code Section 11349.3. Questions regarding the content of this notice may be directed to Dan Warren at (916) 322-3553.

Dated: July 23, 2015  
Sacramento, California