

DEPARTMENT OF BUSINESS OVERSIGHT
1515 K STREET, SUITE 200
SACRAMENTO, CA 95814

NOTICE OF MODIFICATIONS TO TEXT OF
PROPOSED REGULATION

Pursuant to the requirements of Government Code Section 11346.8(c), and section 44, Title 1 of the California Code of Regulations, the Department of Business Oversight is providing notice of changes made to proposed regulation Title 10, Sections 260.210, 260.211, 260.211.1, 260.231, 1422, 1422.7, 1423, 1430, 1581, 1582, 1805.204, and 1950.122.8, as published in the California Regulatory Notice Register 2012, No. 50-Z. The changes to the annual report required under the California Finance Lenders Law in Section 1430 are in response to comments received regarding the proposed regulation, and the changes to Section 1422 are proposed by the Department of Business Oversight to clarify the application information filed by licensees under the California Finance Lenders Law. The Department of Business Oversight also proposes other non-substantive changes throughout the text to amend Department-specific information as a result of the reorganization of state departments. Additions are shown by double underlining and deletions are shown by double strike-out.

Effective July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight, in accordance with the Governor's Reorganization Plan 2 (GRP 2), a reorganization of state departments and agencies to provide services more efficiently and effectively. The Department of Business Oversight has all of the powers, authority, enforcement, jurisdiction, laws and regulations that were under the former Department of Corporations and former Department of Financial Institutions.

The Department of Business Oversight licenses and regulates businesses engaged in financial transactions that were under the former Department of Corporations, such as mortgage loan originators, finance lenders, securities broker-dealers, investment advisers and securities depositories.

If you have any comments regarding the proposed changes, the Department of Business Oversight will accept written comments between August 14, 2013 and August 29, 2013. All written comments must be submitted to the Department of Business Oversight no later than 5:00 p.m. on August 29, 2013, and address to:

Karen Fong, Staff Service Analyst
Department of Business Oversight
Law and Policy Division
1515 K Street, Suite 200
Sacramento, California 95814
(916) 322-3553
Regulations@dbo.ca.gov

All written comment received by August 29, 2013, which pertain to the indicated changes will be reviewed and responded to by the Department staff as part of the

compilation of the rulemaking file. Please limit your comments to the modifications to the text. If the final day for the acceptance of comments is a Saturday, Sunday or state holiday, the comment period will close at 5 p.m. on the next business day.

REASONS FOR CHANGES

The Department of Business Oversight is proposing material changes to Section 1430 concerning adoption of the annual report form filed by lenders and brokers under the California Finance Lenders Law (Financial Code section 22159). Effective with the 2013 annual reports filed on or before March 15, 2014, the material changes would:

1. Amend the information reported in existing Schedule G on loans made or refinanced to require more detailed data on the interest rates charged by type of consumer loan.
2. Amend existing Schedule I, Sale of Loans to Institutional Investors and Loans Serviced, to require reporting of additional information on loans that were sold under a licensing authority other than the California Finance Lenders Law.
3. Delete the requirement to provide information on date of birth and driver's licenses in the directory of directors, officers and other persons in Schedule K.
4. Amend existing Schedule M, Additional Loan Information, to require reporting on foreclosures of residential real properties for the calendar year under the California Foreclosure Reduction Act and the single point of contact requirement in Civil Code section 2923.7.
5. Require reporting of additional data on repossessions and sales of loan collateral concerning consumer loans, including auto title loans and other types of secured loans, in existing Schedule N, Schedule of Loan Activity.
6. Require reporting of information on default rates by type of loan in a new schedule, Schedule O, and exempt from public inspection individual information filed by a licensee in Schedule O. The individual information in Schedule O filed by licensees will be consolidated into one composite annual report, which will be available as a public record.

The Department of Business Oversight is also proposing non-substantive changes to Section 1422 regarding the application for a license under the California Finance Lenders Law; non-substantive changes throughout the proposed text to amend the references to the Commissioner of Corporations to the Commissioner of Business Oversight, the California Corporations Commissioner to the Commissioner of Business Oversight, the Department of Corporations to the Department of Business Oversight, and the Department's former website www.corp.ca.gov to the Department's new website www.dbo.ca.gov; and other non-substantive changes related to editing.

The initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available at the Department of Business Oversight's website www.dbo.ca.gov. The rulemaking file is available for public inspection and copying throughout the rulemaking process at the Department of

Business Oversight, Law and Policy Division, 1515 K Street, Suite 200, Sacramento, California 95814.

The proposed changes to the Department of Business Oversight'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.

Dated: August 14, 2013
Sacramento, California