

THE CALIFORNIA CORPORATIONS COMMISSIONER HEREBY
ADOPTS THE FOLLOWING NONSUBSTANTIVE CHANGES IN THE
REGULATIONS UNDER THE CALIFORNIA FINANCE LENDERS LAW
AS SET FORTH IN CHAPTER 3, TITLE 10,
CALIFORNIA CODE OF REGULATIONS
EFFECTIVE APRIL 24, 2005

1. Amend Section 1556 to read:

1556. Credit Instruments: Limitations.

(a) "Guaranteed loan offer" as used in this section means an offer by a finance company that purports to be a firm offer or guarantee or commitment that the finance company will make a loan to the individual or individuals named in the offer.

(b) A finance company shall not be permitted to make a guarantee loan offer unless the following conditions are met:

(1) The complete offer package and any related advertising copy (the "Package") have been submitted to the Commissioner for examination and the Commissioner has notified ~~said~~ the company in writing that the use of the Package is not disapproved.

(2) The finance company makes the offer to an individual or individuals specifically named in the offer. The finance company may require each individual so named in the offer to be obligated on the loan.

(3) The finance company expressly agrees to make a loan or loans of an stated amount or amounts (or up to a definitely stated or determinable maximum amount or amounts) at a rate or rates not to exceed a stated annual percentage rate or rates, upon presentation of the offer, and without any credit investigation.

(4) The finance company expressly agrees (A) to make the loan without security or (B) to make a loan secured by personal property as described in Section 22009 without considering the value of or insuring the security.

(5) The offer is dated accurately as of the date of issue and contains a termination date effective not more than 12 months from the date of issuance by the finance company.

(6) The offer is not a facsimile of a check, draft, bond, insurance policy, or any other form of commercial paper, which would tend to be false, misleading or deceptive.

(7) The offer clearly shows that a loan and repayment thereof, together with charges thereon, is involved.

(8) The offer specifies the location at which the loan will be made.

(9) The offer specifies that the finance company's loans are made pursuant to a California Finance Lenders license.

(c) The guaranteed loan offer may contain any of the following provisions:

(1) The finance company will honor the offer only if the prospective borrower or borrowers does not have a current loan balance outstanding with the finance company.

(2) The prospective borrower or borrowers will be required to choose between all outstanding guaranteed loan offers.

(3) The finance company will honor the offer only if the prospective rent loan balance outstanding with the finance company.

(d) Within twenty-five (25) calendar days from the receipt of the Package under subsection (b)(1) of this rule, the Commissioner shall inform the finance

company, in writing, that the Package is not disapproved, or that the Package is disapproved and specify information needed to complete the Package. Within twenty-five (25) calendar days from the receipt of a complete Package, the Commissioner shall reach a decision on the Package. The Commissioner's median, minimum, and maximum times for processing a Package are nineteen (19) calendar days, six (6) calendar days, and thirty-six (36) calendar days, respectively, from the acceptance of the initial package of the initial package of the final decision on the Package, based on the Commissioner's actual performance during the two years immediately preceding the proposal of this subsection.

(e) The finance company shall comply with the terms stated in the offer when the offer is accepted by the prospective borrower or borrowers.

(f) The Commissioner may, by order, exempt any finance company from the requirements of submitting any Package for examination under subsection (b)(1) of this rule if the Commissioner finds the finance company has been in substantial compliance with the Law or any regulation or order regarding advertising for a period of not less than 12 months immediately prior to the effective date of the order. Any order issued pursuant to this subsection shall continue in effect until it expires by its terms or until the order is revoked by the Commissioner.

(g) For an instant loan check or a live check, the finance company shall comply with Financial Code Section 22342.

NOTE: Authority cited: Section 22150, Financial Code. Reference: Sections 22150, 22161, 22162, 22163, 22164, and 22165 and 22342, Financial Code.