

Highlights of 2019 Chaptered Legislation

The legislation noted below is a compendium of many, but not necessarily all, of the chaptered bills that may affect or be of interest to Department of Business Oversight (DBO) licensees. The full text of these bills may be found at:

<http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml>

AB 539 (Limón)

California Financing Law: consumer loans: charges.

[AB 539, Chapter 708, Statutes of 2019](#)

(Financial Code)

This bill limits interest charges for loans with a principal amount of \$2,500 but not more than \$10,000 to an annual simple interest rate of 36 percent plus the Federal Funds Rate. The bill also prohibits prepayment penalties except for loans secured by real property, and requires that fees paid to a licensee for the privilege of participating in an open-end credit program are considered “charges” that are counted toward the maximum permitted interest rate.

AB 857 (Chiu)

Public banks.

[AB 857, Chapter 442, Statutes of 2019](#)

(Financial Code, Government Code, and Revenue and Taxation Code)

This bill creates a process for a local agency to establish a public bank, subject to specific requirements. Among other things, the bill requires a public bank to obtain a certificate of authorization to transact business as a bank and to obtain Federal Deposit Insurance Corporation (FDIC) insurance. This bill authorizes a public bank to engage in banking activities, including infrastructure lending, wholesale lending, and participation lending.

AB 945 (McCarty)

Local government: financial affairs: surplus funds.

[AB 945, Chapter 619, Statutes of 2019](#)

(Government Code)

This bill, beginning January 1, 2020, authorizes a local agency to invest and deposit the agency’s surplus funds in deposits at certain types of financial institutions whether those investments are in certificates of deposit or another form. The bill, from January 1, 2020, until January 1, 2026, also increases the percentage of funds that can be so invested by a city, district, or other local agency that does not pool money in deposits or investments with other local agencies with a different governing body. The bill, on and after January 1, 2026, authorizes those same cities, districts, and agencies to invest up to 30 percent of the agency’s surplus funds in the same manner.

AB 1346 (Medina)

Postsecondary education: California Private Postsecondary Education Act of 2009: Student Tuition Recovery Fund.

[AB 1345, Chapter 521, Statutes of 2019](#)

(Education Code)

This bill allows an eligible California student of a Corinthian Colleges, Inc., institution who was residing in California and attending a campus on or after January 1, 2010, or a student of a Corinthian College who was enrolled as of June 20, 2014, or withdrew within 120 days of that date, to receive payment from the Student Tuition Recovery Fund. The bill additionally expands the definition of economic loss for these purposes.

SB 187 (Wieckowski)

Rosenthal Fair Debt Collection Practices Act.

[SB 187, Chapter 545, Statutes of 2019](#)

(Civil Code)

This bill provides California residents with expanded consumer protections against unfair mortgage debt collection practices. The bill clarifies and expands the definition of “consumer debt” under the Rosenthal Fair Debt Collection Practices Act to include mortgage debt. The bill removes the exemption for “an attorney or counselor at law” from the definition of the term “debt collector” in the Act and makes several non-substantive, technical corrections to the law.

SB 222 (Hill)

Discrimination: veteran or military status.

[SB 222, Chapter 601, Statutes of 2019](#)

(Government Code)

The bill prohibits any person, including landlords, banks, and real estate agents, from discriminating against persons seeking to rent, buy, or sell a home based on veteran or military status. The bill also prohibits landlords from discriminating against persons seeking to rent a home based solely on the fact that the tenant pays part or all of their rent using a Veterans Affairs Supportive Housing (HUD-VASH) voucher.

SB 306 (Morrell)

Mortgages and deeds of trust: trustee substitutions.

[SB 306, Chapter 474, Statutes of 2019](#)

(Civil Code)

The bill expressly authorizes a trustee named in a deed of trust to resign as trustee at any time or refuse to accept appointment as trustee, requires the trustee to give written notice of resignation or such refusal to all beneficiaries or their agents and to record that notice, and provides that the resignation or refusal is effective when the notice is recorded. The bill also clarifies that the resignation or refusal does not affect the validity of the underlying deed of trust and no action may be taken under the deed of trust until a new trustee is named.

SB 329 (Mitchell)

Discrimination: housing: source of income.

[SB 329, Chapter 600, Statutes of 2019](#)

(Government Code)

For purposes of the California Fair Employment and Housing Act, which prohibits housing discrimination, this bill defines “source of income” to mean verifiable income paid directly to a tenant or representative of a tenant, or to a housing owner or landlord on behalf of a tenant, including federal, state, or local public assistance and housing subsidies. The bill also specifies that for the purposes of this definition, a housing owner is not considered a representative of a tenant.

SB 455 (Bradford)

Financial Empowerment Fund: unbanked and underbanked populations.

[SB 455, Chapter 478, Statutes of 2019](#)

(Financial Code)

This bill requires the DBO, or a third-party contractor, to administer a grant program to provide nonprofit organizations that meet certain criteria grants of up to \$100,000 per applicant to assist unbanked and underbanked consumers. This bill transfers \$4 million, plus the DBO’s administrative costs, from the State Corporations Fund to fund this program. The bill places a 15 percent cap on the grantee’s administrative costs and a 15 percent cap on the third-party contractor’s administrative costs, if the DBO opts to contract. The bill requires each grantee to submit a report and requires the Department to post an annual online summary of the grantees’ reports beginning on or before December 31, 2021. The bill contains a sunset date of January 1, 2025.

SB 496 (Moorlach)

Financial abuse of elder or dependent adults.

[SB 496, Chapter 351, Statutes of 2019](#)

(Business and Professions Code)

This bill makes broker dealers and investment advisors mandated reporters of suspected financial abuse of an elder or dependent adult. In addition, the bill authorizes broker dealers and investment advisors to notify a previously designated trusted contact of the financial abuse, and temporarily delay a requested disbursement from the victim’s account. The bill also requires broker dealers and investment advisors to notify the Department of Business Oversight (DBO), among other entities, of delayed disbursements.

SB 639 (Mitchell)

Medical services: credit or loan.

[SB 639, Chapter 856, Statutes of 2019](#)

(Business and Professions Code)

The bill increases protections for patients who obtain financial products to pay healing arts licensees, such as chiropractors and plastic surgeons, by limiting the licensees’ involvement in patients’ obtainment of such financial products. The bill also improves the disclosures regarding the financial products that must be provided to patients.