

Highlights of 2022 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 licensees of the Department of Financial Protection and Innovation (DFPI). Unless otherwise noted, these bills will go into effect January 1, 2023.

If you have any questions about these bills, please contact your program contact or email ask.dfpi@dfpi.ca.gov.

The full text of these bills may be found at:
<https://leginfo.legislature.ca.gov/faces/home.xhtml>

Major Legislation

- **AB 676 (Holden)**

Franchises.

[AB 676, Chapter 728, Statutes of 2022](#)

(Business and Professions Code and Corporations Code)

AB 676 increases protections for franchisees by 1) prohibiting any franchise agreements that require a franchisee to waive existing laws and protections, 2) prohibiting a franchisor from discriminating against franchisees based on protected characteristics (such as race) or modifying a franchise agreement in exchange for any state or federal emergency assistance (such as pandemic relief), and 3) outlining specific timelines for the franchisee application process.

- **AB 1745 (Nguyen)**

Trusts: notifications.

[AB 1745, Chapter 30, Statutes of 2022](#)

(Probate Code)

AB 1745 specifies that the 120-day period for a person to bring an action to contest a trust only applies when a revocable trust becomes irrevocable upon the death of a settlor of the trust or because of a contingency related to the death of a settlor of the trust.

- **AB 1837 (Mia Bonta)**

Residential real property: foreclosure.

[AB 1837, Chapter 642, Statutes of 2022](#)

(Civil Code)

AB 1837 closes loopholes for investor corporations who often outbid homebuyers in the foreclosure auction process by 1) requiring eligible tenant buyers to disclose certain information, 2) narrowing definitions of an eligible bidder, and 3) changing bid filing procedures to prevent companies from submitting successive and last-day bids. The bill would explicitly allow the Attorney General and public attorneys to pursue legal action to enforce this law. The bill also requires private entities that buy property at a foreclosure auction to sell the property at an affordable housing cost or rent it out as an affordable rent for 30 years or more. This bill extends the sunset date on the foreclosure auction process and related processes from January 1, 2026, to January 1, 2031.

- **AB 1866 (Chen)**

Irrevocable trusts: limitations.

[AB 1866, Chapter 32, Statutes of 2022](#)

(Probate Code)

AB 1866 prohibits a settlor from being considered a beneficiary of an irrevocable trust created by the settlor solely by reason of a discretionary authority vested in the trustee to pay directly or reimburse the settlor for any federal or state income tax on trust income or principal that is payable by the settlor, and would prohibit a transferee or creditor of the settlor from being entitled to reach any amount solely by a reason of that discretionary authority.

- **AB 1904 (Grayson)**

Consumers Legal Remedies Act: covered person.

[AB 1904, Chapter 324, Statutes of 2022](#)

(Civil Code)

AB 1904 requires direct marketing disclosures by entities regulated under the California Consumer Financial Protection Law (CCFPL). Specifically, this bill requires a covered person under CCFPL, or an entity acting on behalf of that person, to include in a solicitation the name of the covered person, contact information, and a disclosure that a consumer need not make a payment in response to the offer.

- **AB 2001 (Grayson)**

California Financing Law: remote work.

[AB 2001, Chapter 181, Statutes of 2022](#)

(Financial Code)

AB 2001 allows a California Financing Law licensee, including a finance lender, Property Assessed Clean Energy (PACE) program administrator, broker, or mortgage loan originator licensee, to permit their employees to telework under certain conditions, including, among other things, that the licensee 1) prohibits the employee from physically storing a consumer's personal information at the

remote location unless stored on an encrypted device or media, 2) prohibits in-person consumer interactions (including physically receiving cash) at a remote location, and 3) makes available to the Department of Financial Protection and Innovation (DFPI) Commissioner at a licensed location all books, records, and persons that the Commissioner is entitled to examine, inspect, or interview.

- **AB 2380 (Maienschein)**

Online pet retailers: retail financing options.

[AB 2380, Chapter 548, Statutes of 2022](#)

(Health and Safety Code)

AB 2380 prohibits an online pet retailer from offering, brokering, making a referral for, or otherwise facilitating a loan or other financing option for the purchase or adoption of a cat, dog, or rabbit and defines “online pet retailer.” This bill does not apply to service animals.

- **AB 2424 (Blanca Rubio)**

Credit services organizations.

[AB 2424, Chapter 965, Statutes of 2022](#)

(Civil Code)

AB 2424 imposes upon credit services organizations (CSOs) additional prohibitions and disclosure requirements and requires the Department of Justice to post an online list of CSO registrants. CSOs, currently registered by the Department of Justice, are persons who, in exchange for payment, promise to improve a consumer’s credit record, history, or rating, obtain a loan for a consumer, or advise consumers about these services.

- **SB 956 (Wieckowski)**

Enforcement of money judgments: exemptions.

[SB 956, Chapter 25, Statutes of 2022](#)

(Code of Civil Procedure)

SB 956 specifies that the alternative exemption for money held in a Scholarshare account will instead be limited to an amount not to exceed the amount of the annual gift exclusion under Section 2503(b) of the Internal Revenue Code of 1986, as amended, in effect at the time of filing of the debtor’s petition for bankruptcy. The bill will specify that the exemption applicable to the enforcement of a money judgment for money held in a Scholarshare account will instead be limited to contributions to the account, as specified, prior to the date of entry of a money judgment and not to exceed the amount of the annual gift exclusion under Section 2503(b) of the Internal Revenue Code of 1986, as amended, in effect at the time of entry of the money judgment. The bill will

expressly specify that the amounts of these exemptions are not subject to adjustment by the Judicial Council.

- **SB 975 (Min)**

Debt: coerced debts.

[SB 975, Chapter 989, Statutes of 2022](#)

(Civil Code)

SB 975 defines coerced debt as a debt incurred in the name of a debtor through duress, intimidation, threat, force, or fraud. The bill also provides a path for victims of abuse who have been coerced into taking on debt to seek relief from those debts while allowing the creditor to go after the abuser to collect the debt.

- **SB 1099 (Wieckowski)**

Bankruptcy: debtors.

[SB 1099, Chapter 716, Statutes of 2022](#)

(Civil Code, Code of Civil Procedure, Financial Code)

SB 1099 makes various changes to the debtor's rights in a bankruptcy petition. Among other things, the bill 1) allows a bankrupt debtor to exempt more asset categories from distribution to creditors, and 2) increases the exemption dollar value amount for cars.

- **SB 1202 (Limón)**

Business entities: Secretary of State: document filings.

[SB 1202, Chapter 617, Statutes of 2022](#)

(Business and Professions Code, Civil Code, Corporations Code, Revenue and Taxation Code)

SB 1202 corrects the California Corporations Code by changing the Department of Financial Protection and Innovation's (DFPI) name from the previous name of Department of Business Oversight (DBO).

- **SB 1348 (Bradford)**

Escrow agents: controlled substances.

[SB 1348, Chapter 846, Statutes of 2022](#)

(Financial Code)

SB 1348 removes offenses involving controlled substances from a list of criminal offenses that automatically disqualify applicants from obtaining an escrow license from the Department of Financial Protection and Innovation (DFPI).

- **SB 1396 (Bradford)**

Tenancy: credit reporting: lower income households: evaluation.

[SB 1396, Chapter 670, Statutes of 2022](#)

(Civil Code)

Requires the Department of Financial Protection and Innovation to select an independent evaluator to conduct an evaluation and prepare a report on the impact of rental payment reporting to the credit bureaus. The bill requires the evaluator to complete, post and deliver the report to legislative committees by January 1, 2025.

- **SB 1415 (Limón and Bradford)**

SB 1415 Financial Institutions Law: annual report: overdraft.

[SB 1415, Chapter 847, Statutes of 2022](#)

(Financial Code)

SB 1415 requires banks and credit unions regulated by the Department of Financial Protection and Innovation (Department) to report to the Department the amount of revenue earned from overdraft fees and nonsufficient funds fees collected in the most recently completed calendar year and the percentage of that revenue as a proportion of the net income of the bank or credit union.

- **SB 1477 (Wieckowski)**

Enforcement of judgments: wage garnishment.

[SB 1477, Chapter 849, Statutes of 2022](#)

(Code of Civil Procedure)

SB 1477 provides that the maximum amount of disposable earnings of a judgment debtor for any workweek that is subject to levy must not exceed the lesser of 20% of the individual's disposable earnings for that week or 40% of the amount by which the individual's disposable earnings for that week exceed 48 times the state minimum hourly wage. The bill will reduce the multipliers used to determine the maximum amount of earnings subject to levy for any pay period other than a weekly pay period. The bill will make these provisions operative on September 1, 2023.

- **SB 1498 (Committee on Banking and Financial Institutions)**

Financial institutions: Department of Financial Protection and Innovation: money transmission.

[SB 1498, Chapter 452, Statutes of 2022](#)

(Business and Professions Code, Civil Code, Code of Civil Procedure, Corporations Code, Education Code, Financial Code, Government Code, Insurance Code, Labor Code, Penal Code, Probate Code, Public Resources Code, Welfare and Institutions Code)

SB 1498 makes technical changes to the Financial Code. Specifically, this bill 1) updates outdated references to DFPI's former name, 2) corrects the DFPI's contact information on an existing money transmission notice, 3) updates references to recently changed federal regulations, and 4) clarifies the definition of money transmission to only cover transactions with a person located in California.