

THE CALIFORNIA CORPORATIONS COMMISSIONER HEREBY ADOPTS
THE FOLLOWING CHANGES IN THE REGULATIONS UNDER THE
CALIFORNIA FINANCE LENDERS LAW
AS SET FORTH IN CHAPTER 3, TITLE 10,
CALIFORNIA CODE OF REGULATIONS
EFFECTIVE: DECEMBER 21, 2011

1. Section 1580 is adopted to read:

Article 13. Pilot Program for Affordable Credit-Building Opportunities.

Subarticle 1. General Provisions.

§ 1580. Notice of Changes to Finders: Reporting New or Change in Business
Location of Finders.

(a) A licensee shall report any change to the information contained in the finder
registration form to the California Corporations Commissioner within fifteen (15) days of
the change. The notice shall be in writing and signed by the licensee.

(b) Any change in the business location of a finder registered with the
Department, including a new location, shall include in the notice the physical address of
the new or changed business location, the physical address of the previous business
location, the effective date of the change, and the name and contact information,
including telephone number, of an employee or employees of the finder who is or are
responsible for the activities of the finder at that new or changed business location.

Note: Authority cited: Section 22150, Financial Code. Reference: Sections
22356(b)(4) and 22357, Financial Code.

2. Section 1581 is adopted to read:

Subarticle 2. Application and Registration.

§ 1581. Application under the Affordable Credit-Building Opportunities Program:
Form.

(a) The application under the Affordable Credit-Building Opportunities program pursuant to Section 22349 of the Financial Code shall be filed upon the form set forth in subdivision (c) of this section.

(b) Within 30 calendar days from the receipt of the application, the California Corporations Commissioner shall inform the applicant in writing, that the application is complete and the licensee is approved to participate in the program or disapproved, and if disapproved, the reason(s) for disapproval; or that the application is deficient and specify what information is required to complete the application.

(c) An application to make loans under the Affordable Credit-Building Opportunities program shall be submitted to the California Corporations Commissioner on the following form:

STATE OF CALIFORNIA
DEPARTMENT OF CORPORATIONS

INFORMATION ON THE APPLICATION FOR
THE PILOT PROGRAM FOR
AFFORDABLE CREDIT-BUILDING OPPORTUNITIES
UNDER THE CALIFORNIA FINANCE LENDERS LAW

The following is provided as general information for finance lenders licensed under the California Finance Lenders Law who wish to participate in the Pilot Program for Affordable Credit-Building Opportunities in accordance with Financial Code Section 22349.

GENERAL INFORMATION

Senate Bill 1146 (Chap. 640, Stats. 2010) was signed into law on September 30, 2010 and is operative January 1, 2011. The bill created the Pilot Program for Affordable Credit-Building Opportunities to increase the availability of affordable short-term credit and to expand credit-building opportunities for individuals.

Finance lenders who are licensed under the California Finance Lenders Law and approved by the California Corporations Commissioner to participate in the program may charge specified alternative interest rates and charges, including an administrative fee and delinquency fees, on loans of at least \$250 and less than \$2,500, subject to certain requirements. Licensees participating in the program are also permitted to use the services of a “finder” as defined in Section 22353(b) of the Financial Code.

APPLICATION TO PARTICIPATE IN THE PROGRAM

- An application form to participate in the program may be obtained from any office of the Department of Corporations and from the website at www.corp.ca.gov.

The office locations are as follows:

320 W. 4th Street, Suite 750 Los Angeles, CA 90013

One Sansome Street, Suite 600 San Francisco, CA 94104

1515 K Street, Suite 200 Sacramento, CA 95814

1350 Front Street, Room 2034 San Diego, CA 92101

- Questions regarding completing and filing an application should be directed to 1-866-ASK-CORP (866-275-2677).
- Completed applications must be filed with the Los Angeles Office. The application **MUST** be accompanied by **NON REFUNDABLE** fees as follows.

<u>NUMBER OF LICENSED FINANCE LENDER LOCATIONS</u>	<u>APPLICATION FEE</u>
<u>1 to 10</u>	<u>\$250</u>
<u>11 to 50</u>	<u>\$450</u>
<u>51 to 100</u>	<u>\$650</u>
<u>Over 100</u>	<u>\$850</u>

- Within 30 calendar days from the receipt of the application, the California Corporations Commissioner shall inform the applicant in writing, that the application is complete and the licensee is approved to participate in the program or disapproved, and if disapproved, the reason(s) for disapproval; or that the application is deficient and specify what information is required to complete the application.

APPLICATION FOR THE PILOT PROGRAM FOR
AFFORDABLE CREDIT-BUILDING OPPORTUNITIES
FOR LENDERS LICENSED UNDER THE
CALIFORNIA FINANCE LENDERS LAW

1. Name of Licensee:

Fictitious Business Name:

2. CFL License Number: _____

Primary Mailing (988) Number, if applicable: _____

3. Mailing Address: _____

4. Contact Person/Title: _____

5. Telephone Number: _____ Email Address: _____

6. Are you in good standing with the California Corporations Commissioner? Yes [] No []

If no, please attach an explanation, marked as Exhibit 1, and any documentation.

7. Do you have any outstanding enforcement actions or deficiencies with any government agency at the time of this application? Yes [] No []

If yes, please attach an explanation, marked as Exhibit 2, and documentation of the enforcement actions or deficiencies.

8. Has your credit education program or seminar been approved by the California Corporations Commissioner as required under Section 22352(g)(1) of the Financial Code?

Yes [] , approved by the California Corporations Commissioner on [_____] (month/day/year)

No [] , attached is the credit education program or seminar, marked as Exhibit 3, for the California Corporations Commissioner's review and approval.

No [] , the credit education program or seminar will be submitted to the California Corporations Commissioner for review and approval at a later time. Licensee shall not offer any credit education program or seminar that has not been previously reviewed and approved by the California Corporations Commissioner for use, and licensee shall not disburse loan proceeds to a borrower prior to offering an approved credit education program or seminar to the borrower.

9. Are you a data furnisher with a national credit reporting agency? Yes [] No []

If yes, provide the following information:

Name of Credit Reporting Agency

Date Accepted

10. Will you report to a national credit reporting agency the payment performance of each borrower on all loans made under this program as required under Section 22352(g)(2) of the Financial Code?

Yes [] No []

11. Do you plan to use the services of a finder as defined under Section 22353(b) of the Financial Code? Yes [] No []

If yes, please attach a list of the name of the finder(s), marked as Exhibit 4, and a completed Notification to Commissioner of Finder Registration for each finder, marked as Exhibit 5.

The licensee has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized.

The undersigned, on behalf of the licensee, acknowledges that this application and all exhibits thereto are subject to public inspection pursuant to Section 250.9.1, Chapter 3, Title 10, California Code of Regulations. A request for confidentiality of certain documents may be requested pursuant to Section 250.10. If a request for confidential treatment is granted (or denied), the person making such request will be notified in writing.

I declare under penalty of perjury that I have read the foregoing application, including Exhibits attached thereto, or filed therewith, and know the contents thereof, and that the statements therein are true and correct. I further declare, on behalf of the licensee, that I have read and understand the

Financial Code and regulations pertaining to the California Finance Lenders Law and the Pilot Program for Affordable Credit-Building Opportunities under the California Finance Lenders Law.

(Licensee)

Executed at _____
(City, County, and State)

(Signature of Declarant)

Date _____

(Typed Name of Declarant)

(Title)

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22349 and 22349.1, Financial Code.

3. Section 1582 is adopted to read:

§ 1582. Finder Registration: Form.

(a) A licensee shall notify the California Corporations Commissioner within 15 days of entering into a contract with a finder on the form set forth in subdivision (c) of this section.

(b) Within 15 calendar days from the receipt of the finder registration form, the California Corporations Commissioner shall inform the licensee in writing, that the registration is complete and that use of the finder by the licensee is accepted or rejected.

and if rejected, the reason(s) for the rejection; or that the registration is deficient and specify what information is required to complete the registration. A licensee shall not use an unregistered finder or a finder that has been rejected by the California Corporations Commissioner.

(c) Registration of a finder under the Affordable Credit-Building Opportunities program shall be submitted to the California Corporations Commissioner on the following form:

NOTIFICATION TO CALIFORNIA CORPORATIONS COMMISSIONER OF FINDER REGISTRATION

(Required under Section 22357(a) of the Financial Code)

Instructions:

- The finder registration form may be obtained from any office of the Department of Corporations and from the website at www.corp.ca.gov. The office locations are as follows:

320 W. 4th Street, Suite 750 Los Angeles, CA 90013

One Sansome Street, Suite 600 San Francisco, CA 94104

1515 K Street, Suite 200 Sacramento, CA 95814

1350 Front Street, Room 2034 San Diego, CA 92101

- Questions regarding completing and filing a finder registration form should be directed to 1-866-ASK-CORP (866-275-2677).

- Completed finder registration forms must be filed with the Los Angeles Office.
- Within 15 calendar days from the receipt of the finder registration form, the California Corporations Commissioner shall inform the licensee in writing, that the registration is complete and the finder is accepted to participate in the program or rejected, and if rejected, the reason(s) for rejection; or that the registration is deficient and specify what information is required to complete the registration.

1. Name of Licensee:

2. Licensee's Business Address: _____

3. CFLL License Number: _____

4. Name of Finder:

5. Finder's Main Business Address: _____

6. Have you entered into a written agreement with the finder as required under Section 22358 of the Financial Code? Yes [] No []

7. Does the written agreement include a provision that the finder agrees to comply with all regulations established by the California Corporations Commissioner concerning the activities of finders as required under Section 22358 of the Financial Code? Yes [] No []

8. Does the written agreement include a provision that the finder agrees to provide the California Corporations Commissioner access to all of the finder's books and records pertaining to the finder's operations under the agreement with the licensee? Yes [] No []

9. Provide the following information for an employee of the finder who is knowledgeable about, and has the authority to execute, the contract governing the business relationship between the finder and the licensee:

Name: _____

Address: _____

Telephone Number: _____ Email: _____

10. Attach a list, marked as Exhibit A, of the business addresses of all locations at which the finder will perform the services described in Section 22354(a) of the Financial Code. Any subsequent

locations or changes to locations must be reported to the California Corporations Commissioner in accordance with Title 10, of the California Code of Regulations, Section 1580.

11. Attach a list, marked as Exhibit B, providing the name, title, physical business location, telephone number, and email of each employee responsible for the activities of the finder at each of its locations.

12. Attach a list, marked as Exhibit C, identifying the services and activities that the finder will perform for the licensee at the finder's physical location for business.

13. Attach a copy of the written agreement with the finder, marked as Exhibit D.

The licensee has duly caused this registration to be signed on its behalf by the undersigned, thereunto duly authorized.

The undersigned, on behalf of the licensee, acknowledges that this registration and all exhibits thereto are subject to public inspection pursuant to Section 250.9.1, Chapter 3, Title 10, California Code of Regulations. A request for confidentiality of certain documents may be requested pursuant to Section 250.10. If a request for confidential treatment is granted (or denied), the person making such request will be notified in writing.

I declare under penalty of perjury that I have read the foregoing registration, including all exhibits attached thereto, or filed therewith, and know the contents thereof, and that the statements therein are true and correct.

(Licensee)

Executed at _____

(City, County, and State)

(Signature of Declarant)

Date _____

(Typed Name of Declarant)

(Title)

EXHIBIT A

Business addresses of all locations at which the finder will perform the services described in Section 22354(a) of the Financial Code:

<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

EXHIBIT B

Name and contact information of the employee responsible for the activities of the finder at each of its locations:

<u>Name of Employee</u>	<u>Title</u>	<u>Physical Business Location</u>	<u>Telephone No.</u>	<u>Email</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

EXHIBIT C

Licensee Name: _____ License No: _____

Services that a finder may perform for the licensee at the finder's physical location for business in accordance with Section 22354(a) of the Financial Code. Please check the box for the type of services that the finder will perform for the licensee:

- Distributing, circulating, using, or publishing preprinted brochures, flyers, factsheets, or other written materials relating to loans that the licensee may make or negotiate and that have been reviewed and approved in writing by the licensee prior to their being distributed, circulated, or published.

- Providing written factual information about loan terms, conditions, or qualification requirements to a prospective borrower that has been either prepared by the licensee or reviewed and approved in writing by the licensee. A finder may discuss that information with a prospective borrower in general terms, but may not provide counseling or advice to a prospective borrower.

- Notifying a prospective borrower of the information needed in order to complete a loan application without providing counseling or advice to a prospective borrower.

- Entering information provided by the prospective borrower on a preprinted or electronic application form or onto a preformatted computer database without providing counseling or advice to a prospective borrower.

- Assembling credit application and other materials obtained in the course of a credit application transaction for submission to the licensee.

- Contacting the licensee to determine the status of a loan application.

- Communicating the licensee's underwriting decision to a borrower or a prospective borrower.

- Obtaining a borrower's signature on documents prepared by the licensee, delivering the final copies of the documents to the borrower, and returning the signed original documents to the licensee.

Services or activities that a finder shall not engage in accordance with Section 22354(b) of the Financial Code:

1. Providing counseling or advice to a borrower or prospective borrower.

2. Providing loan related marketing material that has not previously been approved by the licensee to a borrower or a prospective borrower.

3. Interpreting or explaining the relevance, significance, or effect of any of the marketing materials or loan documents the finder provides to a borrower or prospective borrower.

A person who performs any of the following activities is a broker within the meaning of Section 22004 of the Financial Code and is required to obtain a broker's license:

1. Negotiating the price, length, or any other loan term between a licensee and a prospective borrower.

2. Advising either a prospective borrower or a licensee as to any loan term.

3. Offering information pertaining to a single prospective borrower to more than one licensee, except that, if a licensee has declined to offer a loan to a prospective borrower and has so notified that prospective borrower in writing, the person may then offer information pertaining to a single prospective borrower to another licensee with which it has a finder's agreement.

4. Personally contacting or providing services to a borrower or prospective borrower at any place other than a finder's physical location for business, that has previously been reported to the California Corporations Commissioner.

Completed by: _____

(Name and Title)

(Date Completed)

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22351 and 22357(a), Financial Code.

4. Section 1583 is adopted to read:

Subarticle 3. Fees.

§ 1583. Application Fee.

(a) The non-refundable filing fee for an application under the Affordable Credit-Building Opportunities program shall be the amount set forth in subsection (b), and paid to the Department of Corporations at the time the application is filed with the California Corporations Commissioner.

(b) Filing Fee

<u>NUMBER OF LICENSED FINANCE LENDER LOCATIONS</u>	<u>APPLICATION FEE</u>
<u>1 to 10</u>	<u>\$250</u>
<u>11 to 50</u>	<u>\$450</u>
<u>51 to 100</u>	<u>\$650</u>
<u>Over 100</u>	<u>\$850</u>

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22349, Financial Code.

5. Section 1584 is adopted to read:

§ 1584. Annual Finder Registration Fee.

(a) The annual finder registration fee shall be based on the number of finders used by a licensee. The annual finder registration fee shall be the sum of the amounts set forth in subdivision (d) for each finder used by the licensee as reported to the California Corporations Commissioner at the time of notification of the annual finder registration fee in subdivision (b).

(b) On or before the 30th day of September in each year, the California Corporations Commissioner shall notify each licensee by mail of the amount of the annual finder registration fee and that amount shall be paid to the California Corporations Commissioner by October 31st. If payment is not made by October 31st, the California Corporations Commissioner shall assess and collect a penalty, in addition to the fee, of 1 percent of the fee for each month or part of a month that the payment is delayed or withheld.

(c) If a licensee fails to pay the annual finder registration fee on or before the 31st day of October, the California Corporations Commissioner may terminate the licensee's authority to use the services of finders.

(d) Annual Finder Fee

<u>IF A FINDER HAS THE FOLLOWING</u>	<u>THE ANNUAL FEE FOR THAT FINDER</u>
<u>NUMBER OF LOCATIONS:</u>	<u>IS:</u>
<u>Less than 10</u>	<u>\$100</u>
<u>11 to 30</u>	<u>\$150</u>
<u>31 to 50</u>	<u>\$200</u>

<u>51 to 100</u>	<u>\$250</u>
<u>101 to 200</u>	<u>\$300</u>
<u>201 to 1000</u>	<u>\$500</u>
<u>Over 1000</u>	<u>\$1000</u>

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22107(b) 22107(d), and 22357(b), Financial Code.

6. Section 1585 is adopted to read:

Subarticle 4. Reports.

§ 1585. Annual Report: Form.

(a) Each licensee shall file an annual report as set forth in subdivision (b) of this section, with the California Corporations Commissioner, on or before the 15th of March, providing information concerning the business and operations conducted by the licensee under the Affordable Credit-Building Opportunities program, and information pertaining to each finder and the licensee's relationship and business arrangements with each finder, during the preceding calendar year. The annual report required under this section is in addition to the annual report of the total business operations of a licensee required under Section 22159 of the Financial Code.

(b) The individual annual report required under Sections 22349.2 and 22357(c) of the Financial Code shall be submitted on the following form:

DEPARTMENT OF CORPORATIONS*Business Services and Consumer and Investor Protection*

INSTRUCTIONS FOR COMPLETING THE 20XX ANNUAL REPORT
FOR LICENSEES PARTICIPATING IN THE AFFORDABLE CREDIT-BUILDING
OPPORTUNITIES PROGRAM

WHO MUST FILE THE REPORT: Every licensee under the California Finance Lenders Law approved by the California Corporations Commissioner to participate in the Affordable Credit-Building Opportunities (ACBO) pilot program shall file the annual report. The annual report shall include information on all business conducted under the ACBO pilot program.

NO BUSINESS OR INACTIVE LICENSES: An annual report shall be filed even if no business was conducted under the license in 20XX. If no business was conducted under the ACBO pilot program during the calendar year 20XX, complete question numbers 1 through 10 and Verification section only. Include a statement at the bottom of the Verification section that "**No business was conducted under the ACBO pilot program during the calendar year 20XX.**" "No business" means no loans were made under the ACBO pilot program in 20XX.

WHEN IS THE REPORT DUE/ PENALTY FOR FAILURE TO FILE THE REPORT: The report is due on or before **March 15, 20XX**. **No extension of the filing date shall be granted. Failure to file the report may result in summary revocation of the California Finance Lenders Law license(s).**

WHAT IS THE PURPOSE OF THE ANNUAL REPORT: The information reported in the annual report is used to publish the Department of Corporations' *Annual Report - Operation of Finance Companies*. The information shall also be reported in the aggregate to specified committees of the California State Legislature as required under Senate Bill 1146 (Chap. 640, Stats. 2010).

WHERE TO FILE THE REPORT:

DEPARTMENT OF CORPORATIONS

Financial Services Division

320 West Fourth Street, Suite 750

Los Angeles, CA 90013

THE ANNUAL REPORT FORM: The information must be submitted on the annual report form prescribed by the Department of Corporations (Form CFL 1585-11/10). **ALL AMOUNTS MUST BE ROUNDED TO THE NEAREST WHOLE DOLLAR.** Do not add ".00" to represent rounding to the nearest dollar. In addition, do not round items to the nearest thousand or million dollars, or round intermediate calculations. The annual report is electronically scanned and therefore the information must be **TYPED** in the annual report form, and the **ORIGINAL** signed copy of the annual report shall be filed with the Department of Corporations.

COMPLETENESS & ACCURACY: The annual report shall be rejected by the Department of Corporations and returned to the licensee if the information provided is incomplete or incorrect. All questions and schedules must be completed. If any schedule is inapplicable, indicate "Not Applicable" at the top of the page. The following schedules provide space to report on the activities of seven finders. Attach a supplemental page(s) if more space is needed or if more than seven finders were used. All information provided in the annual report is subject to verification. Accordingly, due care should be exercised in the completion of the report.

PERIOD COVERED BY THE REPORT: The reporting period is either (1) January 1, 20XX to December 31, 20XX, or (2) the effective date of approval to participate in the ACBO pilot program in 20XX to December 31, 20XX.

If any loans were made under the ACBO pilot program during the year 20XX, Schedules A through I must be completed. The following schedules provide space to report activities associated with seven finders. If no loans were made in 20XX, state "None" on the applicable schedules.

SCHEDULE A (SCHEDULE OF APPLICATIONS TAKEN AND LOANS MADE BY SIZE): All loan applications taken and loans made must be scheduled in Section A. Multiple loans made to the same borrower are to be reported as separate loans transactions. Do not include loans that were not made under the ACBO pilot program. Report percentages to the nearest whole percentage (e.g. report .457 as 46, not 45.7 or 46%)

SCHEDULE B (SCHEDULE OF LOANS BY INCOME DISTRIBUTION OF CENSUS

TRACTS AND BORROWERS WITH BANK ACCOUNTS): Schedule loans by the following income distribution of census tracts as defined under the federal Community Reinvestment Act (12 U.S.C. 2901) and the Federal Financial Institutions Examination Council:

If the Median Family Income % is < 50%, then the Income Level is **Low**.

If the Median Family Income % is >= 50% and < 80%, then the Income Level is **Moderate**.

If the Median Family Income % is >= 80% and < 120%, then the Income Level is **Middle**.

If the Median Family Income % is >= 120%, then the Income Level is **Upper**.

If the Median Family Income % is 0%, then the Income Level is **Not Known**.

Information on income distribution of census tract may be found at <http://www.ffiec.gov/> and <http://www.ffiec.gov/census/default.aspx>

SCHEDULE C & D (SCHEDULE OF LATE FEES CHARGED DURING THE YEAR BY SIZE & SCHEDULE OF LOANS MADE BY LOAN PURPOSE).

SCHEDULE E (SCHEDULE OF LOANS BY RATE CHARGES): Report loans in Schedules E-1, E-2 & E-3 based on annual percentage rate (APR) calculated in accordance with Federal Reserve Board Regulation Z. Do not report loans in these schedules using the agreed upon contract rate.

SCHEDULE F (SCHEDULE OF LOAN PERFORMANCE): Report loans based on the number of payments past due. Do not report loans based on recency of payment.

SCHEDULE G (SCHEDULE OF LOANS MADE BY LANGUAGE AND CREDIT EDUCATION PROGRAM OR SEMINAR OFFERED): In column A, report the number of borrowers who were offered a credit education program or seminar in the same language in which the loan was negotiated. If known, report in column B the number of borrowers who attended the offered credit education program or seminar.

SCHEDULE H (SCHEDULE OF FINDERS BY LOCATION): Report all finders utilized during the calendar year 20XX.

SCHEDULE I (RECOMMENDATIONS FOR IMPROVING THE PILOT PROGRAM): Provide any comments or information to help improve the program.

COMPANIES WITH MULTIPLE LOCATIONS: Companies with multiple locations shall prepare one annual report consolidating the information of all locations into the report.

ANNUAL REPORT FORM AVAILABLE ON THE INTERNET: The annual report form is available in Adobe Acrobat format at the Department of Corporations' website. The form may be accessed by clicking on **Applications and Forms** on the Department of Corporations' homepage at "www.corp.ca.gov", and then clicking on **California Finance Lenders**.

The form may be downloaded from the Department of Corporations' website; however, **THE REPORT CANNOT BE FILED ELECTRONICALLY.** If the report is downloaded, it must be printed and submitted to the Department in paper form. Please be sure to include your license number on the annual report to prevent any delays in processing your annual report.

VERIFICATION: The Verification section must be completed in accordance with the instructions by the licensed individual, a general partner if the licensee is a partnership, or a corporate officer if the licensee is a corporation. The Verification must include an original signature on the **original** copy of the annual report filed with the Department of Corporations. **Incomplete Verification or a missing signature in the Verification shall result in rejection and return of the annual report to the licensee.**

FEE: No fee is required to file the Annual Report.

PUBLIC INSPECTION: The Department of Corporations shall prepare an annual consolidated report that aggregates the information received from each annual report submitted by licensees for the designated year. The annual consolidated report shall be available to the public.

FOR ASSISTANCE AND INFORMATION REGARDING THE ANNUAL REPORT: Contact the Department of Corporations at **(866) ASK-CORP (1-866-275-2677)**.

DEPARTMENT OF CORPORATIONS

Business Services and Consumer and Investor Protection



To: CALIFORNIA CORPORATIONS COMMISSIONER, STATE OF CALIFORNIA

ANNUAL REPORT FOR

CALIFORNIA FINANCE LENDERS LAW LICENSEES ENGAGED IN BUSINESS UNDER THE
AFFORDABLE CREDIT-BUILDING OPPORTUNITIES (ACBO) PILOT PROGRAM

FOR THE YEAR ENDED DECEMBER 31, 20XX

THIS REPORT IS REQUIRED UNDER SECTIONS 22349.2 AND 22357 OF THE FINANCIAL
CODE.

(PLEASE READ THE ATTACHED INSTRUCTIONS CAREFULLY BEFORE COMPLETING
THE ANNUAL REPORT.)

1. Name of licensee (as shown on the license): _____

2. License number: _____

3. Business phone number: () _____

4. Fax number: () _____

5. Website address: _____

6. Total number of licensed locations at which business was conducted under the ACBO pilot program as of December 31, 20XX: _____

7. Total number of finders used during the calendar year: _____

8. Total number of finder locations used during the calendar year: _____

9. Business was conducted under the ACBO pilot program during the calendar year 20XX: YES

NO

10. Disclose by finder, the licensee's relationship, including ownership or other financial relationship, and business arrangement with each finder.

A-1(b) Number of Applications Taken and Loans Made Without Using A Finder

	<u>Number of Applications Taken</u>	<u>Number of Loans Made</u>	<u>Total Principal Amount of Loans Made</u>
<u>Totals</u>			\$

A-2(a) Number of Loans Made By Loan Size Using A Finder

<u>Finder</u>	<u>Principal Balance \$ 250 - 499</u>	<u>Principal Balance \$ 500 - 1,499</u>	<u>Principal Balance \$1,500 – 2,499</u>	<u>Total Loans Made</u>
<u>1.</u>				
<u>2.</u>				
<u>3.</u>				
<u>4.</u>				
<u>5.</u>				
<u>6.</u>				
<u>7.</u>				
<u>Totals</u>				

A—2(b) Number Of Loans Made By Loan Size Without Using A Finder

	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	
	<u>\$ 250 – 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 – 2,499</u>	<u>Total Loans Made</u>
	_____	_____	_____	_____
<u>Totals</u>	_____	_____	_____	_____

A-3(a) Number of Borrowers Who Obtained More Than One Loan Using A Finder

<u>Finder</u>	<u>Number of Borrowers Who Obtained More Than One Loan</u>	<u>Number of Borrowers With Credit Scores that Increased Over the Previous Loan</u>	<u>Percentage of Borrowers With Increased Credit Scores (e.g., .458=46)</u>	<u>Average Size of Increase In Credit Scores (Include Only Borrowers With Increased Scores)</u>	<u>Average Size of Increase/Decrease In Credit Scores For All Borrowers</u>
<u>1.</u>				<u>%</u>	
<u>2.</u>					
<u>3.</u>					
<u>4.</u>					
<u>5.</u>					
<u>6.</u>					
<u>7.</u>					
<u>Totals</u>				<u>%</u>	

A-3(b) Number of Borrowers Who Obtained More Than One Loan Without Using A Finder

<u>Number of Borrowers Who Obtained More Than One Loan</u>	<u>Number of Borrowers With Credit Scores that Increased Over the Previous Loan</u>	<u>Percentage of Borrowers With Increased Credit Scores (e.g., .458=46)</u>	<u>Average Size of Increase In Credit Scores (Include Only Borrowers With Increased Scores)</u>	<u>Average Size of Increase/Decrease In Credit Scores For All Borrowers</u>
<u>Totals</u>			%	

SCHEDULE B

SCHEDULE OF LOANS BY INCOME DISTRIBUTION OF CENSUS TRACTS

AND BORROWERS WITH BANK ACCOUNTS

FOR CALENDAR YEAR 20XX

B-1(a) Number of Loans By Income Distribution of Census Tract Using A Finder

<u>Finder</u>	<u>Low</u>	<u>Moderate</u>	<u>Middle</u>	<u>Upper</u>	<u>Not Known</u>	<u>Total Loans Made</u>
<u>1.</u>						
<u>2.</u>						
<u>3.</u>						
<u>4.</u>						
<u>5.</u>						
<u>6.</u>						
<u>7.</u>						
<u>Totals</u>						

B-1(b) Number of Loans By Income Distribution of Census Tract Without Using A Finder

	<u>Low</u>	<u>Moderate</u>	<u>Middle</u>	<u>Upper</u>	<u>Not Known</u>	<u>Total Loans Made</u>
<u>Totals</u>	_____	_____	_____	_____	_____	_____
	=====	=====	=====	=====	=====	=====

B-2(a) Number Of Loans Made To Borrowers With Bank Account(s) Using A Finder

<u>Finder</u>	<u>Number With Bank Account(s)</u>	<u>Number Without Bank Account(s)</u>	<u>Number of Borrowers Who Obtained More Than One Loan</u>	<u>Number of Borrowers With a Bank Account and Also Use Check-Cashing Services</u>	<u>Number of Borrowers With a Bank Account and Also Use Payday Loan Services</u>
<u>1.</u>					
<u>2.</u>					
<u>3.</u>					
<u>4.</u>					
<u>5.</u>					
<u>6.</u>					
<u>7.</u>					
<u>Totals</u>					

B-2(b) Number Of Loans Made To Borrowers With Bank Account(s) Without Using A Finder

	<u>Number</u>	<u>Number of</u>	<u>Number of</u>	<u>Number of</u>
	<u>Without</u>	<u>Borrowers Who</u>	<u>Also Use</u>	<u>Borrowers With</u>
<u>With Bank</u>	<u>Bank</u>	<u>Obtained More</u>	<u>Check-</u>	<u>Borrowers With</u>
<u>Account(s)</u>	<u>Account(s)</u>	<u>Than One Loan</u>	<u>Cashing</u>	<u>a Bank Account</u>
			<u>Services</u>	<u>and Also Use</u>
				<u>Payday Loan</u>
				<u>Services</u>
<u>Totals</u>				

SCHEDULE C

SCHEDULE OF LATE FEES CHARGED DURING THE YEAR BY SIZE

FOR CALENDAR YEAR 20XX

C-1(a) Number Of Loans Made Using A Finder In Which Late Fee(s) Were Charged

<u>Finder</u>	<u>Principal Balance</u> <u>\$ 250 - 499</u>	<u>Principal Balance</u> <u>\$ 500 - 1,499</u>	<u>Principal Balance</u> <u>\$1,500 – 2,499</u>	<u>Total Loans Made</u>
<u>1.</u>				
<u>2.</u>				
<u>3.</u>				
<u>4.</u>				
<u>5.</u>				
<u>6.</u>				
<u>7.</u>				
<u>Totals</u>				

C-1(b) Number Of Loans Made Without Using A Finder In Which Late Fee(s) Were Charged

	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	
	<u>\$ 250 - 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 – 2,499</u>	<u>Total Loans Made</u>
	_____	_____	_____	_____
<u>Totals</u>	_____	_____	_____	_____

C-2(a) Number Of Late Fees Charged On Loans Made Using A Finder

<u>Finder</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Total Loans Made</u>
	<u>\$ 250 - 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 – 2,499</u>	
<u>1.</u>	_____	_____	_____	_____
<u>2.</u>	_____	_____	_____	_____
<u>3.</u>	_____	_____	_____	_____
<u>4.</u>	_____	_____	_____	_____
<u>5.</u>	_____	_____	_____	_____
<u>6.</u>	_____	_____	_____	_____
<u>7.</u>	_____	_____	_____	_____
	_____	_____	_____	_____
<u>Totals</u>	=====	=====	=====	=====

C-2(b) Number Of Late Fees Charged On Loans Made Without Using A Finder

	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	
	<u>\$ 250 - 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 – 2,499</u>	<u>Total Loans Made</u>
	_____	_____	_____	_____
<u>Totals</u>	_____	_____	_____	_____

C-3(a) Dollar Amount of Late Fees Collected On Loans Made Using A Finder

<u>Finder</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Total Late Fees in</u>
	<u>\$ 250 - 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 – 2,499</u>	<u>Dollars</u>
<u>1.</u>	\$ _____	_____	_____	\$ _____
<u>2.</u>	_____	_____	_____	_____
<u>3.</u>	_____	_____	_____	_____
<u>4.</u>	_____	_____	_____	_____
<u>5.</u>	_____	_____	_____	_____
<u>6.</u>	_____	_____	_____	_____
<u>7.</u>	_____	_____	_____	_____
<u>Totals</u>	\$ _____	_____	_____	\$ _____

C-3(b) Dollar Amount of Late Fees Collected On Loans Made Without Using A Finder

	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Total Late Fees in</u>
	<u>\$ 250 - 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 – 2,499</u>	<u>Dollars</u>
<u>Totals</u> \$				\$

C-4(a) Average Number of Late Fees Charged Per Loan Made Using A Finder

<u>Finder</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Overall Average</u>
	<u>\$ 250 - 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 – 2,499</u>	
<u>1.</u>				
<u>2.</u>				
<u>3.</u>				
<u>4.</u>				
<u>5.</u>				
<u>6.</u>				
<u>7.</u>				
<u>Totals</u>				

C-4(b) Average Number of Late Fees Charged Per Loan Made Without Using A Finder

	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	
	<u>\$ 250 - 499</u>	<u>\$ 500 - 1,499</u>	<u>\$1,500 - 2,499</u>	<u>Overall Average</u>
	_____	_____	_____	_____
<u>Totals</u>	_____	_____	_____	_____

C-5(a) Percentage Of Loans Made With Late Fees Using A Finder

<u>Finder</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Principal Balance</u>	<u>Overall Percentage</u>
	<u>\$ 250 – 499</u>	<u>\$ 500 – 1,499</u>	<u>\$1,500 - 2,499</u>	
<u>1.</u>	_____	_____	_____	_____
		<u>%</u>	<u>%</u>	<u>%</u>
<u>2.</u>	_____	_____	_____	_____
<u>3.</u>	_____	_____	_____	_____
<u>4.</u>	_____	_____	_____	_____
<u>5.</u>	_____	_____	_____	_____
<u>6.</u>	_____	_____	_____	_____
<u>7.</u>	_____	_____	_____	_____
	_____	_____	_____	_____
<u>Totals</u>	_____	_____	_____	_____

C-5(b) Percentage Of Loans Made With Late Fees Without Using A Finder

	<u>Principal Balance</u> \$ 250 - 499	<u>Principal Balance</u> \$ 500 – 1,499	<u>Principal Balance</u> \$1,500 - 2,499	<u>Overall Percentage</u>
<u>Totals</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>

SCHEDULE D
SCHEDULE OF LOANS MADE BY LOAN PURPOSE
FOR CALENDAR YEAR 200XX

D-1(a) Number Of Loans Made By Loan Purpose Using A Finder

<u>Finder</u>	<u>Medical</u>	<u>Other Emergency</u>	<u>Vehicle Repair</u>	<u>Vehicle Purchase</u>	<u>To Pay Bills</u>	<u>To Consolidate Debt</u>	<u>To Build or Repair Credit</u>	<u>Purchase Goods or Services Other Than a Vehicle</u>	<u>Other</u>
1.									
2.									
3.									
4.									
5.									
6.									
7.									
<u>TOTALS</u>									

D-1(b) Number Of Loans Made By Loan Purpose Without Using A Finder

	<u>Medical</u>	<u>Other Emergency</u>	<u>Vehicle Repair</u>	<u>Vehicle Purchase</u>	<u>To Pay Bills</u>	<u>To Consolidate Debt</u>	<u>To Build or Repair Credit</u>	<u>Purchase Goods or Services Other Than a Vehicle</u>	<u>Other</u>
<u>TOTALS</u>	=====	=====	=====	=====	=====	=====	=====	=====	=====

SCHEDULE E
SCHEDULE OF LOANS BY RATE CHARGES
FOR CALENDAR YEAR 20XX

E-1(a) Number of Loans Made Between \$250 - \$499 Using a Finder

<u>Finder</u>	<u>Number of Loans Made Per Annual Percentage Rate (APR)</u>								<u>Total Loans Made</u>
	<u>Up to 14.99%</u>	<u>15.00% - 19.99%</u>	<u>20.00% - 24.99%</u>	<u>25.00% - 29.99%</u>	<u>30.00% - 34.99%</u>	<u>35.00% - 39.99%</u>	<u>40.00% - 49.99%</u>	<u>50.00% or more</u>	
<u>1.</u>									
<u>2.</u>									
<u>3.</u>									
<u>4.</u>									
<u>5.</u>									
<u>6.</u>									
<u>7.</u>									

Totals

E-2(a) Number of Loans Made Between \$500 - \$1,499 Using a Finder

<u>Finder</u>	<u>Number of Loans Made Per Annual Percentage Rate (APR)</u>								<u>Total Loans Made</u>
	<u>Up to 14.99%</u>	<u>15.00% - 19.99%</u>	<u>20.00% - 24.99%</u>	<u>25.00% - 29.99%</u>	<u>30.00% - 34.99%</u>	<u>35.00% - 39.99%</u>	<u>40.00% - 49.99%</u>	<u>50.00% or more</u>	
<u>1.</u>									
<u>2.</u>									
<u>3.</u>									
<u>4.</u>									
<u>5.</u>									
<u>6.</u>									
<u>7.</u>									
<u>8.</u>									
<u>9.</u>									

<u>10.</u>									
<u>11.</u>									
<u>12.</u>									
<u>13.</u>									
<u>14.</u>									
<u>15.</u>									

Totals

--	--	--	--	--	--	--	--	--	--

E-2(b) Number of Loans Made Between \$500 - \$1,499 Without Using a Finder

<u>Number of Loans Made Per Annual Percentage Rate (APR)</u>								
<u>Up to</u>	<u>15.00% -</u>	<u>20.00% -</u>	<u>25.00% -</u>	<u>30.00% -</u>	<u>35.00% -</u>	<u>40.00% -</u>	<u>50.00% or</u>	<u>Total Loans</u>
<u>14.99%</u>	<u>19.99%</u>	<u>24.99%</u>	<u>29.99%</u>	<u>34.99%</u>	<u>39.99%</u>	<u>49.99%</u>	<u>more</u>	<u>Made</u>

E-3(a) Number of Loans Made Between \$1,500 - \$2,499 Using a Finder

<u>Finder</u>	<u>Number of Loans Made Per Annual Percentage Rate (APR)</u>								
	<u>Up to</u> <u>14.99%</u>	<u>15.00% -</u> <u>19.99%</u>	<u>20.00% -</u> <u>24.99%</u>	<u>25.00% -</u> <u>29.99%</u>	<u>30.00% -</u> <u>34.99%</u>	<u>35.00% -</u> <u>39.99%</u>	<u>40.00% -</u> <u>49.99%</u>	<u>50.00% or</u> <u>more</u>	<u>Total Loans</u> <u>Made</u>
<u>1.</u>									
<u>2.</u>									
<u>3.</u>									
<u>4.</u>									
<u>5.</u>									
<u>6.</u>									
<u>7.</u>									
<u>8.</u>									
<u>9.</u>									
<u>10.</u>									
<u>11.</u>									

<u>12.</u>									
<u>13.</u>									
<u>14.</u>									
<u>15.</u>									

Totals

E-3(b) Number of Loans Made Between \$1,500 - \$2,499 Without Using a Finder

<u>Number of Loans Made Per Annual Percentage Rate (APR)</u>								
<u>Up to</u>	<u>15.00% -</u>	<u>20.00% -</u>	<u>25.00% -</u>	<u>30.00% -</u>	<u>35.00% -</u>	<u>40.00% -</u>	<u>50.00% or</u>	<u>Total Loans</u>
<u>14.99%</u>	<u>19.99%</u>	<u>24.99%</u>	<u>29.99%</u>	<u>34.99%</u>	<u>39.99%</u>	<u>49.99%</u>	<u>more</u>	<u>Made</u>

Totals

SCHEDULE F
SCHEDULE OF LOAN PERFORMANCE
AS OF YEAR END 20XX

F-1(a) Number of Loans (using a Finder) With Past Due Payments and Percentage of Loans with Past Due Payments

<u>Finder</u>	<u>NUMBER OF LOANS OUTSTANDING</u>	<u>NUMBER OF LOANS PAST DUE</u>				<u>PERCENTAGE OF LOANS PAST DUE</u>			
		<u>Current Loan</u>	<u>1 Payment Past Due</u>	<u>2 Payments Past Due</u>	<u>3 or more Payments Past Due</u>	<u>Current Loan</u>	<u>1 Payment Past Due</u>	<u>2 Payments Past Due</u>	<u>3 or more Payments Past Due</u>
<u>1.</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>2.</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>3.</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>4.</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>5.</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>6.</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>7.</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____

<u>8.</u>										
<u>9.</u>										
<u>10.</u>										
<u>11.</u>										
<u>12.</u>										
<u>13.</u>										
<u>14.</u>										
<u>15.</u>										
<u>Totals</u>										

F-1(b) Number of Loans (not using a Finder) with Past Due Payments and Percentage of Loans with Past Due Payments

<u>NUMBER OF LOANS OUTSTANDIN G</u>	<u>NUMBER OF LOANS PAST DUE</u>				<u>PERCENTAGE OF LOANS PAST DUE</u>			
	<u>Current Loan</u>	<u>1 Payment Past Due</u>	<u>2 Payments Past Due</u>	<u>3 or more Payments Past Due</u>	<u>Current Loan</u>	<u>1 Payment Past Due</u>	<u>2 Payments Past Due</u>	<u>3 or more Payments Past Due</u>

Totals

=====

SCHEDULE G

SCHEDULE OF LOANS MADE BY LANGUAGE AND CREDIT EDUCATION PROGRAM OR SEMINAR OFFERED

FOR THE CALANDER YEAR 20XX

G-1(a) Number of Loans Made Using a Finder (For columns A and B see instructions.)

LANGUAGE IN WHICH THE LOAN WAS NEGOTIATED ORALLY OR IN WRITING

<u>Finder</u>	<u>English</u>	<u>A</u>	<u>B</u>	<u>Spanish</u>	<u>A</u>	<u>B</u>	<u>Chinese</u>	<u>A</u>	<u>B</u>	<u>Tagalog</u>	<u>A</u>	<u>B</u>	<u>Vietnamese</u>	<u>A</u>	<u>B</u>	<u>Korean</u>	<u>A</u>	<u>B</u>
1.																		
2.																		
3.																		
4.																		
5.																		
6.																		
7.																		
8.																		
9.																		
10.																		
<u>Totals</u>																		

G-1(b) Number of Loans Made Without Using a Finder (For columns A and B see instructions.)

<u>English</u>	<u>A</u>	<u>B</u>	<u>Spanish</u>	<u>A</u>	<u>B</u>	<u>Chinese</u>	<u>A</u>	<u>B</u>	<u>Tagalog</u>	<u>A</u>	<u>B</u>	<u>Vietnamese</u>	<u>A</u>	<u>B</u>	<u>Korean</u>	<u>A</u>	<u>B</u>
<u>Totals</u>																	

SCHEDULE H
SCHEDULE OF FINDERS
FOR CALENDAR YEAR 20XX

<u>FINDER</u>	<u>CONTACT</u>	<u>VOLUME</u>	<u>TYPE OF</u>	<u>AMOUNT</u>	<u>PROVIDE</u>	<u>OWNERSHIP</u>	<u>NUMBER OF</u>	<u>BUSINESS</u>
	<u>PERSON</u>	<u>OF</u>	<u>BUSINESS</u>	<u>OF FEES</u>	<u>TYPE OF</u>	<u>OR OTHER</u>	<u>BUSINESS</u>	<u>ADDRESS</u>
		<u>BUSINESS</u>	<u>OPERATED</u>	<u>PAID TO</u>	<u>LICENSE</u>	<u>FINANCIAL</u>	<u>LOCATIONS</u>	<u>(Street, City,</u>
		<u>IN LOAN</u>	<u>BY FINDER</u>	<u>FINDER</u>	<u>&</u>	<u>RELATIONSHIP</u>	<u>AT WHICH</u>	<u>State, & Zip</u>
		<u>\$\$</u>	<u>(ex., grocery</u>		<u>LICENSE</u>	<u>WITH</u>	<u>ACBO</u>	<u>Code)</u>
			<u>store, check</u>		<u>NUMBER</u>	<u>LICENSEE</u>	<u>ACTIVITIES</u>	

VERIFICATION

State of _____)

County of _____)

I, the undersigned, state: That I am an officer, a general partner or the sole proprietor, or have a position of similar proprietary interest of (Insert name as shown on the license)

_____ and I have read and signed the report and know the contents of the information filed herewith. I certify that the statistical information provided in this annual report is to the best of my knowledge true and exact.

Complete Section (A) OR Section (B) as appropriate.

(A) IF LOCATED IN CALIFORNIA OR IN A STATE WHICH PERMITS A DECLARATION UNDER PENALTY OF PERJURY, COMPLETE THIS SECTION. NOTARIZATION IS NOT NECESSARY.

Date _____, _____ at _____,
(Month/Day) (Year) (City) (State)

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

_____ Phone Number: () _____

(Signature of Declarant)

Fax Number: () _____

(Name and Title, type or print)

E-mail Address: _____

(B) IF LOCATED OUTSIDE OF CALIFORNIA IN A STATE WHICH DOES NOT PERMIT A DECLARATION UNDER PENALTY OF PERJURY, COMPLETE THIS SECTION. NOTARIZATION IS REQUIRED.

Date _____, _____

(Month/Day)

(Year)

Signature of Affiant

at _____

(City)

Name and Title (Please type or print)

(State)

Subscribed and sworn to before me on

Month/Date)

(Year)

(Seal)

Notary Public in and for said County and State

Phone Number: () _____

Fax Number: () _____

E-mail Address: _____

Note: Authority cited: Sections 22150 and 22159, Financial Code. Reference: Sections 22159, 22349.2, 22357(c) and 22715, Financial Code.

7. Section 1586 is adopted to read:

§ 1586. Additional Information Required to Complete the Annual Report.

(a) A licensee shall obtain and keep for every loan the following additional information, for purposes of reporting information in the annual report:

(1) Credit scores from at least one major credit bureau for each borrower who obtained more than one program loan (Section 22361(d)(5) of the Financial Code),

(2) Income distribution for each borrower, including the number of borrowers who obtained at least one program loan and who resided in a low-to-moderate-income census tract at the time of their loan application (Section 22361(d)(6) of the Financial Code), defined as a distressed/underserved tract under the federal Community Reinvestment Act (12 U.S.C. 2901) and based on census tract data published by the Federal Financial Institutions Examination Counsel.

(3) Borrowers' primary purpose in obtaining the loan, based on the borrower response at the time of the loan application, as follows (Section 22361(d)(7) of the Financial Code):

(A) Medical.

(B) Other emergency.

(C) Vehicle repair.

(D) Vehicle purchase.

(E) To pay bills.

(F) To consolidate debt.

(G) To build or repair credit history.

(H) To finance a purchase of goods or services other than a vehicle.

(I) Other.

(4) Whether the borrower has a bank account and if the borrower has a bank account, whether the borrower uses check-cashing services (Section 22361(d)(8) of the Financial Code) and/or payday loan services,

(5) Language in which the loan was negotiated orally or in writing, and whether the credit education program or seminar offered by the licensee was offered in that language, and

(6) If known, whether the borrower attended a credit education program or seminar offered by the licensee.

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22349.2, 22352, 22357 and 22361, Financial Code.

8. Section 1587 is adopted to read:

Subarticle 5. Credit Education Programs and Seminars.

§ 1587. Approval by the California Corporations Commissioner.

(a) A licensee shall either offer a credit education program or seminar to the borrower, or invite the borrower to a credit education program or seminar offered by an independent third party.

(b) The content of the credit education program or seminar shall provide information to help borrowers understand, build and manage consumer credit, including but not limited to, information on how installment loans work, interest charges, credit scores and the effect of credit scores on future financial decisions, costs of credit, effect

of late or missed payments on credit scores, loan payment, understanding the credit reporting system and best practices for establishing and building good credit.

(c) Before offering any credit education program or seminar to a borrower, the licensee shall submit the following information in writing to the California Corporations Commissioner for his or her review and approval of the program or seminar:

(1) The name, address, telephone number and email address of the credit education program or seminar,

(2) Name, title and contact information of a contact person,

(3) Program's accreditation, if any,

(4) Format of the program (classroom, one-on-one, online, etc.),

(5) Address locations where the program or seminar will be held in California,

(6) Name, certifications, and resume of instructors,

(7) Licensee's relationship (business or personal) with any person employed or affiliated with the program or seminar,

(8) Language(s) in which the program or seminar is offered and whether the program or seminar is made available to every borrower in the language in which the loan contract is negotiated,

(9) Copy of program content and program curriculum and all materials used or distributed to the borrower in the program or seminar, in all offered languages, and

(10) Any additional information or materials provided to the borrower after the credit education program or seminar is offered or has been provided.

(d) Within 30 calendar days from the receipt of the information in subdivision (c) of this section, the California Corporations Commissioner shall inform the licensee in writing whether the credit education program is approved or disapproved for use.

(e) A licensee shall not offer to a borrower any credit education program or seminar that has not been previously reviewed and approved by the California Corporations Commissioner for use.

(f) A licensee shall maintain a file with the name and contact information on all credit education programs or seminars being offered to borrowers, and a copy of the program curriculum and all materials used or distributed in each program or seminar, in all offered languages, for purposes of compliance.

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22352, Financial Code.

9. Section 1588 is adopted to read:

§ 1588. Licensee's Evidence of Compliance with Education Offer.

(a) A licensee shall offer in writing and at no cost to the borrower a credit education program or seminar, and provide the borrower with a list of one or more available credit education programs or seminars. The written offer shall include the name of the program or seminar, location of the program or seminar offered, and language in which the program or seminar was offered to the borrower. The licensee shall have the borrower initial and date the written offer, and the licensee shall retain a copy of the written offer with the borrower's initials and date acknowledging receipt in the file.

(b) A licensee shall include a copy of the written offer of a credit education program or seminar with any late notice provided to a borrower.

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22352, Financial Code.

10. Section 1589 is adopted to read:

Subarticle 6. Books, Records and Examinations.

§ 1589. Licensee's Evidence of Compliance with Credit Reporting and Underwriting Standards.

(a) A licensee shall retain for every loan a copy of the following documents for compliance with credit reporting and loan underwriting standards:

(1) Evidence that the payment performance of each borrower, on every loan made to that borrower, is being reported to one or more of the national credit reporting agencies in the United States under Section 22352(g)(2) of the Financial Code.

(2) All evidence of loan underwriting under Section 22352(g)(3) of the Financial Code, including a copy of any information obtained through electronic means and relied upon in underwriting the loan.

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22352, Financial Code.

11. Section 1590 is adopted to read:

§ 1590. Licensee's Duty to Verify Status of Finder Prior to Compensation.

(a) Before paying any finder, a licensee shall verify that the finder has not been barred from providing services at that location by the California Corporations Commissioner.

(b) The status of a finder is available at the Department's website at www.corp.ca.gov.

(c) A licensee shall be on notice that the licensee's finder has been barred upon issuance of an order by the California Corporations Commissioner barring that finder from the specified location(s).

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22356(b)(4), Financial Code.

12. Section 1591 is adopted to read:

§ 1591. Notice to Applicant Concerning Loan Interest and Right to Rescind.

(a) A licensee shall at the time of application provide the applicant with written notice under Section 22352(a)(3)(A) and (B) of the Financial Code, containing the following:

(1) the annual percentage rate, the periodic payment amount and the total finance charge, calculated as required by the Federal Reserve Board Regulation Z, as to a loan of an amount and term substantially similar to the loan applied for by the applicant, and

(2) that the applicant shall have the right to rescind the loan by notifying the licensee of the applicant's intent to rescind the loan and returning the principal advanced by the licensee, by the end of the business day following the date of the consummation of the loan.

(b) The licensee shall have the applicant initial and date the notice to acknowledge receipt, and the licensee shall retain in the file a copy of the notice with the applicant's initials and date acknowledging receipt.

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22352, Financial Code.

13. Section 1592 is adopted to read:

§ 1592. Disclosure Notice to Applicant and to Borrower.

(a) At the time a finder receives or processes an application, the finder shall have the applicant initial and date as of that day the disclosure notice required under Section 22355(a) of the Financial Code, acknowledging receipt. The finder shall provide a copy of the disclosure notice to the applicant and retain in the file the original disclosure notice with the applicant's initials and date acknowledging receipt.

(b) The licensee shall either have the borrower re-initial and re-date a copy of the disclosure notice in subdivision (a) of this section acknowledging the borrower's receipt of the disclosure notice from the licensee on the day the loan is consummated, or use other such procedures established by the licensee to document that the licensee mailed a copy of the disclosure notice to the borrower within two weeks of the date of the loan consummation.

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22355, Financial Code.

14. Section 1593 is adopted to read:

§ 1593. Books and Records of Finders: Standard for Keeping and Retention Period.

A licensee shall maintain all books, records, accounts and documents for at least two years after performing services, at the place(s) of business provided in the finder's registration form, including but not limited to, records demonstrating that the activities and services performed by the finder are in compliance with Section 22354 of the Financial Code, written disclosures used to provide notice to a borrower in compliance with subdivision (a)(3) of Section 22352 and Section 22355 of the Financial Code, written agreement between the licensee and finder under subdivision (a) of Section

22356 and Section 22358 of the Financial Code, and records of compensation paid to a finder in compliance with subdivision(b) of Section 22356 of the Financial Code.

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22352, 22354, 22355, 22356, and 22358, Financial Code.

15. Section 1594 is adopted to read:

§1594. Services of Finders.

A finder receives or processes an application under Section 22355(a) of the Financial Code when the finder performs one or more of the services for a licensee under Section 22354(a) of the Financial Code.

Note: Authority cited: Section 22150, Financial Code. Reference: Sections 22354(a), and 22355(a), Financial Code.

16. Section 1595 is adopted to read:

§1595. Counseling or Advice: Prohibited by Finder.

(a) A finder shall not provide counseling or advice to a borrower or prospective borrower under Section 22354(a)(2) and (b)(1) of the Financial Code.

(b) Counseling or advice means providing written or oral information to a borrower or prospective borrower that is specific to a loan or to the borrower's or prospective borrower's circumstances.

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22354(a)(2) and 22354(b)(1), Financial Code.

17. Section 1596 is adopted to read:

§1596. List of Borrowers: Survey.

For purposes of conducting a survey of borrowers under subdivision (e) of Section 22361 of the Financial Code, a licensee shall upon request make available to the California Corporations Commissioner a list of all borrowers who participated in the program, regardless of whether a loan was consummated. The information shall include the name and contact information of the borrower, date of the transaction, loan information, location of business, and other such information as deemed necessary by the California Corporations Commissioner.

Note: Authority cited: Section 22150, Financial Code. Reference: Section 22361, Financial Code.