STATE OF CALIFORNIA
DEPARTMENT OF CORPORATIONS

TEXT OF PROPOSED CHANGES UNDER THE
CORPORATE SECURITIES LAW OF 1968
CALIFORNIA FINANCE LENDERS LAW
CALIFORNIA RESIDENTIAL MORTGAGE LENDING ACT
CALIFORNIA DEFERRED DEPOSIT TRANSACTION LAW
PURSUANT TO NOTICE
DATED: MARCH 18, 2009

1. Section 250.50 is repealed.

~~Section 250.50. Definitions.~~

~~The terms defined in the Permit Reform Act of 1981 when used in this article shall have the meaning set forth in that law. In addition, the following definitions shall apply in this article:~~

~~(a) An application for permit is considered complete when all documents, information, and fees required by the relevant statutes and regulations are received by the Department.~~

~~(b) Notifications by the Department to applicants for a permit occur on the date the notifications are postmarked.~~

~~(c) "Days" means calendar days.~~

~~Note: Authority cited: Sections 15376 and 15378, Government Code. Reference: Sections 15376 and 15378, Government Code.~~

2. Section 250.51 is repealed.

~~Section 250.51. Permit Processing Times.~~

~~Column (a), below, describes the types of permit applications subject to these rules. Column (b) sets forth the period dating from receipt of the application within which the Department must inform the applicant, in writing, that the application is complete and accepted for filing or that the application is deficient and what information is required to make the application complete. Column (c) prescribes the period dating from the filing of a complete~~

~~application (determined by the date of notification that application is complete) within which the Department must reach a permit decision. Columns (d), (e), and (f) set forth the Department's median, minimum and maximum times, respectively, for processing a permit from the receipt of the initial application to the final permit decision. Time periods are in days.~~

~~(a)~~	~~(b)~~	~~(c)~~	~~(d)~~	~~(e)~~	~~(f)~~
~~Negotiating permit (Sec. 25102(c) Corp. Code)~~	~~15~~	~~10~~	~~7~~	~~7~~	~~7~~
~~Designation of Issuer (Sec. 25100(k) Corp. Code)~~	~~15~~	~~15~~	~~9~~	~~9~~	~~9~~
~~Qualification of securities by notification (Sec. 25112 Corp. Code)~~	~~35~~	~~15~~	~~13~~	~~1~~	~~281~~
~~Qualification of securities by permit (Sec. 25113 Corp. Code)~~	~~45~~	~~15~~	~~14~~	~~1~~	~~352~~
~~Qualification of securities by coordination (Sec. 25111 Corp. Code)~~	~~35~~	~~15~~	~~23~~	~~1~~	~~344~~
~~Qualification of securities by permit (Sec. 25121 Corp. Code)~~	~~45~~	~~15~~	~~15~~	~~1~~	~~261~~
~~Qualification of securities by notification (Sec. 25131 Corp. Code)~~	~~45~~	~~15~~	~~15~~	~~2~~	~~310~~
~~Application for removal of condition under Sec. 25141 Corp. code~~	~~15~~	~~15~~	~~22~~	~~2~~	~~253~~
~~Permit to execute or issue any guarantee of any security~~	~~15~~	~~15~~	~~9~~	~~4~~	~~54~~
~~Commissioner’s consent to transfer securities~~	~~25~~	~~15~~	~~10~~	~~1~~	~~272~~
~~Post-effective amendment to qualification of securities~~	~~21~~	~~15~~	~~8~~	~~1~~	~~353~~
~~Broker-dealer certificate (Sec. 25211 Corp. Code)~~	~~55~~	~~15~~	~~35~~	~~1~~	~~389~~
~~Investment Adviser certificate (Sec. 25231 Corp. Code)~~	~~45~~	~~15~~	~~72~~	~~4~~	~~359~~
~~Repurchase offer for securities (Sec. 25507 Corp. Code)~~	~~35~~	~~15~~	~~20~~	~~2~~	~~316~~

~~Application for exemption pursuant to Sec. 25100(l) Corp. Code~~	~~15~~	~~15~~	~~No applications in last 2 years~~		
~~Franchise registration (Sec. 31110 Corp. Code)~~	~~45~~	~~25~~	~~26~~	~~2~~	~~388~~
~~Renewal of franchise registration (Sec. 31121 Corp. Code)~~	~~15~~	~~25~~	~~27~~	~~3~~	~~259~~
~~Amendment to franchise registration~~	~~15~~	~~25~~	~~10~~	~~1~~	~~144~~
~~Material modification to franchise registration (Sec. 31125 Corp. Code)~~	~~14~~	~~28~~	~~34~~	~~12~~	~~93~~
~~Check Sellers, Bill Payers & Proraters License (Fin. Code Sec. 12200)~~	~~28~~	~~14~~	~~57~~	~~39~~	~~98~~
~~Escrow Agent Main Office (Fin. Code Sec. 17200)~~	~~45~~	~~30~~	~~57~~	~~19~~	~~221~~
~~Escrow Agent Branch Office (Fin. Code Sec. 17213.5)~~	~~45~~	~~30~~	~~39~~	~~7~~	~~117~~
~~California Finance Lender license – Long Form (Fin. Code Sec. 22200)~~	~~45~~	~~60~~	~~29~~	~~2~~	~~122~~
~~California Finance Lender license – Short Form (Fin. Code Sec. 22200)~~	~~20~~	~~15~~	~~No applications in last 2 years~~		
~~California Deferred Deposit Transaction license – Long Form (Fin. Code Sec. 23005)~~	~~45~~	~~60~~	~~No applications in last 2 years~~		
~~California Deferred Deposit Transaction license – Short Form (Fin. Code Sec. 23005)~~	~~20~~	~~15~~	~~No applications in last 2 years~~		
~~Securities Depository (Fin. Code Sec. 30200)~~	~~21~~	~~21~~	~~No applications in last 2 years~~		
~~Credit Instruments – Guaranteed Loan Offer and Advertising Package (Section 1556 of the California Code of Regulations) (Fin. Code Sec. 22165)~~	~~25~~	~~25~~	~~19~~	~~6~~	~~36~~

~~Note: Authority cited: Sections 25610 and 35006, Corporations Code; and Sections 12300, 17400, 22150, 23015 and 30006, Financial Code. Reference: Sections 25610 and 35006, Corporations Code; and Sections 12300, 17400, 22150, 23015 and 30006, Financial Code.~~

3. Amend Subsection (b) of Section 260.102.8 to read:

Section 260.102.8. Notice of Issuance of Securities Pursuant to Small Offering Exemption.

(b) The consent to service of process form required by Clause (5) of Subdivision (h) of Section 25102 of the Code shall be in the following form: ~~on 8 ½" by 11" paper:~~

TO THE COMMISSIONER OF CORPORATIONS OF

THE STATE OF CALIFORNIA

CONSENT TO SERVICE OF PROCESS

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, [_____ (a corporation, partnership or limited liability company organized under the laws of the State of _____),

OR

_____(an individual),

OR

_____(other entity),]

hereby irrevocably appoints the Commissioner of Corporations of the State of California, or the Commissioner's successor in office, to be ~~it's~~ the undersigned's attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against ~~it,~~ the undersigned, or the undersigned's ~~its~~ successor, executor, or administrator which arises under the ~~California~~ Corporate Securities Law of 1968, as amended, or any rule or order thereunder after this consent has been filed, with the same force and validity as if served personally on the undersigned.

For the purpose of compliance with the ~~Corporations Code~~ Corporate Securities Law of 1968, as amended, of the State of California, notice of the service and a copy of the process should be sent by registered or certified mail to the undersigned at the following address:

_____

~~Name~~

_____

~~Street Address~~

_____

~~City~~ ~~State~~ ~~Zip Code~~

~~Dated: _____, 20_____.~~ _____

~~By~~ _____

~~Title~~ _____

~~State of California)~~

~~County of _____)~~

_____

(Name and Address)

_____

Dated: _____, _____.

[Insert name of corporation, partnership, limited liability company or other entity]

By _____

Title _____

OR

[insert name of individual]

_____

ACKNOWLEDGMENT

State of California)

County of _____)

On _____ (insert date) before me~~, (here insert name and title of the officer),~~ personally appeared

_____ _____,

(insert name and title of the officer) ~~personally known to me (or~~who proved to me on the basis of satisfactory evidence~~)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and officials seal.

Signature _____ ~~(Seal)~~ (Seal)

Any certificate of acknowledgment taken in ~~another state~~ a foreign jurisdiction shall be sufficient in the State of California if it is taken in accordance with the laws of the place where the acknowledgement is made.

NOTE: Authority cited: Sections 25102(h), 25608 and 25610, Corporations Code; and Statutes of 1983, Chapter 859, Section 9. Reference Section 25102(h), Corporations Code and Section 1189, Civil Code.

4. Amend Section 260.103.6 to read:

260.103.6. Limited Exchange Transaction – Notice of Exchange Transaction.

(a) An acquiring or converting entity in an exchange under Section 25103(h) of the Code shall file a Notice of Exchange Transaction with the Commissioner no later than 15 calendar days after the first sale of the securities in the transaction in this state. No notice is required to be filed if there is no sale in this state.

(b) The notice referred to in subdivision (h) of Section 25103 of the Code shall be in the following form: ~~on 8-1/2" by 11" paper:~~

(Department of Corporations Use Only)	Department of Corporations File No., if any

Fee Paid $_____ _____

Receipt No. _____ (Insert File Number(s) of Previous Filings

Before the Department, if any)

FEE: $600

(See Corporations Code Section 25608(z))

COMMISSIONER OF CORPORATIONS

STATE OF CALIFORNIA

NOTICE OF EXCHANGE TRANSACTION OR ENTITY CONVERSION

PURSUANT TO CORPORATIONS CODE SECTION 25103(h)

1. Name of ~~A~~acquiring or converting ~~E~~entity (entity resulting from the conversion): _____

_____

2. (a) Address of ~~A~~acquiring or converting ~~E~~entity:

_____

Street City State Zip

(b) Mailing ~~A~~address: _____

Street City State Zip

(c) Area ~~C~~code and ~~T~~telephone ~~N~~number: _____

3. Acquiring or converting ~~E~~entity's state ~~(~~or ~~other~~ jurisdiction~~)~~ of incorporation or organization:

_____

4. (a) Name of ~~E~~entity to be ~~A~~acquired or converted: _____

(b) State ~~(~~or ~~other~~ jurisdiction~~)~~ of incorporation or organization of ~~E~~entity to be ~~A~~acquired or converted: _____

5. The exchange of securities meets the requirements of (check one):

( ) Section 25103(h)(1)(A) of the Code.

( ) Section 25103(h)(1)(B) of the Code, and the state of incorporation or organization is _____, or the form of the organization is _____.

6. Type of filing under the Securities Act of 1933, if applicable:

_____

7. Date of Notice: _____

( ) Check if ~~A~~acquiring or converting ~~E~~entity has a consent to service of process on file with the Commissioner

_____

Acquiring or converting ~~E~~entity

_____

Authorized signature on ~~B~~behalf of ~~A~~acquiring or converting ~~E~~entity

_____

Print Name and Title of Signatory

Name, Address and Phone Number of Contact Person:

Instructions: Each ~~A~~acquiring or converting ~~E~~entity (other than a California corporation) filing a notice under Section 25103(h) must file a consent to service of process (Form 260.165), unless it already has a consent to service on file with the Commissioner.

NOTE: Authority cited: Sections 25165 and 25610, Corporations Code. Reference: Sections 25103(h), 25165 and 25608(z), Corporations Code; Chapter 40, Statutes 1990; Chapter 1035, Statutes 1990~~.~~; Chapter 201, Statutes 2000.

5. Amend Section 260.105.15 to read:

Section 260.105.15. Exemption from Qualification of Certain Exchanges.

There is exempted from the provision of section 25110 of the Code, as not being comprehended within the purposes of the Corporate Securities Law of 1968 and the qualification of which is not necessary or appropriate in the public interest or for the protection of investors, the offer and sale of ~~shares of one corporation~~ securities of one entity in exchange for all ~~shares~~ securities issued by another ~~corporation~~ entity (the "Acquired ~~Corporation~~ Entity"), except for directors' qualifying shares, if all of the following requirements are met:

(a)(1) Such exchange is subject to approval after a hearing as to the fairness of its terms and conditions, by public commission, board or other governmental authority of a state expressly authorized by the law of such state to grant such approval, or

(2) such exchange is subject to approval by the affirmative vote of not less than a majority (unless the requirement is increased by a provision contained in the articles of incorporation, bylaws or applicable state law) of the outstanding shares of the Acquired

~~Corporation~~ Entity of the class which are to be exchanged, excluding from such outstanding shares the shares of any person who owns, directly or beneficially, 50 percent or more of such outstanding shares;

(b) Any holder of shares of the Acquired ~~Corporation~~ Entity dissenting from the exchange is entitled to the fair value of his shares; and

(c) Less than 25 percent of the outstanding shares of the Acquired ~~Corporation~~ Entity of any class to be exchanged are held as of the record date for the exchange by persons who have addresses in this state according to the records of the Acquired ~~Corporation~~ Entity; provided that any shares held to the knowledge of the Acquired ~~Corporation~~ Entity in the names of broker-dealers or nominees of broker-dealers, and any shares controlled by a person who controls, directly or indirectly, 50 percent or more of the outstanding shares of that class, shall not be considered outstanding for the purposes of this subdivision (c).

NOTE: Authority cited: Sections 25105 and 25610, Corporations Code. Reference: Sections 25105 and 25110, Corporations Code.

6. Amend Item 19 of Section 260.113 to read:

Section 260.113. Application for Qualification by Permit.

ITEM 19. PRIOR ISSUANCES PURSUANT TO CODE SECTIONS 25102(f), ~~AND~~ (h)~~.~~, (n) AND (o). If the applicant has ~~previously~~ issued securities pursuant to the exemptions from qualification provided for in Sections 25102(f), ~~and/or~~ (h), (n) and (o) of the Code, briefly state the details of the transaction(s) ~~or transactions~~.

NOTE: Authority cited: Sections 25113(b), 25610 and 25612, Corporations Code. Reference: Sections 25102, 25110, 25113, and 25160, Corporations Code.

7. Amend Paragraph (4) of Subdivision (b) of Section 260.140.8 to read:

Section 260.140.8. Restrictions on Transfer.

(4) Provisions giving an issuer the right to repurchase securities upon termination of employment are presumptively reasonable if the repurchase price:

(i) is not less than the fair value of the securities to be repurchased on the date of termination of employment, and the right to repurchase will be exercised for cash or cancellation of purchase money indebtedness for the securities within 6 months of termination of employment (or in the case of securities issued upon exercise of options after the date of termination, within 6 months after the date of the exercise), and the right terminates when the issuer's securities become publicly traded; or

(ii) is at the original purchase price, provided that the right to repurchase at the original purchase price lapses at the rate of at least 20% of the securities per year over 5 years from the date the option is granted (without respect to the date the option was exercised or became exercisable) and the right to repurchase must be exercised for cash or cancellation of purchase money indebtedness for the securities within 6 months of termination of employment (or in the case of securities issued upon exercise of options after the date of termination, within 6 months after the date of the exercise). In addition to the restrictions set forth in clauses (i) and (ii), the securities held by an officer, director, <u>general partner, trustee (where the issuer is a business trust),</u> manager, advisor or consultant of the issuer, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the issuer's parents, or an affiliate of the issuer may be subject to additional or greater restrictions.

NOTE: Authority cited: Sections 25102, 25140, 25610 and 25612.5, Corporations Code. Reference: Sections 25102, 25110, 25140, 25610 and 25612.5, Corporations Code.

8. Amend Subsection (e) of Section 260.140.42 to read:

Section 260.140.42. Compensatory Purchase or Bonus Plans Excluding Option Plans.

(e) The plan or agreement must be approved by a majority of the outstanding securities entitled to vote by the later of (1) within 12 months before or after the date the plan is adopted or the date the agreement is entered into or (2) prior to or within 12 months of the issuance of any security under the plan or agreement in this state. Any issuance of securities before security holder approval is obtained must be rescinded if security holder approval is not obtained in the manner described in the preceding sentence. Such securities shall not be counted in determining whether such approval is obtained. A foreign private issuer, as defined by Rule 3b-4 of the Securities Exchange Act of 1934, as amended (17 C.F.R. 240.3b-4), shall not be required to comply with this subsection provided that the aggregate number of persons in this state granted options under all option plans and agreements and issued securities under all purchase and bonus plans and agreements does not exceed 35.

NOTE: Authority cited: Sections 25102, 25140, 25610 and 25612.5, Corporations Code. Reference: Sections 25102, 25110, 25140, 25610 and 25612.5, Corporations Code.

9. Amend Section 260.140.71.2 to read:

Section 260.140.71.2. Application for Qualification by Permit Pursuant to Section 25113 of the Corporate Securities Law of 1968.

An application for qualification by permit of the offer and sale of securities proposed to be issued by a mutual water company must contain the information required by Sections 260.110 and 260.113 of the Commissioner's Rules.

In addition, the following information must be filed as an exhibit to the application in response to the items of Rule 260.113 found below:

(a) Item 20(iii):

(1) A statement of the purposes of the company indicating the scope and variety of its proposed operations.

(2) A description of the service area in which the mutual water company proposes to deliver water, and a representation that the mutual water company contacted the Public Utilities Commission (PUC) and the county local agency formation commission (LAFCO) to determine if the proposed service area will overlap an existing water service area or if an existing water service area could more appropriately serve the subdivision. In the case of a proposed subdivision, contact with the PUC and the LAFCO should be made at the time of initial contact with the local planning department. If a water company is reorganizing to become a mutual water company, contact with the PUC and the LAFCO should be made at the time initial contact with the local or state department of health.

(3) A description of the method by which the company is to acquire the water supply, distribution and fire protection system. If a mutual water company being formed in connection with subdivided lands or a subdivision of land is to acquire its water supply, distribution and fire protection system from the subdivider, copies of the contract and other documents relating to the acquisition of the system must be filed. These contracts and documents must evidence the mutual water company's title to the water supply, distribution and fire protection system. For example: a bill of sale transferring all personal property used and usable in the operation of the mutual water company; a copy of the recorded deed to the wells and water tanks to be used by the mutual water company in the supply, distribution and fire protection system; copies of recorded deeds granting easements for construction, repair, maintenance and improvements of the water supply, distribution and fire protection system.

Additionally, the subdivider must file a copy of an executed written contract entered into with the mutual water company whereby the subdivider agrees with the mutual water company to pay monthly a proportional part of the repair and replacement fund (as required by Rule 260.140.71.2(b)(3)) according to the following ratio: number of lots owned or controlled by the subdivider to total number of lots in the subdivision. The written contract may also provide that,

in consideration of transfer by the subdivider to the mutual water company of the water supply, distribution and fire protection system, the mutual water company agrees to:

(A) take all necessary action to apply for subsequent permits from the Department of Corporations, provided the subdivider agrees to pay all expenses of the mutual water company associated with obtaining the permit, and provided further the extension of the water supply, distribution and fire protection system is to a contiguous subdivision and is completely integrated into the present system so that there exists, in effect, one water supply, distribution and fire protection system which will not create conflicts between present and future users;

(B) sell and issue securities to purchasers of remaining lots in the subdivision on the same terms (except for price, if the difference is justified) for the initial purchasers;

(C) cooperate with the subdivider in the operation, maintenance, and improvement of the present and contemplated water supply, distribution and fire protection system; and

(D) contract with the subdivider or a successor in interest, if a reasonable request is made to do so, for the management of the mutual water company for as long as lots in the subdivision remain unsold, provided at all times the board of directors of the mutual water company shall approve or disapprove the terms of the contract including compensation to the subdivider or successor in interest, if any.

(4) An engineer's report prepared as required by Section 260.150 and Sections 260.504.2-260.504.2.4.

(5) If the company proposes to distribute water for human consumption, a copy of the certificate of the Director of Public Health as required by Sections 4010-4024 of the Health and Safety Code must be filed.

(6) If a mutual water company is being formed in connection with subdivided lands or a subdivision of land, as defined in Sections 11000, 11000.1, 11000.5, and 11004.5 of the Business and Professions Code, the application must state that the securities will be sold or

issued only to purchasers of lots in the subdivision, or to successors in interest of purchasers of lots in the subdivision, and not sold or issued to the subdivider or to the successor in interest of the subdivider. Moreover, the application must state that the securities will be sold or issued only after a public report for the subdivision has been issued by the Department of Real Estate. The mutual water company must file one additional copy of the application to be referred for comment to the Commissioner of Real Estate.

(7) A statement undertaking to comply with the requirements of Corporations Code Section 14300 for making the security issued by the mutual water company appurtenant to the land.

~~(7)~~ (8) If the water supply and distribution system will be completed prior to the issuance of a permit by the Commissioner, the application should include either a statement of the engineer preparing the engineer's report submitted with the application, or of a person employed or acting on behalf of a public agency or other independent qualified person, that the system has been examined and tested and that the system operates in accordance with the design standards of the system described in the application.

(b) Item 21.A: The articles of incorporation or bylaws of the mutual water company must contain the following:

(1) A statement to the effect that the mutual water company shall provide water to all members or shareholders.

(2) A general description of any activities other than the delivery of water in which the water company may engage. The appropriateness of these other activities will be determined by the commissioner upon a consideration of the circumstances in each particular case.

(3) A proviso directing the board of directors to establish a rate structure which will result in the accumulation and maintenance of a fund for the repair and replacement of the water supply, distribution and fire protection system (the “repair and replacement fund”). The rate

charged, moreover, must bear a reasonable relationship to the cost of furnishing water. Unimproved lots included within the area to be served must bear a proportionate share of the cost of repair and replacement of the water supply, distribution and fire protection system, as well as a proportionate share of the cost of maintaining the repair and replacement fund.

(4) A reasonable relationship between each unit of the securities to be issued and each unit of the area to be served; e.g., one share of common stock issued for each subdivided lot purchased.

(5) A statement prohibiting the issuance of fractional shares or securities.

(6) Adequate provision must be provided for transfer of the securities, voting rights of the security holders, inspection of books and records by security holders, necessary or contemplated expansion of the facilities of the mutual water company, and further subdivision, where applicable, of the area to be served.

(7) A reasonable limitation on the salaries paid to the persons operating, or employed by, the mutual water company including officers and directors.

(8) A provision for annual meetings of the security holders accompanied by a provision for adequate notice.

(9) A provision for distributing to each security holder annually fiscal year-end financial statements within 105 days of the close of the fiscal year.

(10) In the case of a mutual water company purchasing water for distribution from a public utility, municipal water company or water district, a provision for charging all security holders a pro rata amount of the cost of water supplied to an entity providing fire protection service.

(c) Item 21.F: A mutual water company must prepare an offering circular to be used in an offer and sale of its securities. This offering circular must include, among other things: a discussion of the water supply, distribution and fire protection system; a summary of the opinion

of the engineer along with the engineer's consent as required by Sections 260.504.2-260.504.2.4; the area in which the mutual water company intends to provide water service; whether activities other than delivery of water are contemplated by the mutual water company; a discussion of the rights and duties of the security holders of the mutual water company as set forth in its articles of incorporation and bylaws, including the consequence of failure to pay for water or assessments; the fact that the articles of incorporation provide that the shares or securities of the mutual water company may not be sold separately from the right to water evidenced by the security of the mutual water company; prohibition of issuance of fractional shares or securities of the mutual water company; a discussion of the certificate issued by the Director of Public Health certifying that the water is fit for human consumption; the limitation imposed on salaries to be paid to personnel operating, or employed by, the mutual water company including officers and directors; a discussion of the transferability of the securities, the voting rights of the security holders, access to books and records, necessary or contemplated expansion of the facilities of the mutual water company, and further subdivision of the area to be served, if applicable; a discussion of the subdivider's duties with respect to maintenance and repair or replacement of the water supply, distribution or fire protection system; and a discussion of the establishment and maintenance of the repair and replacement fund.

Additionally, the following exhibits shall be attached to the offering circular: a copy of the articles of incorporation and bylaws of the mutual water company; and a copy of financial statements of the mutual water company (if the mutual water company has not yet commenced operations, a detailed operating budget for the first six months of operations should be included as an exhibit to the offering circular; the operating budget must include estimated monthly fees to be charged to the water users).

Note: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

10. Amend Subsection (c) of Section 260.140.114.1 to read:

Section 260.140.114.1. Sales, Leases and Loans.

(c) Loans. No loans may be made by the program to the sponsor, except as permitted by Section ~~260.140.114(d).~~260.140.111.4(d).

NOTE: Authority cited: Section 25610, Corporations Code. Reference: Section 25140, Corporations Code.

11. Amend Subsection (a) of Section 260.151 to read:

Section 260.151. Request for Consent to Transfer Securities Subject to Legend or Escrow Condition.

(a) Transferor statement form:

(Department of Corporations Use Only)	Department of Corporations
Fee Paid $ _____	File ~~no~~No. _____
	(Insert file no. of previous filings before the Dept. if any)
Receipt No. _____	FEE: $ _____
	(To be completed by applicant. The required fee is $20 per ~~transferor~~ transfer (Sec. 25608(m), Corp. Code).)

Date of Application:_____

DEPARTMENT OF CORPORATIONS

STATE OF CALIFORNIA

APPLICATION FOR CONSENT TO TRANSFER SECURITIES PURSUANT TO SECTION 25151 OF THE CORPORATE SECURITIES LAW OF 1968

This represents (check appropriate box):

☐ The initial filings. ☐ An amendment to application dated _____

THE SECURITIES PROPOSED TO BE TRANSFERRED ARE SUBJECT TO (CHECK APPROPRIATE BOX)

☐ LEGEND CONDITION. ☐ ESCROW CONDITION.

---

1. (a) Name of Issuer:

   (b) Former Name, If Any:

---

2. Description of securities proposed to be transferred: (State title of each class of securities (e.g., Class A Common Stock). If rights, warrants and options are listed, also specify the securities to be transferred upon exercise thereof. If securities are to be pledged, so state.)

---

3. Name and address of each transferor (if space is insufficient, incorporate and attach additional sheets):

Name	Address	Aggregate number or amount of securities proposed to be transferred by each transferor:
		Total: _____

4. Name and address of each proposed transferee (if space is insufficient, incorporate and attach additional sheets):

Name	Address	Aggregate number or amount of securities proposed to be transferred by each transferor:
		Total: _____

5. Address of principal executive office of Issuer:

_____

(Number and Street) (City) (State) (Zip Code)

6. Name and address of person to whom correspondence regarding this application should be directed:

_____

7. There are attached hereto as exhibits statements by each of the proposed transferees in the form required by Section 260.151 of Title 10 of the California Code of Regulations. (Note: Upon request, such statements will be treated as confidential by the Commissioner, subject to the provisions of Section 250.10, Title 10, California Code of Regulations.)

_____

8. (Check appropriate box)

☐ (a) There are no restrictions upon the transfer of the securities proposed to be transferred other than the legend or escrow condition imposed by the Commissioner of Corporations.

☐ (b) There are no restrictions upon the transfer of the securities proposed to be transferred other than the legend or escrow condition imposed by the Commissioner of Corporations which are described in an exhibit attached hereto and incorporated herein by reference. Such restrictions have been complied with

as to make the transfer to the proposed transferees valid and are known to the proposed transferees.

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9. No portion of the consideration to be given by the transferees of the securities will be for the direct or indirect benefit of the Issuer identified in Item 1. (If the Issuer is to benefit from proposed transfer, see Section 25011 of the Corporate Securities Law of 1968 and Section 260.011 of Title 10, of the California Code of Regulations. Qualification of the transaction may be required.

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10. Execution Instructions:

If a transferor is other than an individual, the name of the entity should be typed or printed above the signature line exactly as shown in Item 3. The signature should show the name and title of the person authorized to sign for such transferor.

I/We certify (or declare) under penalty of perjury under the laws of the State of California and I/We have read this application and know the contents thereof, and that the statements therein are true and correct.

Executed at _____ , _____ , 20_____ .

(Place) (Date)

(If the transferor is other than an individual, give the name of the entity and the name and title of the person executing the application on behalf of such entity.)

(Signature of Transferor)	(Signature of Transferor)
(Signature of Transferor)	(Signature of Transferor)
(Signature of Transferor)	(Signature of Transferor)

NOTE: Authority cited: Section 25610, Corporations Code. Reference: Section 25151, Corporations Code.

11. Amend Subsection (c)(3)(C) of Section 260.236 to read:

Section 260.236. Qualifications of Investment Advisers and Investment Adviser Representatives.

(c)(3)(C) ~~Certified Financial Planner ("CFP")~~ CERTIFIED FINANCIAL PLANNER™ or CFP® issued by the Certified financial Planner Board of Standards, Inc.;

NOTE: Authority cited: Sections 25236(a) and 25610, Corporations Code. Reference: Sections 25230, 25230.1 and 25236, Corporations Code.

12. Amend Section 260.608 to read:

Section 260.608. Fees for Publications.

(a) Publications issued by the Commissioner shall be available for the charges set forth below, except that these charges shall not apply to other governmental agencies.

(b) Individual Copies. Individual copies of the releases, notices of rule changes and other publications of the Commissioner may be obtained upon request from any office of the Department. Mail requests should be directed to the Department of Corporations, 320 West 4th Street, Suite 750, Los Angeles, 320 West 4th Street, Suite 750, Los Angeles, California 90013-2344. No charge is made for individual copies of current publications. The charge for items which are not current is the regular charge for copy work.

(c) Mailing Lists. A charge per year in the amount indicated below is made for each individual mailing lists to receive releases, notices of rule changes and other publications of the Commissioner ~~(other than those referred to in subsections (e) and (f)~~ pertaining to a particular law administered by the Department. Requests to be placed on a mailing list should be directed to the Department of Corporations, 320 West 4th Street, Suite 750, Los Angeles, California 90013-2344.

(1) California Finance Lenders Law ($4.00)

(2) California Residential Mortgage Lending Act ($4.00)

(3) Capital Access Company Law ($4.00)

(4) Check Sellers, Bill Payers and Proraters Law ($1.00)

(5) Corporate Securities Law and Commodity Law ($10.00)

(6) Escrow Law ($2.00)

(7) Franchise Investment Law ($2.00)

~~(9)~~ (8) General Mailing List ($27.00) includes items (1) through (7).

(d) Forms. As a convenience to attorneys and other members of the public, forms prescribed by these rules may be obtained from any office of the Department. No charge will be made in connection with any single request for not more than two copies of any form which

are picked up at any office of the Department. The Department will, upon request, mail additional copies of any form or forms at cost, except that the minimum charge for any single order will be one dollar ($1.00). Prices will include sales tax and postage.

NOTE: Authority cited: Sections 25608 and 25610, Corporations Code. Reference: Section 25608, Corporations Code.

13. Amend the Note in Subchapter 6. California Finance Lenders Law (Finance Company Rules) to read:

NOTE: Pursuant to Section 1570 of the finance company rules, only the following sections shall apply to a commercial loan of a bona fide principal amount of $5,000 or more or to a finance company in connection with any such loan: 1404, 1408, 1409, 1411, 1422, 1423, 1425, 1426, 1427, 1428, 1429, 1430.5, 1431, 1435, 1446, 1451, 1452, 1460, 1499, 1550, 1552, 1556, and 1557.

NOTE: Authority cited: Section 22150, Financial Code. Reference: Section 22000, et seq., Financial Code.

14. Amend Subsection (d) of Section 1457 to read:

Section 1457. Charges: Limited to Amounts Disbursed.

(d) Charges on a loan secured by real property may be collected and received only from the date of closing of the escrow, when the loan proceeds are disbursed by the escrow holder~~.~~, except as provided by Civil Code Section 2948.5.

NOTE: Authority cited: Section 22150, Financial Code. Reference: Section 2948.5, Civil Code; and Sections 22300, 22303, 22306, 22307 and 22326, Financial Code.

15. Amend Section 1950.122.1 to read:

Section 1950.122.1. Consent to Service of Process; Form.

The consent to service of process shall be made on the following form:

TO THE COMMISSIONER OF CORPORATIONS OF

THE STATE OF CALIFORNIA

CONSENT TO SERVICE OF PROCESS

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, [_____ (a corporation, partnership or limited liability company organized under the laws of the State of _____), ~~(an individual), (other _____)~~

OR

_____ (an individual),

OR

_____ (other entity),]

hereby irrevocably appoints the Commissioner of Corporations of the State of California, or the Commissioner's successor in office, to be the undersigned's attorney to receive service of any lawful process in any noncriminal suit, action or proceeding against the undersigned, or the undersigned's successor, executor, or administrator which arises under the California

Residential Mortgage Lending Act or any rule or order thereunder after this consent has been filed, with the same force and validity as if served personally on the undersigned.

For the purpose of compliance with the California Residential Mortgage Lending Act~~,~~ of the State of California, notice of the service and a copy of the process should be sent by registered or certified mail to the undersigned at the following address:

_____

(Name an Address)

_____

~~Dated: _____~~

_____ ~~By _____~~

~~Title _____~~

~~ACKNOWLEDGEMENT~~

Date: _____, _____.

[Insert name of corporation, partnership, limited liability company or other entity]

By _____

Title _____

OR

[Insert name of individual]

_____

ACKNOWLEDGMENT

~~STATE OF CALIFORNIA~~ State of California)

~~COUNTY OF~~ County of _____)

On _____ before me,_____

(insert name and title of the officer)

~~(here insert name and title of the officer),~~ personally appeared _____,

~~personally known to me (or~~who proved to me on the basis of satisfactory evidence~~)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Any certificate of acknowledgement taken in another ~~place~~ state shall be sufficient in ~~California~~ the State of California if it is taken in accordance with the laws of the place where the acknowledgement is made. See, California Civil Code Section 1189.

NOTE: Authority cited: Section 50304, Financial Code. Reference: Section 50122, Financial Code and Section 1189, Civil Code.

16. Amend CONSENT TO SERVICE OF PROCESS EXHIBITS H AND J of Subsection (c) in Section 2020 to read:

2020. Application for Deferred Deposit Transaction Licenses.

~~STATE OF CALIFORNIA~~

TO THE COMMISSIONER OF CORPORATIONS OF

THE STATE OF CALIFORNIA

CONSENT TO SERVICE OF PROCESS

EXHIBITS H AND J

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, [_____ (a corporation, partnership or limited liability company organized under the laws of the State of _____), ~~(an individual), (other _____)~~

OR

_____ (an individual),

OR

_____ (other entity)]

hereby irrevocably appoints the Commissioner of Corporations of the State of California, or the Commissioner's successor in office, to be the undersigned's attorney to receive service of any lawful process in any noncriminal suite, action or proceeding against the undersigned, or the undersigned's successor, executor, or administrator which arises under the California Deferred Deposit Transaction Law or any rule or order thereunder after this consent has been filed, with the same force and validity as if served personally on the undersigned.

For the purpose of compliance with the California Deferred Deposit Transaction Law~~,~~ of the State of California, notice of the service and a copy of the process should be sent by registered or certified mail to the undersigned at the following address:

_____

(Name and Address)

_____

~~Dated: _____~~

~~By: _____~~

~~Title: _____~~

Dated: _____, _____.

[Insert name of corporation, partnership, limited liability company or other entity]

By _____

Title _____

OR

[Insert name of individual]

_____

~~ACKNOWLEDGEMENT~~ACKNOWLEDGMENT

~~STATE OF~~ _____ State of California)

~~COUNTY OF~~ County of _____)

On _____ before me,_____

(insert name and title of the officer)

~~(here insert name and title of the officer),~~ personally appeared

_____ ~~personally known to me (or provided~~

who proved to me on the basis of satisfactory evidence~~)~~ to be the person(s) ~~who/~~whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument ~~are~~ the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Any certificate of acknowledgement taken in another ~~place~~ state shall be sufficient in ~~this state~~ the State of California if it is taken in accordance with the laws of the place where the acknowledgement is made.

NOTE: Authority cited: Section 23015, Financial Code. Reference: Sections 23005(b) and 23015, Financial Code; Section 1189, Civil Code; and Section 11077.1, Penal Code.

17. Amend Section 2030 to read:

2030. Annual Report.

(a) Annual Report Form. The annual report required under Section 23026 of the Financial Code shall be submitted on the following form number 2030 ~~(Rev. 1/06)~~(Rev. 2/06):

PLEASE READ THE ATTACHED INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS REPORT. All licensees must complete the report even if no business was conducted.

To: COMMISSIONER OF CORPORATIONS, STATE OF CALIFORNIA

ANNUAL REPORT FOR

LICENSEES ENGAGED IN BUSINESS UNDER THE

CALIFORNIA DEFERRED DEPOSIT TRANSATION LAW

For the Year Ended December 31, 20__

THIS REPORT IS REQUIRED IN ACCORDANCE WITH FINANCIAL CODE SECTION 23026

Name of Licensee (as shown on the License): _____

Business Phone No.: ( ) _____ Fax No.: _____

E-mail Address(es) (optional): _____

Total number of licenses held as of December 31, 20__ _____

Licensee's Type of Organization [ ] Corporation [ ] Partnership

[ ] Limited Liability Company [ ] Individual

[ ] Other: _____

CALIFORNIA DEFERRED DEPOSIT TRANSACTION ACTIVITY REPORT

FOR THE YEAR ENDED 20__

The Information being requested is for the calendar year ended December 31, 20__

1. The total number of deferred deposit transactions made: _____
2. The total dollar amount of deferred deposit transactions made: $_____
3. The total number of individual customers who obtained deferred deposit transactions: (Only count repeat customers once) _____
4. The minimum dollar amount of deferred deposit transactions made: $_____
5. The maximum dollar amount of deferred deposit transactions made: $_____
6. The average dollar amount of deferred deposit transactions made: $_____
   (Line 2 divided by line 1)
7. The average Annual Percentage Rate (APR) agreed to: _____
   (Total annual percentage rate as stated on the agreements of all transactions

divided by total number of transactions)

8. The average number of days of deferred deposit transactions: _____

9. The total number of returned checks from deferred deposit transactions: _____

10. The total dollar amount of returned checks from deferred deposit transactions: $_____

11. The total number of returned checks from deferred deposit transactions recovered: _____

(Include partial recoveries)

12. The total dollar amount of returned checks recovered: $_____

(Include partial recoveries)

13. The total number of checks from deferred deposit transactions charged off: $ _____

(Include partial balances charged off)

14. The total dollar amount of checks from deferred deposit transactions charged off: _____

(Include partial balances charged off)

VERIFICATION

State of _____)

) SS.

County of _____)

I, the undersigned state: That I am an officer or 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 the documents filed herewith and know the ~~comments~~ contents thereof, I ~~certifythat~~ certify 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.

_____

(Signature of Declarant)

_____

(Name and Title (Please type or print))

Phone Number: ( ) _____ Fax Number: ( ) _____

(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)

_____ _____

(State) Name and Title (Please type or print)

Subscribed and sworn to before me on

(Seal) _____, _____

(Month/Date) (Year)

_____

Notary Public in and for said County and State

(b) Instructions. The following instructions apply to the form specified in subsection (a).

INSTRUCTIONS FOR COMPLETING THE 20XX ANNUAL REPORT

FOR DEFERRED DEPOSIT ORIGINATORS

LICENSED UNDER THE

CALIFORNIA DEFERRED DEPOSIT TRANSACTION LAW

WHO MUST FILE THE REPORT: Every licensee who was licensed as of December 31, 20XX shall file the Department's Annual Report. The report is to include information on all business conducted pursuant to the authority of the California Deferred Deposit Transaction Law by licensees located in or outside the State of California. A report shall be filed even if no business was conducted under the authority of the license in 20XX.

DUE DATE / PENALTY FOR FAILURE TO FILE THE REPORT: The report is due on or before March 15, 20XX. No extension of the filing date can be granted. Failure to file the report may result in Summary Revocation of your license(s).

WHERE TO FILE THE REPORT:

DEPARTMENT OF CORPORATIONS

Financial Services Division

320 West Fourth Street, Suite 750

Los Angeles, CA 90013

THE REPORT FORM: The report must be submitted on this form. All items requesting dollar amounts are to be rounded to the nearest whole dollar. Do not add ".00" to represent rounding

to the nearest dollar. Do not round items to the nearest thousand or million dollars. Do not round intermediate calculations.

PERIOD COVERED BY THE REPORT: The reporting period is (1) January 1, 20XX to December 31, 20XX, or (2) from the effective date of licensure for licenses issued in 20XX to December 31, 20XX.

COMPANIES WITH MULTIPLE LOCATIONS: Companies with multiple licenses must prepare one report consolidating the information from all locations into one report.

ANNUAL REPORT FORM AVAILABLE ON THE INTERNET: The annual report form is also available at the Department's Internet website at www.corp.ca.gov.

VERIFICATION: The Verification on page 3 must be executed by the licensee or authorized person on behalf of the licensee. For example, the verification must be signed by an individual if the licensee is an individual, by a general partner if the licensee is a partnership, by a corporate officer if the licensee is a corporation or a manager if the licensee is a limited liability company. The Verification must have an original signature. Reports bearing incomplete verifications or a missing signature will not be accepted and will be returned to the licensee.

REQUIREMENT FOR THE REPORT: Section 23026 of the Financial Code states that on or before March 15 of each year, beginning March 2006, each licensee shall file an annual report with the Commissioner pursuant to procedures that the Commissioner shall establish. The licensee’s annual report shall be kept confidential pursuant to Chapter 3.5 (commencing with

Section 6250) of Division 7 of Title 1 of the Government Code and any regulations adopted thereunder.

The Department of Corporations will prepare an annual consolidated report that incorporates the information received from each and every annual report submitted by licensees for the designated year. The annual consolidated report will be available to the public.

DEFERRED DEPOSIT TRANSACTIONS: Section 23000 of the Financial Code defines a deferred deposit transaction as a transaction whereby a person defers depositing a customer's personal check until a specific date, pursuant to a written agreement, as provided in Section 23035.

OTHER REPORT REQUIREMENTS:

1. The information required in the report is for the calendar beginning January 1 and ending December 31.
2. The "dollar amount" in Items 2, 4, 5 and 6 shall be based on the face amounts of the checks.
3. For the "total number of individual customers" in Item 3 of the report, count repeat customers only once.
4. The "average dollar amount" of deferred deposit transactions (DDT) under Item 6 of the report is determined by adding the dollar amount of all the transactions made during the calendar year and dividing this number by the total number of DDTs made during the calendar year.

5. The “annual percentage rate” of all transactions under Item 7 of the report is determined by adding the percentage rate specified on all DDT agreements made during the calendar year and dividing this number by the total number of those transactions.

6. The “average number of days” of a DDT under Item 8 of the report is determined by adding the number of days for all DDT agreements and dividing by the total number of transactions.

7. The number and amount in Items 11 and 12 shall include partial recoveries, and the number and amount in Items 13 and 14 shall include partial balances charged off.

QUESTIONS REGARDING THIS REPORT: If you have questions regarding this report, you may contact the Department of Corporations at 1 (866) ASK-CORP (1 (866) 275-2677).

Form number 2030 ~~(Rev. 1/06)~~(Rev. 2/06).

NOTE: Authority cited: Section 23015, Financial Code. Reference: Section 23026, Financial Code.

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