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SB-633 Consumer credit contracts: translations. (2021-2022)

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Senate Bill No. 633

CHAPTER 149

An act to amend Sections 1799.91, 1799.92, and 1799.96 of the Civil Code, relating to contracts.

[Approved by Governor August 15, 2022. Filed with Secretary of State August 15, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 633, Limón. Consumer credit contracts: translations.

Existing law requires, unless the persons are married to each other, each creditor who obtains the signature of more than one person on a consumer credit contract to deliver to specified persons prior to those persons becoming obligated on the contract a notice in English and Spanish, as described. Existing law requires, unless the persons are married to each other, a lessor under a lease to deliver to each person who does not in fact receive the vehicle which is the subject of the lease contract, prior to that person becoming liable on the lease contract, a specified notice in English and Spanish in lieu of the notice required of creditors. Existing law authorizes these notices to be provided on a separate sheet, as described, or in the text of the consumer credit contract or other document establishing liability of the person. Existing law also provides that if federal law or regulations require or permit the use of a notice substantially similar to the notice required as described above, the use of the federally sanctioned notice and an accurate Spanish translation constitutes compliance.

This bill would require the notice described above to be provided to specified persons regardless of whether the persons are married to each other and would expand the languages into which the notices are required to be translated. The bill would require the Department of Financial Protection and Innovation to make translations of the notices available in the required languages on its internet website by January 1, 2023, and would require additional translations of any languages subsequently added to state law. The bill would require the notice to be provided only on a separate sheet preceding the contract, as specified. The bill would also make conforming changes.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1799.91 of the Civil Code is amended to read:

1799.91. (a) Each creditor who obtains the signature of more than one person on a consumer credit contract shall deliver to each person who does not in fact receive any of the money, property, or services which are the subject matter of the consumer credit contract, prior to that person's becoming obligated on the consumer credit contract, a notice in English and the languages set forth in subdivision (b) of Section 1632 in a clear and conspicuous manner in at least 10-point Arial equivalent type as follows:

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for the debt.

(b) Whenever notice is required to be given under subdivision (a) or (d) and the consumer credit contract is written in a language other than English or a language set forth in subdivision (b) of Section 1632, the creditor shall deliver the notice as required in subdivision (a) or (d) in English and in the language in which the consumer contract is written.

(c) The requirements of subdivisions (a) and (b) do not apply to a creditor offering or extending open-end credit, as defined in Regulation Z, to joint applicants if all of the following conditions are satisfied:

(1) The application or agreement signed by each applicant clearly and conspicuously discloses that after credit approval each applicant shall have the right to use the open-end credit plan to the extent of any limit set by the creditor and may be liable for all amounts extended under the plan to any joint applicant.

(2) After credit approval, the creditor issues for the use of each applicant any credit device such as a credit card which may be used to obtain credit under the open-end credit plan and sends the credit device to the address specified in the application or otherwise delivers the credit device in a manner specified in the application or agreement signed by each applicant.

This paragraph does not apply to a creditor who does not issue a credit card or other credit device in order to obtain credit under the creditor's open-end credit plan.

(d) A lessor under a lease shall deliver to each person who does not in fact receive the vehicle which is the subject of the lease contract, prior to that person becoming liable on the lease contract, the following notice in English and the languages set forth in subdivision (b) of Section 1632 in a clear and conspicuous manner in at least 10-point Arial equivalent type in lieu of the notice required by subdivision (a):

NOTICE TO COSIGNER

You are being asked to guarantee this lease. Think carefully before you do. If the lessee doesn't pay, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount owed on the lease if the lessee does not pay. You may also have to pay late fees or other collection costs, which increase this amount.

The lessor can collect on the lease from you without first trying to collect from the lessee. The lessor can use the same collection methods against you that can be used against the lessee, such as suing you, garnishing your wages, etc. If this lease is ever in default, that fact may become part of your credit record.

This notice is not the contract that makes you liable for the lease obligation.

(e) "Regulation Z" has the meaning set forth in Section 1802.18.

(f) The word "your" in the last sentence of the third paragraph of the notice in English set forth in subdivisions (a) and (d) shall be italicized.

(g) (1) On or before January 1, 2023, the Department of Financial Protection and Innovation shall make available for download on its internet website translations of the notices set forth in subdivisions (a) and (d), which may be used to satisfy the requirements of this section.

(2) If additional languages are added to Section 1632 by subsequent amendment, the department shall make available for download on its internet website translations of the notices set forth in subdivisions (a) and (d) in the new language.

SEC. 2. Section 1799.92 of the Civil Code is amended to read:

1799.92. (a) The notice required by Section 1799.91 shall be provided on a separate sheet that meets the following requirements:

(1) It shall not contain any other text except as is necessary to identify the creditor and consumer credit contract or lessor and lease to which the statement refers.

(2) It shall provide for the date and the person's acknowledgment of receipt.

(3) It shall be attached to and precede the consumer credit contract or lease.

(b) The creditor or lessor may develop the separate sheet described in subdivision (a) so long as it conforms to the requirements of this title.

SEC. 3. Section 1799.96 of the Civil Code is amended to read:

1799.96. If federal law or regulations require or permit the use of a notice substantially similar to that required by Section 1799.91, the use of such federally sanctioned notice and an accurate translation thereof into the languages set forth in subdivision (b) of Section 1632 shall constitute compliance with Section 1799.91. However, the other provisions of this title shall remain unaffected.