



CALIFORNIA FINANCING LAW

EXECUTION SECTION

In the matter of the Application for a License under the California Financing Law, I, the undersigned, authorized to act on behalf of the applicant, declare that the following statements are true and correct:

1. That the applicant has obtained and read copies of the California Financing Law (Division 9 of the California Financial Code) and the California Financing Law Rules (Chapter 3, Title 10, California Code of Regulations) and is familiar with their content.
2. That the applicant agrees to comply with the requirements of the California Financing Law, the rules adopted, and the orders issued by the Commissioner of Financial Protection and Innovation.
3. That in the event of any change of its officers, directors, or any other persons named in this application, the applicant will file an amendment to the application containing the same information in relation to the new person(s) as is required in the application, within thirty days from the date of the change, with the Commissioner of Financial Protection and Innovation.
4. That the applicant will file with the Commissioner of Financial Protection and Innovation an amendment to this application prior to any material change in the information contained in the application for licensure, including, without limitation, the plan of operation.
5. That the applicant agrees to report any change of business location at least 10 days prior to the change.
6. That the applicant for a broker's license agrees that a license issued pursuant to the California Financing Law does not provide the authority to broker loans to lenders that are not licensed as finance lenders as defined in Financial Code section 22009; that the applicant will maintain any license necessary to broker loans to a lender not licensed as a finance lender; and that a finance lender may not pay compensation for brokerage services (i.e., brokerage commission, finder's fee, referral fees, etc.) to anyone not licensed as a broker under this division, except for those exempt persons as provided in section 1451 of the Department's regulations (Cal. Code Regs., tit. 10, § 1451).
7. For purposes of Financial Code sections 22340 and 22600, when selling loans secured by real property to institutional investors, the applicant agrees that the source of funds will be exclusive of any funding advances from an institutional investor committed to purchasing the note. The practice commonly known as "table funding" is not permitted under the California Financing Law.
8. That the applicant agrees that a license issued pursuant to the California Financing Law permits only

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employees to work under the license. Persons engaged in lending that are not employees may need to obtain a license under the California Financing Law.

9. That the applicant agrees that a license issued pursuant to the California Financing Law does not permit a licensee to authorize locations operated by persons other than employees of the licensee under some form of franchise or license agreement (e.g., net branching).
10. That the applicant agrees to obtain a new license issued pursuant to the California Financing Law for each additional location.
11. That the applicant agrees to comply with limitations on rates and charges for loans under the California Financing Law.
12. That the applicant agrees to obtain the Commissioner of Financial Protection and Innovation's approval prior to engaging in other business at a licensed location unless that other business is providing products or services of an affiliated supervised financial institution.
13. That the applicant agrees that real estate may not be taken as security for a consumer loan of less than \$5,000.
14. That the applicant agrees that commercial loans of less than \$5,000 are treated as consumer loans under the law.
15. For high interest rate loans secured by real estate, that the applicant agrees to comply with the additional disclosure and consumer protection requirements of the Covered Loan Law and Regulation Z regarding high-cost mortgages and higher-priced mortgage loans (Fin. Code, § 4970 et seq.; Fin. Code, § 4995; 12 C.F.R. § 226 et seq.; 12 C.F.R. § 1026 et seq.).
16. That the applicant agrees to not share borrower information with third parties without obtaining the express written consent of the borrower, as required by the California Financial Information Privacy Act (Fin. Code, § 4050 et seq.).
17. That the applicant agrees to not charge interest on a consumer loan secured by real estate for more than one day prior to the date the loan proceeds are disbursed from escrow in accordance with Civil Code section 2948.5.
18. That the applicant will maintain adequate staff to meet the requirements of the California Financing Law, as prescribed by rule or order of the Commissioner of Financial Protection and Innovation.
19. That the applicant agrees to maintain accounting records that meet generally accepted accounting principles and demonstrate a net worth of at least \$25,000 at all times.
20. That the applicant will file with the Commissioner of Financial Protection and Innovation any report required by the Commissioner.

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21. That the applicant agrees to maintain books and records sufficient to document compliance with the California Financing Law.
22. That the applicant will keep and maintain for 36 months from the date of final entry on any loan the business records and other information required by law or rules of the Commissioner of Financial Protection and Innovation.
23. That the applicant will maintain a register of all loans made or brokered under this license that will be updated at least monthly, and that the information maintained in the register will include, at a minimum, the name and address of the borrower, account number, amount of loan, date of loan, terms, total of payments and the annual percentage rate, and that the register will also show the account number, name of borrower and payoff date of all loans paid in full.
24. That the applicant will submit to periodic examinations by the Commissioner of Financial Protection and Innovation as required by the California Financing Law.
25. That the applicant agrees to pay for the costs of each examination.
26. That the applicant, if located outside of the State of California, agrees to make available to the Commissioner of Financial Protection and Innovation or the Commissioner's representatives, at a location in this state designated by the Commissioner of Financial Protection and Innovation, or the Commissioner's representatives, the books, accounts, papers, records and files within 10 calendar days of any request from the Commissioner; or to pay the reasonable expenses for travel, meals, and lodging of the Commissioner of Financial Protection and Innovation or the Commissioner's representatives incurred during any investigation or examination made at the licensee's location outside this state.
27. That the applicant agrees to pay an annual assessment each year of a minimum of \$250 per location.
28. That the applicant agrees to file an annual report by March 15 of each year.
29. That the applicant agrees to maintain a surety bond of \$25,000 at all times.
30. That the applicant hereby attests that the applicant (including officers, directors, general partners, persons responsible for the applicant's lending activities in California and persons owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or outstanding equity securities of the applicant) has not engaged in conduct that would be cause for denial of a license. (Only one declaration required for each applicant.)
31. That, if applicable, the applicant will comply with the rules governing the filing of a fictitious business name as set forth in the Business and Professions Code, beginning at section 17900.
32. That the applicant will comply with the examination requirements concerning advertising pursuant to California Code of Regulations, title 10, section 1550.

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33. By signing the application, the applicant hereby irrevocably appoints the Commissioner of Financial Protection and Innovation 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 Financing 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 Financing Law of the State of California, notice of the service and a copy of process must be sent by registered or certified mail to the undersigned at the following address:

(Name)

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

Indicate the name, title, address, telephone number, and e-mail address of the person who should be contacted for information regarding this application. The license will also be sent to this person *unless otherwise instructed*.

Attention: _____
(Name) (Title) (Telephone Number)

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

(Email Address)

WHEREFORE, applicant requests that a license be issued by the Commissioner of Financial Protection and Innovation authorizing applicant to engage in business under the California Financing Law within the State of California.

The applicant has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized. The undersigned, on behalf of the applicant, acknowledges that this application and all exhibits thereto which are not designated as confidential are subject to public inspection pursuant to California Code of Regulations, title 10, section 250.9.1. A request for confidentiality of certain documents may be requested pursuant to section 250.10 of the rules. If a request for confidential treatment is granted (or denied), the person making such request will be notified in writing.

The undersigned also acknowledges on behalf of the applicant that the State Board of Equalization and the Franchise Tax Board are authorized to share taxpayer information with the Department of Financial Protection

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and Innovation, and in the event the state tax obligation is not paid by a licensee after a license is issued, the Department of Financial Protection and Innovation may be required to suspend the license (Bus. & Prof. Code, §§ 31, 494.5).

I declare under penalty of perjury under the laws of the State of California that I have read the foregoing application, including all Exhibits attached thereto, or filed therewith, and know the contents thereof, and that the statements therein are true and correct. **The signor of this declaration must be an authorized individual of the applicant who has submitted a form MU2.**

(Applicant)

Executed at _____
| (City, County, and State)

(Signature of Declarant)

Date _____

(Typed Name of Declarant)

(Title)