



bankers' compliance group®

New DFPI's Impact on State-Chartered Institutions' California Fair Lending Notice

The California Holden Act prohibits redlining and other discriminatory practices. California Health & Safety Code Section 35800 *et seq.* and 21 California Code of Regulations (CCR) 7100. The Holden Act requires lenders to provide a Fair Lending Notice to when an applicant submits a written application for housing financial assistance. Lenders must also post the Fair Lending Notice in a conspicuous place for public inspection (such as in a public lobby). 21 CCR 7114.

This Fair Lending Notice must include the address of the agency where complaints may be filed and where questions may be asked. Currently, for state-chartered banks and credit unions, 21 CCR 7114 still lists the former Department of Financial Institutions (DFI) and its address as the appropriate agency. In previous informal conversations, the now-former Department of Business Oversight (DBO) advised that these institutions should list the DBO's name and address, not the DFI's, in their Fair Lending Notices and posters.

On September 29, 2020, Governor Newsom signed AB 107 into law, which renamed and reorganized the DBO to become the Department of Financial Protection and Innovation (DFPI). In informal communications with Aldrich & Bonnefin recently, DFPI staff confirmed that state-chartered banks and credit unions should list the DFPI's name and address in their Fair Lending Notices as follows:

Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834

DFPI staff also stated that including "(Formerly 'Department of Business Oversight')" and "Attn: Consumer Services" in the DFPI's address would be helpful, but not required. With this additional optional text, the Fair Lending Notice would list:

Department of Financial Protection and Innovation
(Formerly "Department of Business Oversight")
Attn: Consumer Services
2101 Arena Boulevard
Sacramento, CA 95834

We also asked the DFPI about a due date by which these institutions must revise their notices and posters to reflect the DFPI. The DFPI stated there is no "drop dead" date for updating the notice. However, the DFPI stated that these entities should do so as soon as possible.

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