

AMENDED IN SENATE MAY 30, 2018

AMENDED IN ASSEMBLY MARCH 23, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2943**

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**Introduced by Assembly Member Low**

**(Principal coauthors: Assembly Members Cervantes, Eggman, and Gloria)**

(Principal coauthors: Senators Atkins, Galgiani, Lara, and Wiener)  
(*Coauthor: Senator Beall*)

February 16, 2018

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An act to amend Sections 1761 and 1770 of the Civil Code, relating to unlawful business practices.

LEGISLATIVE COUNSEL'S DIGEST

AB 2943, as amended, Low. Unlawful business practices: sexual orientation change efforts.

Existing law, the Consumer Legal Remedies Act, makes unlawful certain unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result, or which results, in the sale or lease of goods or services to any consumer. Existing law authorizes any consumer who suffers damages as a result of these unlawful practices to bring an action against that person to recover damages, among other things.

Existing law prohibits mental health providers, as defined, from performing sexual orientation change efforts, as specified, with a patient under 18 years of age. Existing law requires a violation of this provision to be considered unprofessional conduct and subjects the provider to discipline by the provider's licensing entity.

This bill would include, as an unlawful practice prohibited under the Consumer Legal Remedies Act, advertising, offering to engage in, or engaging in for sale, or selling services constituting sexual orientation change efforts with efforts, as defined, to an individual. The bill would also declare the intent of the Legislature in this regard.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) Contemporary science recognizes that being lesbian, gay,
- 3 bisexual, or transgender is part of the natural spectrum of human
- 4 identity and is not a disease, disorder, or illness.
- 5 (b) The American Psychological Association convened the Task
- 6 Force on Appropriate Therapeutic Responses to Sexual Orientation.
- 7 The task force conducted a systematic review of peer-reviewed
- 8 journal literature on sexual orientation change efforts and issued
- 9 a report in 2009. The task force concluded that sexual orientation
- 10 change efforts can pose critical health risks to lesbian, gay, and
- 11 bisexual people, including confusion, depression, guilt,
- 12 helplessness, hopelessness, shame, social withdrawal, suicidality,
- 13 substance abuse, stress, disappointment, self-blame, decreased
- 14 self-esteem and authenticity to others, increased self-hatred,
- 15 hostility and blame toward parents, feelings of anger and betrayal,
- 16 loss of friends and potential romantic partners, problems in sexual
- 17 and emotional intimacy, sexual dysfunction, high-risk sexual
- 18 behaviors, a feeling of being dehumanized and untrue to self, a
- 19 loss of faith, and a sense of having wasted time and resources.
- 20 (c) The American Psychological Association issued a resolution
- 21 on Appropriate Affirmative Responses to Sexual Orientation
- 22 Distress and Change Efforts in 2009, stating: “[T]he [American
- 23 Psychological Association] advises parents, guardians, young
- 24 people, and their families to avoid sexual orientation change efforts
- 25 that portray homosexuality as a mental illness or developmental
- 26 disorder and to seek psychotherapy, social support, and educational
- 27 services that provide accurate information on sexual orientation
- 28 and sexuality, increase family and school support, and reduce
- 29 rejection of sexual minority youth.”

1 (d) The American Psychiatric Association published a position  
2 statement in March of 2000, stating:

3 “Psychotherapeutic modalities to convert or ‘repair’  
4 homosexuality are based on developmental theories whose  
5 scientific validity is questionable. Furthermore, anecdotal reports  
6 of ‘cures’ are counterbalanced by anecdotal claims of psychological  
7 harm. In the last four decades, ‘reparative’ therapists have not  
8 produced any rigorous scientific research to substantiate their  
9 claims of cure. Until there is such research available, [the American  
10 Psychiatric Association] recommends that ethical practitioners  
11 refrain from attempts to change individuals’ sexual orientation,  
12 keeping in mind the medical dictum to first, do no harm.

13 The potential risks of reparative therapy are great, including  
14 depression, anxiety and self-destructive behavior, since therapist  
15 alignment with societal prejudices against homosexuality may  
16 reinforce self-hatred already experienced by the patient. Many  
17 patients who have undergone reparative therapy relate that they  
18 were inaccurately told that homosexuals are lonely, unhappy  
19 individuals who never achieve acceptance or satisfaction. The  
20 possibility that the person might achieve happiness and satisfying  
21 interpersonal relationships as a gay man or lesbian is not presented,  
22 nor are alternative approaches to dealing with the effects of societal  
23 stigmatization discussed.

24 Therefore, the American Psychiatric Association opposes any  
25 psychiatric treatment such as reparative or conversion therapy  
26 which is based upon the assumption that homosexuality per se is  
27 a mental disorder or based upon the a priori assumption that a  
28 patient should change his/her sexual homosexual orientation.”

29 (e) The American Academy of Pediatrics published an article  
30 in 1993 in its journal, *Pediatrics*, stating: “Therapy directed at  
31 specifically changing sexual orientation is contraindicated, since  
32 it can provoke guilt and anxiety while having little or no potential  
33 for achieving changes in orientation.”

34 (f) The American Medical Association Council on Scientific  
35 Affairs prepared a report in 1994, stating: “Aversion therapy (a  
36 behavioral or medical intervention which pairs unwanted behavior,  
37 in this case, homosexual behavior, with unpleasant sensations or  
38 aversive consequences) is no longer recommended for gay men  
39 and lesbians. Through psychotherapy, gay men and lesbians can

1 become comfortable with their sexual orientation and understand  
2 the societal response to it.”

3 (g) The National Association of Social Workers prepared a 1997  
4 policy statement, stating: “Social stigmatization of lesbian, gay  
5 and bisexual people is widespread and is a primary motivating  
6 factor in leading some people to seek sexual orientation changes.  
7 Sexual orientation conversion therapies assume that homosexual  
8 orientation is both pathological and freely chosen. No data  
9 demonstrates that reparative or conversion therapies are effective,  
10 and, in fact, they may be harmful.”

11 (h) The American Counseling Association Governing Council  
12 issued a position statement in April of 1999, stating: “We oppose  
13 ‘the promotion of “reparative therapy” as a “cure” for individuals  
14 who are homosexual.””

15 (i) The American School Counselor Association issued a  
16 position statement in 2014, stating: “It is not the role of the  
17 professional school counselor to attempt to change a student’s  
18 sexual orientation or gender identity. Professional school  
19 counselors do not support efforts by licensed mental health  
20 professionals to change a student’s sexual orientation or gender  
21 as these practices have been proven ineffective and harmful.”

22 (j) The American Psychoanalytic Association issued a position  
23 statement in June 2012 on attempts to change sexual orientation,  
24 gender, identity, or gender expression, stating: “As with any  
25 societal prejudice, bias against individuals based on actual or  
26 perceived sexual orientation, gender identity or gender expression  
27 negatively affects mental health, contributing to an enduring sense  
28 of stigma and pervasive self-criticism through the internalization  
29 of such prejudice.

30 Psychoanalytic technique does not encompass purposeful  
31 attempts to ‘convert,’ ‘repair,’ change or shift an individual’s  
32 sexual orientation, gender identity or gender expression. Such  
33 directed efforts are against fundamental principles of  
34 psychoanalytic treatment and often result in substantial  
35 psychological pain by reinforcing damaging internalized attitudes.”

36 (k) The American Academy of Child and Adolescent Psychiatry  
37 published an article in 2012 in its journal, Journal of the American  
38 Academy of Child and Adolescent Psychiatry, stating: “Clinicians  
39 should be aware that there is no evidence that sexual orientation  
40 can be altered through therapy, and that attempts to do so may be

1 harmful. There is no empirical evidence adult homosexuality can  
2 be prevented if gender nonconforming children are influenced to  
3 be more gender conforming. Indeed, there is no medically valid  
4 basis for attempting to prevent homosexuality, which is not an  
5 illness. On the contrary, such efforts may encourage family  
6 rejection and undermine self-esteem, connectedness and caring,  
7 important protective factors against suicidal ideation and attempts.  
8 Given that there is no evidence that efforts to alter sexual  
9 orientation are effective, beneficial or necessary, and the possibility  
10 that they carry the risk of significant harm, such interventions are  
11 contraindicated.”

12 (l) The Pan American Health Organization, a regional office of  
13 the World Health Organization, issued a statement in May of 2012,  
14 stating: “These supposed conversion therapies constitute a violation  
15 of the ethical principles of health care and violate human rights  
16 that are protected by international and regional agreements.” The  
17 organization also noted that reparative therapies “lack medical  
18 justification and represent a serious threat to the health and  
19 well-being of affected people.”

20 (m) The American Association of Sexuality Educators,  
21 Counselors and Therapists (AASECT) issued a statement in 2014,  
22 stating: “[S]ame sex orientation is not a mental disorder and we  
23 oppose any ‘reparative’ or conversion therapy that seeks to  
24 ‘change’ or ‘fix’ a person’s sexual orientation. AASECT does not  
25 believe that sexual orientation is something that needs to be ‘fixed’  
26 or ‘changed.’ The rationale behind this position is the following:  
27 Reparative therapy, for minors, in particular, is often forced or  
28 nonconsensual. Reparative therapy has been proven harmful to  
29 minors. There is no scientific evidence supporting the success of  
30 these interventions. Reparative therapy is grounded in the idea that  
31 nonheterosexual orientation is ‘disordered.’ Reparative therapy  
32 has been shown to be a negative predictor of psychotherapeutic  
33 benefit.”

34 (n) The American College of Physicians wrote a position paper  
35 in 2015, stating: “The College opposes the use of ‘conversion,’  
36 ‘reorientation,’ or ‘reparative’ therapy for the treatment of LGBT  
37 persons. . . . Available research does not support the use of  
38 reparative therapy as an effective method in the treatment of LGBT  
39 persons. Evidence shows that the practice may actually cause

1 emotional or physical harm to LGBT individuals, particularly  
2 adolescents or young persons.”

3 (o) In October 2015, the Substance Abuse and Mental Health  
4 Services Administration of the United States Department of Health  
5 and Human Services issued a report titled “Ending Conversion  
6 Therapy: Supporting and Affirming LGBTQ Youth.” The report  
7 found that “[i]nterventions aimed at a fixed outcome, such as  
8 gender conformity or heterosexual orientation, including those  
9 aimed at changing gender identity, gender expression, and sexual  
10 orientation are coercive, can be harmful, and should not be part of  
11 behavioral health treatment.”

12 (p) Courts, including in California, have recognized the practice  
13 of sexual orientation change efforts as a commercial service.  
14 Therefore, claims that sexual orientation change efforts are  
15 effective in changing an individual’s sexual orientation, may  
16 constitute unlawful, unfair, or fraudulent business practices under  
17 state consumer protection laws. This bill intends to make clear that  
18 sexual orientation change efforts are an unlawful practice under  
19 California’s Consumer Legal Remedies Act.

20 (q) California has a compelling interest in protecting the physical  
21 and psychological well-being of lesbian, gay, bisexual, and  
22 transgender individuals.

23 (r) California has a compelling interest in protecting consumers  
24 from false and deceptive practices that claim to change sexual  
25 orientation and in protecting consumers against exposure to serious  
26 harm caused by sexual orientation change efforts.

27 SEC. 2. Section 1761 of the Civil Code is amended to read:

28 1761. As used in this title:

29 (a) “Goods” means tangible chattels bought or leased for use  
30 primarily for personal, family, or household purposes, including  
31 certificates or coupons exchangeable for these goods, and including  
32 goods that, at the time of the sale or subsequently, are to be so  
33 affixed to real property as to become a part of real property,  
34 whether or not they are severable from the real property.

35 (b) “Services” means work, labor, and services for other than  
36 a commercial or business use, including services furnished in  
37 connection with the sale or repair of goods.

38 (c) “Person” means an individual, partnership, corporation,  
39 limited liability company, association, or other group, however  
40 organized.

1 (d) “Consumer” means an individual who seeks or acquires, by  
2 purchase or lease, any goods or services for personal, family, or  
3 household purposes.

4 (e) “Transaction” means an agreement between a consumer and  
5 another person, whether or not the agreement is a contract  
6 enforceable by action, and includes the making of, and the  
7 performance pursuant to, that agreement.

8 (f) “Senior citizen” means a person who is 65 years of age or  
9 older.

10 (g) “Disabled person” means a person who has a physical or  
11 mental impairment that substantially limits one or more major life  
12 activities.

13 (1) As used in this subdivision, “physical or mental impairment”  
14 means any of the following:

15 (A) A physiological disorder or condition, cosmetic  
16 disfigurement, or anatomical loss substantially affecting one or  
17 more of the following body systems: neurological; musculoskeletal;  
18 special sense organs; respiratory, including speech organs;  
19 cardiovascular; reproductive; digestive; genitourinary; hemic and  
20 lymphatic; skin; or endocrine.

21 (B) A mental or psychological disorder, including intellectual  
22 disability, organic brain syndrome, emotional or mental illness,  
23 and specific learning disabilities. “Physical or mental impairment”  
24 includes, but is not limited to, diseases and conditions that include  
25 orthopedic, visual, speech, and hearing impairment, cerebral palsy,  
26 epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart  
27 disease, diabetes, intellectual disability, and emotional illness.

28 (2) “Major life activities” means functions that include caring  
29 for one’s self, performing manual tasks, walking, seeing, hearing,  
30 speaking, breathing, learning, and working.

31 (h) “Home solicitation” means a transaction made at the  
32 consumer’s primary residence, except those transactions initiated  
33 by the consumer. A consumer response to an advertisement is not  
34 a home solicitation.

35 (i) (1) “Sexual orientation change efforts” means any practices  
36 that seek to change an individual’s sexual orientation. This includes  
37 efforts to change behaviors or gender expressions, or to eliminate  
38 or reduce sexual or romantic attractions or feelings toward  
39 individuals of the same sex.

1 (2) “Sexual orientation change efforts” does not include  
2 psychotherapies that: (A) provide acceptance, support, and  
3 understanding of clients or the facilitation of clients’ coping, social  
4 support, and identity exploration and development, including sexual  
5 orientation-neutral interventions to prevent or address unlawful  
6 conduct or unsafe sexual ~~practices~~; *practices or to otherwise*  
7 *promote healthy sexual and romantic relationships*; and (B) do  
8 not seek to change sexual orientation.

9 SEC. 3. Section 1770 of the Civil Code is amended to read:

10 1770. (a) The following unfair methods of competition and  
11 unfair or deceptive acts or practices undertaken by any person in  
12 a transaction intended to result or that results in the sale or lease  
13 of goods or services to any consumer are unlawful:

14 (1) Passing off goods or services as those of another.

15 (2) Misrepresenting the source, sponsorship, approval, or  
16 certification of goods or services.

17 (3) Misrepresenting the affiliation, connection, or association  
18 with, or certification by, another.

19 (4) Using deceptive representations or designations of  
20 geographic origin in connection with goods or services.

21 (5) Representing that goods or services have sponsorship,  
22 approval, characteristics, ingredients, uses, benefits, or quantities  
23 that they do not have or that a person has a sponsorship, approval,  
24 status, affiliation, or connection that he or she does not have.

25 (6) Representing that goods are original or new if they have  
26 deteriorated unreasonably or are altered, reconditioned, reclaimed,  
27 used, or secondhand.

28 (7) Representing that goods or services are of a particular  
29 standard, quality, or grade, or that goods are of a particular style  
30 or model, if they are of another.

31 (8) Disparaging the goods, services, or business of another by  
32 false or misleading representation of fact.

33 (9) Advertising goods or services with intent not to sell them  
34 as advertised.

35 (10) Advertising goods or services with intent not to supply  
36 reasonably expectable demand, unless the advertisement discloses  
37 a limitation of quantity.

38 (11) Advertising furniture without clearly indicating that it is  
39 unassembled if that is the case.



1 (12) Advertising the price of unassembled furniture without  
2 clearly indicating the assembled price of that furniture if the same  
3 furniture is available assembled from the seller.

4 (13) Making false or misleading statements of fact concerning  
5 reasons for, existence of, or amounts of, price reductions.

6 (14) Representing that a transaction confers or involves rights,  
7 remedies, or obligations that it does not have or involve, or that  
8 are prohibited by law.

9 (15) Representing that a part, replacement, or repair service is  
10 needed when it is not.

11 (16) Representing that the subject of a transaction has been  
12 supplied in accordance with a previous representation when it has  
13 not.

14 (17) Representing that the consumer will receive a rebate,  
15 discount, or other economic benefit, if the earning of the benefit  
16 is contingent on an event to occur subsequent to the consummation  
17 of the transaction.

18 (18) Misrepresenting the authority of a salesperson,  
19 representative, or agent to negotiate the final terms of a transaction  
20 with a consumer.

21 (19) Inserting an unconscionable provision in the contract.

22 (20) Advertising that a product is being offered at a specific  
23 price plus a specific percentage of that price unless (A) the total  
24 price is set forth in the advertisement, which may include, but is  
25 not limited to, shelf tags, displays, and media advertising, in a size  
26 larger than any other price in that advertisement, and (B) the  
27 specific price plus a specific percentage of that price represents a  
28 markup from the seller's costs or from the wholesale price of the  
29 product. This subdivision shall not apply to in-store advertising  
30 by businesses that are open only to members or cooperative  
31 organizations organized pursuant to Division 3 (commencing with  
32 Section 12000) of Title 1 of the Corporations Code where more  
33 than 50 percent of purchases are made at the specific price set forth  
34 in the advertisement.

35 (21) Selling or leasing goods in violation of Chapter 4  
36 (commencing with Section 1797.8) of Title 1.7.

37 (22) (A) Disseminating an unsolicited prerecorded message by  
38 telephone without an unrecorded, natural voice first informing the  
39 person answering the telephone of the name of the caller or the  
40 organization being represented, and either the address or the

1 telephone number of the caller, and without obtaining the consent  
2 of that person to listen to the prerecorded message.

3 (B) This subdivision does not apply to a message disseminated  
4 to a business associate, customer, or other person having an  
5 established relationship with the person or organization making  
6 the call, to a call for the purpose of collecting an existing  
7 obligation, or to any call generated at the request of the recipient.

8 (23) (A) The home solicitation, as defined in subdivision (h)  
9 of Section 1761, of a consumer who is a senior citizen where a  
10 loan is made encumbering the primary residence of that consumer  
11 for purposes of paying for home improvements and where the  
12 transaction is part of a pattern or practice in violation of either  
13 subsection (h) or (i) of Section 1639 of Title 15 of the United States  
14 Code or paragraphs (1), (2), and (4) of subdivision (a) of Section  
15 226.34 of Title 12 of the Code of Federal Regulations.

16 (B) A third party shall not be liable under this subdivision unless  
17 (i) there was an agency relationship between the party who engaged  
18 in home solicitation and the third party, or (ii) the third party had  
19 actual knowledge of, or participated in, the unfair or deceptive  
20 transaction. A third party who is a holder in due course under a  
21 home solicitation transaction shall not be liable under this  
22 subdivision.

23 (24) (A) Charging or receiving an unreasonable fee to prepare,  
24 aid, or advise any prospective applicant, applicant, or recipient in  
25 the procurement, maintenance, or securing of public social services.

26 (B) For purposes of this paragraph, the following definitions  
27 shall apply:

28 (i) “Public social services” means those activities and functions  
29 of state and local government administered or supervised by the  
30 State Department of Health Care Services, the State Department  
31 of Public Health, or the State Department of Social Services, and  
32 involved in providing aid or services, or both, including health  
33 care services, and medical assistance, to those persons who,  
34 because of their economic circumstances or social condition, are  
35 in need of that aid or those services and may benefit from them.

36 (ii) “Public social services” also includes activities and functions  
37 administered or supervised by the United States Department of  
38 Veterans Affairs or the California Department of Veterans Affairs  
39 involved in providing aid or services, or both, to veterans, including  
40 pension benefits.

1 (iii) “Unreasonable fee” means a fee that is exorbitant and  
2 disproportionate to the services performed. Factors to be  
3 considered, if appropriate, in determining the reasonableness of a  
4 fee, are based on the circumstances existing at the time of the  
5 service and shall include, but not be limited to, all of the following:

6 (I) The time and effort required.

7 (II) The novelty and difficulty of the services.

8 (III) The skill required to perform the services.

9 (IV) The nature and length of the professional relationship.

10 (V) The experience, reputation, and ability of the person  
11 providing the services.

12 (C) This paragraph shall not apply to attorneys licensed to  
13 practice law in California, who are subject to the California Rules  
14 of Professional Conduct and to the mandatory fee arbitration  
15 provisions of Article 13 (commencing with Section 6200) of  
16 Chapter 4 of Division 3 of the Business and Professions Code,  
17 when the fees charged or received are for providing representation  
18 in administrative agency appeal proceedings or court proceedings  
19 for purposes of procuring, maintaining, or securing public social  
20 services on behalf of a person or group of persons.

21 (25) (A) Advertising or promoting any event, presentation,  
22 seminar, workshop, or other public gathering regarding veterans’  
23 benefits or entitlements that does not include the following  
24 statement in the same type size and font as the term “veteran” or  
25 any variation of that term:

26 (i) “I am not authorized to file an initial application for Veterans’  
27 Aid and Attendance benefits on your behalf, or to represent you  
28 before the Board of Veterans’ Appeals within the United States  
29 Department of Veterans Affairs in any proceeding on any matter,  
30 including an application for such benefits. It would be illegal for  
31 me to accept a fee for preparing that application on your behalf.”  
32 The requirements of this clause do not apply to a person licensed  
33 to act as an agent or attorney in proceedings before the Agency of  
34 Original Jurisdiction and the Board of Veterans’ Appeals within  
35 the United States Department of Veterans Affairs when that person  
36 is offering those services at the advertised event.

37 (ii) The statement in clause (i) shall also be disseminated, both  
38 orally and in writing, at the beginning of any event, presentation,  
39 seminar, workshop, or public gathering regarding veterans’ benefits  
40 or entitlements.

1 (B) Advertising or promoting any event, presentation, seminar,  
2 workshop, or other public gathering regarding veterans’ benefits  
3 or entitlements that is not sponsored by, or affiliated with, the  
4 United States Department of Veterans Affairs, the California  
5 Department of Veterans Affairs, or any other congressionally  
6 chartered or recognized organization of honorably discharged  
7 members of the Armed Forces of the United States, or any of their  
8 auxiliaries that does not include the following statement, in the  
9 same type size and font as the term “veteran” or the variation of  
10 that term:

11  
12 “This event is not sponsored by, or affiliated with, the United  
13 States Department of Veterans Affairs, the California Department  
14 of Veterans Affairs, or any other congressionally chartered or  
15 recognized organization of honorably discharged members of the  
16 Armed Forces of the United States, or any of their auxiliaries.  
17 None of the insurance products promoted at this sales event are  
18 endorsed by those organizations, all of which offer free advice to  
19 veterans about how to qualify and apply for benefits.”  
20

21 (i) The statement in this subparagraph shall be disseminated,  
22 both orally and in writing, at the beginning of any event,  
23 presentation, seminar, workshop, or public gathering regarding  
24 veterans’ benefits or entitlements.

25 (ii) The requirements of this subparagraph shall not apply in a  
26 case where the United States Department of Veterans Affairs, the  
27 California Department of Veterans Affairs, or other congressionally  
28 chartered or recognized organization of honorably discharged  
29 members of the Armed Forces of the United States, or any of their  
30 auxiliaries have granted written permission to the advertiser or  
31 promoter for the use of its name, symbol, or insignia to advertise  
32 or promote the event, presentation, seminar, workshop, or other  
33 public gathering.

34 (26) Advertising, offering for sale, or selling a financial product  
35 that is illegal under state or federal law, including any cash payment  
36 for the assignment to a third party of the consumer’s right to receive  
37 future pension or veteran’s benefits.

38 (27) Representing that a product is made in California by using  
39 a Made in California label created pursuant to Section 12098.10

1 of the Government Code, unless the product complies with Section  
2 12098.10 of the Government Code.

3 (28) Advertising, offering to engage in, or engaging in *for sale*,  
4 *or selling services constituting* sexual orientation change efforts  
5 ~~with~~ to an individual.

6 (b) (1) It is an unfair or deceptive act or practice for a mortgage  
7 broker or lender, directly or indirectly, to use a home improvement  
8 contractor to negotiate the terms of any loan that is secured,  
9 whether in whole or in part, by the residence of the borrower and  
10 that is used to finance a home improvement contract or any portion  
11 of a home improvement contract. For purposes of this subdivision,  
12 “mortgage broker or lender” includes a finance lender licensed  
13 pursuant to the California Finance Lenders Law (Division 9  
14 (commencing with Section 22000) of the Financial Code), a  
15 residential mortgage lender licensed pursuant to the California  
16 Residential Mortgage Lending Act (Division 20 (commencing  
17 with Section 50000) of the Financial Code), or a real estate broker  
18 licensed under the Real Estate Law (Division 4 (commencing with  
19 Section 10000) of the Business and Professions Code).

20 (2) This section shall not be construed to either authorize or  
21 prohibit a home improvement contractor from referring a consumer  
22 to a mortgage broker or lender by this subdivision. However, a  
23 home improvement contractor may refer a consumer to a mortgage  
24 lender or broker if that referral does not violate Section 7157 of  
25 the Business and Professions Code or any other law. A mortgage  
26 lender or broker may purchase an executed home improvement  
27 contract if that purchase does not violate Section 7157 of the  
28 Business and Professions Code or any other law. Nothing in this  
29 paragraph shall have any effect on the application of Chapter 1  
30 (commencing with Section 1801) of Title 2 to a home improvement  
31 transaction or the financing of a home improvement transaction.

O