

Senate Bill No. 1311

CHAPTER 620

An act to add Section 17206.2 to the Business and Professions Code, to amend Section 116.540 of the Code of Civil Procedure, and to amend Sections 401, 409, 409.3, 800, 802, and 804 of, and to add Section 408.1 to, the Military and Veterans Code, relating to veterans.

[Approved by Governor September 27, 2022. Filed with
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LEGISLATIVE COUNSEL'S DIGEST

SB 1311, Eggman. Veterans: protections.

Existing law establishes a statutory cause of action for unfair competition, including any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising. Existing law requires a person who engages or proposes to engage in unfair competition to be liable for a civil penalty of not more than \$2,500, per violation, which is assessed and recovered in an action brought by certain public officials, including the Attorney General.

This bill, the Military and Veteran Consumer Protection Act of 2022, would make a person who violates those provisions, if the violation is perpetrated against one or more service members or veterans, liable for an additional civil penalty not to exceed \$2,500 for each violation, as specified.

Existing law prohibits any individual other than the plaintiff and the defendant from taking part in the conduct or defense of a small claims action. Existing law makes various exceptions to this prohibition, including allowing a representative for a plaintiff who is serving on active duty in the United States Armed Forces outside the state, was assigned to their duty station after the claim arose, is on the assignment for more than 6 months, has a representative serving without compensation, and the representative has appeared in small claims actions on behalf of others no more than 4 times during the calendar year.

This bill would expand that exception to authorize the plaintiff who is a service member, as defined, to appear via video appearance or have a representative if the service member is assigned to a location more than 100 miles from the court where the action is proceeding, or is otherwise unable to personally appear due to the performance of military duty, the representative is serving without compensation other than compensation from the United States or the State of California, and, except with regards to a representative employed by the United States or the State of California, the representative has appeared in small claims actions on behalf of others no more than 4 times in the calendar year.

Existing law prohibits a person, in connection with the collection of any obligation from a member of the active militia or a member of the active or reserve components of the Armed Forces, from contacting the member's military unit or chain of command without the written consent of the member given after the obligation becomes due and payable.

This bill would prohibit a person from, in connection with any transaction or any sale of goods or services, electronically accessing a Common Access Card (CAC) issued to a service member, placing or requiring the placement of such a CAC in a smart card reader, requesting or requesting entry of the personal identification number (PIN) associated with such a CAC, or requiring a service member to log in to any Department of Defense or, in the case of a member of the Coast Guard, Department of Homeland Security computer system. The bill would prohibit a person from conditioning the receipt of a military or veteran discount on the waiver by the person of any right under state or federal law. The bill would make a waiver of any right provided by specified laws to service members, former service members, or their dependents void. The bill would make a violation of these provisions a misdemeanor. By expanding the scope of a crime, this bill would impose a state-mandated local program.

Existing law authorizes a service member to terminate a lease of a motor vehicle if the service member executes the lease while in a period of military service and then receives military orders for a change of permanent station from a location in the continental United States to a location outside the continental United States, or from a location in a state outside the continental United States to any location outside that state, or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 180 days.

This bill would instead authorize the termination of that lease if the service member executes the lease while in a period of military service and then receives military orders for a change of permanent station to a location that is more than 100 miles from the prior duty station, or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days.

Existing federal law, the Military Lending Act, prohibits a creditor from imposing an annual percentage rate of interest greater than 36% with respect to a consumer credit card extended to specified service members or their dependents. The Military Lending Act also prohibits creditors from extending consumer credit to specified service members or their dependents with specified terms.

This bill would make any security interest in personal property other than a motor vehicle, off-highway vehicle, trailer, or aircraft void if it would cause a loan procured by specified service members in the course of purchasing the personal property to be exempt from the Military Lending Act. The bill would make any security interest in a motor vehicle void if it would cause a loan procured by specified service members in the course of purchasing the motor vehicle to be exempt from the Military Lending Act

and the loan also funds the purchase of a credit insurance product or credit-related ancillary product.

Existing law authorizes a service member, at any time during their most current period of military service or within 6 months afterwards, to petition a court for relief in respect of any obligation or liability incurred by the service member before the effective date of their orders for military service, as specified. Existing law authorizes a court to allow the service member to defer payments on those obligations or liabilities, as specified. Existing law makes these deferred obligations due upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, upon further encumbrance of the property, other than for preservation or protection of the property, or upon the maturity of the obligation, as specified.

This bill would instead make these deferred obligations due upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan or upon further encumbrance of the property, other than for preservation or protection of the property, that would cause the obligation to become due and payable under the terms of the contract or other instrument evidencing the obligation.

Existing law authorizes a member of the United States Military Reserve or the National Guard who is called to active duty, as specified, to defer payments on specified obligations, including an obligation secured by a mortgage or deed of trust, while serving on active duty. Existing law requires a lender who defers payments on a closed-end credit obligation or an open-end credit obligation with a maturity date to extend the term of the obligation by the amount of months the obligation was deferred. Existing law makes any mortgage payment delayed pursuant to these provisions payable upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, upon further encumbrance of the property, or upon the maturity of the obligation, as specified.

This bill would instead make any mortgage payments deferred pursuant to these provisions due and payable upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

SECTION 1. This act shall be known, and may be cited, as the Military and Veteran Consumer Protection Act of 2022.

SEC. 2. Section 17206.2 is added to the Business and Professions Code, to read:

17206.2. (a) (1) In addition to any liability for a civil penalty pursuant to Section 17206, a person who violates this chapter, if the act or acts of unfair competition are perpetrated against one or more service members or veterans, may be liable for a civil penalty not to exceed two thousand five hundred dollars (\$2,500) for each violation, which may be assessed and recovered in a civil action as prescribed in Section 17206.

(2) Any civil penalty shall be paid as prescribed by subdivisions (b) and (c) of Section 17206.

(b) As used in this section, the following terms have the following meanings:

(1) “Service member” means a person who is a member of the Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard, or the active militia of this state.

(2) “Veteran” means a person who was formerly a service member.

SEC. 3. Section 116.540 of the Code of Civil Procedure is amended to read:

116.540. (a) Except as permitted by this section, no individual other than the plaintiff and the defendant may take part in the conduct or defense of a small claims action.

(b) Except as additionally provided in subdivision (i), a corporation may appear and participate in a small claims action only through a regular employee, or a duly appointed or elected officer or director, who is employed, appointed, or elected for purposes other than solely representing the corporation in small claims court.

(c) A party who is not a corporation or a natural person may appear and participate in a small claims action only through a regular employee, or a duly appointed or elected officer or director, or in the case of a partnership, a partner, engaged for purposes other than solely representing the party in small claims court.

(d) If a party is an individual doing business as a sole proprietorship, the party may appear and participate in a small claims action by a representative and without personally appearing if both of the following conditions are met:

(1) The claim can be proved or disputed by evidence of an account that constitutes a business record as defined in Section 1271 of the Evidence Code, and there is no other issue of fact in the case.

(2) The representative is a regular employee of the party for purposes other than solely representing the party in small claims actions and is qualified to testify to the identity and mode of preparation of the business record.

(e) A plaintiff who is a service member is not required to personally appear, and may submit declarations to serve as evidence supporting their claim, appear via video appearance, or allow another individual to appear and participate on their behalf, if the service member is assigned to a location more than 100 miles from the court where the action is proceeding, or is

otherwise unable to personally appear due to the performance of military duty, the representative is serving without compensation, other than compensation from the United States or the State of California, and, except as to representatives who are employed by the United States or the State of California, the representative has appeared in small claims actions on behalf of others no more than four times during the calendar year. The defendant may file a claim in the same action in an amount not to exceed the jurisdictional limits stated in Sections 116.220, 116.221, and 116.231.

(f) A party incarcerated in a county jail, a Department of Corrections and Rehabilitation facility, or a Division of Juvenile Facilities facility is not required to personally appear, and may submit declarations to serve as evidence supporting their claim, or may authorize another individual to appear and participate on their behalf if that individual is serving without compensation and has appeared in small claims actions on behalf of others no more than four times during the calendar year.

(g) A defendant who is a nonresident owner of real property may defend against a claim relating to that property without personally appearing by (1) submitting written declarations to serve as evidence supporting their defense, (2) allowing another individual to appear and participate on their behalf if that individual is serving without compensation and has appeared in small claims actions on behalf of others no more than four times during the calendar year, or (3) taking the action described in both (1) and (2).

(h) A party who is an owner of rental real property may appear and participate in a small claims action through a property agent under contract with the owner to manage the rental of that property, if (1) the owner has retained the property agent principally to manage the rental of that property and not principally to represent the owner in small claims court, and (2) the claim relates to the rental property.

(i) A party that is an association created to manage a common interest development, as defined in Section 4100 or in Sections 6528 and 6534 of the Civil Code, may appear and participate in a small claims action through an agent, a management company representative, or bookkeeper who appears on behalf of that association.

(j) At the hearing of a small claims action, the court shall require any individual who is appearing as a representative of a party under subdivisions (b) to (i), inclusive, to file a declaration stating (1) that the individual is authorized to appear for the party, and (2) the basis for that authorization. If the representative is appearing under subdivision (b), (c), (d), (h), or (i), the declaration also shall state that the individual is not employed solely to represent the party in small claims court. If the representative is appearing under subdivision (e), (f), or (g), the declaration also shall state that the representative is serving without compensation, and has appeared in small claims actions on behalf of others no more than four times during the calendar year.

(k) A spouse who sues or who is sued with their spouse may appear and participate on behalf of their spouse if (1) the claim is a joint claim, (2) the

represented spouse has given their consent, and (3) the court determines that the interests of justice would be served.

(l) If the court determines that a party cannot properly present their claim or defense and needs assistance, the court may in its discretion allow another individual to assist that party.

(m) Nothing in this section shall operate or be construed to authorize an attorney to participate in a small claims action except as expressly provided in Section 116.530.

SEC. 4. Section 401 of the Military and Veterans Code is amended to read:

401. (a) Application by a service member for, or receipt by a service member of, a stay, postponement, or suspension pursuant to this chapter in the payment of any tax, fine, penalty, insurance premium, or other civil obligation or liability of that person shall not itself, without regard to other considerations, provide the basis for any of the following:

(1) A determination by any lender or other person that the service member is unable to pay any civil obligation or liability in accordance with its terms.

(2) With respect to a credit transaction between a creditor and the service member, any of the following:

(A) A denial or revocation of credit by the creditor.

(B) A change by the creditor in the terms of an existing credit arrangement.

(C) A refusal by the creditor to grant credit to the service member in substantially the amount or on substantially the terms requested.

(3) An adverse report relating to the creditworthiness of the service member by or to any person or entity engaged in the practice of assembling or evaluating consumer credit information.

(4) A refusal by an insurer to insure the service member.

(5) An annotation in a service member's record by a creditor or a person engaged in the practice of assembling or evaluating consumer credit information identifying the service member as a member of the active militia, as defined in Section 120, or an active or reserve component of the Armed Forces.

(b) A person shall not, in connection with the collection of any obligation, including any debt or payment, falsely claim to be a member or civilian employee of the Armed Forces, a component of the active militia, as defined in Section 120, the Department of Defense, the Department of Homeland Security, or the Military Department, or identify themselves through the use of any military rank, rating, or title.

(c) A person shall not, in connection with the collection of any obligation, including any debt or payment, from a member of the active militia, as defined in Section 120, or a member of an active or reserve component of the Armed Forces, contact the member's military unit or chain of command without the written consent of the member given after the obligation becomes due and payable.

(d) A person shall not, in connection with any transaction or any sale of goods or services, electronically access a Common Access Card (CAC)

issued to a service member, place or require the placement of such a CAC in a smart card reader, request or request entry of the personal identification number (PIN) associated with such a CAC, or require a service member to log in to any Department of Defense or, in the case of a member of the Coast Guard, Department of Homeland Security computer system. A transaction or sale entered into in violation of this subdivision is void.

(e) (1) A person shall not condition the receipt of a military or veteran discount, in any form, on the waiver by a recipient of the discount of any right the person has under state or federal law. Any such waiver is void.

(2) Any other waiver of a right provided to service members, former service members, or their dependents by this code is void.

(f) Any person violating any provision of this section is liable for actual damages, reasonable attorney's fees, and costs incurred by the injured party.

(g) Any person violating any provision of this section is guilty of a misdemeanor, and shall be punishable by imprisonment not to exceed one year or by a fine not to exceed one thousand dollars (\$1,000), or both.

SEC. 5. Section 408.1 is added to the Military and Veterans Code, to read:

408.1. (a) For purposes of this section, "covered member" has the same meaning as in the Military Lending Act pursuant to Section 987 of Title 10 of the United States Code.

(b) A security interest in personal property other than a motor vehicle, off-highway vehicle, trailer, vessel, or aircraft is void, and cannot be perfected, if it would cause a loan procured by a covered member in the course of purchasing the personal property to be exempt from the requirements of Section 987 of Title 10 of the United States Code.

(c) A security interest in a motor vehicle is void, and cannot be perfected, if it would cause a loan procured by a covered member in the course of purchasing the motor vehicle to be exempt from Section 987 of Title 10 of the United States Code, and the loan also funds the purchase of a credit insurance product or credit-related ancillary product.

SEC. 6. Section 409 of the Military and Veterans Code is amended to read:

409. (a) The lessee on a lease described in subdivision (b) may, at the lessee's option, terminate the lease at any time after the lessee's entry into military service, or the date of the lessee's military orders described in subdivision (b). A lessee's termination of a lease pursuant to this subdivision shall terminate any obligation a dependent of the lessee has under the lease.

(b) This section applies to the following leases:

(1) A lease of premises occupied, or intended to be occupied, by a service member or a service member's dependents for a residential, professional, business, agricultural, or similar purpose if the lease is executed by or on behalf of a person who does either of the following:

(A) During the term of the lease, enters a period of military service.

(B) While in a period of military service, executes the lease and then receives military orders for a permanent change of station or to deploy with

a military unit, or as an individual in support of a military operation, for a period of not less than 90 days.

(2) A lease of a motor vehicle used, or intended to be used, by a service member or a service member's dependents for personal or business transportation if the lease is executed by or on behalf of a person who does any of the following:

(A) During the term of the lease, enters a period of military service under a call or order specifying a period of not less than 180 days.

(B) During the term of the lease, enters a period of military service under a call or order specifying a period of less than 180 days, and then receives orders extending the period of military service to a period of not less than 180 days.

(C) While in a period of military service, executes the lease and then receives military orders for a change of permanent station to a location that is more than 100 miles from the prior duty station or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days.

(c) (1) Termination of a lease under subdivision (a) shall be made by delivery by the lessee of written notice of that termination, and a copy of the service member's military orders, to the lessor or the lessor's grantee, or to the lessor's agent or the agent's grantee, and in the case of a lease of a motor vehicle, by return of the motor vehicle by the lessee to the lessor or the lessor's grantee, or to the lessor's agent or the agent's grantee, not later than 15 days after the date of the delivery of written notice.

(2) Notice under paragraph (1) may be accomplished by hand delivery, private business carrier, or by placing the written notice in an envelope with sufficient postage and with return receipt requested, and addressed as designated by the lessor or the lessor's grantee, or to the lessor's agent or the agent's grantee, and depositing the written notice in the United States mail system.

(d) (1) In the case of a lease described in paragraph (1) of subdivision (b) that provides for monthly payment of rent, termination of the lease under subdivision (a) is effective 30 days after the first date on which the next rental payment is due and payable after the date on which the notice under subdivision (c) is delivered. In the case of any other lease described in paragraph (1) of subdivision (b), termination of the lease under subdivision (a) is effective on the last day of the month following the month in which the notice is delivered.

(2) In the case of a lease described in paragraph (2) of subdivision (b), termination of the lease under subdivision (a) is effective on the day on which the requirements of subdivision (c) are met for that termination.

(e) (1) Rent amounts for a lease described in paragraph (1) of subdivision (b) that are unpaid for the period preceding the effective date of the lease termination shall be paid on a prorated basis. The lessor may not impose an early termination charge, but any taxes, summonses, or other obligations and liabilities of the lessee in accordance with the terms of the lease,

including reasonable charges to the lessee for excess wear, that are due and unpaid at the time of termination of the lease, shall be paid by the lessee.

(2) Lease amounts for a lease described in paragraph (2) of subdivision (b) that are unpaid for the period preceding the effective date of the lease termination shall be paid on a prorated basis. The lessor may not impose an early termination charge, but any taxes, summonses, title and registration fees, or other obligations and liabilities of the lessee in accordance with the terms of the lease, including reasonable charges to the lessee for excess wear or use and mileage, that are due and unpaid at the time of termination of the lease, shall be paid by the lessee.

(f) Rents or lease amounts paid in advance for a period after the effective date of the termination of the lease shall be refunded to the lessee by the lessor, or the lessor's assignee or the assignee's agent, within 30 days of the effective date of the termination of the lease.

(g) Upon application by the lessor to a court before the termination date provided in the written notice, relief granted by this section to a service member may be modified as justice and equity require.

(h) Any person who knowingly seizes, holds, or detains the personal effects, clothing, furniture, security deposit, or other property of any person who has lawfully terminated a lease covered by this section, or in any manner interfered with the removal of that property from the premises covered by that lease, for the purpose of subjecting or attempting to subject any of the property to a claim for rent accruing subsequent to the date of termination of the lease, or attempts to do so, is guilty of a misdemeanor and shall be punishable by imprisonment not to exceed one year or by a fine not to exceed one thousand dollars (\$1,000), or both that fine and imprisonment.

SEC. 7. Section 409.3 of the Military and Veterans Code is amended to read:

409.3. (a) A service member may, at any time during their most current period of military service or within six months thereafter, petition a court for relief in respect of any obligation or liability incurred by the service member before the effective date of the orders for their most current period of military service or in respect of any tax or assessment whether falling due before or during their most current period of military service.

(b) The court shall set a hearing on the petition within 25 days from the date the petition is filed, unless the court shows good cause for extending the date of the hearing. The petition shall be served at least 10 days before the hearing. The respondent shall file and serve a response to the petition at least five days before the hearing.

(c) The court shall not charge a filing fee or court costs for a petition filed pursuant to this section.

(d) If, after notice and hearing, the court finds the ability of the service member to comply with the terms of any such obligation or liability, or to pay any such tax or assessment, has been materially affected by reason of their most current period of military service as defined in this chapter, the court may grant the following relief:

(1) In the case of an obligation payable in installments under a contract for the purchase of real estate, or secured by a mortgage or other instrument in the nature of a mortgage upon real estate, a deferment of the payments due on the obligation for a period of time equal to the period of military service, even if the service member requests the relief after the start of their current period of military service, subject to subdivision (a), and even if such payments extend beyond the termination of the period of military service. The obligation shall be extended, except as specified in subdivision (f), for the period of time that payments were deferred, and the deferred payments shall be paid in equal installments during the combined period at the rate of interest on the unpaid balance prescribed in the contract, or other instrument evidencing the obligation, for installments paid when due, and subject to any other terms as may be just. Penalties shall not be imposed on the nonpayment of principal or interest during this period. Interest shall not be charged or accumulated during the period of deferment unless otherwise ordered by the court.

(2) In the case of any other obligation, liability, tax, or assessment, a deferment of any payments on the obligation during the service member's period of military service and, from the date of termination of the period of military service or from the date of application if made after the service, for a period of time equal to the period of military service of the applicant or any part of that period, subject to payment of the balance of principal and accumulated interest due and unpaid at the date of termination of the period of military service or the date of application, as the case may be, in equal periodic installments during the extended period at the rate of interest as may be prescribed for the obligation, liability, tax, or assessment, if paid when due, and subject to any other terms as may be just. Penalties shall not be imposed on the nonpayment of principal or interest during this period. Interest shall not be charged or accumulated during the period of deferment unless otherwise ordered by the court.

(e) (1) When any court has granted a deferment as provided in this section, no fine or penalty shall accrue during the period the terms and conditions of the deferment are complied with by reason of failure to comply with the terms or conditions of the obligation, liability, tax, or assessment in respect of which the deferment was granted, including penalties on the nonpayment of principal or interest during this period. Interest shall not be charged or accumulated during the period of deferment unless otherwise ordered by the court. Foreclosure or repossession of property on which payment has been deferred shall not take place during the period specified in this section.

(2) If a person has charged or accrued a fine, penalty, or interest in violation of paragraph (1), that person shall be liable for actual damages, reasonable attorney's fees, and costs incurred by the injured party as a result of the violation.

(f) An obligation that has been deferred pursuant to paragraph (1) of subdivision (d) becomes due and payable upon either of the following:

(1) The sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, other than a deferment of payments authorized by this section.

(2) Further encumbrance of the property other than for preservation or protection of the property that would cause the obligation to become due and payable under the terms of the contract or other instrument evidencing the obligation.

(g) This section shall not relieve a service member with a mortgage subject to an impound account for the payment of property taxes, special assessments, mortgage insurance, and hazard insurance from making monthly payments of an amount that is at least sufficient to pay these amounts, unless the borrower and lender agree to a lesser amount.

(h) This section shall not preclude a service member from making payments toward the mortgage payments deferred before the occurrence of any of the events in subdivision (d).

(i) This section shall not permit a service member ordered to military service to obtain a delay, deferment, or stay on an obligation to pay child support. This section shall not preclude a service member ordered to military service from seeking a modification of an order to pay child support due to a reduction in income resulting from the order to service, or from seeking the imposition of the maximum interest rate provided by this chapter on arrearages in child support payments existing before the order to service.

SEC. 8. Section 800 of the Military and Veterans Code is amended to read:

800. (a) Subject to subdivision (b), in addition to any other benefits provided by law and to the extent permitted by federal law, a reservist who is called to active duty may defer payments on any of the following obligations while serving on active duty:

(1) An obligation secured by a mortgage or deed of trust.

(2) Credit card, as defined in Section 1747.02 of the Civil Code.

(3) Retail installment contract, as defined in Section 1802.6 of the Civil Code.

(4) Retail installment account, installment account, or revolving account, as defined in Section 1802.7 of the Civil Code.

(5) Up to two vehicle loans. For purposes of this chapter, “vehicle” means a vehicle as defined in Section 670 of the Vehicle Code.

(6) A payment of property tax or any special assessment of in-lieu property tax imposed on real property that is assessed on residential property owned by the reservist and used as that reservist’s primary place of residence on the date the reservist was ordered to active duty.

(7) An obligation owed to a utility company.

(8) A student loan.

(b) (1) In order for an obligation or liability of a reservist to be subject to the provisions of this chapter, the reservist or the reservist’s designee shall deliver to the obligor both of the following:

(A) A written request by or on behalf of the reservist for a deferment of financial obligations. For purposes of this subparagraph, “written request” includes an electronic communication.

(B) A copy of the reservist’s military orders.

(2) If required by a financial institution, proof that the reservist’s employer does not provide continuing income to the reservist while the reservist is on active military duty, including the reservist’s military pay, of more than 90 percent of the reservist’s monthly salary and wage income earned before the call to active duty.

(c) Upon request of the reservist or the reservist’s dependent or designee and within five working days of that request, if applicable, the employer of a reservist shall furnish the letter or other comparable evidence showing that the employer’s compensation policy does not provide continuing income to the reservist, including the reservist’s military pay, of more than 90 percent of the reservist’s monthly salary and wage income earned before the call to active duty.

(d) The deferral period on financial obligations shall be the lesser of 180 days or the period of active duty plus 60 calendar days and shall apply only to those payments due subsequent to the notice provided to a lender as provided in subdivision (b). In addition, the total period of the deferment shall not exceed 180 days within a 365-day period.

(e) If a lender defers payments on a closed end credit obligation or an open-end credit obligation with a maturity date, pursuant to this chapter, the lender shall extend the term of the obligation by the amount of months the obligation was deferred. However, any mortgage payments deferred pursuant to this section are due and payable upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, other than a deferral of payments under this section.

(f) If a lender defers payments on an open-end credit obligation pursuant to this chapter, the lender may restrict the availability of additional credit with respect to that obligation during the term of the deferral.

(g) The deferment of payments on an obligation does not limit the ability of the reservist or any other person to make payments on the obligation.

SEC. 9. Section 802 of the Military and Veterans Code is amended to read:

802. Nothing in this chapter relieves a reservist with a mortgage subject to an impound account for the payment of property taxes, special assessments, mortgage insurance, and hazard insurance from making monthly payments of an amount which is at least sufficient to pay these amounts, unless the borrower and lender agree to a lesser amount.

SEC. 10. Section 804 of the Military and Veterans Code is amended to read:

804. During the period specified in Section 800, the reservist may defer the payment of principal and interest on the specified obligations. No penalties shall be imposed on the nonpayment of principal or interest during this period. No interest shall be charged or accumulated on the principal or

interest on which the payment was delayed. No foreclosure or repossession of property shall take place during the period of deferment unless otherwise ordered by a court or agreed to by the parties to the obligation.

SEC. 11. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.