

AMENDED IN SENATE APRIL 25, 2011

AMENDED IN SENATE APRIL 14, 2011

AMENDED IN SENATE MARCH 29, 2011

SENATE BILL

No. 447

Introduced by Senator DeSaulnier

February 16, 2011

An act to add Section 12322 to the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 447, as amended, DeSaulnier. Treasurer: banking deposits and contracts.

Existing law requires the Treasurer to receive and keep in the vaults of the State Treasury or deposit in banks or credit unions all moneys belonging to the state. Existing law requires the Treasurer to keep an account of all money received and disbursed. Existing law requires the Treasurer to report daily to the Controller the amounts disbursed during the preceding day and the funds out of which the disbursements were paid.

This bill would prohibit the Treasurer from depositing any money of the state in, or from entering into any contracts with, a financial institution, *as defined*, unless the financial institution has provided to the ~~Treasurer~~ *California Research Bureau*, and the Treasurer has considered, specified information relating to, among other things, the location of branches of the financial institution in California, the lending and investment practices of the financial institution, including community reinvestment activities, and participation of the financial institution in certain mortgage assistance programs. The bill would

provide that the ~~Treasurer~~ *California Research Bureau* would not be required to receive this information from financial institutions that have assets totaling less than \$10 billion.

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

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

1 SECTION 1. Section 12322 is added to the Government Code,
2 to read:

3 12322. (a) Except as provided in subdivision (h), the Treasurer
4 shall not deposit any money belonging to the state in, or enter into
5 any contracts with, a financial institution unless the financial
6 institution has provided the ~~Treasurer~~ *California Research Bureau*
7 with, and the Treasurer has considered, all of the following
8 information on an annual basis:

9 (1) Percentage of California branches of the financial institution
10 in low- and moderate-income census tracts.

11 (2) Percentage of California branches of the financial institution
12 in low-income census tracts.

13 (3) Percentage of multifamily loans in low- and
14 moderate-income census tracts in the state.

15 (4) Total community development lending in the state, expressed
16 as a percentage of total banking deposits.

17 (5) Percentage of California community development loans to
18 nonprofit borrowers.

19 (6) Percentage of California home purchase loans to low- and
20 moderate-income borrowers.

21 (7) Percentage of total deposits spent on philanthropic or
22 charitable donations in the state.

23 (8) Participation in CalHFA's Unemployment Mortgage
24 Assistance Program, with regard to loans serviced by the financial
25 institution, as expressed by the total number of borrowers
26 participating in the state and total number of borrowers who have
27 applied for assistance in the state and have been referred as eligible
28 candidates by CalHFA.

29 (9) Participation in CalHFA's Mortgage Reinstatement
30 Assistance Program, with regard to loans serviced by the financial
31 institution, as expressed by the total number of borrowers
32 participating in the state and total number of borrowers who have

1 applied for assistance in the state and have been referred as eligible
2 candidates by CalHFA.

3 (10) Participation in CalHFA’s Principal Reduction Program,
4 with regard to loans serviced by the financial institution, as
5 expressed by the total number of borrowers participating in the
6 state and total number of borrowers who have applied for assistance
7 in the state and have been referred as eligible candidates by
8 CalHFA.

9 (11) Participation in the federal Home Affordable Modification
10 Program, administered by Fannie Mae, as expressed by the total
11 number of borrowers participating in the state and total number
12 of borrowers who have applied for assistance in the state.

13 (b) For purposes of subdivision (a), the Treasurer may request
14 additional information from a financial institution related to its
15 lending, investing, or community reinvestment activities.

16 (c) To the extent that competing financial institutions offer
17 investment instruments and banking services of substantially
18 equivalent safety, liquidity, yield, and reliability, the Treasurer
19 may consider the information required under this section to
20 differentiate between financial institutions when making investment
21 decisions on behalf of the state.

22 (d) A financial institution reporting participation in any mortgage
23 modification program shall provide the ~~Treasurer~~ *California*
24 *Research Bureau* with information on both the number of trial
25 modifications and permanent modifications whenever applicable.

26 (e) A financial institution reporting a percentage under this
27 section shall also indicate the absolute value of the numerator and
28 denominator used in calculating the percentage.

29 (f) Reporting participation in a mortgage assistance program
30 specified in subdivision (a) shall not be required if that program
31 ceases to operate.

32 (g) All data reported on lending pursuant to this section shall
33 be reported using the book value of loans.

34 (h) The ~~Treasurer~~ *California Research Bureau* shall not be
35 required to receive information pursuant to this section from a
36 financial institution that has assets totaling less than ten billion
37 dollars (\$10,000,000,000).

38 (i) For purposes of this section:

39 (1) “CalHFA” means the California Housing Finance Agency.

1 (2) “Community development loans” means loans made for
 2 affordable housing, including multifamily rental housing, for low-
 3 or moderate-income individuals, community services targeted to
 4 low- or moderate-income individuals, activities that promote
 5 economic development by financing businesses or farms that meet
 6 the size eligibility standards of the United States Small Business
 7 Administration’s Certified Development Company or Small
 8 Business Investment Company programs (13 C.F.R. 121.301) or
 9 have gross annual revenues of one million dollars (\$1,000,000) or
 10 less, and activities that revitalize or stabilize low- or
 11 moderate-income geographies or designated disaster areas.

12 (3) *“Financial institution” means a depository institution, as*
 13 *defined in Section 1832(b) of Title 12 of the United States Code,*
 14 *a commercial bank or trust company, an agency branch of a*
 15 *foreign bank in the United States, a credit union, a thrift institution,*
 16 *a broker or dealer registered with the United States Securities and*
 17 *Exchange Commission under the Securities Exchange Act of 1934,*
 18 *a broker or dealer in securities or commodities, an investment*
 19 *bank or investment company, or an industrial bank.*

20 (4) *“Home purchase loan” means any loan secured by, and*
 21 *made for the purpose of purchasing, a dwelling.*

22 ~~(3)~~

23 (5) “Low income” means an individual income that is less than
 24 50 percent of the median income, or a family income that is less
 25 than 50 percent of the median family income, in a geographic area.

26 ~~(4)~~

27 (6) “Moderate income” means an individual income that is at
 28 least 80 percent of, and less than 120 percent of, the median
 29 income, or a family income that is at least 80 percent of, and less
 30 than 120 percent of, the median family income, in a geographic
 31 area.

32 (7) *“Multifamily” refers to a residential structure that contains*
 33 *five or more units.*