

AMENDED IN ASSEMBLY APRIL 22, 2013

AMENDED IN ASSEMBLY APRIL 17, 2013

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1206**

---

---

**Introduced by Assembly Member Morrell**

February 22, 2013

---

---

An act to amend, repeal, and add ~~Sections~~ *Section 16522* and ~~53651~~ of the Government Code, relating to public funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1206, as amended, Morrell. State and local agency funds: security for deposits.

Existing law requires a bank, in order to be eligible to receive demand or time deposits of state funds, to deposit security with the Treasurer and specifies the securities that may be used for this purpose. Existing law includes specified letters of credit issued by the Federal Home Loan Bank of San Francisco within the list of securities appropriate for deposit. Existing law provides a similar list of securities in connection with the funds of local agencies.

This bill, until January 1, 2019, would revise the reference to letters of credit issued by the Federal Home Loan Bank of San Francisco in the ~~provisions~~ *provision* described above to refer instead to a letter of credit issued by a federal home loan bank.

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. Section 16522 of the Government Code is  
2 amended to read:  
3 16522. The following securities may be received as security  
4 for demand and time deposits:  
5 (a) Bonds, notes, or other obligations of the United States, or  
6 those for which the faith and credit of the United States are pledged  
7 for the payment of principal and interest, including the guaranteed  
8 portions of small business administration loans, so long as those  
9 loans are obligations for which the faith and credit of the United  
10 States are pledged for the payment of principal and interest.  
11 (b) Notes or bonds or any obligations of a local public agency  
12 (as defined in the United States Housing Act of 1949) or any  
13 obligations of a public housing agency (as defined in the United  
14 States Housing Act of 1937) for which the faith and credit of the  
15 United States are pledged for the payment of principal and interest.  
16 (c) Bonds of this state or of any county, city, town, metropolitan  
17 water district, municipal utility district, municipal water district,  
18 bridge and highway district, flood control district, school district,  
19 water district, water conservation district or irrigation district within  
20 this state, and, in addition, revenue or tax anticipation notes, and  
21 revenue bonds payable solely out of the revenues from a  
22 revenue-producing property owned, controlled or operated by this  
23 state, or such local agency or district, or by a department, board,  
24 agency, or authority thereof.  
25 (d) Registered warrants of this state.  
26 (e) Bonds, consolidated bonds, collateral trust debentures,  
27 consolidated debentures, or other obligations issued by the United  
28 States Postal Service, federal land banks or federal intermediate  
29 credit banks established under the Federal Farm Loan Act, as  
30 amended, debentures and consolidated debentures issued by the  
31 Central Bank for Cooperatives and banks for cooperatives  
32 established under the Farm Credit Act of 1933, as amended,  
33 consolidated obligations of the Federal Home Loan Banks  
34 established under the Federal Home Loan Bank Act, bonds,  
35 debentures and other obligations of the Federal National Mortgage  
36 Association and of the Government National Mortgage Association  
37 established under the National Housing Act as amended, in the  
38 bonds of any federal home loan bank established under said act,

1 bonds, debentures, and other obligations of the Federal Home Loan  
2 Mortgage Corporation established under the Emergency Home  
3 Finance Act of 1970, and in bonds, notes, and other obligations  
4 issued by the Tennessee Valley Authority under the Tennessee  
5 Valley Authority Act, as amended.

6 (f) Bonds and notes of the California Housing Finance Agency  
7 issued pursuant to Chapter 7 (commencing with Section 41700)  
8 of Part 3 of Division 31 of the Health and Safety Code.

9 (g) Promissory notes secured by first mortgages and first trust  
10 deeds upon residential real property located in California, provided  
11 that:

12 (1) Notwithstanding Section 16521, the promissory notes shall  
13 at all times be in an amount in value at least 50 percent in excess  
14 of the amount deposited with the bank;

15 (2) The Treasurer issues regulations, establishes procedures for  
16 determining the value of the promissory notes and develops  
17 standards necessary to protect the security of the deposits so  
18 collateralized;

19 (3) The depository may exercise, enforce, or waive any right or  
20 power granted to it by promissory note, mortgage, or deed of trust;  
21 and

22 (4) The following may not be used as security for deposits:

23 (A) Any promissory note on which any payment is more than  
24 90 days past due,

25 (B) Any promissory note secured by a mortgage or deed of trust  
26 as to which there is a lien prior to the mortgage or deed of trust,  
27 or

28 (C) Any promissory note secured by a mortgage or deed of trust  
29 as to which a notice of default has been recorded pursuant to  
30 Section 2924 of the Civil Code or an action has been commenced  
31 pursuant to Section 725a of the Code of Civil Procedure.

32 (h) Bonds issued by the State of Israel.

33 (i) Obligations issued, assumed, or guaranteed by the  
34 International Bank for Reconstruction and Development, the  
35 Inter-American Development Bank, the Asian Development Bank,  
36 the African Development Bank, the International Finance  
37 Corporation, or the Government Development Bank of Puerto  
38 Rico.

39 (j) Any municipal securities, as defined by Section 3(a)(29) of  
40 the Securities Exchange Act of June 6, 1934, (15 U.S.C. 78, as

1 amended), which are issued by this state or any local agency  
2 thereof.

3 (k) Letters of credit issued by a federal home loan bank, which  
4 shall be in the form and shall contain provisions as the Treasurer  
5 may prescribe, and shall include the following terms:

6 (1) The Treasurer shall be the beneficiary of the letter of credit.

7 (2) The letter of credit shall be clean and irrevocable, and shall  
8 provide that the Treasurer may draw upon it up to the total amount  
9 in the event of the failure of the bank or if the bank refuses to  
10 permit the withdrawal of funds by the Treasurer or any other  
11 authorized state officer or employee.

12 This section shall remain in effect only until January 1, 2019,  
13 and as of that date is repealed, unless a later enacted statute, that  
14 is enacted before January 1, 2019, deletes or extends that date.

15 SEC. 2. Section 16522 is added to the Government Code, to  
16 read:

17 16522. (a) The following securities may be received as security  
18 for demand and time deposits:

19 (1) Bonds, notes, or other obligations of the United States, or  
20 those for which the faith and credit of the United States are pledged  
21 for the payment of principal and interest, including the guaranteed  
22 portions of small business administration loans, so long as those  
23 loans are obligations for which the faith and credit of the United  
24 States are pledged for the payment of principal and interest.

25 (2) Notes or bonds or any obligations of a local public agency  
26 (as defined in the United States Housing Act of 1949) or any  
27 obligations of a public housing agency (as defined in the United  
28 States Housing Act of 1937) for which the faith and credit of the  
29 United States are pledged for the payment of principal and interest.

30 (3) Bonds of this state or of any county, city, town, metropolitan  
31 water district, municipal utility district, municipal water district,  
32 bridge and highway district, flood control district, school district,  
33 water district, water conservation district or irrigation district within  
34 this state, and, in addition, revenue or tax anticipation notes, and  
35 revenue bonds payable solely out of the revenues from a  
36 revenue-producing property owned, controlled or operated by this  
37 state, or such local agency or district, or by a department, board,  
38 agency, or authority thereof.

39 (4) Registered warrants of this state.

1 (5) Bonds, consolidated bonds, collateral trust debentures,  
2 consolidated debentures, or other obligations issued by the United  
3 States Postal Service, federal land banks or federal intermediate  
4 credit banks established under the Federal Farm Loan Act, as  
5 amended, debentures and consolidated debentures issued by the  
6 Central Bank for Cooperatives and banks for cooperatives  
7 established under the Farm Credit Act of 1933, as amended,  
8 consolidated obligations of the Federal Home Loan Banks  
9 established under the Federal Home Loan Bank Act, bonds,  
10 debentures and other obligations of the Federal National Mortgage  
11 Association and of the Government National Mortgage Association  
12 established under the National Housing Act as amended, in the  
13 bonds of any federal home loan bank established under said act,  
14 bonds, debentures, and other obligations of the Federal Home Loan  
15 Mortgage Corporation established under the Emergency Home  
16 Finance Act of 1970, and in bonds, notes, and other obligations  
17 issued by the Tennessee Valley Authority under the Tennessee  
18 Valley Authority Act, as amended.

19 (6) Bonds and notes of the California Housing Finance Agency  
20 issued pursuant to Chapter 7 (commencing with Section 41700)  
21 of Part 3 of Division 31 of the Health and Safety Code.

22 (7) Promissory notes secured by first mortgages and first trust  
23 deeds upon residential real property located in California, provided  
24 that:

25 (A) Notwithstanding Section 16521, the promissory notes shall  
26 at all times be in an amount in value at least 50 percent in excess  
27 of the amount deposited with the bank;

28 (B) The Treasurer issues regulations, establishes procedures for  
29 determining the value of the promissory notes and develops  
30 standards necessary to protect the security of the deposits so  
31 collateralized;

32 (C) The depository may exercise, enforce, or waive any right  
33 or power granted to it by promissory note, mortgage, or deed of  
34 trust; and

35 (D) The following may not be used as security for deposits:

36 (i) Any promissory note on which any payment is more than 90  
37 days past due,

38 (ii) Any promissory note secured by a mortgage or deed of trust  
39 as to which there is a lien prior to the mortgage or deed of trust,  
40 or

1 (iii) Any promissory note secured by a mortgage or deed of trust  
2 as to which a notice of default has been recorded pursuant to  
3 Section 2924 of the Civil Code or an action has been commenced  
4 pursuant to Section 725a of the Code of Civil Procedure.

5 (8) Bonds issued by the State of Israel.

6 (9) Obligations issued, assumed, or guaranteed by the  
7 International Bank for Reconstruction and Development, the  
8 Inter-American Development Bank, the Asian Development Bank,  
9 the African Development Bank, the International Finance  
10 Corporation, or the Government Development Bank of Puerto  
11 Rico.

12 (10) Any municipal securities, as defined by Section 3(a)(29)  
13 of the Securities Exchange Act of June 6, 1934, (15 U.S.C. 78, as  
14 amended), which are issued by this state or any local agency  
15 thereof.

16 (11) Letters of credit issued by the Federal Home Loan Bank  
17 of San Francisco, which shall be in the form and shall contain  
18 provisions as the Treasurer may prescribe, and shall include the  
19 following terms:

20 (A) The Treasurer shall be the beneficiary of the letter of credit.

21 (B) The letter of credit shall be clean and irrevocable, and shall  
22 provide that the Treasurer may draw upon it up to the total amount  
23 in the event of the failure of the bank or if the bank refuses to  
24 permit the withdrawal of funds by the Treasurer or any other  
25 authorized state officer or employee.

26 (b) This section shall be operative January 1, 2019.

27 ~~SEC. 3. Section 53651 of the Government Code is amended~~  
28 ~~to read:~~

29 ~~53651. Eligible securities are any of the following:~~

30 ~~(a) United States Treasury notes, bonds, bills or certificates of~~  
31 ~~indebtedness, or obligations for which the faith and credit of the~~  
32 ~~United States are pledged for the payment of principal and interest,~~  
33 ~~including the guaranteed portions of small business administration~~  
34 ~~loans, so long as the loans are obligations for which the faith and~~  
35 ~~credit of the United States are pledged for the payment of principal~~  
36 ~~and interest.~~

37 ~~(b) Notes or bonds or any obligations of a local public agency~~  
38 ~~(as defined in the United States Housing Act of 1949) or any~~  
39 ~~obligations of a public housing agency (as defined in the United~~

1 States Housing Act of 1937) for which the faith and credit of the  
2 United States are pledged for the payment of principal and interest.

3 ~~(e) Bonds of this state or of any local agency or district of the  
4 State of California having the power, without limit as to rate or  
5 amount, to levy taxes or assessments to pay the principal and  
6 interest of the bonds upon all property within its boundaries subject  
7 to taxation or assessment by the local agency or district, and in  
8 addition, limited obligation bonds pursuant to Article 4  
9 (commencing with Section 50665) of Chapter 3 of Division 1,  
10 senior obligation bonds pursuant to Article 5 (commencing with  
11 Section 53387) of Chapter 2.7, and revenue bonds and other  
12 obligations payable solely out of the revenues from a  
13 revenue-producing property owned, controlled or operated by the  
14 state, local agency or district or by a department, board, agency  
15 or authority thereof.~~

16 ~~(d) Bonds of any public housing agency (as defined in the United  
17 States Housing Act of 1937, as amended) as are secured by a pledge  
18 of annual contributions under an annual contribution contract  
19 between the public housing agency and the Public Housing  
20 Administration if such contract shall contain the covenant by the  
21 Public Housing Administration which is authorized by subsection  
22 (b) of Section 22 of the United States Housing Act of 1937, as  
23 amended, and if the maximum sum and the maximum period  
24 specified in the contract pursuant to that subsection 22(b) shall not  
25 be less than the annual amount and the period for payment which  
26 are requisite to provide for the payment when due of all  
27 installments of principal and interest on the obligations.~~

28 ~~(e) Registered warrants of this state.~~

29 ~~(f) Bonds, consolidated bonds, collateral trust debentures,  
30 consolidated debentures, or other obligations issued by the United  
31 States Postal Service, federal land banks or federal intermediate  
32 credit banks established under the Federal Farm Loan Act, as  
33 amended, debentures and consolidated debentures issued by the  
34 Central Bank for Cooperatives and banks for cooperatives  
35 established under the Farm Credit Act of 1933, as amended,  
36 consolidated obligations of the federal home loan banks established  
37 under the Federal Home Loan Bank Act, bonds, debentures and  
38 other obligations of the Federal National Mortgage Association  
39 or of the Government National Mortgage Association established  
40 under the National Housing Act, as amended, bonds of any federal~~

1 home loan bank established under that act, bonds, debentures and  
2 other obligations of the Federal Home Loan Mortgage Corporation  
3 established under the Emergency Home Finance Act of 1970, and  
4 obligations of the Tennessee Valley Authority.

5 ~~(g) Notes, tax anticipation warrants or other evidence of~~  
6 ~~indebtedness issued pursuant to Article 7 (commencing with~~  
7 ~~Section 53820), Article 7.5 (commencing with Section 53840) or~~  
8 ~~Article 7.6 (commencing with Section 53850) of this Chapter 4.~~

9 ~~(h) State of California notes.~~

10 ~~(i) Bonds, notes, certificates of indebtedness, warrants or other~~  
11 ~~obligations issued by: (1) any state of the United States (except~~  
12 ~~this state), or the Commonwealth of Puerto Rico, or any local~~  
13 ~~agency thereof having the power to levy taxes, without limit as to~~  
14 ~~rate or amount, to pay the principal and interest of such obligations,~~  
15 ~~or (2) any state of the United States (except this state), or the~~  
16 ~~Commonwealth of Puerto Rico, or a department, board, agency~~  
17 ~~or authority thereof except bonds which provide for or are issued~~  
18 ~~pursuant to a law which may contemplate a subsequent legislative~~  
19 ~~appropriation as an assurance of the continued operation and~~  
20 ~~solvency of the department, board, agency or authority but which~~  
21 ~~does not constitute a valid and binding obligation for which the~~  
22 ~~full faith and credit of such state or the Commonwealth of Puerto~~  
23 ~~Rico are pledged, which are payable solely out of the revenues~~  
24 ~~from a revenue-producing source owned, controlled or operated~~  
25 ~~thereby; provided the obligations issued by an entity described in~~  
26 ~~(1), above, are rated in one of the three highest grades, and such~~  
27 ~~obligations issued by an entity described in (2), above, are rated~~  
28 ~~in one of the two highest grades by a nationally recognized~~  
29 ~~investment service organization that has been engaged regularly~~  
30 ~~in rating state and municipal issues for a period of not less than~~  
31 ~~five years.~~

32 ~~(j) Obligations issued, assumed or guaranteed by the~~  
33 ~~International Bank for Reconstruction and Development,~~  
34 ~~Inter-American Development Bank, the Government Development~~  
35 ~~Bank of Puerto Rico, the Asian Development Bank, the~~  
36 ~~International Finance Corporation, or the African Development~~  
37 ~~Bank.~~

38 ~~(k) Participation certificates of the Export-Import Bank of the~~  
39 ~~United States.~~

1 ~~(l) Bonds and notes of the California Housing Finance Agency~~  
2 ~~issued pursuant to Chapter 7 (commencing with Section 51350)~~  
3 ~~of Part 3 of Division 31 of the Health and Safety Code.~~

4 ~~(m) Promissory notes secured by first mortgages and first trust~~  
5 ~~deeds which comply with Section 53651.2.~~

6 ~~(n) Any bonds, notes, warrants, or other evidences of~~  
7 ~~indebtedness of a nonprofit corporation issued to finance the~~  
8 ~~construction of a school building or school buildings pursuant to~~  
9 ~~a lease or agreement with a school district entered into in~~  
10 ~~compliance with the provisions of Section 39315 or 81345 of the~~  
11 ~~Education Code, and also any bonds, notes, warrants or other~~  
12 ~~evidences of indebtedness issued to refinance those bonds, notes,~~  
13 ~~warrants, or other evidences of indebtedness as specified in Section~~  
14 ~~39317 of the Education Code.~~

15 ~~(o) Any municipal securities, as defined by Section 3(a)(29) of~~  
16 ~~the Securities Exchange Act of June 6, 1934, (15 U.S.C. Sec. 78,~~  
17 ~~as amended), which are issued by this state or any local agency~~  
18 ~~thereof.~~

19 ~~(p) With the consent of the treasurer, letters of credit issued by~~  
20 ~~a federal home loan bank that comply with Section 53651.6.~~

21 ~~This section shall remain in effect only until January 1, 2019,~~  
22 ~~and as of that date is repealed, unless a later enacted statute, that~~  
23 ~~is enacted before January 1, 2019, deletes or extends that date.~~

24 ~~SEC. 4. Section 53651 is added to the Government Code, to~~  
25 ~~read:~~

26 ~~53651. (a) Eligible securities are any of the following:~~

27 ~~(1) United States Treasury notes, bonds, bills or certificates of~~  
28 ~~indebtedness, or obligations for which the faith and credit of the~~  
29 ~~United States are pledged for the payment of principal and interest,~~  
30 ~~including the guaranteed portions of small business administration~~  
31 ~~loans, so long as the loans are obligations for which the faith and~~  
32 ~~credit of the United States are pledged for the payment of principal~~  
33 ~~and interest.~~

34 ~~(2) Notes or bonds or any obligations of a local public agency~~  
35 ~~(as defined in the United States Housing Act of 1949) or any~~  
36 ~~obligations of a public housing agency (as defined in the United~~  
37 ~~States Housing Act of 1937) for which the faith and credit of the~~  
38 ~~United States are pledged for the payment of principal and interest.~~

39 ~~(3) Bonds of this state or of any local agency or district of the~~  
40 ~~State of California having the power, without limit as to rate or~~

1 amount, to levy taxes or assessments to pay the principal and  
2 interest of the bonds upon all property within its boundaries subject  
3 to taxation or assessment by the local agency or district, and in  
4 addition, limited obligation bonds pursuant to Article 4  
5 (commencing with Section 50665) of Chapter 3 of Division 1,  
6 senior obligation bonds pursuant to Article 5 (commencing with  
7 Section 53387) of Chapter 2.7, and revenue bonds and other  
8 obligations payable solely out of the revenues from a  
9 revenue-producing property owned, controlled or operated by the  
10 state, local agency or district or by a department, board, agency  
11 or authority thereof.

12 (4) Bonds of any public housing agency (as defined in the United  
13 States Housing Act of 1937, as amended) as are secured by a pledge  
14 of annual contributions under an annual contribution contract  
15 between the public housing agency and the Public Housing  
16 Administration if such contract shall contain the covenant by the  
17 Public Housing Administration which is authorized by subsection  
18 (b) of Section 22 of the United States Housing Act of 1937, as  
19 amended, and if the maximum sum and the maximum period  
20 specified in the contract pursuant to that subsection 22(b) shall not  
21 be less than the annual amount and the period for payment which  
22 are requisite to provide for the payment when due of all  
23 installments of principal and interest on the obligations.

24 (5) Registered warrants of this state.

25 (6) Bonds, consolidated bonds, collateral trust debentures,  
26 consolidated debentures, or other obligations issued by the United  
27 States Postal Service, federal land banks or federal intermediate  
28 credit banks established under the Federal Farm Loan Act, as  
29 amended, debentures and consolidated debentures issued by the  
30 Central Bank for Cooperatives and banks for cooperatives  
31 established under the Farm Credit Act of 1933, as amended,  
32 consolidated obligations of the federal home loan banks established  
33 under the Federal Home Loan Bank Act, bonds, debentures and  
34 other obligations of the Federal National Mortgage Association  
35 or of the Government National Mortgage Association established  
36 under the National Housing Act, as amended, bonds of any federal  
37 home loan bank established under that act, bonds, debentures and  
38 other obligations of the Federal Home Loan Mortgage Corporation  
39 established under the Emergency Home Finance Act of 1970, and  
40 obligations of the Tennessee Valley Authority.

1 ~~(7) Notes, tax anticipation warrants or other evidence of~~  
2 ~~indebtedness issued pursuant to Article 7 (commencing with~~  
3 ~~Section 53820), Article 7.5 (commencing with Section 53840) or~~  
4 ~~Article 7.6 (commencing with Section 53850) of this Chapter 4.~~

5 ~~(8) State of California notes.~~

6 ~~(9) Bonds, notes, certificates of indebtedness, warrants or other~~  
7 ~~obligations issued by: (A) any state of the United States (except~~  
8 ~~this state), or the Commonwealth of Puerto Rico, or any local~~  
9 ~~agency thereof having the power to levy taxes, without limit as to~~  
10 ~~rate or amount, to pay the principal and interest of such obligations,~~  
11 ~~or (B) any state of the United States (except this state), or the~~  
12 ~~Commonwealth of Puerto Rico, or a department, board, agency~~  
13 ~~or authority thereof except bonds which provide for or are issued~~  
14 ~~pursuant to a law which may contemplate a subsequent legislative~~  
15 ~~appropriation as an assurance of the continued operation and~~  
16 ~~solvency of the department, board, agency or authority but which~~  
17 ~~does not constitute a valid and binding obligation for which the~~  
18 ~~full faith and credit of such state or the Commonwealth of Puerto~~  
19 ~~Rico are pledged, which are payable solely out of the revenues~~  
20 ~~from a revenue-producing source owned, controlled or operated~~  
21 ~~thereby; provided the obligations issued by an entity described in~~  
22 ~~(A), above, are rated in one of the three highest grades, and such~~  
23 ~~obligations issued by an entity described in (B), above, are rated~~  
24 ~~in one of the two highest grades by a nationally recognized~~  
25 ~~investment service organization that has been engaged regularly~~  
26 ~~in rating state and municipal issues for a period of not less than~~  
27 ~~five years.~~

28 ~~(10) Obligations issued, assumed or guaranteed by the~~  
29 ~~International Bank for Reconstruction and Development,~~  
30 ~~Inter-American Development Bank, the Government Development~~  
31 ~~Bank of Puerto Rico, the Asian Development Bank, the~~  
32 ~~International Finance Corporation, or the African Development~~  
33 ~~Bank.~~

34 ~~(11) Participation certificates of the Export-Import Bank of the~~  
35 ~~United States.~~

36 ~~(12) Bonds and notes of the California Housing Finance Agency~~  
37 ~~issued pursuant to Chapter 7 (commencing with Section 51350)~~  
38 ~~of Part 3 of Division 31 of the Health and Safety Code.~~

39 ~~(13) Promissory notes secured by first mortgages and first trust~~  
40 ~~deeds which comply with Section 53651.2.~~

1     ~~(14) Any bonds, notes, warrants, or other evidences of~~  
2 ~~indebtedness of a nonprofit corporation issued to finance the~~  
3 ~~construction of a school building or school buildings pursuant to~~  
4 ~~a lease or agreement with a school district entered into in~~  
5 ~~compliance with the provisions of Section 39315 or 81345 of the~~  
6 ~~Education Code, and also any bonds, notes, warrants or other~~  
7 ~~evidences of indebtedness issued to refinance those bonds, notes,~~  
8 ~~warrants, or other evidences of indebtedness as specified in Section~~  
9 ~~39317 of the Education Code.~~

10     ~~(15) Any municipal securities, as defined by Section 3(a)(29)~~  
11 ~~of the Securities Exchange Act of June 6, 1934, (15 U.S.C. Sec.~~  
12 ~~78, as amended), which are issued by this state or any local agency~~  
13 ~~thereof.~~

14     ~~(16) With the consent of the treasurer, letters of credit issued~~  
15 ~~by the Federal Home Loan Bank of San Francisco which comply~~  
16 ~~with Section 53651.6.~~

17     ~~(b) This section shall be operative January 1, 2019.~~