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 unless the financial institution has provided to the Treasurer, 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 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:

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

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

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

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

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

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

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

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

(7) Percentage of total deposits ~~reserved for~~ *spent on* philanthropic or charitable donations in the state.

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

(9) Participation in ~~CalFHA's~~ *CalHFA's* Mortgage Reinstatement Assistance Program, *with regard to loans serviced by the financial institution*, as expressed by the total number of borrowers participating in the state and total number of borrowers who have applied for assistance in the state *and have been referred as eligible candidates by CalHFA.*

(10) Participation in ~~CalFHA's~~ *CalHFA's* Principal Reduction Program, *with regard to loans serviced by the financial institution,* as expressed by the total number of borrowers participating in the state and total number of borrowers who have applied for assistance in the state *and have been referred as eligible candidates by CalHFA*.

~~(11) Participation in CalFHA's Transition Assistance Program, as expressed by the total number of borrowers participating in the state and total number of borrowers who have applied for assistance in the state.~~

~~(12)~~

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

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

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

(d) A financial institution reporting participation in any mortgage modification program shall provide the Treasurer with information on both the number of trial modifications and permanent modifications whenever applicable.

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

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

~~(f)~~

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

~~(g)~~

(h) The Treasurer shall not be required to receive information pursuant to this section from a financial institution that has assets totaling less than ten billion dollars ($10,000,000,000).

~~(h)~~

(i) For purposes of this section:

(1) ~~“CalFHA”~~ *“CalHFA”* means the California Housing Finance Agency.

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

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

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

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