

AMENDED IN SENATE JANUARY 4, 2012

AMENDED IN SENATE APRIL 28, 2011

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 ~~Division 21 (commencing with Section 52000) to the Financial Code~~ *Section 50964 to the Health and Safety Code*, relating to ~~financial institutions~~ *housing*.

LEGISLATIVE COUNSEL'S DIGEST

SB 447, as amended, DeSaulnier. ~~Financial institutions: disclosures.~~
Housing: California Housing Finance Agency.

Existing law establishes the California Housing Finance Agency, administered by a board of directors, whose primary purpose is to meet the housing needs of persons and families of low- or moderate-income. Existing law authorizes the agency to issue revenue bonds and make construction and mortgage loans to meet the multifamily rental housing needs of persons and families of low- or moderate- income persons and families.

This bill would prohibit the agency from foreclosing on a mortgage for a single-family residence that was financed by a revenue bond that is owned or serviced by the agency for the sole reason that the mortgagor is using the residence as a rental property, provided that certain conditions are met.

Existing law regulates the operation of various financial institutions. The California Research Bureau within the California State Library provides nonpartisan research services to the Governor, the Legislature, and other state elected officials.

This bill would require a financial institution, as defined, to provide to the California Research Bureau 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 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 50964 is added to the Health and Safety
2 Code, to read:
3 50964. The agency shall not foreclose on a mortgage for a
4 single-family residence that was financed by a revenue bond issued
5 pursuant to Chapter 7 (commencing with Section 51350) that is
6 owned or serviced by the agency for the sole reason that the
7 mortgagor is using the residence as a rental property, provided
8 that all of the following conditions are met:
9 (a) The mortgagor is current in making his or her mortgage
10 payments, and has not breached any term of the mortgage. For
11 purposes of this subdivision, the renting out of the residence shall
12 not constitute a breach that necessitates a foreclosure action,
13 except as may be necessary not to exceed the 4 percent cap
14 specified by subdivision (c).
15 (b) The mortgagor lived in the home for at least one year after
16 the mortgage was executed.
17 (c) No more than 4 percent of the total proceeds of the bond
18 issuance shall be used to finance mortgages on residences that
19 are currently used as rental properties.
20 SECTION 1. Division 21 (commencing with Section 52000)
21 is added to the Financial Code, to read:

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

5 ~~(b) A financial institution reporting participation in any mortgage~~
6 ~~modification program shall provide the California Research Bureau~~
7 ~~with information on both the number of trial modifications and~~
8 ~~permanent modifications whenever applicable.~~

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

12 ~~(d) Reporting participation in a mortgage assistance program~~
13 ~~specified in subdivision (a) shall not be required if that program~~
14 ~~ceases to operate.~~

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

17 ~~(f) The California Research Bureau shall not be required to~~
18 ~~receive information pursuant to this section from a financial~~
19 ~~institution that has assets totaling less than ten billion dollars~~
20 ~~(\$10,000,000,000).~~

21 ~~(g) For purposes of this section:~~

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

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

34 ~~(3) “Financial institution” means a depository institution, as~~
35 ~~defined in Section 1832(b) of Title 12 of the United States Code,~~
36 ~~a commercial bank or trust company, an agency branch of a foreign~~
37 ~~bank in the United States, a credit union, a thrift institution, a~~
38 ~~broker or dealer registered with the United States Securities and~~
39 ~~Exchange Commission under the Securities Exchange Act of 1934,~~

1 a broker or dealer in securities or commodities, an investment bank
2 or investment company, or an industrial bank:

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

5 (5) “Low income” means an individual income that is less than
6 50 percent of the median income, or a family income that is less
7 than 50 percent of the median family income, in a geographic area.

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

13 (7) “Multifamily” refers to a residential structure that contains
14 five or more units.

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