

## Highlights of 2011 State Chaptered Legislation

The legislation noted below is a compendium of many, but not all of the chaptered bills that may have an impact on financial institutions. The full text of these bills may be found at <http://www.leginfo.ca.gov/bilinfo.html>

### **AB 184 (Swanson), Chapter 28, Statutes of 2011, Contractual Assessment Programs: Seismic Safety Improvements**

This statute expands existing law to authorize contractual assessments to finance the installation of seismic strengthening improvements that are permanently fixed to real property, as specified.

### **AB 597 (Eng), Chapter 612, Statutes of 2011, California Financial Literacy Fund**

This statute establishes the California Financial Literacy Fund to enable public/private partnerships to improve financial literacy through private donations, administered by the State Controller, and available upon appropriation in the annual Budget Act. It requires that donations be returned if not appropriated within 18 months; authorizes the Controller to convene an advisory committee to develop strategies to improve financial literacy; prohibits use of donations to promote or market financial products of any contributor; and, beginning in 2013, requires an annual summary to specified committees on the use of moneys appropriated from the fund.

### **AB 901 (V. Pérez), Chapter 483, Statutes of 2011, Economic Development: Small Business**

This statute amends definitions related to institutions that may participate in loan programs of the California Economic Development Fund (under the Business, Transportation and Housing Agency), and the Capital Access Loan Program (administered by the California Pollution Control Financing Authority); and includes reporting requirements for CalCAP participating institutions as well as CalCAP programmatic results.

### **AB 981 (Hueso), Chapter 484, Statutes of 2011, California Pollution Control Financing Authority: Capital Access Loan Program**

This statute amends the definition of financial institutions for purposes of the program; authorizes the authority to withdraw a portion of interest or other income credited to the loss reserve account; and requires the authority to contribute to the loss reserve account an amount not less than 150% of institution-paid fees, if the qualified business is located within a severely affected community.

### **AB 1076, (Achadjian), Chapter 326, Statutes of 2011, Credit Unions**

This statute revises the requirements for a credit union to enter into direct or indirect obligations with an official of the credit union; specifies that the aggregate

amount of obligations outstanding to all credit union officials may not exceed 20% of the credit union's capital; and specifies that any obligation that would cause the aggregate obligations of an official to exceed \$50,000 (excluding the portion fully secured by shares), must be approved by the credit committee or credit manager and by the board of directors of the credit union.

**SB 4 (Calderon), Chapter 229, Statutes of 2011, Mortgages**

This statute requires, beginning April 1, 2012, that a notice of sale related to 1-4 family real property contain language notifying potential bidders of specified risks involved in bidding on property at a trustee's sale, and a notice informing the property owner about how to obtain information regarding any postponement of the sale; would require a good faith effort to provide current information regarding sale dates and postponements, free of charge and by any means that provides continuous access.

**SB 6 (Calderon), Chapter 716, Statutes of 2011, Real Estate: Appraisal and Valuation**

This statute prohibits a real estate licensee from knowingly or intentionally misrepresenting the value of real property and prohibits a licensee that offers or provides an opinion of value of residential real property related to origination of a mortgage loan from having a prohibited interest in the property; prohibits an appraisal management company from improperly influencing any appraisal and specifically prohibits certain acts; prohibits a person or entity preparing an appraisal from having a prohibited interest in the property or the transaction; prohibits a person with an interest in a real estate transaction from improperly influencing a valuation; and enumerates prohibited acts related to a valuation.

**SB 24 (Simitian), Chapter 197, Statutes of 2011, Personal Information: Privacy**

This statute requires any agency, person or business that is required to issue a security breach notification to fulfill additional specified requirements pertaining to the security breach notification; and, if the required security breach notification affects more than 500 California residents, to submit a single sample copy of the notification to the Attorney General, as specified.

**SB 33 (Simitian), Chapter 372, Statutes of 2011, Elder and Dependent Adult Abuse**

This statute deletes the January 1, 2013, repeal date of the Financial Elder Abuse Reporting Act of 2005, which extended mandated reporting requirements of financial abuse of elders and dependent adults to officers and employees of financial institutions.

**SB 458 (Corbett), Chapter 82, Statutes of 2011, Mortgages: Deficiency Judgments**

This statute, in the case of a short sale in accordance with the written consent of the holder, prohibits a deficiency judgment on a note secured solely by a deed of

trust or mortgage for a dwelling of not more than 4 units; prohibits the holder of a note from requiring the trustor, mortgagor or maker of the note to pay any additional compensation in exchange for the written consent to the sale; and provides that these provisions are inapplicable if the trustor or mortgagor is a corporation, limited liability company, limited partnership, or political subdivision of the state. This statute was effective with the Governor's signature, July 11, 2011.

**SB 495 (Fuller), Chapter 305, Statutes of 2011, Unclaimed Property**

This statute makes certain changes to the Unclaimed Property Law, administered by the State Controller, including: a clarifying technical change related to the contents of a safe deposit box; changes related to funds held in a retirement account or plan and tangible and intangible property held in a fiduciary capacity; changes related to reporting property that does not appear to be subject to escheat; and extends the amount of time that property that has no apparent commercial value must be held by the Controller from 18 months to 7 years.

**SB 664 (Committee on Banking and Financial Institutions), Chapter 243, Statutes of 2011, Financial Institutions**

This statute reorganizes and renumbers various provisions of the Financial Code related to licensees of the Department of Financial Institutions; makes certain conforming changes; and provides conformance to the federal Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 related to de novo interstate branching and requires a specified notice to the commissioner related to branching.

**SB 718 (Vargas), Chapter 373, Statutes of 2011, Elder and Dependent Adult Abuse: Mandated Reporting**

This statute provides that the reports required of mandated reporters of elder and dependent adult abuse may submit reports through a confidential internet reporting tool, if the county or long-term care ombudsman implements such a system; and requires a county or long-term care ombudsman who implements such a system to report specified information to specified policy committees one year after full implementation.

**SB 837 (Blakeslee) Chapter 61, Statutes of 2011, Residential Real Property Disclosures**

This statute revises the disclosures that a transferor of real property improved with 1-4 dwellings must provide to include whether or not the property is equipped with water-conserving plumbing fixtures.