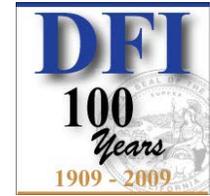




# Monthly Bulletin



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## Commissioner's Residential Mortgage Survey

It is important the DFI maintain complete, accurate, and up-to-date information on the real estate loan portfolios of licensees to determine current risk and assess the potential effect of any proposed regulatory or statutory changes at the federal and/or state level on our licensees. The Commissioner of Financial Institutions directs licensees to complete and submit the 2012 Commissioner's Residential Mortgage Survey as a special report, pursuant to California Financial Code section 455. The annual Commissioner's Mortgage Survey will collect 2012 data on residential mortgage loans secured by 1-4 unit Family Residential Property.

**Bank and credit union licensees will receive a DFI email notification to their designated emails in early January 2013 with information on how to access the Survey. Completed surveys will be due in early February 2013.**

*Note: Survey notifications are emailed to each institution's designated email address for communications with the DFI in accordance with the [July 2010 Commissioner Order on Electronic Communications](#).*

Please direct questions about the Commissioner's Residential Mortgage Survey to [survey@dfi.ca.gov](mailto:survey@dfi.ca.gov).

## Financial Institutions to Designate Central Locations for Service of Legal Process

[AB 2364](#) (Wagner) was signed into law by Governor Edmund G. Brown Jr. and becomes law on January 1, 2013. The new statute requires financial institutions to file with the Department of Financial Institutions (DFI) a list of one or more central locations that are designated for service of notices of levy or attachment against deposit accounts, the contents of safe deposit boxes, and other property held by institutions. This new law applies to all banks, credit unions, and corporations engaged in safe deposit businesses with branches or offices in California, whether they are licensed by the DFI, federally chartered, or headquartered in another state.

45 Fremont Street, Suite 1700, San Francisco, CA 94105-2219  
300 South Spring Street, Suite 15513, Los Angeles, CA 90013-1204  
1810—13<sup>th</sup> Street, Sacramento, CA 95811  
7575 Metropolitan Drive, Suite 108, San Diego, CA 92108-4421  
Consumer Compliance

(415) 263-8500  
(213) 897-2085  
(916) 322-5966  
(619) 682-7227  
(800) 622-0620

- *Financial institutions with ten or more California branches or offices* are required to designate one or more central locations for service of legal process. Failure to designate a central location will result in all of the institution's branches or offices being deemed as central locations.
- *Financial institutions with fewer than ten California branches or offices* have the option to designate one or more central locations for service of legal process.

The statute requires that the DFI maintain the information and make it accessible to the public by providing it to any person who requests it or by posting the information online. To facilitate compliance, the DFI is in the process of developing an electronic form for collecting the designated location information to publish on its website.

## Accessing the Electronic Form

DFI licensees will receive an email to their designated email address with a link to the secure web form where they can input their designated locations.

Banks and credit unions that are not licensed by the DFI may receive an email with the link to the electronic form by subscribing to the "AB2364" email topic on our [Subscription Manager](http://www.dfi.ca.gov/publications/bulletins/subscription.html) (<http://www.dfi.ca.gov/publications/bulletins/subscription.html>).

For more information, please contact the DFI Licensing Section at (415) 263-8559 or [licensing@dfi.ca.gov](mailto:licensing@dfi.ca.gov).

## Statement on Credit Ratings

### Permissible Investments

The Office of the Comptroller of the Currency (OCC) has published a final rule that removes references to credit ratings from its regulations pertaining to investment securities, as required by section 939 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. In doing so, the OCC recast its standard for determining "investment grade". The final rule becomes effective on January 1, 2013.

According to the OCC's final rule, to determine whether a security is "investment grade," banks must determine that the probability of default by the obligor is low and the full and timely repayment of principal and interest is expected. To comply with the new standard, banks may not rely exclusively on external credit ratings, but they may continue to use such ratings as part of their determinations. Consistent with existing rules and guidance, an institution should supplement any consideration of external ratings with due diligence processes and additional analyses that are appropriate for the institution's risk profile and for the size and complexity of the security to be purchased. In other words, a security rated in the top four rating categories by a nationally recognized statistical rating organization is not automatically deemed to satisfy the revised "investment grade" standard.

While the OCC's rule and guidance apply specifically to national banks, it is critical to note the Federal Deposit Insurance Act (12 U.S.C. 1831a) prohibits insured state banks and their subsidiaries from engaging in investments that are not permissible for national banks and their subsidiaries. Therefore, the

Federal Deposit Insurance Corporation's and the Federal Reserve Board's baseline interpretation of what is investment grade for state banks will depend on the OCC's rule in this area.

On and after January 1, 2013 insured state banks must be able to demonstrate that their determination that securities purchased for the bank's portfolio are "investment grade" is based on the insured state banks' due diligence findings and additional analysis that supplement any consideration of any external credit ratings of such securities. Insured state banks may not rely exclusively on external credit ratings. Otherwise, such banks may be found to be in violation of Section 24 of the Federal Deposit Insurance Act.

The OCC's rule and guidance may be viewed at:

<http://www.gpo.gov/fdsys/pkg/FR-2012-06-13/pdf/2012-14169.pdf>

<http://www.gpo.gov/fdsys/pkg/FR-2012-06-13/pdf/2012-14168.pdf>

## Highlights of 2011 State Chartered Legislation

Attached is [Highlights of 2012 State Chartered Legislation](#). This summary is a compendium of most but not all of the legislation that may have an impact on financial institutions. There is a brief description of each measure.

We hope you find the *2012 Highlights of State Chartered Legislation* to be a productive tool. We encourage any suggestions you may have to improve its usefulness to you and your organization.

## Commercial Bank Activity

### Conversion to State Charter

CommerceWest Bank, N.A., Irvine, request DFI approval to convert to a state-chartered commercial bank under the name CommerceWest Bank

Approved: 10/24/12

### Acquisition of Control

Bing Yang and Alice Liu, request DFI approval to acquire control of Mega Bank

Filed: 10/9/12

### Merger

Pacific Premier Bank, Costa Mesa, California, request DFI approval to merge First Associations Bank, Dallas, Texas

Filed: 10/17/12

Mission Bank, Bakersfield, request DFI approval to merge Mojave Desert Bank, N.A., Mojave

Filed: 9/21/12

## Premium Finance Company Activity

### New Premium Finance Company Application

Allied Premium Finance, Inc.  
500 East E Street, Ontario, San Bernardino County  
Filed: 10/16/12

## Trust Company Activity

### Acquisition of Control

The Carlyle Group L.P., request DFI approval to acquire control of Trust Company of the West  
Filed: 10/9/12

## Foreign (Other Nation) Bank Activity

### New Office Application

China Construction Bank  
City and County of San Francisco  
Filed: 10/2/12

## Foreign (Other State) Bank Activity

### Discontinuance of Facility

Kingsbridge Trust Company, Inc.  
18818 Teller Avenue, Irvine, Orange County (Facility – Uninsured Trust Company)  
Notified: 10/30/12  
Discontinued: 10/31/12

## Credit Union Activity

### Merger

Community First Credit Union, Santa Rosa, request DFI approval to merge Health Care Professionals of Napa FCU, Napa  
Filed: 10/1/12

National 1<sup>st</sup> Credit Union, Santa Clara, request DFI approval to merge San Jose Credit Union, San Jose,  
Approved: 8/16/12

Valley First Credit Union, Modesto, request DFI approval to merge State Center Credit Union, Fresno  
Filed: 10/23/12

**Bylaw Amendment**

Two credit unions received approval for two bylaw amendments during September 2012.

**Field of Membership**

One credit union received approval to add two new fields of membership during September 2012.

## Money Transmitter Activity

**New Money Transmitter Application for License**

Comdata Network, Inc.  
Expired: 6/30/12

Kwik Dollar LLC  
Approved: 10/5/12

USForex Inc.  
License issued: 10/4/12

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TEVEIA R. BARNES  
Commissioner of Financial Institutions

Bulletin for Month ended  
October 2012, issued pursuant  
to Financial Code section 376



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