



REGULATORY AGENCY ACTION

DEPARTMENT OF SAVINGS AND LOAN

Commissioner: William J. Crawford
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The Department of Savings and Loan (DSL) is headed by a commissioner who has "general supervision over all associations, savings and loan holding companies, service corporations, and other persons" (Financial Code section 8050). DSL holds no regularly scheduled meetings, except when required by the Administrative Procedure Act. The Savings and Loan Association Law is in sections 5000 through 9001 of the California Financial Code. Departmental regulations are in Title 10, Chapter 2, of the California Administrative Code.

MAJOR PROJECTS:

Advertising Regulations Approved. On February 16, the DSL adopted proposed changes to its regulations regarding advertising and giveaways, which are located in Subchapter 4, Article 1, Title 10 of the California Code of Regulations (CCR). (See CRLR Vol. 8, No. 1 (Winter 1988) p. 83 for complete background information.) On March 16, the Office of Administrative Law (OAL) rejected the proposed regulatory package due to lack of clarity. The DSL amended the language to satisfy OAL's concerns and resubmitted the regulations, which were approved, filed with the Secretary of State on April 13, and became effective thirty days thereafter.

Proposed Appraiser Regulations Amended. Following an initial 45-day comment period and some minor technical amendments, the DSL's proposed changes to its Appraiser Classifications and Qualifications regulations (Title 10, Chapter 2, Subchapter 4, Article 3 of the CCR) were reopened for a 15-day comment period which ended on May 11. The Department is currently in the process of preparing the rulemaking file for submission to OAL. (See CRLR Vol. 8, No. 2 (Spring 1988) p. 90 for complete background information.)

FSLIC Deficit Increases. The Federal Savings and Loan Insurance Corporation (FSLIC), which insures deposits up to \$100,000 at savings and loans nationwide, is faced with liabilities of nearly \$11.6 billion more than the fund's assets at the end of 1987. In 1986, the fund's imbalance was \$6.3 billion and has nearly doubled because 204 institutions are insolvent but have been kept open because the government cannot

afford to close them and pay off depositors.

This April estimate prepared by the Federal Home Loan Bank Board was challenged on May 19 by the General Accounting Office as being too low. According to GAO, the FSLIC deficit could swell to at least \$36 billion in the years ahead.

On June 6, two southern California S&Ls were closed by the Federal Home Loan Bank Board. The Board had unsuccessfully attempted to merge the ailing institutions into healthy ones, and proceeded to close them and pay off their depositors a record \$1.35 billion.

In spite of the pessimistic outlook, U.S. Senator William Proxmire, Chair of the Senate Banking Committee, has pledged congressional support for the deposit insurance program.

LEGISLATION:

SB 2470 (Vuich) is an act to amend section 10012 of the Financial Code. The section currently authorizes, on and after July 1, 1987, a foreign (national) savings association incorporated under the laws of the regional western states and which is not directly or indirectly controlled by either a foreign (national) savings association incorporated under the laws of a state outside those western states or a foreign (national) holding company with its principal place of deposits located in a state outside of those regional western states, to conduct the business of an association in California or to acquire control of a California savings association. This bill would additionally provide that a foreign (national) holding company with its principal place of deposits in any of those regional western states may acquire control of a California savings association. This bill passed the Senate

and is pending on the Assembly floor at this writing.

AB 4203 (Moore), as amended May 16, would amend section 1364 of the Financial Code, which currently authorizes savings associations and commercial banks to invest in evidences of indebtedness of companies incorporated in the United States and which meet specified gross and net income requirements. This bill would relax those requirements in certain circumstances. This bill passed the Assembly and is pending in the Senate Banking and Commerce Committee.

AB 3669 (Bane) would amend section 8009 of the Financial Code, which currently provides that the Savings and Loan Commissioner and his/her employees shall not disclose any information acquired by them in the discharge of their duties, except as required by law, regulation, or court order. This bill would provide, for those purposes, that a court order does not include a subpoena duces tecum. This bill passed the Assembly and is pending in the Senate Banking and Commerce Committee.

AB 2855 (Bane) has been amended four times since reported in CRLR Vol. 8, No. 2 (Spring 1988) at page 91. In addition to all the provisions previously reported, this bill would require a bank to pay interest on savings accounts as to which a depositor has agreed to make periodic installment deposits at a rate of interest per annum that is not less than the lowest rate paid on other types of savings deposits rather than at a rate of interest as is paid on savings deposits; and recast the definition of "corporate debt security" with respect to agricultural, business, corporate, or commercial loans made by an association. This bill passed the Assembly on June 9 and is pending in the Senate Banking and Commerce Committee.



DEPARTMENT OF INDUSTRIAL RELATIONS

CAL-OSHA

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California's Occupational Safety and Health Administration (Cal-OSHA) is part of the cabinet-level Department of Industrial Relations (DIR). The agency administers California's programs ensuring the safety and health of government

employees at the state and local levels.

Cal-OSHA was created by statute in October 1973 and its authority is outlined in Labor Code sections 140-49. It is approved and monitored by, and receives some funding from, the federal OSHA.

The Occupational Safety and Health Standards Board (OSB) is a quasi-legislative body empowered to adopt, review,