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Executive Summary

This 2008 edition of the Community Development Financial Institution (CDFI) State Legislation and Advocacy Guide marks the third year that Opportunity Finance Network has produced this publication. The State Legislative Guide reviews legislation across the country that impacts the work CDFIs do. In 2008, 35 state legislatures considered bills that supported CDFIs and the financial services market in which they are active.

This year, OFN expanded the scope of our research to include more of the issues that impact our businesses and constituencies, such as the mortgage crises and the environment. As a result, this year’s guide contains more than 160 pieces of legislation that were introduced in state legislatures since January 1, 2008. More bills that benefit CDFIs were introduced this session than all similar bills introduced and passed in the previous decade combined.

As national, regional, and local priorities change and evolve, so too does the legislation that is written and introduced in state legislatures across the country. As the scope of the work that the opportunity finance industry changes and grows with the needs of its constituents, so too does the research that OFN does to support our industry.

Now more than ever we can see the interconnectedness of the work done by CDFIs, and the role it plays in the environment as well as the capital and financial markets. These impacts are beyond the traditional role of the CDFI, which impact was often measured in terms of job creation and loans made. However, states are seeing that sustainable development and affordable housing make good bedfellows, and that economic development initiatives can be used as a platform to make broader changes to the lives of their constituents.

States are making an unprecedented effort to leverage the programs available at the federal level, including the CDFI Fund, Community Reinvestment Act and New Markets Tax Credits. As these programs continue leave a track record of success, states are using their examples as a way to help their citizens increase wealth, health and well-being.

This publication includes analysis of the national picture of state-level legislation; summaries of all the legislation reviewed in the study; a guide to working with state legislatures; and an appendix to help users find legislative models in which they are interested.
Analysis

OFN completed a thorough, though not exhaustive, search of legislation that is relevant to the opportunity finance industry and categorized the bills that were the most relevant based on type, focus, status, and CDFI specificity. There are eight types of bills in this study:

- Amendments to state code
- Asset Accumulation Strategies
- Funds
- Loan Guarantees
- Regulatory Changes
- Strategic Initiatives (non asset-building)
- Tax Credits

A more detailed description of each type of bill can be found in the synopses section of this guide (beginning on page 11).¹

The pie chart on page 6 details the number of initiatives introduced this session by type. This year, regulatory changes amending or strengthening current regulations to address the mortgage and housing crises were the most popular type of legislation introduced, accounting for more than 29 percent of the total bills in the study. There were also 44 bills introduced in 24 states that would create funds to provide grants and loans for qualified activities. Of these, nine passed their legislatures. Twenty-one pieces of legislation introduced were amendments to current portions of the state code, most of which clarify or define existing statutory language.

There were 14 tax credit initiatives introduced in nine states that would provide credits for qualified investments, three bills fewer than in 2007. Interestingly, five of these bills introduced in Florida, Connecticut, Illinois, Indiana, and Kentucky would have created programs very similar to the federal New Markets Tax Credit program (NMTC). Unfortunately, none of the statewide NMTC programs passed their legislatures, but three other tax credit provisions did: a second bill in Florida providing tax credits for sustainable development, a bill in Michigan providing a tax deduction for affordable housing projects, and legislation in Oklahoma providing a credit for investments in qualified venture capital companies whose purpose is to establish or expand the development of business and industry within Oklahoma.

¹The Synopses section includes brief summaries of the bills considered by state legislatures this year. It includes hyperlinks to the legislation that were valid at the time of publication, but may change or expire. See the Methodology section for more information on locating electronic versions of bills.
In addition, the bills in this study are categorized by their focus, meaning the types of activities that the legislation is supposed to either encourage or prevent, depending on the type of bill. For example, legislation could be introduced to create a fund that provides grant and loan monies but only organizations creating and building affordable housing may be eligible recipients of the funds, thus affordable housing would be considered the focus of the legislation. The 161 bills introduced during the 2008 session were focused on 12 areas:

- Affordable Housing
- Financial Literacy
- Foreclosure Prevention
- General Economic Development
- Individual Development Accounts (IDA)
- Microenterprise
- Mortgage Lending
- Other
- Predatory Lending
- Rural Development
- Small Business
- Sustainable Development

\[2^2\] For this guide, sustainable development is defined as economic development that maintains the balance between the human needs to improve communities and long-term financial prospects, while also preserving the natural resources and ecosystems on which we and future generations depend.
This year, close to 20 percent of the 161 bills in this study were focused on mortgage lending. Of these 31 bills, four passed (13 percent), nine are still pending, and 18 (58 percent) died during the legislative session. IDA-focused bills had a passage rate of 33 percent, with three of the nine bills introduced passing their legislatures. There were 27 bills introduced that focused on promoting economic development in 16 states. Of these, nearly 70 percent failed to pass the legislature. Bills focused on affordable housing fared better, with 23 percent passing their legislatures, including two bills in Michigan. Thirty-one percent of the predatory lending bills introduced are pending in their legislatures, and none of the bills with a rural development focus passed. Bills with a focus on sustainable development had the highest success rate of passage, with 44 percent of the nine bills introduced in passing their respective legislatures: two bills in Colorado, one in Connecticut, and another in Florida.
The above pie chart shows the percentage of legislation introduced that passed, is still pending, or died in the legislature. There were 161 pieces of legislation introduced that impact opportunity finance. Fifty-three percent of them did not pass their legislatures, 29 percent are still pending, and 18 percent passed and were signed into law. Of the 29 bills that passed, four were amendments to the state code, three were asset accumulation strategies, nine were funds, seven regulatory changes, two tax credits, and four strategic initiatives.

The focus of the bills that passed this session varies. Of the bills that passed, four focused on affordable housing, including the creation of the Urban Housing Assistance Fund in New Jersey. Another four pieces of legislation passed focused on stimulating economic development in several states. The three asset accumulation strategy bills that passed were focused on creating Individual Development Account (IDA) programs, while four bills focused on mortgage lending, and an additional four bills to combat predatory lending were successful during this session. Legislation promoting sustainable development was also successful in the legislatures of Colorado, Connecticut, and Florida. The Iowa legislature passed a microenterprise-focused bill, while Washington passed a financial literacy-focused bill to promote greater homeownership security for residents of the state. The state of Florida passed two bills that support small business development, and one bill passed in Oklahoma focused on stimulating investment in start-up venture capital companies.
The bar chart below details the status of the legislation introduced that explicitly mention CDFIs in the text of the legislation. This session, there were 29 pieces of legislation introduced that is CDFI specific; however, 76 percent of these bills failed to pass their legislatures. Only three CDFI specific pieces of legislation passed their legislatures: two bills in Michigan and one in South Dakota. Five CDFI-specific bills are still pending in their legislatures, and the remaining 21 died. Mississippi was a strong advocate of CDFI specific legislation during the 2008 session, introducing six bills that contained CDFI language, although all of the bills failed to pass the legislature during the session.
The bar graph depicted above shows the status of the legislation in this guide as categorized by the type of bill. Of the 21 amendments to the state code featured in this guide, 19 percent passed their respective legislatures, 48 percent are still pending, and 33 percent failed during the session. Similarly, 20 percent of the bills classified as funds passed this session, with 23 percent (nine) still pending, and 57 percent died. Loan guarantees and bills classified as “other” fared the worst during this session, with none of these types of bills passing their legislatures. Three of the four loan guarantees died, and 87 percent of “other” bills died. Tax credit legislation and legislation to help constituents build assets were the most successful types of legislation this session in terms of passage rates (bills passed as a percentage of those types of bills bring introduced this session), with 27 percent of asset accumulation bills passing this session, and 29 percent of tax credit bills passing. However, legislation to create funds saw the largest number of bills passed in the 2008 session, with nine bills successfully making it through the legislature.
Amendments to State Code

Amendments to the state code are bills that changed statutory language, either to clarify definitions and earlier laws, or to add or remove eligible participants in various programs. Generally, we looked at amendments to CDFI-related programs or amendments that would expand opportunity finance institutions’ access to existing programs.

Amendment to Code: Bills That Passed

Hawaii: Relating to Affordable Housing, H.B. 3741  
Type: Amendment to Code  
Focus: Affordable Housing

This legislation increases the revenue bond authority of Hula Mae, Hawaii Housing Finance and Development Corporation by $100 million to $500 million for the creation of more affordable housing in the state. The bill passed both houses and was signed into law by the Governor.

http://www.leg.state.co.us/Clics/CLICS2008A/csl.nsf/BillFoldersSenate?openFrameset

Louisiana: Amending the Louisiana New Markets Tax Credit Program, H.B. 9B  
Type: Amendment to Existing Code  
Focus: General Economic Development

This bill increases the total aggregate amount of credits that may be taken under the Louisiana New Markets Tax Credit that may be issued by a single business, on an aggregate basis with all of its affiliates to $15 million. The bill also states that for qualified equity investments issued on or after April 1, 2008, the maximum amount of qualified low-income community investments that may be issued by a single business, on an aggregate basis with all of its affiliates, cannot exceed $5 million. In addition, for qualified equity investments issued on or after April 1, 2008, the maximum amount of qualified low-income community investments that may be issued by a single business that are consistent with department of economic development target industries shall not exceed $15 million. Target industries include but are not limited to the housing industry and the medical industry. The legislation passed both Houses and was signed into law by the Governor on March 24 during the 2008 2nd Extraordinary Session.

http://www.legis.state.la.us/billdata/streamdocument.asp?did=473375

Maine: An Act Relating to Mortgage Lending and Credit Availability, H.B. 1505  
Type: Amendment to Code  
Focus: Mortgage Lending

This legislation enacts certain provisions of last year’s anti-predatory lending legislation, many of which did not go into effect until January 1, 2008. It changes the Truth in Lending Laws to protect homeowners from predatory lending practices; amends definitions of nontraditional mortgage, points, fees and residential mortgage loans. Under these provisions, creditors also may not extend a subprime mortgage loan to a borrower unless a reasonable creditor would believe at the time the loan is made that the borrower will be able to make the scheduled payments associated with the loan. The bill passed the legislature and became Public Law 471.

http://janus.state.me.us/legis/LawMakerWeb/summary.asp?ID=280027682

South Dakota: An Act to Exempt Certain Entities from Certain Requirements for Persons in the Business of Mortgage Lending, H.B. 1290  
Type: Amendment to Code  
Focus: Mortgage Lending

The bill exempts the state of South Dakota, any political subdivision of the state, and any quasi-governmental organization created by an executive order of the State of South Dakota and any subsidiary of such organization; any nonprofit United States Treasury Community Development Financial Institution, Small Business Administration Certified Development Company, or Regional Revolving Loan Fund; or any commercial club, chamber of commerce, or industrial development corporation from the initial license fees, renewal fees, criminal background checks, the years of service requirement, any continuing education requirements, and surety bond requirements in this law. The bill passed both houses and was signed into law by the Governor in June.

http://legis.state.sd.us/sessions/2008/Bills/HB1290ENR.htm
Amendments to Code: Bills Currently Pending

California: Local Housing Trust Fund Matching Grant Program, A.B. 1129
Type: Amendment to Code
Focus: Rural Development

In November 2006, California voters approved Proposition 1C, the $2.85 billion Housing and Emergency Shelter Trust Fund Act of 2006. The bond act included $100 million for the Affordable Housing Innovation Fund and allocated these funds to four separate programs, including $35 million for the Local Housing Trust Fund Matching Grant (LHTF) program, administered by the Department of Housing and Community Development (HCD).

Under existing law, the LHTF program matches contributions to local housing trust funds. To be eligible for matching funding, a local housing trust fund must receive contributions for at least five years from private or governmental sources that are not otherwise restricted for housing programs. The grantee must also have an HCD-approved housing element, or, if a nonprofit, fund approved housing projects in local communities. The grant from HCD matches the local contributions on a $1:$1 basis at a minimum of $1 million and up to a maximum of $2 million. This bill lowers the minimum matching grant for newly established housing trust funds in counties with a population of less than 425,000 persons from $1 million to $500,000. The legislation is currently pending in the Assembly.

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=ab_1129&sess=CUR&house=B&author=arambula

California: Credit Union Reinvestment Act, A.B. 1418
Type: Amendment to Code
Focus: General

An existing California law created the Credit Union Advisory Committee in the Department of Finance, which is required to develop community reinvestment policy and goals with specified objectives for credit unions by July 2009. A.B. 1418 seeks to align the regulation of credit unions with that of banks and other financial institutions in reference to community reinvestment provisions. The bill would require credit unions to submit a community reinvestment plan to the Advisory Committee in order to remain certified or gain certification, as well as a yearly report of detailing the community reinvestment activities from the previous years. This bill is intended to encourage financial institutions to invest in low-income communities, and is modeled after the federal Community Reinvestment Act. The bill passed the Assembly this session and is pending in the Senate Committee on Banking and Insurance.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_1401-1450/ab_1418_bill_20070424_amended_asm_v98.pdf

California: An Act to Amend The Financial Code Relating To Loans, A.B. 1837
Type: Amendment to Code
Focus: Mortgage Lending

This bill reduces the time period during which prepayment penalties are prohibited from 36 months to 24 months. In addition, subprime loans and nontraditional loans would be prohibited from including prepayment fees or penalties. The bill would also prohibit a licensed person from receiving any compensation for originating a subprime loan or nontraditional loan with an interest rate above the wholesale par rate for which the consumer qualifies. The bill’s provisions would apply to consumer loans originated on or after January 1, 2009. The bill, while technically still pending, has not moved in the legislature since it was introduced in early February.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_1401-1450/ab_1418_bill_20070424_amended_asm_v98.pdf

California: Amending the Community Redevelopment Law, A.B. 2594
Type: Amendment to Code
Focus: Mortgage Lending

The Community Redevelopment Law requires a redevelopment agency to deposit not less than 20 percent of all taxes the agency receives in a low- and moderate-income Housing Fund and allocate those funds for the purposes of increasing, improving, and preserving the community’s supply of low- and moderate-income housing available at affordable housing cost to persons and families of low or moderate income, lower-income households, very-low-income households, and extremely-low-income households.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_1801-1850/ab_1837_bill_20080124_introduced.html
This bill would authorize a redevelopment agency, until January 1, 2013, to purchase, assume, refinance, or assist lenders, nonprofit, or for-profit developers in purchasing, assuming, or refinancing, subprime3 or nontraditional mortgages on homes owned by persons meeting a specified income level. The agency is also authorized to make loans to those homeowners and purchase or assist lenders or nonprofit or for-profit developers in purchasing, homes within its jurisdiction that have been foreclosed and are vacant and sell those homes, without regard to income. The legislation is pending in the Senate Transportation and Housing Committee after passing the Assembly.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_2551-2600/ab_2594_bill_20080710_amended_sen_v94.html

California: State Surplus Real Property, S.B. 1681
Type: Amendment to Code
Focus: Affordable Housing
The current law in California allows the Department of General Services (DGS) to offer for sale land that has been declared surplus by the Legislature, and that is not needed by any state agency. This legislation allows nonprofit affordable housing agencies the chance to buy state surplus real property after local agencies are offered first, but before it is offered to private entities and individuals, and requires DGS to maintain a list of surplus property on its website and provide electronic notification of updates to local agencies and the public upon request. The bill passed the Senate and is pending in the Assembly.

http://info.sen.ca.gov/pub/07-08/bill/sen/sb_1651-1700/sb_1681_bill_20080527_amended_sen_v97.html

Massachusetts: An Act Relative to Credit Union Mortgages, S.B. 2854
Type: Amendment to Code
Focus: Affordable Housing
This bill would allow credit unions to purchase and modify certain types of mortgage loans, as delineated by the legislature. These loans include reverse mortgage loans that are owned by senior citizens who occupy their homes; residential mortgage loans secured by a first mortgage lien on a dwelling with four or fewer separate households and occupied by the borrower; residential mortgage loans with second mortgage lien on a dwelling with four or fewer separate households; mortgage loans secured by a lien on real estate used for investment, governmental, nonprofit or other purposes; construction loans to improve real estate with improvements, structures or projects for residential, investment, governmental or nonprofit use and purposes related or incident thereto, including infrastructure or development; and mortgage loans created by the commonwealth or the federal government for the purpose of financing and expanding the supply of residence mortgages or affordable housing. The bill is still pending in the Senate Committee on Bills in the Third Reading.

http://www.mass.gov/legis/bills/senate/185/st02/st02854.htm

New Jersey: Amending the Fair Housing Act, A.B. 622/ S.B. 2023
Type: Amendment to Code
Focus: Affordable Housing
This bill would authorize any municipality that has petitioned for or received substantive certification of its affordable housing plan from the Council on Affordable Housing to reserve or make available certain units of affordable housing on a priority basis. A.B. 622 provides a robust definition of the preferential housing developments. The bill also exempts any unit of affordable housing meeting the criteria set forth in the bill, from the requirement of affirmative regional marketing, and allows these units to be credited against the fair share housing obligation of the municipality. The bill was introduced in the Assembly and referred to the Assembly Housing and Local Government Committee.

http://www.njleg.state.nj.us/2008/Bills/S2500/2023_I1.HTM

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3Subprime mortgage refers to a loan originated on or after January 1, 2002, for the purchase of a single-family home, residential condominium, or townhome, but not a mobile home, and meets one of the following conditions: has an annual percentage rate that is more than one of the following: (i) For a senior loan, three percent, plus the yield on United States Treasury notes with comparable maturities; (ii) For a subordinate loan, five percent, plus the yield on United States Treasury notes with comparable maturities.
New York: New York Sub-Prime Predatory Lending Prevention Act
Type: Amendment to Code, A.B. 10679
Focus: Predatory Lending
This bill seeks to place multiple restrictions on subprime lending in the state of New York. As an amendment to the current banking law, the legislation prevents lender and mortgage brokers making a high-cost home loan, loan flipping, and lending without due regard to repayment ability by requiring detailed documentation of all sources of income and corroborated by independent verification.

The bill also prohibits lenders and mortgage brokers from requiring the advance collection of a premium for any disability, unemployment, property, life or health insurance in connection with any home loan. It also prevents lenders, mortgage brokers, and loan officers from encouraging or assisting a consumer to submit false information on any application for credit.

This bill also features hefty disclosure requirements for subprime lenders on all loan documents. The following information must be disclosed and provided at least three business days prior to closing a high-cost home loan: (a) the annual percentage rate; (b) the amount of the regular monthly (or other periodic) payment and the amount of any balloon payment; (c) for variable rate loans, a statement that the interest rate and monthly payment may increase; and (d) the amount of the maximum monthly payment based upon the maximum interest rate. It allows any violator of the statute to be prosecuted by the state attorney general and face statutory damages of five thousand dollars per violation or twice the amount of points and fees and closing costs as defined in this section, whichever is greater and up to six months in prison; a year for multiple offenders. The bill is pending in the Assembly Committee on Banks.

http://assembly.state.ny.us/leg/?bn=A10679&sh=t

New York: An Act to Amend the Public Authorities Law, A.B. 9694
Type: Amendment to Code
Focus: Foreclosure Prevention
The bill’s purpose is increasing the bond limit of the State of New York Mortgage Agency (SONYMA) to refinance subprime loans at risk of foreclosure. The legislation will provide a $3 billion increase in bonding authority to SONYMA, and amends sections of the public authorities law to increase the bond cap of SONYMA. SONYMA is also authorized to establish criteria for defining the term subprime mortgage thereby limiting eligibility for the use of this money. The legislation is in the Assembly Committee on Housing, where it has remained since the first reading of the bill in January.

http://assembly.state.ny.us/leg/?bn=A9694

New York: An Act to Amend the Real Property Actions and Proceedings Law, A.B. 9695
Type: Amendment to Code
Focus: Foreclosure Prevention
The purpose of this bill is to impose a one-year delay between the moment where the lender has proven entitlement to foreclosure and the actual court order that transfers title and enables foreclosure to proceed. Section one sets out the legislative intent, declaring that a public emergency exists in the housing market due to the extension of unaffordable mortgage loans, second mortgages and home equity loans. The mortgage, second mortgage or home equity loan qualifies as a subprime home loan. A subprime home loan for a first lien loan is one that has an annual percentage rate of three or more percentage points above the yield on treasury securities of comparable maturity measured as of the 15th day of the month preceding the month in which the application for the loan is received by the lender. A subprime home loan for a subordinate loan is one that has an annual percentage rate of five or more percentage points above the yield on treasury securities of comparable maturity measured as of the 15th day of the month preceding the month in which the application for the loan is received by the lender.

Section two adds a new section to the real property actions and proceedings law to allow a court to delay the actual order to transfer title and proceed with the foreclosure under specific conditions for no more than one year. A mortgagor named in a foreclosure action would be allowed to apply for relief according to this section. If the mortgagee establishes its right to foreclosure, the action would be held in abeyance by the court with the time intended to allow the parties to work out a payment schedule that would be both equitable and just for both parties. The monthly payments are to preserve the relative financial interests of both parties until a settlement can be reached, but for no more than one year. The bill is pending in the Assembly Judiciary Committee.

http://assembly.state.ny.us/leg/?bn=A09695

4 A high-cost home is not explicitly defined in the legislation, which could be problematic.
5 According to the legislation, loan flipping is making a home loan to a borrower that refinances an existing home loan when the new loan does not have a tangible net benefit to the borrower considering all of the circumstances, including the terms of both the new and refinanced loans, the cost of the new loan, and the borrower’s situation.
Amendments to Code: Bills That Died

Arizona: Property Tax Exemption for Low-Income Housing Projects, H.B. 2139
Type: Amendment to Code  
Focus: Affordable Housing

The legislation would allow all housing used for low-income residents to be eligible for the state’s property tax exemption. Property that is used exclusively for rental housing and related facilities is exempt from taxation if the property is not used or held for profit or the property is owned and operated by, or is a wholly owned subsidiary of, a charitable fund, foundation or corporation in which the managing general partner is an eligible nonprofit corporation.

The exemption is also available if the acquisition, rehabilitation, development or operation of the property, or any combination of these factors, is financed with tax-exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state or federal loans or grants. Additionally, property owners eligible for and receiving federal Low Income Housing Tax Credits can also receive the property tax exemption, provided the facility has fewer than 200 residents.


California: An Act to Amend Section 13997.2 of the Government Code, Relating To Economic Development, A.B. 3045
Type: Amendment to Code  
Focus: General Economic Development

This bill defines “emerging domestic market” as people, places or businesses with growth potential, which have historically faced systemic capital constraints. The demographics of emerging domestic markets include ethnic- and women-owned firms, urban and rural communities, companies that serve low- to moderate-income populations and other small- and medium-sized businesses. The bill changes the language of the economic development statute to contain definitions of financial intermediary to mean an institution, firm, organization, or individual who performs intermediation between two or more parties in a financial context by connecting sources of funds with users of funds.

The bill defines community development intermediary to mean an institution, firm, organization or individual who performs intermediation between two or more parties in a community development context such as connecting people and organizations that have a stake in the future well-being of communities. Finally, it defines “triple bottom line” as the economic, environmental, and social benefits arising from projects, investments, or community and economic development activity. The bill was sent to the inactive file in late June.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_3001-3050/ab_3045_bill_20080421_amended_asm_v98.html

Florida: Affordable Housing, H.B. 431
Type: Amendment to Code  
Focus: Other/Cooperative Housing

The bill defines that land subject to special assessment under this statute be held by community land trusts operating as 501(c)(3) nonprofit entities under of the Internal Revenue Code and has as one of its purposes to purchase property and hold it in perpetuity for the primary purpose of providing affordable homeownership for low-income families. The bill revises provisions of current statutes that address assessment of property used for affordable housing that has received a low-income housing tax credit.

The new language sets forth special assessment for determining just valuation of qualifying properties held by community land trusts. The bill revises the assessment of resale-restricted homes built on community land trust property so that they are not valued as though they were subject to free market purchase and sale prices, thereby reducing the assessment and property tax rate on those properties. The bill died in committee in early May.

http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=37773&SessionId=57

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6 Provided that the rents of the occupants do not exceed the rents that are prescribed by deed restrictions or by regulatory agreements pursuant to the financing or financial assistance terms.
Hawaii: Proposing Amendments to the Hawaii Constitution Relating to the Issuance of Special Purpose Revenue Bonds, H.B. 2794/S.B. 2296
Type: Amendment to State Code
Focus: General Economic Development
This bill would allow special purpose revenue bonds to be issued to finance charter school facilities. The proceeds of such bonds will be dispersed as loans to fund the creation and development of charter schools, nonprofit corporations that support charter schools, and community development financial institutions that support charter schools.

The bond proceeds can also be used to finance manufacturing, processing, or industrial enterprises; utilities serving the general public; healthcare facilities provided to the general public by nonprofit corporations; early childhood education and care facilities provided to the general public by nonprofit corporations; low- and moderate-income government housing programs; nonprofit private nonsectarian and sectarian elementary schools, secondary schools, colleges and universities; and agricultural enterprises serving important agricultural lands.

http://www.capitol.hawaii.gov/session2008/bills/HB2794_HD1__htm

Indiana: Various Economic Development Issues, H.B. 1384
Type: Amendment to Code
Focus: General Economic Development
This statutory change seeks to require the Indiana Economic Development Corporation (IEDC) to biennially review state and local economic development incentives to determine whether small businesses are eligible for the incentives and can easily access and participate in the incentives. It also requires the IEDC to biennially submit a report to the legislative council. The bill requires the IEDC to conduct at least one public hearing to receive comments from owners and employees of small businesses. It also authorizes the IEDC to solicit information and comments from small business owners and other individuals and entities, as well as pay travel expenses, per diem, and expert witness fees. Finally, the bill repeals the December 31, 2011, expiration date for the Hoosier business investment tax credit.


Indiana: An Act Amending the Deposit of State Moneys Act, S.B. 1932
Type: Amendment to Code
Focus: Predatory Lending
S.B. 1932 is a bill requiring any financial depository institution to submit a linked deposit and public investment plan that demonstrates how it will leverage state deposits and investments to create banking, lending, and investment opportunities within low-income and moderate-income communities, particularly those near its branches. It must disclose any direct, affiliate, or subsidiary relationship with or investment in any subprime lending intermediary.

Before the state treasurer may approve an application from a financial institution to become or continue to be an agent for the investment of public funds, the state treasurer must give notice and receive public comments. If, within a 30-day period, objections are raised based on documented complaints of fair housing, predatory lending, disinvestment, or limited access to financial services, then the treasurer must give adequate public notice of and hold a hearing at a location convenient to the community. If, at the public hearing, a significant complaint is substantiated, then the treasurer shall not approve the application. The bill failed to pass.

http://www.in.gov/apps/lsa/session/billwatch/billinfo

Mississippi: An Act Related to Bonds, H.B. 1259
Type: Amendment to Code
Focus: Rural Development
This legislation would actually harm rural development in the state of Mississippi by removing certain provisions of the state code that would allow the Mississippi Development Authority to provide a program of loans or loan guarantees to be made to certain agribusiness enterprises in the state and authorizes $35 million to be drawn from the emerging crops fund for such purpose. The bill died in the House Ways and Means Committee in February.

http://billstatus.ls.state.ms.us/2008/pdf/history/HB/HB1259.xml
Asset Accumulation Strategies

Asset accumulation strategies are legislative initiatives designed to help low and moderate-income residents save money for homeownership, education, funding small businesses, and other approved uses. States often match the contributions of the account holders, and most of these strategies create Individual Development and Child Savings accounts.

Asset Accumulation Strategies: Bills That Passed

**Colorado: Colorado Works Program Omnibus, S.B. 177**
Type: Asset Accumulation
Focus: Individual Development Accounts
As part of a larger job creation and employment bill, this portion of the legislation authorizes a county department to make available opportunities for participants to have individual development accounts for home purchase, business capitalization, or higher education in accordance with federal law. The legislation was passed by the legislature and signed into law in early June.
http://www.leg.state.co.us/Clics/CLICS2008A/csl.nsf/BillFoldersSenate?openFrameset

**Connecticut: An Act Concerning the Connecticut IDA Initiative, H.B. 5624**
Type: Asset Accumulation
Focus: Individual Development Accounts
This act expands the purposes of the Individual Development Account (IDA) program that the Connecticut Labor Department administers. The IDA program encourages low-income people or qualified people with disabilities to save money for education and job training, purchasing a home, starting their own business, buying a car to get to work, or making a lease deposit. The act also allows the accounts to be used to save for education or job training for children of the IDA account holder.

The maximum match ratio for deposits into the account is $2 for every $1 a participant deposits, up to $1,000 per calendar year and $3,000 for the program’s duration. A resident is eligible for the program if he or she has earned income and belongs to a household whose adjusted gross income is no more than 80 percent of the area median income or has no earned income solely because of a qualified disability. The bill passed the legislature and was signed into law by the Governor.

**Michigan: An Act Appropriating Funds to the Michigan Department of Human Services, H.B. 5814**
Type: Asset Accumulation
Focus: Individual Development Accounts
A provision within the Michigan budget update process allows for the Department of Human Services in collaboration with the Michigan State University Center for Urban Affairs and its partner organizations, the Michigan Credit Union League and the National Federation of Community Development Credit Unions, to continue the work begun in fiscal year 1999-2000 that implemented the Individual Development Accounts programs in the growing number of low-income designated credit unions, community development credit unions (CDCUs) located in the state's poorest communities.

This legislation seeks to extend capacity-building and technical assistance services to existing and emerging CDCUs serving low-income populations and will include creation of a Michigan-based support system for the capacity-building of existing and emerging CDCUs serving low-income individuals and families, including development and testing of training, technical assistance, and professional development initiatives and related materials, and other capacity-building services to Michigan CDCUs; other related support to assist existing and emerging CDCUs in becoming self-supporting institutions to assist impoverished Michigan residents in becoming economically independent; and training and technical assistance to CDCUs in the development of support services, such as economic literacy, credit counseling, budget counseling, and asset management programs for low-income individuals and families. The bill was signed into law, although the Governor exercised line-item veto power on some of the provisions.
Asset Accumulation Strategies: Bills Currently Pending

Massachusetts: An Act to Establish an Individual Development Account Program for Individuals Eligible for Temporary Assistance to Needy Families Benefits, H.B. 140
Type: Asset Accumulation
Focus: Individual Development Accounts
This legislation establishes the Individual Development Account Program. The program seeks to provide eligible families and individuals with an opportunity to establish special savings accounts, which can be used for educational programs, job training, homeownership, repair or improvement of a home, or small business capitalization. A family or individual eligible for temporary assistance under this chapter may open an individual development account for the purpose of accumulating and withdrawing moneys for specified expenditures. The account holder may withdraw money from the account for any of the following expenditures: educational costs for any family member 18 years of age or older; job training costs for any family member 18 years of age or older, at an accredited or licensed training program; purchase of primary residence; and capitalization of a small business for any family member 18 years of age or older. The bill is pending while the legislature studies its fiscal impact.
http://www.mass.gov/legis/bills/house/185/ht00/ht00140.htm

New Jersey: Children's Savings Accounts, A.B. 2798
Type: Asset Accumulation
Focus: Individual Development Account
This legislation establishes in the Department of Children and Families a program to provide youths aging out of the foster care system with an opportunity to establish an individual savings account in a financial institution. The program, which will be created in each county in the state, will solicit proposals from community-based organizations interested in participating in the program. The community-based organizations that are selected by the Commissioner of Children and Families to participate in the program will provide services for four years. The services include, but are not limited to: assessment and case management; financial counseling tailored to each youth's resources and financial goals; budgeting and money management; and information on and referral to community-based organizations that provide life skills and other self-sufficiency services, including health care, transportation, child care, career planning, job placement, and employment services. The bill appropriates $2 million from the General Fund to DCF to implement the provisions of the bill. The bill is still pending in the Assembly.
http://www.njleg.state.nj.us/2008/Bills/A3000/2798_I1.HTM

Asset Accumulation Strategies: Bills That Died

Type: Asset Accumulation
Focus: Individual Development Accounts
The purpose of this legislation was to establish the Individual Development Account (IDA) Program in the Office of the Commissioner of the Department of Agriculture and Industries. It is a version similar to the bill described below, Alabama H.B. 770. The bill details the required amount of savings deposits, match fund rates, asset goals and financial literacy education classes to be completed, additional training specific to the asset, and financial counseling the individual will attend, as well as other services designed to increase the financial independence of the account holder.

The proposed Alabama IDA program allows the funds to be withdrawn from the account for certain qualified purposes or emergencies, and provides that the money withdrawn from the account for qualified purposes shall not be considered gross income for income tax purposes. The legislation also prohibits an account owner's savings and matching funds from affecting his or her eligibility for any means-tested public benefits. The bill died in the Special Legislative Session.

Alabama: An Relating to Individual Development Accounts, H.B. 770
Type: Asset Accumulation
Focus: Individual Development Accounts
This bill would establish an Individual Development Account Program in the Office of the Commissioner of the Department of Agriculture and Industries. This bill would authorize certain persons with low income to enter into agreements developed with a fiduciary organization for the establishment of an individual development account. This bill would require the agreement to state the amount of savings deposits, match fund rates, assets goals, financial literacy education classes to be completed, additional training specific to the asset, and financial counseling the individual will attend, as well as other services designed to increase the financial independence of the person.
Under this legislation, the funds in the account will be matched under certain circumstances and money may be withdrawn from the account for certain qualified purposes. This bill would require the account holder to fulfill certain requirements before the withdrawal of money from the account and would provide that money deposited in the account will not be considered gross income for income tax purposes, and would provide for the selection of fiduciary organizations to administer the program. The bill also details the duties of financial institutions holding individual development accounts. Finally, H.B. 770 excludes an account owner's savings and matching funds from income eligibility requirements for any means-tested public benefits and for related purposes. The bill died in the House Appropriations Committee.

Hawaii: An Act Relating to Individual Savings Account, H.B. 2046
Type: Asset Accumulation
Focus: Individual Development Accounts
The purpose of this Act is to support asset-building among low- and moderate-income families by clarifying the guidelines for IDAs and appropriating funds for IDA programs. It designates funds in the accounts to be used for costs associated with first homeownership, post-secondary education, vocational training, small or micro-business capitalization; and one motor vehicle purchase for school or work transportation.

In order to be eligible for state matching funds for the matching program, locally-based organizations shall enter into a competitive process for the right to become fiduciary organizations. Proposals will be evaluated based on the applicant’s ability to market the program to potential individual development account holders and potential matching fund contributors; their ability to provide safe and secure investments for individual development accounts; an their overall administrative capacity. The bill includes a section for an appropriation, but does not include a fiscal estimate. The bill died in conference committee.
http://www.capitol.hawaii.gov/session2008/bills/HB2047_SD2__htm

Type: Asset Accumulation
Focus: Financial Literacy
This legislation requires the chairs of the Senate Committee on Human Services and Public Housing and the House Committee on Human Services and Housing to convene a statewide task force on public financial education and asset-building. The purpose of the task force shall be to develop policy recommendations regarding universal, matched savings accounts for newborns, statewide standards for financial and economic education for public- and private-sector employees and the elimination of asset limits as a bar to eligibility for public benefit programs. Although the draft of the legislation contains a space for an appropriation, there is no number, as the bill died in the House Finance Committee.
http://www.capitol.hawaii.gov/session2008/Bills/SB2839_HD1__htm

Iowa: An Act Relating to Individual Development Account, H.B. 2294
Type: Asset Accumulation
Focus: Individual Development Accounts
The bill makes a number of changes to the requirements for individual development accounts. The maximum amount of deposits of principal to an account is reduced from $50,000 to $30,000. The state savings refund is changed to a state match and is increased to 100 percent of account holder deposits. Withdrawals from an account must be approved by the operating organization for one of the following approved purposes: higher education costs, training programs, purchase of a primary residence or improvements to such residence, capitalization of a small business start-up, or certain emergency medical costs. The bill did not pass the legislature.
http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=BillInfo&Service=Billbook&ga=82&hbill=HF2294
Funds

Funds are bills that create grant or loan programs to support opportunity finance. There are many different types of funds, ranging from general funds that provide money for different types of community development corporations (CDCs); funds that CDFIs can apply to; and funds that appropriate money directly to a specific organization or cause, such as affordable housing or microenterprise. Legislation that creates a fund will not always provide for appropriations.

Funds: Bills That Passed

**Colorado: Rural Clean Energy Project Finance Program Act, S.B. 184**
**Type: Fund**
**Focus: Sustainable Development**
This bill creates the Colorado Clean Energy Finance Program to provide below market-rate loans to homeowners to finance home improvements that will improve energy efficiency and increase the use of renewable energy. The bill also allows loans to nonprofit corporations and county or municipal housing authorities for these types of projects. The bill requires the Governor’s Energy Office (GEO) to oversee the program and select a program administrator to issue and process clean energy loans. Specifically, the administrator will generate the necessary capital for these loans by issuing securities payable from loan payments. The state treasurer may invest up to $10 million of state moneys in such securities in each fiscal year from FY 2008-09 through FY 2010-11.

The bill also creates the Clean Energy Program Fund and the Loan Buy-Down (LBD) and Loan Loss Reserve (LLR) accounts within the fund, and specifies that the fund will consist of moneys appropriated by the General Assembly from the Clean Energy Fund and gifts, grants and donations. Moneys in the LBD account will be used to buy down the interest rate on clean energy loans issued to three tiers of income-qualified borrowers. The bill passed the legislature, and was signed into law by the Governor.

http://www.leg.state.co.us/Clics/CLICS2008A/csl.nsf/BillFoldersSenate?openFrameset

**Colorado: Severance Tax Trust Fund, H.B. 1398**
**Type: Fund**
**Focus: Sustainable Development**
This legislation creates the Severance Tax Trust Fund in the Office of the State Treasurer. The fund is to be perpetual and held in trust as a replacement for depleted natural resources, for the development and conservation of the state’s water resources. One-half of the severance tax receipts credited to the fund for fiscal years commencing on and after July 1, 1995 shall be credited to the base account of the fund and used for state water projects.

The state will award competitive grants for environmental compliance and feasibility studies; technical assistance regarding permitting, feasibility studies, and environmental compliance; studies or analyses of structural, nonstructural, consumptive, and non-consumptive water needs, projects, or activities; and structural and nonstructural water projects or activities. This bill passed both chambers and was signed into law by the Governor.


**Connecticut: Face of Connecticut Initiatives, H.B. 5873**
**Type: Fund**
**Focus: Sustainable Development**
This bill establishes the Face of Connecticut account, a separate, non-lapsing account within the General Fund. The bill authorizes the account to accept public and private donations from any source and creates a Face of Connecticut steering committee within the Department of Environmental Protection (DEP) for administrative purposes only. The 15-member committee directs the distribution of funds deposited into the Face of Connecticut account and expended by the DEP commissioner.

The bill caps the state contribution for the purchase of development rights in the Farmland Preservation Grant Program at $20,000 per acre. It requires that the DEP commissioner consult with the Farmland Preservation Board in the development of the program’s regulations. The bill also makes other technical changes. The bill authorizes the agriculture commissioner to establish a community farms program for the preservation of farmland not eligible for the Farmland Preservation Grant Program.

The bill divides the generic, multipurpose brownfield clean-up and redevelopment program into separate grant and loan programs targeting different eligible developers. The grant program is open to municipalities, local and regional development authorities, and nonprofit developers. The loan program is open to these entities and for-profit developers. The bill specifies maximum grant and loan amounts, eligibility criteria, and loan terms and conditions that include investigating and remediating the property. The bill retains most
of the existing program’s eligibility criteria and application procedures. Applicants qualify for up to $4 million grants. The bill creates a grant program exclusively for municipalities, local and regional economic development authorities, and qualified nonprofit community and economic development corporations. These entities qualify for funding under the current program along with for-profit organizations, but local and regional economic development corporations qualify only when they are planning or implementing a project on a municipality’s behalf. The bill reestablishes the Brownfields Task Force and requires it to recommend additional brownfield remediation options to the legislature by January 1, 2009.

Finally, the bill exempts land from local property taxes if it is held by a nonprofit corporation and preserved as open space. It does so by specifying that a nonprofit organization owns land for open space is using the land for a charitable purpose. The legislation passed and became Connecticut’s Public Law 08-174.


Florida: Black Business Loan Program, H.B. 5071
Type: Fund
Focus: Small Business
H.B. 5071 creates the Black Business Loan Program in the Office of Tourism, Trade, and Economic Development. Under the program, the office shall annually certify eligible recipients and subsequently disburse funds appropriated by the Legislature, through such eligible recipients, to black business enterprises that cannot obtain capital through conventional lending institutions but that could otherwise compete successfully in the private sector.

A black business investment corporation certified by the office as an eligible recipient under this section is authorized to use funds appropriated for the Black Business Loan Program in any of the following forms: purchases of stock, preferred or common, voting or nonvoting; however, no more than 40 percent of the funds may be used for direct investments in black business enterprises; loans or loan guarantees, technical support to black business enterprises (not to exceed seven percent of the funds received), and direct administrative costs, not to exceed 10 percent of the funds received. The legislation passed as part of a larger bill that provided funding for the Florida Tourism and Recreation Department.

http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=39509&SessionId=57

Iowa: Community Development Loan Fund, H.B. 2699
Type: Fund
Focus: General Economic Development
The Senate version of this bill had several clauses that were line item vetoed before the bill was signed by the Governor. The final bill appropriates $500,000 from any interest or earnings on money in the Grow Iowa Values Fund to the Department Of Economic Development for the fiscal year beginning July 1, 2008, and ending June 30, 2009 for the administration of a sustainable community development initiative. The bill passed both houses, was signed into law, and became active on July 1, 2008.

http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=Billinfo&Service=Billbook&menu=false&ga=82&hbill=HF2699

Iowa: Community Microenterprise Development Organization Grant Program, S.B. 2430
Type: Fund
Focus: Microenterprise
This bill would provide assistance to small business, targeted small business, microenterprises, and entrepreneurs creating small businesses to ensure continued viability and growth. To carry out this responsibility, the department shall award grants to community microenterprise development organizations. A grant will not be awarded to a community microenterprise development organization unless the community microenterprise development organization can match at least 20 percent of the funds to be awarded. The matching funds may be from private foundations, federal or local government funds, financial institutions, or individuals. This legislation also contains provisions concerning individual development accounts, requiring account holders to have income equal to or less than 200 percent of the poverty level in order to be eligible for a state government match of all contributions. The legislation appropriates $475,000 and one full-time equivalent position to the Department of Economic Development to administer competitive grants to community microenterprise development organizations to assist microenterprises. The bill was signed by Governor.

http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=Billinfo&Service=Billbook&menu=false&hbill=SF2430
Michigan: Creating the Michigan State Housing Development Authority, H.B. 4658
Type: Fund
Focus: Affordable Housing
The bill would amend the State Housing Development Authority Act to remove the Michigan Housing and Community Development Fund from the Department of Treasury and establish a fund of the same name within the Michigan State Housing Development Authority (MSHDA). It also allows MSHDA to solicit and accept aid from any person, government, or entity on behalf of the Fund, and to receive money or other assets from any source, including federal funds, for deposit into the Fund.

The newly created Fund will expand the Housing and Community Development Program to include the financing of development in a downtown area or adjacent neighborhood, and allows municipalities, land bank fast track authorities, and partnerships organized to develop projects in downtown areas or adjacent neighborhoods to be among applicants eligible for funding. H.B. 4658 extends the uses of the Fund to foreclosure prevention and assistance, individual development accounts, predatory lending prevention and relief, and activities related to ending homelessness. The bill passed and became Public Act 216.


New Jersey: Urban Housing Assistance Fund, A.B. 500/S.B. 1783
Type: Fund
Focus: Affordable Housing
The bill creates the Urban Housing Assistance Fund, which will be funded by an annual $20 million appropriation from the gross receipts of the statewide non-residential development fees. The program will assist urban municipalities in the rehabilitation and production of affordable housing.

This bill also reforms many of the laws applicable to affordable housing. In general, the bill requires much more accountability of funds collected for affordable housing purposes and provides guidelines in the Fair Housing Act (FHA). The bill also establishes minimum numbers of housing units required to be set aside statewide for very-low-income persons under the FHA. The bill requires redevelopers of redevelopment projects and eliminated low- and moderate-income housing units that are subject to affordability controls to replace those eliminated on a one-for-one basis. The bill establishes a State Housing Commission to develop a strategic housing plan for New Jersey, as well as prepare an annual housing performance report to the Governor and the Joint Committee on Housing Affordability. The commission is to review sources of funding and programs in the State to produce affordable housing, including rental housing, and develop a strategic plan that will coordinate State efforts, and consolidate and leverage all available resources for these activities. The bill passed the legislature and was signed into law.

http://www.njleg.state.nj.us/2008/Bills/AL08/46_.HTM

Type: Fund
Focus: Financial Literacy
This legislation creates a fund the Department of Financial Institutions (DFI) to finance programs to promote financial literacy in the state. These programs are intended to disseminate information to the public about the laws regulating financial institutions and to assist the public in obtaining information about financial products. DFI is to establish and implement at least two programs. One program includes education and outreach that promote financial literacy by fostering financial independence, fiscal responsibility, and financial management skills in Washington’s citizens. The other program includes counseling, marketing, and outreach about financial products or practices in the marketplace that relate to homeownership.

The bill appropriates $700,000 to DFI from the general fund for homeownership prepurchase outreach and education, and postpurchase counseling and support in the current fiscal year, and $800,000 to finance those activities in the fiscal year ending June 30, 2009.

\[7\] The commission will be comprised of 15 public members, of which 13 will be appointed by the Governor and two by the Legislature. In addition, the commission will include several State department heads as non-voting members.
Funds: Bills Currently Pending

California: Small Business Development Center Program, A.B. 2206
Type: Fund
Focus: Small Business
This bill would establish the California Small Business Development Center Program in which a small business center overseen by an administrative lead center, defined as the entity contracting with the federal Small Business Administration (SBA), would assist the development and operation of small businesses. The bill would establish the SBA account within the California Economic Development Fund and, upon appropriation by the legislature, would authorize the legislature to appropriate funds to the System Office for the California Community Colleges Economic and Workforce Development Program. The bill would require the system office for the program to maintain these appropriated funds separately from Proposition 98 funds the system office otherwise receives and would authorize the system office to expend the funds for a small business development center that is not eligible for funding from Proposition 98 funds. The bill is currently in committee awaiting a hearing.
http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_2201-2250/ab_2206_bill_20080423_amended_asm_v96.html

California: Native American Business Revolving Loan Program, S.B. 1200
Type: Fund
Focus: Other/Native
This legislation establishes the Native American Business Revolving Loan Program for the purpose of promoting the long-term economic viability of tribal communities by providing capital to create or retain jobs, offer business development and employment training, and provide general education to tribal members. In addition, it establishes the Loan Program within the Business, Transportation and Housing Agency to fund economic development projects that create or retain jobs, provide work skills and business development training, and provide education to members of the tribe.
http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_1200&sess=CUR&house=B&author=ducheny

Illinois: Financial Literacy Fund, S.B. 2387
Type: Fund
Focus: Financial Literacy
This bill will require all secondary school students to pass a course in financial literacy before commencement. Public school students in grades 9 through 12 will be required to study courses in the area of consumer education, including understanding the basic concepts of financial literacy, installment purchasing (including credit scoring, managing credit debt, and completing a loan application), budgeting, savings and investing, banking (including balancing a checkbook, opening a deposit account, and the use of interest rates), understanding simple contracts, state and federal income taxes, personal insurance policies, the comparison of prices, and homeownership (including the basic process of obtaining a mortgage and the concepts of fixed and adjustable rate mortgages, subprime loans, and predatory lending).

The Financial Literacy Fund is created as a special fund in the State Treasury. State funds and private contributions for the promotion of financial literacy are to be deposited into the Financial Literacy Fund. All money in the Financial Literacy Fund shall be used, subject to appropriation, by the State Board of Education to award grants to school districts for the following. There is no appropriation discussed in the bill, as it awaits the Governor’s signature.
http://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=51&GA=95&DocTypeId=SB&DocNum=2387&GAID=9&LegId=36360&SpecSess=0&Session=0
Massachusetts: Budget Bill, H.B. 4700
Type: Fund
Focus: Small Business
As a portion of a larger budget bill, this legislation features an amendment appropriating $720,657 for the operation of the Office of Small Business and Entrepreneurship and for grants to community development corporations, community development financial institutions or nonprofit community-based organizations for the purpose of providing technical assistance or training programs to businesses with 20 employees or fewer. It also appropriates $600,000 for a statewide IDA program provided households residing in state-subsidized housing can receive preference for enrollment in the program. The funds may be awarded to community-based organizations to establish or support local IDA programs or pay administrative costs to operate an IDA program for financial literacy and asset-specific training, and as a match for program participant savings for a qualified first-time homebuyer. The bill is currently pending in the legislature.\(^8\)
http://www.mass.gov/legis/hbillsrch.htm

Massachusetts: Recapitalization of the Massachusetts Community Development Corporation, H.B. 4900
Type: Fund
Focus: General Economic Development
This legislation is part of an appropriations bill that provides $4 million to the Office of Housing and Economic Development for technical assistance grants to local municipalities and to the Massachusetts Development Finance Agency. The bill also allocates $1.85 million for housing services and counseling to nine regional housing consumer education centers operated by the regional nonprofit housing authorities. The funding is to be awarded through a competitive application process under criteria created by the Department of Housing and Community Development. After being line-item vetoed by the Governor, the bill is still pending as the legislature attempts to override some of the vetoed provisions.
http://www.mass.gov/legis/bills/house/185/ht04/ht04900.htm

New Jersey: New Jersey Homeownership Preservation Act, A.B. 2517
Type: Fund
Focus: Foreclosure Prevention
This bill creates a Foreclosure Prevention Revolving Trust Fund to provide grants to qualified foreclosure prevention entities for the purpose of maintaining or expanding services and activities to assist homeowners to prevent foreclosure, as well as grants to individuals or qualified entities for emergency foreclosure prevention assistance loans, and loans and grants to acquire mortgage loans or properties from creditors in order to restructure the mortgage loans or restore the properties to productive use.

The bill, which is to be administered by the New Jersey Housing and Mortgage Finance Agency, is authorized to use up to five percent of the revenues in the trust fund or $500,000 per year, whichever is less, to contract with nonprofit counseling entities to provide training for foreclosure prevention and to provide information, outreach, and educational programs for borrowers potentially at risk of foreclosure. The bill is in the Assembly Appropriations Committee.
http://www.njleg.state.nj.us/2008/Bills/A3000/2517_R1.HTM

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\(^8\) This legislation could also be categorized as an Asset Accumulation Strategy (see page 17). However, to maintain continuity with the numerical data presented in the analysis section, this bill is categorized only as a fund in this guide.
New York: Creation of the Insurer Fund for Underserved Neighborhood/Rural Area Development Corporation, A.B. 10302
Type: Fund
Focus: General Economic Development

This legislation would create a new for-profit investment company owned and managed by insurers, the Insurer Fund for Underserved Neighborhoods/Rural Area Development Corporation Insurers (IFUND), would participate in the operating expenses and investments of the IFUND Corporation based on their premium volume and profitability. The bill requires insurance companies to invest a small percentage of their assets in underserved communities. The legislation follows the example of the federal Community Reinvestment Act.

Qualified investments would include loans and purchases of loans or equity to or from community development corporations, nonprofit intermediaries qualified under section 501(c)(3) of the Internal Revenue code that package loans and administer loan funds and qualified community development entities, the financing of single- or multi-family housing affordable to low- and moderate-income persons, family farms, small businesses and other community development activities approved by the superintendent that revitalize or stabilize underserved areas, certified capital companies as defined in the tax law, community service facilities, including child care, educational, health or social services targeting underserved areas.

Investments in the environmental cleanup or redevelopment of industrial sites in underserved areas and purchases of state and local government agency bonds that primarily benefit underserved areas are also considered qualified investments, although with certain limitations. The bill is pending in the Assembly Committee on Insurance.

http://assembly.state.ny.us/leg/?bn=A10302&sh=t

New York: Urban Homeowners Assistance Program, A.B. 9930
Type: Fund
Focus: Foreclosure Prevention

A.B. 9930 authorizes contracts for the release of grant moneys to neighborhood preservation companies to provide home ownership assistance activities. The funds are to be used only for the payment of salaries and wages to employees who are engaged in rendering homeownership assistance activities to the target population. A maximum of $2 million is appropriated to the State Division of Housing and Community Renewal from the general fund to carry out the provisions of this act.

A portion of the funds, not to exceed 20 percent of the appropriation, must be dedicated, on a competitive basis and based on needs identified by each company, to legal aid organizations with established ties to the neighborhood preservation company applicant’s service area for the provision of legal services. If nonprofit legal aid organizations are not available, the neighborhood preservation company is authorized to subcontract with individual attorneys or law firms with the approval of the commissioner. The bill is in the Assembly Committee on Housing.

http://assembly.state.ny.us/leg/?bn=A09930

New York: Rural Homeowners Assistance Program, A.B. 9931
Type: Fund
Focus: Foreclosure Prevention

The same as A.B. 9930, above, except the grant funding is earmarked for certain qualified rural communities. This bill also appropriates $1 million, half the amount allocated to the urban program. It is also pending in the Assembly Committee on Housing.

http://assembly.state.ny.us/leg/?bn=A09931

**Type:** Fund

**Focus:** Foreclosure Prevention

This bill would enact the Foreclosure Prevention Act of 2008 and create a special fund known as the “New York State Foreclosure Prevention Fund.” The fund will provide financial assistance to eligible homeowners holding subprime or unconventional mortgages who are in default and facing foreclosure and would be administered by the Division of Housing and Community Renewal (DHCR). DHCR will enter into contracts with nonprofit corporations, including neighborhood preservation companies and rural preservation companies, legal service providers and municipalities, for foreclosure prevention assistance. The assistance will be provided in the form of payments on behalf of an eligible homeowner to lenders.

The bill requires DHCR to establish eligibility criteria for use by nonprofit assistance providers in ranking eligible homeowners for the provision of assistance. The legislation details the qualifications for borrowers to receive assistance, which include owner occupation of mortgaged property, counseling from a nonprofit for the borrower and borrower should be actively seeking a loan modification. This bill contains no appropriation to capitalize the fund, and the legislation passed the Assembly and is in the Senate Judiciary Committee.

http://assembly.state.ny.us/leg/?bn=A10083&sh=t

**Funds: Bills That Died**

**Alabama: Community-Based Environmental Cleanup, Health Testing, and Remediation Trust Fund, H.B. 654**

**Type:** Fund

**Focus:** Sustainable Development

The bill would create the Community-Based Environmental Cleanup, Health Testing and Remediation Trust Fund and a special loan program for remediation projects. The bill would authorize community environmental resource centers and local programs of independent experts to conduct monitoring of local facilities to insure compliance with state and federal laws. The bill would prohibit the permitting of any new facility handling toxic pollutants within 10 miles of any such existing facility, unless waived based on certain local considerations. Community impact study grants and special insurance programs would be available for high impact areas.

Currently, there is no specific provision requiring the Alabama Department of Environmental Management to perform a statewide risk assessment of counties to in order to reduce the amount of toxic waste in environmental high impact areas. This bill would require the Department to identify environmental high impact areas on a county basis and compile data regarding toxic pollutants released into the environment, and publish for public comment certain assessment methods and calculations for releases of toxic chemicals.

When a community impact statement identifies a likely significant adverse effect on the local economy and employment level of the community where the facility will be located, the department shall take actions to mitigate the effects. The department is to identify significant adverse effects, and may attempt to mitigate these effects by supporting community programs relating to employment and economic development, including any of the following items: job training and placement programs, community development corporations, microloan programs for local businesses, day care centers for low-income working parents, adult educational programs. The legislation was introduced in March but failed to pass the House Commerce Committee before the legislature adjourned in May.

http://alisondb.legislature.state.al.us/acas/searchableinstruments/2008rs/bills/hb654.htm

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9 Nonprofit assistance provider means a corporation or group of corporations organized under the provisions of the not-for-profit corporation law, including but not limited to neighborhood preservation companies as defined in of the private housing finance law, entities that perform housing preservation and community renewal activities pursuant to the private housing finance law, commonly referred to as rural preservation companies, and legal service providers, and municipalities.
California: CalHome Program, S.B. 1226  
*Type: Fund*  
**Focus: Affordable Housing**  
The CalHome Program, administered by the Department of Housing and Community Development (HCD), provides grants and loans to local public agencies and nonprofit corporations for projects or programs that enable low- and very-low-income persons to become or remain homeowners. S.B. 1226 would create a new use for CalHome funds by allowing local agencies and mobile home park owners to apply jointly for loan funds to pay for infrastructure and repairs in mobile home parks. This bill would authorize mobile home park owners to apply for both grants and loans of CalHome funds. This bill was placed in the inactive file of the Senate Appropriations Committee.  
http://www.leginfo.ca.gov/pub/07-08/bill/sen/sb_1201-1250/sb_1226_bill_20080519_amended_sen_v95.html

California: Amending the California Unemployment Insurance Code, S.B. 446  
*Type: Fund*  
**Focus: Microenterprise**  
This bill requires the Business, Transportation and Housing Agency (BT&H) to administer a program providing grants on a competitive basis to qualifying microenterprise development providers for capacity building projects. S.B. 446 requires the BT&H to contract with a nonprofit intermediary for certain services relating to the grant program, and appropriates $500,000 from the General Fund to fund the grant program and cover the costs of the contract with the nonprofit intermediary. This legislation also provides two-year grants to microenterprise development providers over a two-year period, ranging from $50,000 to $100,000 for each year, and requires that no fewer than 40 percent of the funds be granted to microenterprise development providers serving rural communities.  
Another provision of the bill requires the BT&H to create the California Small Business Loan Guarantee Program for the purpose of providing small businesses with guarantees on loans issued by a private lender. The program is administered through a network of 11 nonprofit Small Business Financial Development Corporations located in rural and urban areas throughout the state. This bill effectively died, as it was sent to the Senate inactive file.  
http://info.sen.ca.gov/pub/07-08/bill/sen/sb_0401-0450/sb_446_bill_20080114_amended_sen_v96.html

Colorado: Colorado Housing Investment Fund, H.B. 1340  
*Type: Fund*  
**Focus: Affordable Housing**  
This legislation creates the Colorado Housing Investment Fund in the state treasury, and appoints the State Housing Division as the administrator of the fund. The fund is authorized to provide grants and loans to support the creation and maintenance of affordable housing statewide. The funding can be used for new construction and the related infrastructure costs of shelter, transitional housing, permanent supportive housing, affordable rental, and affordable ownership housing stock; the acquisition of existing real estate for intended conversion to shelter, transitional, or affordable rental or for affordable ownership purposes; the acquisition of real property or the banking of the property in anticipation of new construction and predevelopment costs; defraying the cost of affordable housing in conformity with local inclusionary zoning or inclusionary housing ordinances; or the rehabilitation of a substandard shelter, transitional housing, or an affordable rental and ownership unit and assistance with down payment or closing costs.  
The bill also provides grant and loan funding for energy efficiency and improvements; the preservation of manufactured housing communities; and the development of special needs housing that conforms to any of the purposes or uses specified in the act; or foreclosure prevention. The bill died during the legislative session, after it was postponed indefinitely.  
http://www.leg.state.co.us/Clics/CLICS2008A/csl.nsf/MainBills?openFrameset

*Type: Fund*  
**Focus: Sustainable Development**  
This bill requires the Connecticut Housing Finance Authority (CHFA) to establish a low interest loan program for the purchase and installation of residential energy efficiency improvements. The bill authorizes $20 million in general obligation bonds for the CHFA program, of which $250,000 must be used to market the program. It requires the Bond Commission to set the range of interest rates payable on these loans and apply the range to applicants based on their income.  
The bill allows the Energy Conservation Loan Fund to be used to pay CHFA's administrative costs. It requires CHFA to adopt written procedures regarding loan application and distribution procedures and loan conditions. The bill died in Joint Committee on Revenue and Bonding.  
Florida: Florida Research Commercialization Matching Grant Program, H.B. 593
Type: Fund
Focus: Small Business
The purpose of the Florida Research Commercialization Matching Grant Program is to increase the amount of federal funding coming to this state, in order to help produce the kind of distinctive technologies that drive today’s knowledge-based economy. By leveraging federal, state, and private-sector resources, the Florida legislature hopes to accelerate the innovation process and more efficiently transform research results into products in the marketplace.

The matching grant program is specifically intended to be a catalyst for small or startup companies that can take advantage of federal and state partnerships in order to accelerate their growth and market penetration by helping to overcome the funding gap faced by many small companies that are based in the state. According to the bill, specific goals and objectives of the program include increasing the amount of federal research money received by small businesses in this state through awards from the Small Business Innovation Research Program and Small Business Technology Transfer Program of the Office of Technology of the United States Small Business Administration; accelerating the entry of new technology-based products into the marketplace; producing additional technology-based jobs for the state. In addition, the bill seeks to provide leveraged resources to increase the effectiveness and success of applicants’ projects. The bill died in the Messages Committee.
http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=37978&SessionId=57

Florida: State Apartment Incentive Loan Program, H.B. 699
Type: Fund
Focus: Affordable Housing
The bill seeks to create affordable housing for various populations in the state of Florida, including children and young adults leaving foster care. This legislation creates the State Apartment Incentive Loan Program for the purpose of providing first, second, or other subordinated mortgage loans or loan guarantees to sponsors, including for-profit, nonprofit, and public entities, to provide housing affordable to very-low-income persons. The State Housing Initiatives Partnership Program is created to provide funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing, and to increase housing-related employment. The bill died on the House floor.
http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=38095&SessionId=57

Florida: Florida Housing Preservation Program, S.B. 1362
Type: Fund
Focus: Affordable Housing
This bill creates the Florida Housing Preservation Program, and directs the Florida Housing Finance Corporation to use state funds for loans and financing to preserve and rehabilitate affordable multifamily rental housing properties that are 15 years old or older, and mobile home parks, for low-income, very-low-income, and extremely-low-income persons and families.

The Florida Housing Finance Corporation is to use state funds for loans and financing to preserve and rehabilitate affordable housing and the legislation requires a community development financial institution to use allocated state funds to make specified types of loans, provided the institutions meet certain criteria to be eligible to receive state funds. The bill died in the Senate Committee on Community Affairs.

Hawaii: Charter Schools Facilities Fund, H.B. 2561
Type: Fund
Focus: Charter Schools
The purpose of this Act is to support the funding of charter school facilities by creating the Hawaii Charter School Facilities Fund that would support charter schools and nonprofit organizations that support charter schools. This program will include acquisition, predevelopment, rehabilitation, construction, and other capital improvement projects, in addition to repair and maintenance and would accommodate the greater complexity of capital improvement projects, as opposed to repair and maintenance projects. The fund would require a $1:$1 match for state funding with federal, local, or private funding.

The fund also includes a tax credit provision for charter school repair, maintenance, acquisition, predevelopment, rehabilitation, construction, and other capital improvements, particularly companies that provide environmentally-sustainable goods or services including, but not limited to, the sale, installation, and service of renewable energy technology systems, solar or wind energy systems, and other goods and services consistent with prevailing industry standards in green building or sustainable construction, rehabilitation, repair, and
maintenance. The credit would be a maximum of $250,000. The bill died in Committee.
http://www.capitol.hawaii.gov/session2008/bills/HB2561__htm

**Hawaii: Rental Housing Trust Fund, H.B. 2668**
*Type: Fund*

**Focus: Affordable Housing**

This legislation transfers the responsibility for administering the issuance of special purpose revenue bonds for low- and moderate-income housing projects to the Hawaii Housing Finance and Development Corporation from the Department of Budget and Finance and establishes the Rental Housing Trust Fund to be administered by the corporation.

The fund will provide grants as equity gap financing to leverage special purpose revenue bonds or other financing for rental housing projects, including planning, design, land acquisition, costs of options, agreements of sale, downpayments, capacity building of nonprofit housing developers, or other housing development services or activities as provided in rules adopted by the grants made from the fund if a rental housing project financed under the fund is refinanced or sold at a later date.

Grants are awarded from the fund shall be used for rental housing projects in the following order of priority, with projects or units in projects that are allocated low-income housing credits receive first access to the grants. These include projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development and United States Department of Agriculture Rural Development where at least 50 percent of the available units are for persons and families with incomes at or below 80 percent of the median family income, and at least five percent of the available units are for persons and families with incomes at or below for percent of the median family income; and the remaining units are for persons and families with incomes at or below 100 percent of the median family income.

Mixed-income rental projects or units in a mixed income rental project where all of the available units are for persons and families with incomes at or below 140 percent of the median family income are eligible for funding as well, though given a lower priority. This bill failed to pass the legislature.

http://www.capitol.hawaii.gov/session2008/Bills/HB2668_HDR1__htm

**Iowa: Iowa Microenterprise Development Partnership Program, H.F. 2421**
*Type: Fund*

**Focus: Microenterprise**

This bill is designed to provide assistance to small business, targeted small business, microenterprises, and entrepreneurs creating small businesses to ensure continued viability and growth by creating the Iowa Microenterprise Development Partnership Program. The program will provide resources to microenterprises in the state in order to create jobs, enhance entrepreneurial skills, expand business activities, foster local economic development in high need areas, and increase the capacity of low-income households to become economically self-sufficient. The statewide microenterprise development financial intermediary shall award grants to community microenterprise development organizations. A grant will not be awarded to a community microenterprise development organization unless the community microenterprise development organization can match at least 20 percent of the funds to be awarded. The matching funds may be from private foundations, federal or local government funds, financial institutions, or individuals. The bill died in the House Committee on Economic Growth in early March.

http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=BillInfo&Service=Billbook&ga=82&menu=text&hbill=HF2421

**Illinois: Illinois Capital Investment Corporation, H.B. 5947**
*Type: Fund*

**Focus: General Economic Development**

This bill creates the Illinois Capital Investment Corporation, the corporation responsible for organizing the Illinois Opportunity Fund for the purpose of making investments in private institutional, seed, angel, mezzanine, or community development venture capital funds or SBIC’s in a manner that is intended to strengthen the economy of the state, help business in Illinois gain access to capital resources, help build a significant, permanent resource available to serve the needs of Illinois businesses, and accomplish all these benefits in a way that minimizes the use of tax credits and provides market rate returns to the Illinois Opportunity Fund.

The Illinois Opportunity Fund will operate primarily as a fund of funds that invests principally in high-quality institutional, seed, angel, mezzanine, and community development venture capital funds and SBIC’s that maintain a meaningful physical presence in the state of Illinois and meet certain investment objectives and criteria. The bill failed to pass during this session.

Illinois: Predatory Lending Database: H.B. 3738/H.B. 6377
Type: Fund
Focus: Predatory Lending
H.B. 3738 creates the Predatory Lending Database and requests $3,500,000 from the General Revenue Fund to the Predatory Lending Database Program Fund. The companion bill, H.B. 6377, would provide the appropriation to fund the database program. The sum of $3,000,000 is appropriated from the Predatory Lending Database Program Fund to the Department of Revenue for grants made from the Predatory Lending Database Program, administered by the Illinois Housing Development Authority. This bill passed the House and died in the Senate.

Kansas: State Broadband Initiative and Rural Broadband Grants Program, H.B. 2884
Type: Fund
Focus: Rural Development
The bill establishes the Rural Broadband Grant Program to support locally-led education and outreach efforts aimed at bringing the benefits of broadband to rural households and businesses. The rural broadband grant program shall award grants to local community institutions to finance and facilitate workshops in order to develop strategies to apply rapid deployment of advanced communication. Grantees shall be either governmental entities or nonprofit organizations. Each grant shall require a $1:$1 match on a cash basis from non-state sources. In-kind contributions are encouraged as an indication of organizational support for the project proposed. The program awards $600,000 for fiscal year 2009, to be allocated as follows: $50,000, in rural broadband grants for operating expenses for the fiscal year ending $150,000 in preliminary grants, and $400,000 in rural broadband grants. The bill died in the House Appropriations Committee.
http://www.kslegislature.org/legsrv-bills/searchBillNumber.do;jsessionid=BCDBE7328AFDED52046E8B16F427B0E6

Kentucky: Mortgage Foreclosure Counseling and Education, H.B. 72
Type: Fund
Focus: Foreclosure Prevention
This bill seeks to authorize the Office of Financial Institutions to provide free mortgage foreclosure counseling and education to homeowners who have defaulted or are in danger of defaulting on the mortgages on their home. It also permits the office to establish in the state treasury a fund known as the “Mortgage Foreclosure Counseling and Education Trust Fund,” funded by fees for the recording and indexing of real estate mortgages. The surcharge of $1.50 is added to the fee for recording and indexing real estate mortgages only if the foreclosure counseling and education program is operational. The bill died in committee.

Maryland: Maryland Affordable Housing Investment Fund, H.B. 512
Type: Fund
Focus: Affordable Housing
This bill establishes the Maryland Affordable Housing Investment Fund (MAHIF) and the Maryland Affordable Housing Investment Fund Board in the Department of Housing and Community Development. The board must use MAHIF to support existing state affordable housing programs, provide money to the Maryland Affordable Housing Trust, and provide money for local governments that are actively promoting affordable housing. This bill establishes a mandated appropriation beginning in FY 2010. The bill died in the Environmental Matters Committee.
http://mlis.state.md.us/2008rs/billfile/HB0512.htm

Michigan: Michigan Strategic Fund Act, H.B. 5908
Type: Fund
Focus: Microenterprise
This legislation creates the Center for Microenterprise Development. The Michigan microenterprise fund will make loans or grants to microenterprise development organizations in the state for microenterprise development. Loans or grants to microenterprise development organizations or community development organizations that include microenterprise support and delivery services in this state shall be used only for administering a loan or loan guarantee program; administering a revolving loan program; providing business training and technical assistance to persons whose household income falls at or below 185 percent of federal poverty limits; and providing business loans to eligible applicants whose household income falls at or below 185 percent of federal poverty limits.

Grants to a microenterprise development organization for administration, business training, and technical assistance are not to exceed 50 percent of the operating costs of that microenterprise development organization per year. Loans made from the fund to a microenterprise development organization are provided for five years at zero percent interest, and are renewable. Loans or grants from a microenterprise
The fund will be used to provide grants and loans for projects that interrelate development and transit; interrelate affordable housing, and revitalize of main streets. The Rural Enterprise Microloan Program is created to provide rural enterprise grants to nonprofit corporations to encourage private investment, create jobs for persons in rural areas, and promote economic development. This assistance may be delivered by the nonprofit corporation or through other appropriate organizations as provided by the nonprofit corporation through written agreements. Nonprofit corporations must establish a revolving loan fund to receive rural enterprise microloan grants. Grants must be used to make loans to new and expanding for-profit business enterprises in rural areas, targeted rural opportunity communities, and disadvantaged business enterprises in rural areas in order to promote business enterprises and job creation. Loans or guarantees must be made to businesses that are not likely to undertake a project without assistance from the rural enterprise microloan program. The minimum state contribution to a loan or guarantee is $1,000 and the maximum is $50,000. The state contributions must be matched by at least an equal amount of new private investment.

The bill establishes an Office of Technology and Commercialization to serve as an intermediary to leverage and coordinate regional public and private resources to maximize technology-related economic growth and hall serve as an intermediary in assisting small businesses in forming alliances and joint ventures with medium- and large-sized corporations.

It also creates an Office of Entrepreneurship and Small Business Development to serve as the state’s central network for entrepreneurs and small businesses to access qualified providers of entrepreneurial and small business assistance, access developed and shared business information and research resources, and develop policy recommendations that support development of entrepreneurs and small businesses development centers throughout the state under a cooperative agreement with the United States Small Business Administration. Funding for this program is included under Minnesota H.B. 3972. The bill died in committee.

Minnesota: Rural Enterprise Microloan Program, H.B. 3299
Type: Fund
Focus: General Economic Development
The bill establishes five grant and loan programs for business assistance and development, worker training, capacity building in rural Minnesota, and revitalization of main streets. The Rural Enterprise Microloan Program is created to provide rural enterprise grants to nonprofit corporations to encourage private investment, create jobs for persons in rural areas, and promote economic development. This assistance may be delivered by the nonprofit corporation or through other appropriate organizations as provided by the nonprofit corporation through written agreements. Nonprofit corporations must establish a revolving loan fund to receive rural enterprise microloan grants. Grants must be used to make loans to new and expanding for-profit business enterprises in rural areas, targeted rural opportunity communities, and disadvantaged business enterprises in rural areas in order to promote business enterprises and job creation. Loans or guarantees must be made to businesses that are not likely to undertake a project without assistance from the rural enterprise microloan program. The minimum state contribution to a loan or guarantee is $1,000 and the maximum is $50,000. The state contributions must be matched by at least an equal amount of new private investment.

The bill establishes an Office of Technology and Commercialization to serve as an intermediary to leverage and coordinate regional public and private resources to maximize technology-related economic growth and hall serve as an intermediary in assisting small businesses in forming alliances and joint ventures with medium- and large-sized corporations.

It also creates an Office of Entrepreneurship and Small Business Development to serve as the state’s central network for entrepreneurs and small businesses to access qualified providers of entrepreneurial and small business assistance, access developed and shared business information and research resources, and develop policy recommendations that support development of entrepreneurs and small businesses development centers throughout the state under a cooperative agreement with the United States Small Business Administration. Funding for this program is included under Minnesota H.B. 3972. The bill died in committee.

Minnesota: Livable and Sustainable Communities Fund, H.B. 3970
Type: Fund
Focus: Sustainable Development
The goal of H.B. 3970 is to help change long-term market incentives that adversely impact creation and preservation of living-wage jobs in the fully developed area by creating incentives for developing communities to include a full range of housing opportunities providing incentives to preserve and rehabilitate affordable housing.

The fund will be used to provide grants and loans for projects that interrelate development and transit; interrelate affordable housing and employment growth areas; intensity land use that leads to more compact development; involve development that mixes incomes of residents in housing, and introducing higher value housing in lower income areas to achieve a mix of housing opportunities.

The bill also seeks to encourage public infrastructure investments that connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement, and provide project area residents with expanded opportunities for private sector employment that meet or exceed the goals for reduction in greenhouse gas emissions. Priority is given to proposals using innovative partnerships between government, private for-profit, and nonprofit sectors. The bill died in committee.

In order to qualify for a rural enterprise microloan grant, a corporation must demonstrate that the corporation has a board of directors that includes citizens experienced in business lending and development, the operations of rural business enterprises, and the creation of jobs in low-income, economically disadvantaged rural areas; (2) has the technical skills to analyze projects; (3) is familiar with other available public and private funding sources and economic development programs; (4) can initiate and implement economic development projects; (5) can establish and administer a rural enterprise microloan account which will be used to disburse loans to qualifying businesses and receive loan repayments; and (6) has demonstrated a capacity to deliver financial, technical, managerial, and marketing assistance to a business enterprise receiving a microloan.
**Minnesota: WomenVenture Act, S.B. 1272**

**Type:** Fund  
**Focus:** Business  
This legislation appropriates $560,000 from the general fund to the Commissioner of Employment and Economic Development for a grant to WomenVenture for women's business development programs. This appropriation would be available starting from the bill's enactment and ending June 30, 2009. The bill was in the Senate Finance Committee when the 2007 session ended, and remained there through the 2008 session, where it died when the legislature adjourned.  
https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S1272.0.html&session=ls85

**Minnesota: Minority Business Development, S.F. 1334**

**Type:** Fund  
**Focus:** Business  
Senate File 1334 was introduced in 2007 and carried over into 2008. Under this bill, $4.5 million is appropriated from the general fund to the Commissioner of Employment and Economic Development through June 30, 2009. The bill allocates up to $1.5 million for the urban challenge grant program as a grant to the Neighborhood Development Center to increase minority enterprise retention. Grant funding allocated for microenterprise loans, other loans, technical assistance, and training. The bill was in the Senate Finance Committee when the current session ended and remained there through the 2008 session, where it died when the legislature adjourned.  
https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S1334.0.html&session=ls85

**Mississippi: An Act Relating to the Emerging Crop Fund, H.B. 1354 and H.B. 1355**

**Type:** Fund  
**Focus:** Rural Development  
This bill authorizes the Mississippi Development Authority to provide loan guarantees, and loan or grant funds for the purpose of establishing loan revolving funds to assist in providing financing for minority economic development to qualified planning and development districts, and to small business investment corporations, bank-based community development corporations through June 30, 2010. Loan proceeds may be used for financing all project costs associated with development or expansion of a new small business, including fixed assets, working capital, start-up costs, rental payments, interest expense during construction and professional fees related to the project. The legislation also charges the Mississippi Development Authority with developing a program to assist minority business enterprises by guaranteeing bid, performance and payment bonds required to obtain in order to contract with federal agencies, state agencies or political subdivisions of the state.  
H.B. 1355 is essentially the same bill as H.B. 1354, with a few additional programs. This bill establishes the Emerging Crops Fund to pay the interest on loans made to farmers for nonland capital costs of establishing production of emerging crops on land in Mississippi, and to make loans and grants for the processing and manufacturing of goods and services by agribusiness, greenhouse production horticulture, and small business concerns. The amount of a loan to any single agribusiness or greenhouse production horticulture enterprise is equal to the lesser of $200,000 and 20 percent of the total cost of the project for which financing is sought, with no interest charged on the loans.  
Both bills died in the House Agriculture Committee.  
http://billstatus.ls.state.ms.us/documents/2008/html/HB/1300-1399/HB1354IN.htm  
http://billstatus.ls.state.ms.us/documents/2008/html/HB/1300-1399/HB1355IN.htm

**North Carolina: An Act to Appropriate Funds to the North Carolina Minority Support Center, H.B. 2473**

**Type:** Fund  
**Focus:** Asset Accumulation  
This bill appropriates from the General Fund to the Department of Commerce $2.5 million for the 2008-2009 fiscal year to be allocated to the North Carolina Minority Support Center, Inc., for the purpose of awarding economic development loan funds to Generations Community Credit Union, Greater Kinston Credit Union, and First Legacy Community Credit Union and to increase the financial literacy education of consumers in the market areas served by these community development credit unions. The bill died when the legislative session ended.  

**Washington: Building Communities Fund Program, H.B. 3125**

**Type:** Fund  
**Focus:** General Economic Development  
H.B. 3125 establishes the Building Communities Fund Program. Under the program, capital and technical assistance grants may be made to nonprofit organizations for acquiring, constructing, or rehabilitating facilities used for the delivery of nonresidential community services including social service centers and multipurpose community centers, including those serving a distinct or ethnic population. These
facilities must be located in a distressed community or serve a substantial number of low-income or disadvantaged persons, and require a non-state match for grant assistance under this section. The non-state portion of the total project cost may include cash, the value of real property when acquired solely for the purpose of the project, and in-kind contributions. The required match is not to exceed 25 percent of the total cost of the project, and the exact percentage shall be determined by the department based upon its review of both the project and the applicant’s relevant assets.

The Building Communities Fund Account is created in the state treasury to be used for capital and technical assistance grants under the Building Communities Fund Program. Applicants for funding must demonstrate that the facilities will either: provide social services; help start or retain small businesses; provide employment readiness training; increase job skills; or offer educational and recreational opportunities separate from the public education system. The legislature attempted to create the Building Communities Fund Program in another piece of legislation, H.B. 6855, although this provision of the bill was line-item vetoed by the Governor when that bill was being passed. H.B. 3125 also died in the Senate.


Type: Fund
Focus: Financial Literacy

H.B. 2829 creates the homeownership security account for the purposes of preventing predatory lending and providing homeownership education, information, and counseling. Only the director of the Department of Financial Institutions or the director’s designee may authorize expenditures from the account. The director of financial institutions or the director's designee may provide funds from the account for the establishment, administration, and implementation of financial literacy and education programs that assist Washington citizens of all ages in understanding saving, investing, budgeting, and other skills necessary to obtain individual financial independence, fiscal responsibility, and financial management skills.

The Department may deliver these programs using grants, contracts, or interagency agreements with state and local governments and other nongovernmental organizations as necessary. The Department may coordinate these programs with ongoing efforts by other public and private nonprofit entities to maximize the programs’ effectiveness. The account accepts contributions from either private or nonprofit organizations. More than 50 percent of the funds from this account must be used to assist low- and moderate-income persons defined to be at or below 80 percent of county median income.

The Senate amendments included an appropriation of $700,000 or as much thereof as may be necessary for the fiscal year ending June 30, 2008, from the general fund to the department of financial institutions for homeownership prepurchase outreach and education and postpurchase counseling and support and the sum of $800,000, or as much thereof as may be necessary for the fiscal year ending June 30, 2009, from the general fund to the Department of Financial Institutions for homeownership prepurchase outreach and education and postpurchase Counseling and Support. With legislators unable to reach a compromise on the appropriations, the bill died when it returned to the House floor.


West Virginia: West Virginia Innovation and Development Act, S.B. 609

Type: Fund
Focus: General Economic Development

Senate Bill 609 seeks to establish and operate a technology based economic development program to promote the development of the human resources and the diversification of the economy of West Virginia. The program is designed to help build and nurture entrepreneurial support structures and attract executives to lead West Virginia-based companies. In addition, the bill seeks to support the formation and deployment of private equity at all stages of the business development lifecycle, including seed capital, venture capital and other equity and normal bank debt that can help emerging as well as mature businesses remain, adapt and grow in West Virginia.

These goals will be achieved through the operation of a “fund of funds,” by investing in qualified investment companies and receiving a return on such investments from distributions from participating companies; supporting angel networks and the funding of seed and venture capital funds, specifically including community development venture capital companies; and provide for a return on the state’s investment by sharing the return of capital and profits with private limited partners. The program, which was to be administered by the West Virginia Economic Development Authority, died in the House Finance Committee.

http://www.legis.state.wv.us/Bill_Text_HTML/2008_SESSIONS/RS/BILLS/sb609percent20intr.htm
Loan Guarantees

Loan guarantee legislation allows opportunity finance institutions to lower the costs of capital because the state government acts as the guarantor, and agrees to pay a percentage or all of the amount due on a loan instrument in the event of nonpayment by the borrower (the CDFI). This reduces the lender’s risk exposure, allowing that entity to deploy more capital into distressed communities. This type of legislation has declined in its prevalence in state legislatures in recent years.

Loan Guarantees: Bills That Passed

No loan guarantee bills passed during the 2008 legislative sessions.

Loan Guarantees: Bills Currently Pending

California: Homeownership Preservation Mortgage Guarantee Program, A.B. 2509
Type: Loan Guarantee
Focus: Mortgage Lending

This legislation would establish the Homeownership Preservation Mortgage Guarantee Program (HPMGP), as specified, administered by the Business, Transportation & Housing Agency (BTH), using federal funding made available through the Neighborhood Stabilization Act of 2008. The law would require BT&H to establish and administer the HPMGP and to structure the program in a manner that allows an a redevelopment agency, nonprofit community lender, or small business financial development corporation to accept and approve applications for loan guarantees from borrowers and, upon approval of an application, issue a loan guarantee to the appropriate lender to back the issuance to the borrower of a new or refinanced loan in lieu of an original loan.

The bill requires a borrower to meet ten criteria before they are eligible to receive a loan guarantee, some of which require clarification, but when taken together, are extremely narrow and are likely to limit the bill to very few borrowers. A borrower would have to be current on his or her mortgage (presumably at the time of application, although this is unclear), have equity in the home of at least five percent relative to the original loan, be facing an unaffordable adjustable rate loan reset, have an income of 150 percent or below the area median, attend a homeownership counseling course, and must find a lender willing to waive all prepayment penalties, fees, and other penalties. The bill is still pending in the California legislature.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_2501-2550/ab_2509_bill_20080523_amended_asm_v97.html

Loan Guarantees: Bills That Died

Florida: Building Florida's Future Revolving Loan Guarantee Program, S.B. 2712/2714
Type: Loan Guarantee
Focus: General Economic Development

The purpose of the program is to provide loan guarantees or credit enhancements to units of local government or private entities seeking financing to construct or modernize facilities and infrastructure necessary to attract or expand targeted industries as part of an economic development project. The program may provide loan guarantees or other credit enhancements to applicants seeking financing for the following purposes: the acquisition of land, buildings, or fixed equipment; site preparation and the construction or reconstruction of buildings; the installation of or provision of access to telecommunications, energy sources, or other water supply utilities.

The criteria for determining projects that receive funding includes a demonstration that the project would create or enhance economic benefits; the likelihood that the loan guarantee or credit enhancement would enable the project to proceed; the extent to which assistance would foster innovative public-private partnerships and attract private debt or equity investment; the creditworthiness of the entity or entities applying to the program; whether the project is consistent with local government comprehensive plans. It contains a space for appropriation amount, but the bill never made it to that point, as it died in the Senate.

http://www.myfloridahouse.gov/Sections/Bills/billdetail.aspx?BillId=39199&SessionIndex=-1&SessionId=57&BillText=&BillNumber=2712&BillSponsorIndex=0&BillListIndex=0&BillStatuteText=&BillTypeIndex=0&BillReferredIndex=0&HouseChamber=S&BillSearchIndex=0

Mississippi: Emerging Crops Fund, H.B. 643
Type: Loan Guarantee
Focus: Rural Development

This legislation is another incarnation of the Emerging Crops Fund (see H.B. 1354, 1355 in the “Funds” section). However, this bill gives The Mississippi Development Authority the ability to provide for a program of loan guarantees to be made on behalf of any 501(c)(3)
nonprofit entity and certified CDFI to encourage the extension of financing to such an entity for the purpose of making loans available in low-income communities in Mississippi. The bill allocates $2 million for loan guarantees. This legislation died in the House Committee on Agriculture.

http://billstatus.ls.state.ms.us/2008/pdf/history/HB/HB0643.xml

**Mississippi: An Act Relating to the Emerging Crops Fund, H.B. 1368**

*Type: Loan Guarantee*

*Focus: Rural Development*

This bill authorizes the Mississippi Development Authority to develop a program to assist minority business enterprises by guaranteeing bid, performance, and payment bonds that minority businesses are required to obtain in order to contract with federal agencies, state agencies or political subdivisions of the state. The Mississippi Development Authority may secure letters of credit to guarantee bid, performance and payment bonds pursuant for qualified minority businesses. The program is capped at $3 million. The bill died in the House Committee on Agriculture.

http://billstatus.ls.state.ms.us/documents/2008/html/HB/1300-1399/HB1368IN.htm

**Regulatory Changes**

Regulatory changes comprised close to 30 percent of the types of bills found in this guide. Most bills in this category were designed to limit unscrupulous lending practices within the states. The prevalence of this type of bill this session can be attributed to the collapse of the housing markets, and the fact that states are attempting to combat these issues in a way that benefits their particular constituency. States are holding mortgage lenders more accountable for their loan products and services, as evidenced by the increase in regulation of loan products and services. While these bills are similar to amendments to the state code, they were placed in the Regulatory Changes category if there were any penalties imposed for a violation of the statute. These regulatory changes are amendments to existing state laws that mainly change or strengthen current predatory lending legislation.

Many states are looking more closely to regulate mortgage loans extended to borrowers, particularly those with weak underwriting standards and exotic repayment terms. As millions of mortgage loans reset at higher interest rates, cash-strapped consumers will struggle to make payments that have increased at a rapid pace. This may have caused states to introduce bills that regulate lending and brokering activity, as well as enforcing more stringent record keeping and reporting requirements for lenders in order to more accurately assess the overall impact of these mortgage loans on consumers.

**Regulatory Changes: Bills That Passed**

**Connecticut: An Act Concerning Responsible Lending and Economic Security, H.B. 5577**

*Type: Regulation*

*Focus: Predatory Lending*

This act specifically authorizes the Connecticut Housing Finance Authority (CHFA) to continue the CT families refinancing program and implement mortgage refinancing and emergency mortgage assistance programs. It allows CHFA to develop and implement a program for it to purchase foreclosed Connecticut property and turn the property into supportive and affordable housing. The act requires the WorkPlace, Inc., in conjunction with the other regional workforce development boards and one-stop centers, to establish a mortgage crisis job training program.

The act authorizes CHFA to develop and implement the Homeowner’s Equity Recovery Opportunity or HERO loan program as one of its purposes under the statutes and consistent with its contractual obligations with its bondholders, in an initial amount of $30 million. The act requires CHFA to implement the HERO program and adopt relevant procedures by July 1, 2008. Under the program, CHFA must, within available funds, purchase mortgages directly from lenders and place eligible borrowers on an affordable repayment plan. The act prohibits lenders and brokers from engaging in any misleading, deceptive, or untruthful conduct in any transaction, practice, or course of business in connection with making a nonprime loan.

The act also prohibits lenders from making nonprime home loans where any of the proceeds are used to fully or partially pay off a special mortgage on the same property unless the lender receives written certification that the borrower has received counseling from an independent U.S. Department of Housing and Urban Development (HUD) approved nonprofit organization. The act defines a special mortgage as a loan originated, subsidized, or guaranteed by or through a state, federal, tribal, or local government or nonprofit organization. The bill was signed into law.

Indiana: Mortgage Lending, H.B. 1359  
**Type:** Regulatory Change  
**Focus:** Mortgage Lending  
This bill allows the Indiana Housing and Community Development Authority to make construction loans and mortgage loans for multiple family residential housing under terms approved by the authority. It also requires the authority to ensure that a mortgage loan acquired by the Authority; or made by a mortgage lender with funds provided by the authority may not knowingly be made to a person whose adjusted family income exceeds 125 percent of the median income for the geographic area involved. For purposes of allocating federal low-income housing credits, provides that a “qualified building” is a building that is used or will be used to provide residential housing for special needs populations.

The loans can be made to purchase or participate in the purchase from mortgage lenders of mortgage loans made to persons of low and moderate income for residential housing or to make loans to mortgage lenders for the purpose of making mortgage loans for persons and families of low and moderate income. The bill passed the legislature and became effective in March 2008.


Maryland: An Act concerning Credit Regulation - Mortgage Lending and Other Extensions of Credit, H.B. 363  
**Type:** Regulatory Change  
**Focus:** Mortgage Lending  
This bill would prevent a lender from requiring or authorizing the imposition of a prepayment penalty, fee, premium, or other charge in connection with certain mortgage loans. An interesting provision in the bill authorizes the Commissioner of Financial Regulation to participate in the establishment and implementation of a multistate automated licensing system for mortgage lenders and mortgage originators and to adopt certain regulations to facilitate implementation of the system. The Commissioner is to set certain fees by regulation and to publish certain fee schedules; requiring certain licensees to file surety bonds in certain amounts; altering the procedures for renewing a certain license and altering certain examination requirements for a mortgage originator’s license. The bill passed both houses, was signed by the Governor, and became law on April 8.

http://mlis.state.md.us/2008rs/billfile/HB0363.htm

Maine: An Act to Protect Homeowners from Equity Stripping during Foreclosure, H.B. 1559  
**Type:** Regulatory Change  
**Focus:** Predatory Lending  
This bill enacts measures designed to protect homeowners from equity stripping during foreclosures. The bill requires that a foreclosure purchaser must ensure that title is transferred back to the homeowner or that the foreclosure purchaser make a payment to the homeowner of at least 82 percent of the fair market value of the property within 150 days of when the homeowner is evicted or voluntarily gives back possession of the home. The bill requires that foreclosure purchasers verify that a foreclosed homeowner has a reasonable ability to make the payments needed to take back title to the home. The bill requires that the foreclosed homeowner receive counseling on the advisability of the transaction.

The bill also requires that the foreclosure purchaser provide a written contract and certain notices and disclosures to the homeowner. The bill gives a homeowner the right to cancel the transaction within five business days. The bill prohibits a foreclosure purchaser from making false, deceptive or misleading statements to homeowners and from using unfair or commercially unreasonable terms as part of foreclosure purchase transactions. The bill gives administrative enforcement authority to the Bureau of Consumer Credit Protection within the Department of Professional and Financial Regulation and imposes civil and criminal penalties for violations of the bill’s provisions. The bill also gives a foreclosed homeowner the right to bring a private cause of action against a foreclosure purchaser for violations.

http://www.mainelegislature.org/legis/bills/billtexts/LD155901.asp

North Carolina: Emergency Program to Reduce Home Foreclosures Act, H.B. 2623  
**Type:** Regulatory Change  
**Focus:** Foreclosure Prevention  
Under this legislation, at least 45 days prior to the filing of a notice of hearing in a foreclosure proceeding on a primary residence, mortgage servicers of subprime loans are required to send written notice by mail to the last known address of the borrower to inform the borrower of the availability of resources to avoid foreclosure, as well as delineate the past due charges that have resulted in the foreclosure. The bill contains an appropriation of $600,000 in nonrecurring funds from the State Banking Commission for counseling services to assist homeowners at risk of foreclosure and $400,000 in nonrecurring funds from the State Banking Commission to implement the emergency Home Foreclosure Reduction Program.

H.B. 2623 also allows the commissioner of banks to extend the filing deadline for foreclosures in certain circumstances, and authorizes
The Commissioner of Banks to use $600,000 of the funds available to the State Banking Commission in the 2008-2009 fiscal year to make grants to nonprofit counseling agencies in the state. Grants made under this section shall be used to provide housing counseling and related services to help homeowners avoid home loss and foreclosure and to preserve home equity. Grants may also be used to provide training for counselors. The Act was signed into law, and becomes effective November 1, 2008, and expires October 31, 2010.

New Hampshire: An Act Relative to Certain Small Loans, H.B. 267
Type: Regulatory Change
Focus: Payday Lending
This bill attempts to restrict payday lending by prohibiting lenders from making a loan to a borrower who currently has an outstanding or who has had an outstanding payday or title loan within the previous 60-day period. As part of its application process for such a loan, a lender shall obtain a written statement under oath from the borrower certifying the borrower does not currently have an outstanding and has not had an outstanding a payday loan or title loan within the previous 60-day period. The law limits the annual percentage rate on a payday loan to no more than 36 percent per year. The bill passed both houses and was signed into law during the session.
http://www.gencourt.state.nh.us/legislation/2008/HB0267.html

Virginia: Protection of Homeowners During Foreclosure, H.B. 408
Type: Regulatory Change
Focus: Predatory Lending
This bill prohibits participants in foreclosure rescue from committing certain fraudulent acts in regards to fee collection, including requiring a fee to be paid be prior to the settlement on a sale of residential real property in a foreclosure rescue transaction or failing to make payments under the mortgage or deed of trust that is a lien on such residential real property as the payments become due. The bill imposes penalties for violation of the regulation, and was signed into law by the Governor in early March.
http://leg1.state.va.us/cgi-bin/legp504.exe?081+ful+CHAP0485

Regulatory Changes: Bills Currently Pending

California: California Small Business Board, A.B. 2416
Type: Regulatory Change
Focus: Other
This bill expands the role of the California Small Business Board (CSBB) to require them to examine and advise on new “innovative” financial products. These financial products can be anything from investment in subprime home loans, collateralized securities, or credit swaps. Specifically, this bill:
- Requires the CSBB to examine such financial products as the aggregation and sale of loan guarantees;
- Requires the CSBB to engage foundations, nonprofits, public policy, finance, and investment communities in the examination of these innovative products; and
- Requires the board to prepare a written report by October 1, 2009 and make the report available to the public.
The bill is being held under submission in the Senate.

California: Mortgage Lending Reporting Requirements, A.B. 69
Type: Regulatory Change
Focus: Mortgage Lending
This bill concerns the regulation of state commercial and industrial banks, and credit unions by the Commissioner of Financial Institutions. A.B. 69 would require the entities described above, if servicing loans secured by real property, to report to the commissioner monthly with specified information related to different types of loans serviced by those entities in particular the total number of nontraditional loans serviced that are secured by a first mortgage only. The total number of nontraditional loans serviced that are secured by a second mortgage only, the number of subprime loans and adjustable rate mortgages including whether the loans are past due, in foreclosure, or have been modified. The bill would require the Department of Financial Institutions to make information on these reports available on its Internet Web site, and violators would incur penalties including suspension or revocation of the license of any licensee that fails to submit those reports. The legislation only applies until July 1, 2010. As of August 6, the bill was still in the California Assembly awaiting a third reading.
http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_0051-0100/ab_69_bill_20080610_amended_sen_v93.html
Illinois: Mortgage Broker Licensing and Lending Regulations, H.B. 1478
Type: Regulatory Change
Focus: Predatory Lending
This legislation is an amendment to the Residential Mortgage License Act of 1987 and introduces provisions that regulate the lending activities of persons licensed to make mortgages in the state of Illinois. Licensees are prohibited from making, providing, or arranging residential mortgage loans without verifying the borrower’s ability to repay the mortgage with tax returns, payroll receipts, bank records, or other verifiable income supporting documents. The bill also regulates adjustable rate loans, requiring borrowers reasonable ability to pay be based on a fully indexed rate. In addition, the regulation requires that mortgage brokers always act in the borrower’s best interests and in the utmost good faith toward borrowers.

A licensee is required to offer borrowers mortgage loans without a prepayment penalty before offering loans with a prepayment penalty, and delineates a schedule of prepayment penalties for licensees to use. Finally, licensees are required to inform borrowers of any material changes in the terms of their mortgage loans prior to the closing of the loan, such as balloon payments, variable rates, increases in payment of principle and interest of more than five percent, or an increase in the interest rate of the loan of more than 0.15 percent. During the 2007 session, the bill was re-referred to the House Rules Committee, where it was still pending when the second half of the biennial session began in 2008.


New Jersey: Save New Jersey Homes Act of 2008, A.B. 2780/S.B. 1853
Type: Regulatory Change
Focus: Mortgage Lending
In response to the mortgage crisis, New Jersey introduced legislation to regulate the lending in the state. This bill specifically requires lenders to provide a series of written notices at 60 day and 30 day intervals prior to the date on which the interest rate in effect during the introductory period of an introductory rate mortgage resets to a variable interest rate under the terms of the mortgage.

In addition, this bill would require that prior to the initial interest rate reset of an introductory rate mortgage, a creditor must provide an eligible borrower a period of extension for three years during which the interest rate on the introductory rate mortgage is frozen at the original introductory rate, provided the eligible borrower completes and returns a certification of extension to the creditor. The legislation details the requirements of the notice. The bill passed both Houses, and is awaiting signature from the Governor.

http://www.njleg.state.nj.us/2008/Bills/A3000/2780_R2.HTM

New Jersey: New Jersey Licensed Lender Act, A.B. 1594
Type: Regulatory Change
Focus: Mortgage Lending
This bill requires mortgage originators to become licensed. The bill specifically states that no person shall act as a mortgage banker, mortgage broker or mortgage originator, engage in the secondary mortgage loan business or engage in the consumer loan business without first obtaining a license, except that a person licensed as a mortgage banker may act as a mortgage broker or mortgage originator, and a person licensed as a mortgage broker may act as a mortgage originator. The fees for licensing are on a tiered scale based on the number of employees. The bill is still pending in the Assembly Committee on Financial Institutions and Insurance.

http://www.njleg.state.nj.us/2008/Bills/A2000/1594_I1.HTM

New Jersey: The Teaser Rate Protection Act, A.B. 1764
Type: Regulatory Change
Focus: Mortgage Lending
This bill provides additional consumer protections for residential mortgage borrowers by prohibiting certain lending practices. The bill prohibits a creditor from making a home loan to a borrower without verifying and documenting the borrower’s reasonable ability to repay the loan.

The bill also prohibits a creditor from making a high-cost home loan to a borrower unless the creditor establishes an escrow account to ensure that payments for taxes, insurance premiums, and other charges related to the property are collected and paid by the lender. In addition, the bill prohibits the financing of points and fees in connection with a high-cost home loan. The bill is pending in the Assembly Committee on Financial Institutions and Insurance.

http://www.njleg.state.nj.us/2008/Bills/A2000/1764_I1.HTM
New Jersey: Foreclosure Rescue Fraud Prevention Act, A.B. 281/S.B. 1265
Type: Regulatory Change
Focus: Foreclosure Prevention
The Foreclosure Rescue Fraud Prevention Act requires foreclosure consultants and distressed property purchasers who contract with owners of residential properties in financial distress to adhere to certain practices in providing foreclosure prevention services to owners. The bill requires a foreclosure consultant to create a contract for foreclosure in writing and must contain certain disclosures and notice requirements in 14-point boldface type. In addition, this legislation provides the property owner with a right to cancel the foreclosure consulting contract at any time until after the foreclosure consultant has fully performed every service the consultant contracted to perform. The bill also prohibits certain practices by foreclosure consultants, including collecting any fee prior to the completion of all agreed upon services, and collecting fees in excess of certain limits as described in the bill. The bill was introduced in the Senate and referred to the Senate Commerce Committee, where it is still pending.
http://www.njleg.state.nj.us/2008/Bills/A0500/281_I1.HTM

New Jersey: An Act Concerning Affordable Housing, A.B. 955
Type: Regulatory Change
Focus: Affordable Housing
This bill requires that regulations of the Council on Affordable Housing, the Department of Community Affairs, and the New Jersey Housing and Mortgage Finance Agency provide for monetary penalties upon a violation of the affordability controls placed upon rental units or houses that are reserved for occupancy by low- and moderate-income households. The bill also provides an exception under the state’s anti-eviction laws to remove units that have been illegally sublet from the protection of the laws permitting the eviction of the original tenant who has illegally profited.

The penalties are intended, at a minimum, to provide for an amount to be charged against a violator as follows: (1) in the case of a resale of an affordable housing unit subject to deed restrictions, the penalty amount shall be at least the amount of profit exceeding that permitted by the council, or (2) in the case of an illegal subletting of an affordable housing rental unit, the amount of the penalty is the difference between the rental amount charged and the rental amount permitted to be charged. In addition to the minimum fine, the regulations also allow an additional punitive fine up to $10,000 for any one violation.
http://www.njleg.state.nj.us/2008/Bills/A1000/955_I1.HTM

New Jersey: An Act Concerning Certain Mortgages, S.B. 1619
Type: Regulatory Change
Focus: Mortgage Lending
The bill prohibits certain lending practices with respect to home loans and high-cost home loans as defined in the “New Jersey Home Ownership Security Act of 2002,” which prohibits certain abusive lending practices. The bill prohibits a creditor from making a home loan to a borrower without verifying and documenting the borrower’s reasonable ability to repay the loan, throughout its entirety, which shall include a reasonable inquiry into the borrower’s current and expected income, financial obligations, and employment. The bill additionally prohibits a creditor from making a home loan unless the creditor has delivered to the borrower, at least seven days prior to the closing of the loan: a statement in writing, showing in clear and distinct terms the amount and length of the loan; final maturity date, initial annual percentage interest rate; the amount of the initial monthly payment, and the amount expressed as a percentage of the borrower’s annual gross income; and total points to be paid. The bill prohibits a creditor from making a high-cost home loan to a borrower unless the creditor establishes an escrow account to ensure that payments for taxes, insurance premiums, and other charges related to the property are collected and paid by the lender. In addition, the bill prohibits the financing of points and fees in connection with a high-cost home loan.
The bill is currently in the Senate Commerce Committee.
http://www.njleg.state.nj.us/2008/Bills/S2000/1619_I1.HTM

New York: Low-Income and Minority Consumer Predatory Lending Protection, A.B. 8357
Type: Regulatory Change
Focus: Predatory Lending
This initiative, which is an amendment to the state banking law, introduces regulations that will create statewide standards to assess the ability of borrowers to repay their residential mortgages before entering into any loan agreements. The bill eliminates prepayment fees, fines, and penalties, as well as stated income loans, no down payment loans, and “pick a payment” loans. The bill also disallows subprime loans to consumers with credit scores of 660 or less. The New York State Housing Finance Agency will administer the bill, which was reintroduced when the 2008 session began, was referred to the Assembly Committee on Banks where it is currently pending.
http://assembly.state.ny.us/leg/?bn=A08357&sh=t
Focus: Predatory Lending
Type: Regulatory Change
Pennsylvania: Mortgage Bankers and Brokers Regulation, H.B. 38
http://assembly.state.ny.us/leg/?bn=S06394&sh=t

This bill amends a 1989 Pennsylvania law regulating mortgage and brokering activity and adds a provision that requires mortgage brokers and lenders providing written contracts to borrowers explaining the nature and scope of the services provided, including the terms of the loan. The bill also prevents lenders from receiving any fees or compensation tied to the interest rate charged to the customer unless the amount of the compensation is expressed to the customer in writing. The amended version of the bill also contains language protecting consumers from abusive lending practices, particularly in the case of high-cost mortgage lending. The bill also prohibits balloon payments (except in the case of borrowers with seasonal or irregular income), payment schedules that involve an increase in the principle of the loan balance such as “pick a payment” plans, and the refinancing of a residential mortgage that has a lower rate than the new mortgage unless a nonprofit housing agency has provided counseling to the borrower. The bill was referred to the House Commerce Committee, where it
Pennsylvania: Viable Alternatives to Foreclosure Act, H.B. 2403
Type: Regulatory Change
Focus: Foreclosure Prevention
This bill is a regulatory change that would apply only to an action of mortgage foreclosure if the real property subject to the mortgage is the only residence of the defendant. Under H.B. 2403, after entry of judgment and before issuance of a writ of execution, the court can issue an order requiring the defendant to make monthly payments in equal amounts so that the final payment discharges the judgment in full and pays interest on the foreclosure judgment in accordance with the underlying obligation. The legislation would apply to actions of mortgage foreclosure initiated on or after the effective date, which is 60 days after passage. The bill is currently in the House Commerce Committee.

Virginia: An Act Regulating Certain Mortgage Loans, H.B. 1093
Type: Regulatory Change
Focus: Predatory Lending
This bill prohibits certain lenders from making a low-document, no-document, or stated-document mortgage loan unless the lender has obtained detailed documentation of all sources of income claimed by the borrower in the loan application, or corroborated the claimed income by independent verification, and determined that a reasonable creditor would believe at the time the loan is closed that the borrower will be able to afford the payments associated with the loan. The bill was continued to the 2009 session.

Virginia: Relating to the Mortgage Lender and Broker Act, S.B. 157
Type: Regulatory Change
Focus: Predatory Lending
Mortgage lenders are required to act in good faith and deal fairly in any transaction, practice or course of business in connection with a mortgage loan, and to make reasonable efforts to make a mortgage loan that is reasonably advantageous to the borrower. In addition, mortgage brokers and lenders are required to safeguard and account for any money handled for a borrower, follow reasonable and lawful instructions from the borrower, and use reasonable skill, care, and diligence. This bill was continued to the 2009 session.

Regulatory Changes: Bills That Died
Alabama: Alabama Mortgage Act, H.B. 643
Type: Regulatory Change
Focus: Mortgage Lending
The purpose of this act is to protect consumers seeking residential mortgage loans and to ensure that the mortgage lending industry is operating without unfair, deceptive, and fraudulent practices. This bill would establish the Alabama Mortgage Act, which requires licensing of mortgage lenders, mortgage brokers, mortgage servicers, mortgage processors, loan originators, and loan processors by the State Banking Department. All licensees would be subject to bonding requirements and fees as well as mandatory annual reporting and license displays and other regulations. In addition, the bill would establish procedures for the revocation, suspension, or denial of a license and would provide for criminal penalties for willful violations of the regulations. The legislation died after it was indefinitely postponed at the end of the 2008 session.

California: An Amendment to Public Housing Code, A.B. 2818
Type: Regulatory Change
Focus: Affordable Housing
This bill prohibits a public housing authority from disposing of housing units affordable to low- and moderate-income households without meeting certain requirements, including replacing the units. The legislation also requires the notification of the tenants if the housing authority chooses to terminate and not to extend or renew its participation in a federal government housing subsidy or assistance program.
or contract providing project-based assistance for any dwelling unit to terminate and not to extend or renew its participation in a federal government housing subsidy or assistance program or contract providing project-based assistance for any dwelling unit. The bill died in the Senate when it was placed in the inactive file.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_2801-2850/ab_2818_bill_20080630_amended_sen_v94.html

Connecticut: An Act Concerning a Program of Continuing Education for Residential Mortgage Brokers and Originators, H.B. 5023
Type: Regulatory Change
Focus: Mortgage Lending
This bill requires initial and renewal applicants for the first- and second-mortgage broker and originator license to meet certain education and testing requirements. This information must be submitted with the applicable application. Under the bill, by January 1, 2012, all of these licensees will have submitted to 20 hours of initial education and a test, unless they are exempt from the testing requirement because they have been continuously licensed for 10 years. Renewal applicants will be subject to 10 hours of continuing education. The banking commissioner must adopt any regulations he deems necessary to implement these requirements, including establishing the qualifying criteria for accredited professional education programs and tests and acceptable certificates of education and testing, by January 1, 2009. The bill died in the Joint Rules Committee when the legislative session ended in May.


Type: Regulatory Change
Focus: Mortgage Lending
This bill prohibits lenders from charging or collecting a prepayment fee or penalty on a subprime or non-traditional mortgage under certain circumstances. Under the bill, when the lender requires that payments be accelerated in a mortgage refinance, sale of the mortgaged property, or foreclosure action. Any prepayment fee, penalty, or charge that violates these provisions is void and unenforceable.

Under the bill, a subprime mortgage is one that meets one of the following criteria: for an adjustable rate loan secured by a first lien on a dwelling, a loan for which the annual percentage rate (APR) is more than two percentage points above the yield on United States Treasury securities having comparable periods of maturity. For all other loans secured by a first lien on a dwelling, a loan for which the APR is greater than three percentage points above the yield on United States Treasury securities having comparable periods of maturity; or for loans secured by a subordinate lien on a dwelling, a loan for which the APR is greater than five percentage points above the yield on United States Treasury securities having comparable periods of maturity. The bill also authorizes $50 million in bonding for the Connecticut Housing Finance Authority, to be used to recapitalize the emergency mortgage assistance payment program. After being favorably reported out of committee, the bill died when the legislative session ended.


Connecticut: An Act Concerning Mortgage Lending, S.B. 21
Type: Regulatory Change
Focus: Mortgage Lending
Senate Bill 21 would have made anyone who knowingly makes any false statement or report, or willfully overvalues any land, property or security, with intent to defraud and for the purpose of influencing in any way the action of a bank, out-of-state bank that maintains in this state a branch, Connecticut credit union, small loan licensee or any person licensed as a mortgage lender or mortgage broker upon any application, advance, commitment, loan or extension of credit, guilty of a class D felony. The bill died when the legislative session ended.


Connecticut: An Act Concerning Mortgage Prepayment Penalties, H.B. 5166
Type: Regulatory Change
Focus: Mortgage Lending
A high cost home loan shall not provide for or include the following: for a loan with a term of fewer than seven years, a payment schedule with regular periodic payments that when aggregated do not fully amortize the outstanding principal balance, except that this limitation does not apply to a loan with maturities of less than one year if the purpose of the loan is a bridge loan, connected with the acquisition or construction of a dwelling intended to become the borrower’s principal dwelling; a payment schedule with regular periodic payments that cause the principal balance to increase; a payment schedule that consolidates more than two periodic payments and pays them in advance from the proceeds, unless such payments are required to be escrowed by a governmental agency; an increase in the interest rate after default or default charges in excess of five percent of the amount in default. The bill died when it failed to make the Joint Favorable deadline.

Connecticut: An Act Concerning Green Mortgages, S.B. 427  
**Type:** Regulatory Change  
**Focus:** Sustainable Development

The bill would require lenders to establish and implement an incentive program for the construction and purchase of energy efficient residential properties and the energy-efficient renovation, improvement, or upgrade of residential properties by July 1, 2009.

By July 1, 2010, at least 10 percent of all loans made by lenders in certain categories must be “green” mortgages. The bill defines a green mortgage loan as any loan to fund the purchase or construction of a new energy-efficient residential property where the loan permits the lender to increase the property's appraised value by the amount of the estimated energy savings and allows the buyer to finance and pay for energy-efficient upgrades as part of the mortgage cost, or the purchase and energy-efficient renovation or improvement of a residential property, and making of energy efficient renovations or improvements to an already-purchased residential property, where the loan permits the homeowner to finance the energy-efficient upgrades up to a certain percentage of the value of the home.

The regulation would apply to the purchase or construction of a new residential property, the purchase and renovation or improvement of a residential property, and renovations or improvements to a residential property. It is not clear if the percentages apply to each lender or to the total loans made by all lenders. It is also not clear if the requirement applies annually or at any given time and whether it must be met on July 1, 2010 or starting after that date. The bill was placed on the Senate calendar, where it remained when the session ended, rendering it dead for the 2008 legislative session.


Connecticut: An Act Ensuring the Competence and Integrity of Mortgage Brokers and Originators, H.B. 5494  
**Type:** Regulatory Change  
**Focus:** Mortgage Lending

This legislation is markedly similar to Connecticut H.B. 5023. H.B. 5424 states that on and after January 1, 2010, each applicant for a first mortgage broker license, a second mortgage broker license, or an originator license must obtain a certificate of education from an accredited professional education program of at least 20 classroom hours of study comprised of nine classroom hours of study on applicable federal lending laws, regulations and requirements, nine classroom hours of study on applicable Connecticut lending laws, regulations and requirements and two classroom hours on applicable professional ethics laws, regulations and requirements, all as further determined by the commissioner. This bill also died during the legislative session.


**Type:** Regulatory Change  
**Focus:** Mortgage Lending

H.B. 5552 seeks to protect homeowners and renters in the foreclosure process by establishing a duty for mortgagors and mortgage servicers to resolve cases so that the homeowner retains the home. The bill requires plain language notices and that pleadings be sent to defendants, and protects renters in foreclosed buildings. At least 30 days prior to filing any foreclosure action regarding residential premises, but not earlier than a date the mortgage is at least 60 days in default, the mortgage servicer is required to mail to each borrower a notice, in plain and simple language and readable format, containing at least the following information:

- A statement that the mortgage is in default and a warning that failure to correct the default could result in the loss of the mortgagor's home;
- A statement of the amount of the default and how a reinstatement figure may be obtained, including the telephone number for obtaining such figure;
- A statement that the mortgagee is prepared to make a reasonable effort to negotiate a fair resolution of the dispute and that the mortgagor should make direct contact with the mortgagee or its servicer;
- The name, address and contact information, including the toll-free telephone number, for the mortgagee’s loss mitigation contact or other person authorized to negotiate a resolution of the default, a modification of the loan or other workout of the dispute;
- The telephone number of the foreclosure hotline of the Department of Banking; and
- A statement that the mortgagor should contact a housing counselor certified by the United States Department of Housing and Urban Development.

The bill died in the House Judiciary Committee.

S.B. 89 provides that if a borrower does not receive the closing documents within the time required the borrower is entitled to delay or reschedule the closing without penalty and without forfeiting the right to enter into the loan or the purchase contract.

A lender may not make a subprime home loan unless the lender verifies the borrower’s reasonable ability to pay the scheduled payments of the principal, interest, real estate taxes, homeowner’s insurance, assessments, and mortgage insurance premiums. For loans in which the interest rate may vary, the reasonable ability to pay must be determined based on a fully indexed rate and repayment schedule that achieves full amortization over the life of the loan. For all home loans, the borrower’s income and financial resources must be verified by tax returns, payroll receipts, bank records, or other similarly reliable documents. The bill does not limit a lender’s ability to rely on criteria other than the borrower’s income and financial resources to establish the borrower’s reasonable ability to repay the residential mortgage loan, provided that the other criteria are verified through reasonably reliable methods and documentation. A statement by the borrower to the lender of the borrower’s income and resources is not sufficient to establish the existence of the income or resources when verifying the reasonable ability to pay. The legislation failed to make the deadline for a second reading, and thus failed to pass the House. A similar bill, S.B. 2846, was introduced in the Senate, but also died in committee.

http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=38672&SessionId=57

Indiana: Various Home Loan Matters, H.B. 1211
Type: Regulatory Change
Focus: Mortgage Lending
As part of a larger bill that contains provisions regulating home loans, this legislation provides that if terms of the home loan set forth in the documents provided differ from the terms presented to the borrower at the time of closing, the borrower is entitled to delay or reschedule the closing without penalty and without forfeiting the right to enter into the loan or the purchase contract.

The bill also prohibits a creditor from recommending or issuing a stated income or no documentation loan to a prospective borrower; or recommending or issuing a home loan to a prospective borrower without first conducting a reasonable inquiry into the prospective borrower’s creditworthiness. The bill provides that if a creditor conducts a reasonable inquiry, the creditor is not liable if the borrower later defaults on a home loan issued by the creditor. It also contains the “Creditor Assistance Offer” a portion of the bill requires creditors to offer: a temporary forbearance, subject to terms agreed upon by the creditor and the borrower a payment plan; or an option for the refinancing, restructuring, or workout of existing indebtedness whenever a home loan becomes 60 days past due. The bill died in early January.

http://www.in.gov/legislative/bills/2008/HB/HB1211.2.html

Indiana: Mortgage Lending, S.B. 89
Type: Regulatory Change
Focus: Mortgage Lending
S.B. 89 provides that if a borrower does not receive the closing documents within the time required the borrower is entitled to delay or reschedule the closing without penalty and without forfeiting the right to enter into the loan or the purchase contract. It also increases the statutory damages that may be recovered by a person seeking redress for a violation of the home loan practices act from two times to four times the amount of the finance charges under the contract. In addition, this legislation enhances the crime involving a knowing or intentional violation of the act from a Class A misdemeanor to a Class D felony, and increases the civil penalty for the violation of the bill from $10,000 to $20,000. The House version of the bill passed, while the tighter regulations in the Senate version died.

http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2008&session=1&request=getBill&docno=89

Louisiana: Regulation of High-Rate, High-Interest Mortgages, S.B. 648
Type: Regulatory Change
Focus: Mortgage Lending
S.B. 648 seeks to define and prohibit certain practices in the making of a residential mortgage loan, including: prohibiting a creditor from recommending or encouraging default on an existing loan or other debt prior to and in connection with a residential mortgage loan that refinances all or any portion of the existing loan or debt or knowingly or intentionally engaging in the act or practice of flipping a residential mortgage loan. It also prohibits a borrower from being charged for a late payment unless the loan documents specifically authorize the charge and prohibits a residential mortgage loan from containing a provision that permits the creditor, in its sole discretion, to accelerate

http://www.in.gov/legislative/bills/2008/HB/HB1211.2.html
the indebtedness. Creditors are also restricted from making a residential mortgage loan from financing directly or indirectly any credit life, credit disability, credit unemployment or credit property insurance or any other life or health insurance or any payments directly or indirectly for any debt cancellation or suspension agreement or contract. The bill died in the Senate Committee on Commerce, Consumer Protection and International Affairs.
http://www.legis.state.la.us/

Maryland: An Act Concerning Credit Regulation Advisory Loans, H.B. 944
Type: Regulatory Change
Focus: Mortgage Lending
Under this law, a lender or credit grantor is prohibited from closing a loan application for a subprime loan until the lender or credit grantor receives proof that the primary borrower has completed certain home buyer education or obtained certain housing advice. The Department of Housing and Community Development must provide to a lender, credit grantor, or mortgage broker on request a list of government agencies and nonprofit organizations that provide certain homebuyer education or housing advice. A violation of certain provisions of this act is within the scope of certain investigative and enforcement powers of the Commissioner of Financial Regulation and the Division of Consumer Protection of the Office of the Attorney General. The bill failed to pass the Maryland House of Representatives.
http://mlis.state.md.us/2008rs/billfile/HB0944.htm

Minnesota: Mortgage Subprime Foreclosure Deferment Act of 2008, H.B. 3612
Type: Regulatory Change
Focus: Predatory Lending
This bill gives mortgage loan borrowers up to a 12-month deferment on an eligible foreclosed loan. An eligible foreclosed loan is a loan that is subject to a pending foreclosure sale that was made between January 1, 2001, and August 1, 2007, which is either a subprime loan or a loan with negative amortization for which the required minimum payment has increased since the loan was made. The bill gives borrowers harmed by a lender’s bad faith or reckless violation of this act a private cause of action for actual damages, statutory damages up to $25,000, punitive damages in an amount determined by the court, and reasonable attorney fees. Requires the minimum monthly payment during deferment to be the lesser of the minimum monthly payment when the loan was made, or 65 percent of the minimum monthly payment required when the foreclosure started. The bill died when the legislative session ended.
https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3612.2.html&session=ls85

Minnesota: Minnesota Subprime Foreclosure Extension Act, H.B. 4012
Type: Regulatory Change
Focus: Mortgage Regulation
This bill would require a foreclosing lender to rescind notice of a foreclosure sale if the eligible foreclosed borrower has submitted to the foreclosing lender an affidavit of extension prior to or at the time of the foreclosure sale. A foreclosing lender shall accept the affidavit of extension if delivered through any reasonable means to the mortgagee or counsel for the mortgagee identified in the notice of foreclosure. If these provisions are violated, a sheriff conducting a foreclosure sale shall accept an affidavit of extension, deliver it to the foreclosing lender, and cancel the foreclosure sale. The bill died in committee.
https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H4012.1.html&session=ls85

Missouri: Missouri Homeowners Protection Act, H.B. 1667
Type: Regulatory Change
Focus: Mortgage Lending
This bill establishes the Missouri Homeowners’ Protection Act relating to residential mortgage brokers. In its main provisions, the bill prohibits a mortgage broker from flipping a home loan; issuing a home loan without verifying the borrower’s reasonable ability to pay; charging a fee when a subprime loan is prepaid in whole or part; making false, deceptive, or misleading statements, advertisements, or marketing materials; issuing a residential mortgage loan to be used for paying all or part of a special mortgage unless the borrower has obtained written certification from an authorized independent loan counselor on the advisability of the loan transaction; charging points or fees exceeding five percent of the total loan amount; and financing credit life, disability, unemployment, property insurance, or any other life or health insurance premiums through a home loan.

It also requires the mortgage broker to inform the borrower when the periodic payment amount for a loan does not include property taxes or hazard insurance and requires mortgage brokers to act in the borrower’s best interest, to carry out lawful instructions of the borrower, and to disclose material facts that could adversely affect the borrower; The bill also specifies that the crime of residential mortgage fraud will be a class D felony. The bill died in the Special Committee on Financial Institutions.
http://www.house.mo.gov/billtracking/bills081/biltxt/intro/HB1667I.htm
Oregon: Responsible Home Buying Act, S.B. 1090A  
Type: Regulatory Change  
Focus: Mortgage Lending  
A creditor may make or a mortgage broker may provide services related to a home loan only if the creditor and the mortgage broker reasonably believe at the time the home loan is closed that the borrower loan can make scheduled loan payments, tax payments and insurance payments associated with the home loan. It requires lenders to ensure that subprime mortgage or nontraditional mortgage that lender offers is consistent with prudent lending practices, and specifies requirements for prudent lending practices.

In addition, this regulation would require lender to analyze borrowers’ ability to make regularly scheduled payments under certain conditions, as well as require lenders to have evidence of borrowers’ ability to repay mortgage if the lender qualifies the borrower with reduced documentation or the mortgage includes combination of certain risks. It also specifies the conditions under which a lender may charge a prepayment penalty and specifies disclosures the lender must make to the borrower. Finally, the bill would require the lender to include terms consistent with the lender’s analysis and provisions for managing risks, and prohibit the lender from ceding required analysis, qualification decision or underwriting duty to third party with business objectives that differ from lenders. This legislation did not pass during the special session.

http://www.leg.state.or.us/08ss1/measures/sb1000.dir/sb1090.a.html

Oregon: Responsible Mortgage Lending Act, H.B. 3603  
Type: Regulatory Change  
Focus: Predatory Lending  
H.B. 3603 specifies circumstances when a lender may charge a prepayment penalty for a subprime mortgage or nontraditional mortgage and provides that prepayment penalties included in mortgage agreements in other than specified circumstances are void and unenforceable. It also states that a lender that offers or originates a subprime mortgage or nontraditional mortgage must disclose to the borrower in nontechnical language:

- The amount of the initial payment for the mortgage;
- The annual percentage rate applicable to the mortgage;
- The interest rate applicable to the mortgage and whether the interest rate is subject to change;
- The highest potential regularly scheduled payment for the mortgage and the date when the payment may reach the highest potential amount, to the extent that the highest potential regularly scheduled payment can be calculated for the mortgage;
- The amount of any compensation or payment made under the mortgage agreement to a person that originates, negotiates or brokers the mortgage; and
- The amount and timing of any rate adjustments that might occur under the mortgage agreement.

Willful violation of this legislation can result in civil penalties up to $5,000 for each violation, with a maximum penalty for a continuing violation of $20,000. The bill failed to pass the legislature this session.

http://www.leg.state.or.us/08ss1/measures/hb3600.dir/hb3603.a.html

Rhode Island: Community Obligations and Banking Offenses, S.B. 2004  
Type: Regulatory Change  
Focus: Banking  
This bill requires any bank, credit union, or other financial institution doing business in the state, to display a notice that enumerates that there may be charges imposed by the institution of which the customer may not be aware. However, no bank, credit union or other financial institution doing business in this state shall charge more than five dollars as an overdraft charge for a check issued with insufficient funds. The bill died in committee.

http://dirac.rilin.state.ri.us/BillStatus/WebClass1.ASP?WCl=BillStatus&WCE=ifrmBillStatus&WCU

Virginia: Mortgage Lender and Broker Act, H.B. 1097  
Type: Regulatory Change  
Focus: Predatory Lending  
The Mortgage Lender and Broker Act requires mortgage lenders and brokers to make a reasonable and good faith determination based on verified and documented information that a borrower has a reasonable ability to repay a nonqualified mortgage loan. The measure prohibits a mortgage lender from compensating a mortgage broker based on the terms of a nonqualified mortgage loan. The bill imposes a fine of $5,000 for violation of either of these provisions. Finally, the measure requires the employees of a mortgage lender or broker who originates mortgage loans to be registered with the Commissioner of the Bureau of Financial Institutions. Applicants for registration will be required to submit to a criminal background check and to satisfy training standards and education requirements. The bill died in the House
Virginia: Payday Loans, H.B. 1103
Type: Regulatory Change
Focus: Predatory Lending
This legislation requires the State Corporation Commission, by January 1, 2009, to contract with a third party to develop, implement, and maintain an Internet-accessible database, and requires payday lenders to query the database prior to making any loan to determine whether an applicant is ineligible for the loan. The measure also caps the maximum amount of a payday loan at the lesser of 25 percent of the borrower's gross monthly income or $1,000, or $500 if it is a second payday loan, and requires the lender to keep records of the pay stubs used in determining gross monthly income.

Along with many other provisions limiting payday lending, this bill limits a borrower to having no more than two payday loans outstanding at any time; allows borrowers to enter into a 60-day, interest-free payment plan on a second payday loan; increases the minimum term of a payday loan from seven to 14 days; requires a one-day waiting period between the repayment of a loan and making a new loan; clarifies and expands the disclosure requirements for borrower's right to cancel or rescind a payday loan by 5:00 pm of the business day following the date a loan is made; and assesses licensees a fee of $1 per payday loan to defray the costs of the database. The bill died in the House Commerce and Labor Committee.

Strategic Initiatives

OFN categorized several bills as strategic initiatives, which is legislation to support community development that does not involve direct appropriations to CDFIs. These strategies can be part of a broader economic development plan or stand alone as legislative remedies to particular issues within a state. Strategic initiatives are an alternative method to support the opportunity finance industry, and these bills tend to focus more on implementing long-term economic development plans and achieving sustainable growth in the state. For the purposes of this guide, asset accumulation and preservation strategies are placed in their own category.

Strategic Initiatives: Bills that Passed

Florida: An Act Relating to Small Business Regulatory Relief, H.B. 7109
Type: Strategic Initiative
Focus: Small Business
This legislation designates the Florida Small Business Development Center Network as the principal business assistance organization for small businesses in the state and creates the Small Business Regulatory Advisory Council. It provides for appointments, membership, and meetings and the powers and duties of the council, while also providing administrative location for council and periodic review of agency rules by the council. The intention is to streamline functionality and processes to remove regulatory burdens on small businesses in the state of Florida. The legislation was signed into law on June 10.

New Mexico: Creating the Governor's Task Force on Poverty Reduction, Executive Order 36
Type: Strategic Initiative
Focus: General Economic Development
E.O. 36 is an executive order submitted by Governor Bill Richardson to alleviate poverty by creating a task force dedicated to the issue. Members are appointed and include a representative group of public members, taking into consideration experience and knowledge related to hunger and food security, child care, rental housing and homeownership, energy assistance, fair wages, unemployment insurance, tax credits, higher education affordability and completion, jobs, training, and consumer protection. The purpose of the Task Force is to develop specific recommendations for legislative, regulatory, and infrastructure initiatives to reduce poverty and income inequality in New Mexico with a focus on short term as well as long term policies. The Task Force shall research and consider: strategic initiatives to address hunger, housing and child care needs; adequate compensation and a fair minimum wage; tax credit changes to encourage work and reward work effort; more equitable eligibility requirements for unemployment benefits; easing access to higher education and promoting completion; and creating better employment opportunities for all New Mexicans. The initiative was approved by the legislature.
Strategic Initiatives: Bills Currently Pending

California: Density Bonus Law, A.B. 2280  
Type: Strategic Initiative  
Focus: Affordable Housing  
Given California’s high land and construction costs for housing, it is extremely difficult for the private market to provide housing units that are affordable to low- and even moderate-income households. Public subsidy is often required to fill the financial gap on affordable units. Density bonus law, however, allows public subsidies to be reduced or even eliminated by allowing a developer to include more total units in a project than would otherwise be allowed by the zoning in order to spread the cost of the affordable units over the project as a whole. This legislation specifies that when an applicant seeks a density bonus for a housing development within, or for the donation of land for housing within, the local agency is required to provide the applicant with incentive or concessions for the production of unit housing units and child care facilities. The bill is currently awaiting its third reading in the Senate.  
http://www.leginfo.ca.gov/cgi-bin/postquery

California: Community Development Investments, A.B. 1910  
Type: Strategic Initiative  
Focus: General Economic Development  
The bill requires insurers with more than $100 million in premiums to have a community development plan to make investments where the investment has as its primary purpose community development for, or that directly benefits, California low- or moderate-income individuals, families, or communities. These investments include investments in affordable housing, community facilities directly benefiting low- or moderate-income persons, economic development that demonstrates benefits such as job creation to these persons or communities, and community development infrastructure investments in public debt issued by the State of California or local governments with a primary purpose of community development. A.B. 1910 allows insurers to report community development investment data through a filing made by a Community Development Financial Institution, and makes investments in CDFIs eligible towards satisfying the community development investment policy provided specific conditions are met. The bill passed the Assembly, was amended in the Senate, and now has been returned to the Assembly for concurrence on the amendments.  

California: Housing Omnibus Bill, A.B. 2016  
Type: Strategic Initiative  
Focus: Affordable Housing  
This legislation would require each county and city in the state to create a regional housing plan that requires addressing the needs of a multitude of homeowners, including manufactured homeowners and multifamily. The plans must consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantifiable objectives, financial resources needed for the preservation, improvement, and development of housing. The plan also must identify adequate sites for housing, including rental housing, factory-built housing, mobile homes, and emergency shelters. The bill passed the Assembly and is in the Senate Appropriations Committee awaiting a third reading.  
http://www.assembly.ca.gov/acs/acsframeset2text.htm

New Jersey: Fair Housing Act, A.B. 196  
Type: Strategic Initiative  
Focus: Affordable Housing  
A.B. 196 is a bill to provide affordable housing for low- and moderate-income residents and seeks to promote the development of housing that is close to jobs in each municipality. This bill would allow a municipality that has received substantive certification from the council may make housing units available on a preferential basis to persons of low and moderate income who are employed in the municipality’s housing region.  
http://www.njleg.state.nj.us/2008/Bills/A0500/196_I1.HTM

New Jersey: Homeowner’s Assistance Program, S.B. 1606  
Type: Strategic Initiative  
Focus: Foreclosure Prevention  
This bill requires the New Jersey Department of Community Affairs (DCA) to establish, maintain, and regularly update a website that will provide homeowners and other interested parties with answers to frequently asked questions about refinancing and curing mortgage defaults and list, describe, and provide a website link to various federal, state, local, for-profit, and nonprofit organizations that provide...
services or guidance related to mortgage and credit problems.

The bill permits DCA to publicly promote the homeowner assistance program website through public access advertising and other available outlets, and may apply for and accept grants from the federal government, or grants, gifts or other contributions from any foundation, corporation, association or individual, and complying with the terms, conditions and limitations thereof, for the purpose of financing and promoting the website, and may partner with the federal government, or any agency thereof, or any foundation, corporation, association or individual, to develop, maintain, and update the website. Finally, the bill appropriates $50,000 from the general fund to DCA to implement the legislation.

http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_1601-1650/ab_1606_bill_20070918_enrolled.html

Strategic Initiatives: Bills That Died

California: Economic Strategy Panel, A.B. 1606
Type: Strategy
Focus: Other/Economic Development
This bill creates a California Economic Strategy Panel, with the primary function to develop a system that attracts private investment into the state and measures performance of key industry sectors. The panel will comprise the Secretaries of three departments: Business, Transportation, and Housing; Food and Agriculture; and Labor and Workforce Development, in consultation with numerous other state entities as well as key investment partners. The bill defines key investment partners as banks, insurance companies, corporate and public pension funds, venture capital funds, CDFIs, and CDCs. It can also include foreign and out-of-state entities. In addition, the legislation delineates the responsibilities of the entities in consultation with the panel. While the bill passed both the Assembly and the Senate in the 2007 session, it was vetoed in late May 2008 by Governor Schwarzenegger.


Connecticut: An Act Concerning Foreclosure Prevention and Responsible Lending, S.B. 423
Type: Strategic Initiative
Focus: Mortgage Lending
Although not strong enough to be considered a regulation, this law makes suggestions as to how creditors and lenders can better serve their borrowers. This legislation seeks to reduce foreclosure by removing incentives to placing borrowers in loans that they cannot afford or cost significantly more that the borrower would qualify for and by creating accountability by conferring legal rights on borrowers who have been taken advantage of by unscrupulous lenders. The bill died in the legislature.


Florida: Small Business Regulatory Relief Act, H.B. 7111
Type: Regulatory Change
Focus: Small Business Development
In order to alleviate the regulatory burden on small businesses in the state, this legislation creates the Small Business Regulatory Advisory Council to provide for a small business advocate to represent the views of small businesses in the state report and consult on the state of small business. It also revises administrative rulemaking provisions concerning small businesses; provides economic development incentive application process; provides certain additional review and action requirements for the Rural Economic Development Initiative (REDI)\(^1\) relating to rural communities including increasing the population size of counties eligible for loans from the Rural Community Development Revolving Loan Fund. The Rural Community Development Loan Fund program provides for long-term loans, loan guarantees, and loan loss reserves to units of local governments, or economic development organizations substantially underwritten by a unit of local government. The bill, which was tabled in the House in May, died in the legislature.

http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=39590&BillText=7111&HouseChamber=H&SessionId=57&

\(^1\) Rural Economic Development Initiative is responsible for coordinating and focusing the efforts and resources of state and regional agencies on the problems which affect the fiscal, economic, and community viability of Florida’s economically distressed rural communities.

\(^2\) The legislation defines underserved area as a low or moderate income census tract, an area of below average supermarket density or an area having a supermarket customer base with more than 50 percent living in a low-income census tract or other area demonstrated to have significant access limitations due to travel distance.
Louisiana H.B. 468, Healthy Food Retail Initiative
Type: Strategic Initiative
Focus: Other
The Healthy Food Retail Act seeks to provide for a public private partnership to bring fresh food retailers to underserved areas. The program is to be administered by the Louisiana Department of Economic Development and based on the model program “the Pennsylvania Fresh Food Financing Initiative.” The proposed law provides for the Louisiana Department of Economic Development (DED) to establish a grant and loan program to bring more food retail establishments selling high quality fresh foods to areas in need of improved access to health food.

Eligible projects to receive funding include new construction of supermarkets, smaller grocery stores, and other fresh food retailers; renovation and equipment upgrade of existing stores; public markets and farmers’ markets; and community owned cooperatives. The program will provide grants and loans for land assembly; demolition; environmental remediation; construction costs such as builder overhead, labor, and materials; infrastructure improvements; workforce training; security; and pre-development costs such as feasibility studies, market studies, appraisals, and holding costs.

Applicants for the program may be a for-profit business enterprise, including a corporation, limited liability company, sole proprietor, cooperative, or partnership; a nonprofit community development entity; a nonprofit organization; or a governmental entity. In order to be eligible for a grant or loan, a project must be located in a low-to-moderate-income census tract, provide a full selection of fresh foods, and locate in currently underserved areas. The bill died in the Senate Committee on Commerce, Consumer Protection and International Affairs. http://www.legis.state.la.us/billdata/streamdocument.asp?did=472803

North Carolina: Legal Services for Foreclosure Prevention for Low-income Homeowners, H.B. 2461
Type: Strategic Initiative
Focus: Foreclosure Prevention
This legislation is very similar to H.B. 2473 (see Fund: Bills that Died). H.B. 2461 appropriates from the General Fund to the North Carolina State Bar the sum of $3 million for the 2008-2009 fiscal year to provide civil legal services for indigents and to make grants to North Carolina legal service providers to help prevent foreclosure and home loss and preserve home equity among low-income consumers. The funds and grants authorized by this section shall be made available to Legal Services of Southern Piedmont, Pisgah Legal Services, the Land Loss Prevention Project, Legal Aid of North Carolina, and the Financial Protection Law Center for the provision of legal assistance to low-income consumers in cases involving predatory mortgage lending, mortgage broker and loan services abuses, foreclosure defense, and other legal issues that relate to helping low-income consumers avoid foreclosure, home loss, and preserve home equity. The funds appropriated in this section shall be recurring funds.


South Carolina: Six-Month Moratorium on the Foreclosure of Certain Mortgages, H.B. 4616
Type: Strategic Initiative
Focus: Foreclosure Prevention
Passage of this legislation would establish a six-month moratorium on the foreclosure of mortgages secured by residential real estate located in this State for the 180-day period beginning on the first Monday after the effective date of this joint resolution. The bill died when the legislature adjourned.


Tax Credits

Bills that provide tax credits for qualified investments have become popular in recent years. These bills often gain strong bipartisan support from lawmakers on both sides of the aisle, and can increase equity investments from the private sector without requiring an annual appropriation. Several state-level tax credit initiatives were modeled after the federal New Markets Tax Credit.

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12 The legislation defines underserved area as a low or moderate income census tract, an area of below average supermarket density or an area having a supermarket customer base with more than 50 percent living in a low-income census tract or other area demonstrated to have significant access limitations due to travel distance.
Tax Credits: Bills That Passed

Florida: Environmental Site Redevelopment, H.B. 527
Type: Tax Credit
Focus: Sustainable Development
This legislation provides tax credits of up to 50 percent of the costs of voluntary cleanup activity that is integral to site rehabilitation at the brownfield sites in order to combat the costs of cleaning the land and waste removal. There are several credits available to developers. For instance, in order to encourage the construction and operation of a new health care facility on a brownfield site, an applicant for a tax credit may claim an additional 25 percent of the total site rehabilitation costs, not to exceed $500,000, if the applicant meets the requirements of the program. Credits can be carried forward for up to five years. This legislation passed both chambers and was signed into law by the Governor.

Type: Tax Credit
Focus: Affordable Housing
The bill would amend the Michigan Business Tax Act to provide a reduction in the tax base for qualified affordable housing projects. House Bill 5893 would provide a deduction from the tax base for any gain from the sale of any residential rental units to a qualified affordable housing project that agrees to operate the units as rent-restricted units for at least 15 years. If only some of the units are rent-restricted, the deduction will be reduced proportionately. In the event the purchaser fails to continue operating as a qualified affordable housing project during the 15 years after the deduction is claimed, the amount of the deduction would be added back to the tax liability of the purchaser based on the number of years it failed to qualify. The bill defines a qualified affordable housing project as an organization that is organized, qualified, and operated as a limited dividend housing association that has a limitation on the amount of dividends or other distributions that may be distributed to its owners in any given year and has received funding, subsidies, grants, operating support, or construction or permanent funding through one or more of the following sources and programs:

- Mortgage or other financing provided by the Michigan State Housing Development Authority, the U.S. Department of Housing and Urban Development, the U.S. Department Of Agriculture for Rural Housing Service, the Michigan Interfaith Housing Trust Fund, Michigan Housing and Community Development Fund, Federal Home Loan Bank, housing commission loan, community development financial institution, or mortgage or other funding or guaranteed by Fannie Mae, Ginnie Mae, Federal Housing Association, the U.S. Department of Agriculture, or Federal Home Loan Mortgage Corporation;
- Tax-exempt bonds issued by a nonprofit organization, local governmental unit, or other authority;
- Funding from the state or a local governmental unit through a HOME investments partnership program;
- Grant or other funding from a federal home loan bank’s affordable housing program; and/or
- Financing or funding under the New Markets Tax Credit program, the U.S. Department Of Housing and Urban Development’s section 202, or the federal Low Income Housing Tax Credit Program.

Governor Granholm signed the bill into law during the 2008 session.

Minnesota: An Act Pertaining to State and Local Government, H.B. 3149
Type: Tax Credit
Focus: Affordable Housing
This legislation changes the qualifications to be eligible for the SEED capital investment credit. The credit is provided to businesses that are organized as a for-profit corporation, nonprofit corporation, or pass-through entity and has its principal office and the majority of its business activity (other than sales) in a border city, or has 10 or more employees or $150,000 of sales in a border city. The language in the bill excludes real estate investment trusts from qualifying for the credit. The bill would allow an income and corporate franchise tax credit equal to 45 percent of the investment in qualifying businesses mentioned above, with a maximum credit of $112,500 per year. The bill was signed into law by the Governor on May 29.

Oklahoma: Modifying definitions and specifying limitations relating to various tax credit provisions, S.B. 2129
Type: Tax Credit
Focus: Other
S.B. 2129 allows for investments in qualified venture capital companies whose purpose is to establish or expand the development of business and industry within Oklahoma to be eligible for a tax credit. The investments must have been made during taxable years beginning after December 31, 1986, and before January 1, 2009. The bill passed both houses and was signed into law during the 2008 session.

http://webserver1.lsb.state.ok.us/WebBillStatus/main.html

**Tax Credits: Bills Currently Pending**

There are no tax credit bills currently pending.

**Tax Credits: Bills That Died**

**Connecticut: An Act Concerning New Market Tax Credits, S.B. 594**
**Type: Tax Credit**
**Focus: General Economic Development**

This bill allows bond proceeds, with the approval of the bond commission and the state treasurer, to pass to a proposed project through entities eligible for federal New Markets Tax Credits.

This bill allows CDEs (as defined under the federal New Markets Tax Credit program) to be eligible grant recipients under the state’s recent economic development bond issuance. Grants may be made to a qualified community development entity, or to a partnership, limited partnership, limited liability company or other business entity investing exclusively in a qualified community development entity, provided substantially all of the proceeds of such grant are made available to such proposed recipient to finance such project. A qualified community development entity means an entity certified as a qualified community development entity pursuant to Section 45D(c)(1) of the Internal Revenue Code of 1986 that has received an allocation of New Market Tax Credits available for qualified low-income community investment in the state.


**Florida: Corporate Income Tax Credit, H.B. 293/S.B. 850**
**Type: Tax Credit**
**Focus: General Economic Development**

The program provides a statewide tax credit program that is very similar to the federal New Markets Tax Credits for corporate income tax and insurance premium tax for qualified investments in Florida low-income communities. The credit provided is 6.5 percent per year for six years after the original date of the investment. Over six years this credit totals 39 percent of the investment. The federal program provides credits totaling 39 percent of the investment over a seven-year period. A company with a qualified investment for both the federal and state program would receive 78 percent of the purchase price of the investment in tax credits.

If a taxpayer’s state tax liability exceeds their tax credit, then the tax credit may be carried forward for future taxable years; however all tax credits expire December 31, 2021. The tax credits are allocated on a first-come, first-serve basis. A total of $70 million in tax credits may be awarded for the duration of the program with no more than $10 million claimed in each state fiscal year. An organization wishing to receive awards under the NMTC Program must be certified as a CDE by the U.S. Department of Treasury. The bill died in the Senate Messages Committee.

http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=37604&SessionId=57

**Florida: Community Reinvestment Act, S.B. 1348**
**Type: Tax Credit**
**Focus: General Economic Development**

This legislation allows a business to develop and implement an annual community reinvestment plan in order to be eligible to receive a tax credit up to $25,000 as provided in the Florida statutes. A business’s plan must include the business’s specific targets for the expenditure of funds for community reinvestment purposes, including lending money to members of a targeted population or underserved areas in the state or investing in or with nonprofit lending institutions for lending activities in underserved areas or with members of a targeted population in the state. The legislation died in the Senate Committee on Commerce.

Type: Tax Credit
Focus: General Economic Development
This legislation establishes a tax credit that allows a taxpayer that makes a qualified equity investment to be eligible to receive a tax credit equal to the applicable percentage multiplied by the purchase price paid to the issuer of the qualified equity investment. The amount of the tax credit claimed shall not exceed the amount of the taxpayer’s state tax liability for the tax year the tax credit is claimed. The tax credit is capped at $10 million in each fiscal year, and the investment must be made in the 12 months following the initial allowance date. The legislation, which is very similar to the federal New Markets Tax Credit, passed the Illinois Assembly but died in the Senate.

Indiana: Indiana New Markets Development Program, S.B. 19
Type: Tax Credit
Focus: General Economic Development
As part of a larger bill concerning taxation, this bill contains a provision establishing a new markets development credit against state tax liability for investments that qualify for federal New Markets Tax Credits to further spur development in the State. The bill died in the Ways and Means Committee when the session adjourned.
http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2008&session=1&request=getBill&docno=19

Indiana: Community Investment Tax Credits, S.B. 170
Type: Tax Credit
Focus: General Economic Development
Senate Bill 170 establishes a community investment tax credit against state tax liability for investments that qualify for a federal New Markets Tax Credit against federal income tax liability. The credit is available for investments made by a certified development entity that agrees to dedicate 100 percent of the certified development entity’s investments for which the certified development entity may receive a federal New Markets Tax Credit for reinvestment in low-income communities in Indiana; invest at least 80 percent of the certified development entity’s total assets in low-income community businesses in Indiana; and continue to reinvest at least 30 percent of the investments in eligible businesses for a period of at least 14 years after the last credit allowance date. The bill died in the Senate Committee on Tax and Fiscal Policy.
http://www.in.gov/legislative/bills/2008/IN/IN0170.1.html

Iowa: Tax Credits for Business Investment and Seed Capital Contributions, S.B. 2231.
Type: Tax Credits
Focus: General Economic Development
This bill relates to tax credits for business investment and seed capital contributions and limits the total amount of tax credits issued during the fiscal year beginning July 1, 2008 to $2.5 million. Any amount of the maximum aggregate limit of tax credits that have not been issued by June 30, 2009, may be issued in any subsequent fiscal year. The bill increases the current limitation on the total aggregate amount of investment tax credits for seed capital and business investments from $10 million to $12.5 million. The bill makes changes to community-based seed capital funds by providing for a seed capital coinvestment fund that must have at least five percent of its committed capital committed to community-based seed capital funds. Previously, an Iowa-based seed capital fund had to commit 40 percent of its committed assets to community-based seed capital funds.
The bill provides that a community-based seed capital fund may invest up to 10 percent of its committed capital in an Iowa-based seed capital coinvestment fund that has at least five percent of its committed capital committed to investments in community-based seed capital funds. The bill died in committee.
http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&menu=false&hbill=SF2231

Iowa: Investment Tax Credits, S.B. 3291
Type: Tax Credit
Focus: General Economic Development
This bill relates to various tax credits and economic development programs that offered these tax credits, the individual earned income tax credit, and makes an appropriation. The bill increases the amount of research activities tax credits for innovative renewable energy generation components under the high quality job creation program from $1 million to $1.75 million. This provision takes effect upon enactment and applies retroactively to January 1, 2008, for contracts entered into on or after that date.
The bill also increases the annual aggregate amount of tax credits available under the endow Iowa program from $2 million to $2.75 million while also reducing the annual percentage amount that can be granted to an individual taxpayer. This provision takes effect upon enactment and applies retroactively to January 1, 2008.

The bill increases the earned income tax credit under the state individual income tax from seven percent to 7.65 percent of the federal earned income tax credit. This provision applies retroactively to January 1, 2008, for tax years beginning on or after that date. The bill also makes an appropriation of $500,000 to the Department of Economic Development for funding a microenterprise development program, if enacted by the General Assembly during the 2008 session. The bill died in the legislature.

http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&menu=false&hbill=SSB3291

Kentucky: Kentucky New Markets Development Program, H.B. 773
Type: Tax Credit
Focus: General Economic Development
H.B. 773 creates Kentucky’s New Markets Tax Credit program to provide incentives for community development entities to establish programs in Kentucky, and to encourage equity investors to invest in qualified Kentucky-based programs; and establish a Kentucky New Markets Development Program that mirrors the federal New Markets Tax Credit program. For tax years beginning on or after January 1, 2009, and before January 1, 2015, the bill allocates $10 million in tax credits each fiscal year. The maximum incentive that may be awarded to or claimed by any qualified taxpayer in any year must not exceed the percentage amount of the credit available to be claimed by the taxpayer in that year under the federal New Markets Tax Credit program, and the credits are limited proportionally to the amount of credits awarded for investments within Kentucky compared to the amount of credits awarded for investments nationally. The bill died in the House Appropriations and Revenue Committee.

Mississippi: Income Tax Credit, H.B. 1526
Type: Tax Credit
Focus: General Economic Development
H.B. 1526 is tax credit legislation that allows one-third of the maximum amount of the credit that may be allocated by the Mississippi development authority in any one fiscal year to be used for insurance premium taxes. It also requires a qualified community development entity submit an application fee to the Mississippi Development Authority when applying for tax credits for qualified equity investments tax credits and states that if upon final documentation of the qualified low-income equity investments the amount of the investments is lower than the amount estimated the Mississippi development authority shall adjust the tax credit.

The Mississippi Development Authority may also loan or grant funds to public entities and to nonprofit corporations funds to defray the expense of financing (or to match any funds available from other public or private sources for the expense of financing) projects in this state that are devoted to the study, teaching and/or promotion of regional crafts and are deemed by the authority to be significant tourist attractions. The bill died in the House of Representatives.

http://billstatus.ls.state.ms.us/documents/2008/html/HB/1500-1599/HB1526IN.htm

Other
This section includes bills that did not fit into one of the other categories. It includes bills concerning issues such as commissioning studies and specific line-item appropriations.

Other: Bills That Passed
No bills in this category had passed as of the publication date.

Other: Bills Currently Pending
Pennsylvania: Amending the Housing Finance Agency Law, H.B. 2601
Type: Other
Focus: Affordable Housing
H.B. 2601 appropriates $10 million to the Pennsylvania Housing Finance Agency for the fiscal year July 1, 2008, through June 30, 2009, to reimburse the agency for losses incurred in connection with its subprime and predatory mortgage abatement programs that are targeted at homeowners at risk of foreclosure with either adjustable rate mortgages or mortgages that exceed the current value of their homes. Any appropriated funds not pledged or expended in accordance with this act by January 1, 2010, will be transferred to the Pennsylvania
housing affordability and rehabilitation enhancement program.
http://www.legis.state.pa.us/cfdocs/billinfo/BillInfo.cfm?seyear=2007&sind=0&body=H&type=B&bn=2601

Other: Bills That Died

Connecticut: An Act Concerning Brownfields, H.B. 5589
Type: Other
Focus: Sustainable Development
This bill authorizes a 30 percent business and personal income tax credit for investigating and cleaning up brown fields and allows five-year carry forward and credit transfers and allows municipalities to acquire and transfer credits. It also establishes two brownfield remediation programs and authorizes up to $10 million per year for 10 years for these and an existing program and authorizes competitive grants to towns, regional economic development entities, and for and nonprofit entities with a maximum $4 million grants for funding a wide range of projects and development.

The bill also establishes a low-interest loan program for new and existing brownfield owners. The commissioner shall provide low-interest loans to purchasers or existing property owners pursuant to this section who seek to develop property for purposes of retaining or expanding jobs in the state or for developing housing to serve the needs of first-time homebuyers. Loans shall be available to manufacturing, retail, residential or mixed-use developments, expansions or reuses.

The bill died when the legislative session ended.

Minnesota H.B. 3972, Appropriations for Business and Community Development
Type: Other (Line Item Appropriations)
Focus: Rural Development
As part of a larger appropriations bill for Business and Community Development projects in the second half of the legislative biennium, the legislature appropriated $550,000 in the second year for expansion of the services provided to small businesses by the small business development centers established under Minnesota statutes.

Additionally, $600,000 appropriated for the development of a network to support increased entrepreneurial opportunities including readiness assessment and services for potential rural entrepreneurs through Minnesota’s workforce center system, programs linking aspiring entrepreneurs with qualified mentors, and electronic and other communications means to certify and bring available services to potential entrepreneurs.

Another $350,000 for grants to organizations initiating or continuing programs to assist rural small manufacturing businesses in implementing technology and business improvements that increase the competitiveness of those businesses. The Minnesota Rural Enterprise Loan Program will receive $1,500,000, and $2 million is provided for grants to the six regional initiative fund foundations established under Minnesota statutes to expand their ability to provide loans to small businesses. The grants must be matched by new private funds. Priority funding is given to targeted rural opportunity communities. The bill died in the House Finance Committee.
http://www.house.leg.state.mn.us/bills/billnum.asp?Billnumber=3972&ls_year=85&session_year=2007&session_number=0

New Hampshire: An Act to Study Adjustable Rate Mortgages, H.B. 1214
Type: Other
Focus: Mortgage Lending
This legislation seeks to establish a committee to study adjustable rate mortgages. The committee will study ways to control predatory lending practices and the removal of prepayment penalties for refinancing of mortgages. It also seeks to study the appraised value of property, and restrict subprime lending by placing a margin of safety for lenders, restrictions on home equity lines of credit, and reviewing current processes used for foreclosure proceedings. The bill failed to pass the House.
http://www.gencourt.state.nh.us/legislation/2008/hb1214.html
North Carolina: Mortgage Crisis, S.B. 2115
Type: Other/Appropriation to Existing Fund
Focus: Foreclosure Prevention
S.B. 2115 appropriates $1 million from the General Fund to the North Carolina Housing Finance Agency in recurring funds for the 2008-2009 fiscal year to provide counseling to homeowners potentially at risk of losing their homes to foreclosure, and to make grants to nonprofit counseling agencies in this state and to provide funding for training of counselors where necessary as determined by the North Carolina Housing Finance Agency.

The bill appropriates an additional $2 million in recurring funds for the 2008-2009 fiscal year to make grants to legal service providers to help prevent foreclosure and home loss, preserve home equity among low-income consumers, and assist low-income consumers in cases involving predatory mortgage lending, mortgage broker and loan services abuses, and related legal issues.

The sum of $700,000 is also appropriated to the North Carolina Housing Finance Agency to be used to create a pilot program in five or six geographical regions of the State by identifying a nonprofit organization in each region to receive up to the sum of ($75,000) as a grant-in-aid to be used to create an affordable housing council. Each affordable housing council is to be composed of persons, nonprofits, and businesses representing all aspects of the housing market and shall work to identify the local needs and available resources for affordable housing as well as develop a strategic plan for increasing the amount of affordable housing in the region.

Additionally, the bill allocates the sum of $250,000 to provide professional and other assistance to the councils, including the identification of best practices for increasing the stock of affordable housing, market data for the region and for the state, and coordination of the councils’ efforts. The Housing Finance Agency may also use these funds to increase public awareness of these affordable housing councils and the actions the councils are taking to increase the amount of affordable housing across the State.

The Office of the State Treasurer is also to work with the aforementioned entities to develop a North Carolina-specific mortgage portfolio in which the Treasurer may invest funds. The State Treasurer will attempt to invest at least $100 million in this mortgage portfolio in order to assist with mortgage financing liquidity in this State. The bill died in the Senate Appropriations Committee.


Utah: Charter School Funding Amendments, H.B. 278
Type: Other/Appropriation
Focus: Charter Schools
This bill annually increases the maximum student capacity of charter schools and specifies how the school district's per pupil local revenues are calculated. It requires the State Board of Education to deduct from a school district's state funds an amount equal to the allocation of per pupil local revenues; and remit the money to the student's charter school. The legislation also directs the Legislature to provide an appropriation for charter schools. The bill died after the third reading.

http://le.utah.gov/~2008/bills/hbillint/hb0278s01.htm

Washington: An Act Related to Small Business Incubators, H.B. 3115
Type: Other
Focus: Small Business Development
The Washington Small Business Incubator and Entrepreneurship Assistance Act of 2004 created the Small Business Incubator (SBI) program administered by the Department of Community, Trade and Economic Development (CTED). CTED may award grants of up to $3 million per recipient to qualified small business incubators for construction and equipment costs. In addition to the facilities’ funds, CTED provides grants, up to a maximum of $125,000 per year per facility to a qualified small business incubator for technical assistance to small businesses. In order to receive a grant, the qualified small business incubator must show that it has the resources to complete the project. Small business incubators provide comprehensive business assistance to start-up and early-stage firms in order to improve their chances of growing into healthy, sustainable companies.

This legislation also creates a property tax exemption is created for qualified incubators. The exemption is limited to the areas used by the nonprofit, and not those for which a client is charged rent or fees. In order to receive the exemption, a qualified incubator must apply for the Washington State Quality Award (Award) within two years of receiving certification, and must reapply for the Award at least once every three years thereafter. Unless funded by June 30, 2008 (it was not), the provision becomes void. The bill died in the House Rules Committee after several amendments in the Senate.

Methodology

The research methodology for this resource guide differed slightly from last year. In the 2007 legislative guide, we tried to limit the study to initiatives that identified CDFIs in legislation or description. This year the study was greatly expanded to include bills that benefit opportunity finance, but are not limited to CDFIs. We searched state Assembly databases as well as tracked legislation on LexisNexis to find relevant bills introduced during the 2008 session. This year, in order to create a guide that encompassed all of the new lines of business emerging in the opportunity finance industry (sustainable development, for example), we introduced a comprehensive search of legislation that featured the following terms:

- Affordable Housing
- Charter Schools
- Child Savings Account
- Community Development Bank
- Community Development Corporation
- Community Development Credit Union
- Community Development Financial Institution
- Community Development Loan Fund
- Community Development Venture Capital
- Community Reinvestment
- Cooperative Housing
- Disaster Recovery
- Individual Development Accounts
- Loan Guarantee
- Microenterprise
- Multifamily Housing
- New Markets Tax Credit
- Predatory Lending
- Rural Development
- Small Business Development
- Subprime Lending
- Sustainable Development

For legislation discovered through assembly searches, it was usually possible to identify the status of the bill. Where the bill had stalled beyond the current assembly, we contacted the state legislature to determine if the bill was dead or if it carried over into a new session. There are a number of states that have legislative sessions lasting two years, which carry bills over into the second session, including Indiana and New Hampshire. Bills carried over are noted in the bill synopsis. For more than half of state legislatures, this was the second year in a two-year session, and bills that remained in committee at the adjournment of the 2008 session were considered dead.

Additionally, several legislatures did not meet this year: North Dakota, Nevada, Texas, Arkansas, and Montana, and Oregon. In addition to Assembly searches, we followed up on legislation sent to the Opportunity Finance Network from Members or affiliates, as well as initiatives included in a prior Opportunity Finance Network report.

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13 These states are Alaska, California, Delaware, Georgia, Hawaii, Illinois, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, North Carolina, North Dakota, Nebraska, New Hampshire, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Washington, and Wisconsin.

14 Although Oregon’s legislature did not convene for a regular session this year, the state held a special session on the budget, during which the two pieces of legislation featured in this guide (S.B. 1090A, and H.B. 3603; see Regulatory Changes: Bills that died) were introduced.
Many of the bills could fit into several categories, for example, funds could also qualify as strategies, general economic development focus and small business focus were often overlapping as well. In addition, the difference between certain bills focused on predatory lending and mortgage lending were difficult to distinguish. In this case, bills were considered to have a mortgage lending focus if they dictated the terms of mortgage loans, in particular loan terms, disclosure requirements for lenders, and documentation of borrower income. Bills primarily focused on curbing payday lending, and other predatory practices outside of the realm of home loans, were categorized as having a predatory lending focus. The bills are grouped according to the best judgment of Opportunity Finance Network.

**Caveats**

The data collection technique used for this study is by no means exhaustive, but more thorough than in previous years:

1. There was a systematic search for legislation that contained the term “community development financial.”
2. There was an additional search for initiatives that did not contain the term “community development financial,” but were CDFI relevant (see search terms above)
3. We tried to exclude programs that sounded incidental or very small. The demarcation line of whether or not an initiative is relevant is subjective.
4. Uniform resource locators (URLs) included with descriptions of legislation may not be valid beyond the current session of a state legislature
5. Users likely can find bills online using the bill number cited here by searching the appropriate year’s database on a state legislature’s site.

An important point to note is bills listed as passed may be enrolled, but are not necessarily active. The statuses of the bills are detailed in the bill synopsis (see page 9), and bills are active only where noted specifically.

Amendment to the State Code, Regulatory Changes and Tax Credit legislation were assumed not to require any appropriations unless there was specific mention in the legislation.

**Understanding the State Legislative Process**

In recent years, we have seen a dramatic shift in responsibility for domestic policy from the federal government to state governments. In order to complement the work at the federal level that Opportunity Finance Network provides for its Members, it is important to look at local politics and consider changes at the state and local levels.

Before starting any legislative effort, you must first become familiar with the organization and structure of your state government. While it may appear that there is no system at all, there is a standardized system of operation.

Although each state legislature is unique, they often have several things in common. Most state legislatures meet every year, although a few still meet every other year. With a couple of exceptions, most state legislatures are part time and the elected officials have other jobs in professions outside the state government. Although most are not full time, many state legislatures have study committees that hold hearings between sessions.

Information about your state legislature is available from a variety of sources. One invaluable source is the National Conference of State Legislatures: http://www.ncsl.org. Another place to turn for information is the Council of State Governments: http://www.csg.org. Additionally, the public information office of your state legislature can be a useful tool for tracking legislation. This office often has handbooks for new legislators or publishes booklets designed for the general public.

**Government Branches**

Just like the federal government, states are made up of three branches: Judiciary (courts), Executive (Governor), and Legislative. Of these,
the legislative branch creates law. All state legislatures are bicameral (consist of two chambers) with the exception of Nebraska, which is unicameral (one-house chamber). The two chambers are the Senate and the House of Representatives (or Delegates or Assembly). Representation is typically apportioned based on population in both chambers. Almost all legislatures begin in January and end by May or June. Nine state legislatures meet year round, and the legislatures in California and Virginia adjourn in late summer.

Committees
Most legislative work is done through committees, which carry out the day-to-day operations of the legislature. Committees determine which bills move through the process and which “die” without any further action. Each chamber has its own committees and the number of committees varies from state to state. There are several common committees found in many legislatures, such as a budget committee, which determines how much money the state can spend during the fiscal year, and an appropriations committee to decide how the available funding is allocated.

Committee chairpersons yield a tremendous amount of power since they determine when and if a bill is considered by the committee or if it is referred to another committee. If a bill has several components, it may have to go to more than one committee for consideration. For example, if a bill has a budget component, it will likely have to go to the state’s fiscal committee, which considers and votes on legislation that has a financial implication for the state.

Leadership
Every legislative body has a hierarchy. In the Senate, the top position is either the president or the president pro tempore. In states where the Lieutenant Governor presides over the Senate, the majority of the Senate elects a president pro tempore, who normally is the true presiding officer. Other important positions in state legislatures include majority leader, majority floor leader, minority leader, and minority floor leader.

In the Assembly, the leader is usually the speaker of the house. The speaker is elected by a majority vote, so he or she is usually a member of the majority party. Other important positions include the speaker pro tempore, majority floor leader, minority leader, and minority floor leader. In addition to legislature leadership, other key players include committee staff, personal staff, and heads of state departments, including those preparing the state budget, monitoring state expenditures, and analyzing the fiscal impact of proposed legislation.

Finally, the Governor should never be overlooked in discussions about the legislative process. Because a particular piece of legislation typically must be signed into law by the Governor, he or she is vital to the legislative process. In most states, the Governor has the power to veto or kill a bill once it is passed by the legislature. Several Governors have line-item veto power that allows them to veto certain sections of legislation.

The Governor, usually with the advice and consent of the Senate, also appoints directors of departments, commissions, and boards. The Governor is also responsible for preparing the state’s budget and submitting it to the legislature for approval.

Making the Case
In order to get a bill introduced, it is imperative to first identify a legislator who is willing to introduce the bill. It is generally more effective to introduce the bill for consideration in both the Assembly and Senate at the same time, thus requiring a sponsor (author) for each chamber.

The best potential sponsor is someone with knowledge of the issue, particularly if that sponsor is a member of the majority party, and a member of the committee that will consider the bill. It is also helpful to identify simultaneously co-sponsors from both parties, so the bill’s sponsor will know that he or she has support even before the legislation is officially introduced.

Before asking an elected official to introduce your bill, it is important to garner a thorough understanding of the proposed legislation. Make sure to double check your data before presenting to the potential sponsor. Because of limited staffs, state legislators must often trust outside resources to provide them with all the information to make a decision. Do not abuse this opportunity by not presenting all the facts, including the pros and cons, flaws, and hurdles that the bill must overcome. This way the sponsor will not be subjected to any unwelcome surprises.

The most important thing of all is committing to supporting the bill through the entire process. It is usually a very long road to success, often taking years of hard work and dedication. It is much easier to “kill” a bill than it is to get it passed. Supporting legislation and the sponsor of the bill includes providing information about the bill, attending hearings, and securing co-sponsors for the legislation. Other activities include writing to legislators, testifying, and testifying, and meeting with members of both chambers. This can mean the difference between success and failure.

Meeting with State Legislators & Staff

Meeting with legislators personally is the most effective way to communicate. Contact the legislator’s office by phone, fax, or e-mail and ask for about 15 minutes of the legislator’s time at his or her convenience. The two tips to a useful and productive meeting with an elected official sound deceptively simple, but can make all the difference between success and failure:

1. Ask the official to do something, and
2. Give the official a reason to care about doing it.

Preparing for the meeting

- Know what you want from the meeting, including specific action you want from the legislator.
- Find out what matters to the legislator and information about his or her background, such as what kinds of issues the legislator tackles or on which committees he or she serves.
- Prepare materials to bring to the meeting, including a one-page fact sheet outlining the issue, your position on it, and the action you want from the legislator. Bring information about your organization and borrower stories. Don’t forget your business cards.

Writing a Letter

One of the easiest ways to communicate with legislators is to write a letter. As few as three letters on an issue can get a legislator’s attention. The letters may not change his or her mind, but it’s a sufficient number to have a staffer assigned to look into and follow the issue.

When writing a letter to an elected official, keep the following points in mind:

- Keep the letter short and to the point. One page is best.
- Be clear about what you want the legislator to do: support an appropriation, vote for or against a bill, etc. Include the bill numbers, if appropriate, and inform the legislator when the bill is scheduled for a committee hearing or vote, if known.
- Use one brief paragraph to talk about your organization, its mission, and the results produced in your community.
- Include an example or two of borrowers who have benefited from your organization’s financing. If possible, choose stories that are relevant to the legislator.
- Close with an offer to be a resource for more information.

Monitoring Legislation

After the legislation of interest has been introduced, it becomes important to monitor the bill as it travels through the legislature. In order to identify, assess, and influence legislation, it is important to develop an efficient monitoring process. Many state legislatures publish records of daily legislative activities including committee schedules and votes. You can usually request the records from the Secretary of State’s office, the Secretary of the Senate, or the Chief Clerk of the Assembly or ask to be placed on their e-mail or mailing lists. Additionally, every state now has a website with the ability to access vital information about the legislature including calendars, upcoming hearings, and contact information for your representative. Many sites are also equipped with a bill finder function that enables constituents and other interested parties to search for bills by keyword, session number, sponsor, or subject matter. However, some websites can be much easier to navigate than others, but in general, the websites are useful tools for unearthing pertinent information about the state legislature. There are also numerous subscription services available such as Westlaw and LexisNexis that provide searching and bill tracking functionality for all 50 states; however, these services are very expensive. Finally, local media can be a source of information because many publications post schedules and summaries of proposed legislation.

Committee Testimony

As the bill moves into committee, public hearings are often held to help the committee members hear more about the issue from interested parties. Committee hearings are excellent opportunities to provide legislators with information about issues that matter to you and your
organization. It also helps you gain experience and credibility with important public officials. Most committees will set deadlines for acceptance of applications to testify, so as soon as possible, notify the committee of your desire to present testimony.

Here are some tips on testifying before a legislative committee.

1. Find out the rules established by the committee. These include time allocations, filing your testimony in advance, and the number of copies of your testimony that should be provided.
2. Study the legislation for which you’ll be providing testimony (and amendments and commentary).
3. Prepare your testimony well in advance of the hearing. Make sure you have consensus on your statements if you are representing other groups in addition to your organization.
4. If possible, meet with members of the committee prior to the hearing to gain insight into the types of questions that will be asked and where committee members stand on the topic.
5. Provide copies of your remarks to the local media.
6. Make your testimony personal. Relate your own experiences with the issue being debated. Inform the committee of the effect that the proposed legislation has on your borrowers.
7. File a written statement if you are not able to present your testimony in person.
8. Do not be disappointed if only a few committee members are present. Staff and department officials are always present and will relay your comments.
9. If you don’t know the answer to a question, say so. Offer to research and write a detailed response. Many times, the member asking the question will already know the answer and an incorrect guess can be deadly to your testimony.
10. Write a thank you letter to committee members for the opportunity to testify.

**Position Papers & Fact Sheets**

It is important to express why a particular issue should be important to the elected official, both in person and in writing. Preparing documents to leave behind is always a good idea because they can be used for future reference. Supporting documents provided to a lawmaker should be factual, brief, concise, and to the point. It is best to bring your organization brochure (make sure it includes your website address), a position paper, and fact sheet to leave behind at any meeting with legislators or their staff. Position papers and fact sheets should be one-page in length. A fact sheet should start with a sentence that states your position (support/oppose) and lists the bill number, if appropriate. The rest of the document should be bullets that list the most important facts about the issue. Fact sheets provide the most important information and talking points about the topic. Position papers should represent ONE issue only. If you have more than one issue, write a separate paper for each topic. Explain clearly what position you are taking on the issue. You should briefly explain both what you are for and what you are against. Be short but specific. A “call to action” is a good idea, tell people what you think they ought to do. A position paper should include the following:

1. Issue: A brief statement that describes the topic.
2. Position: A one-sentence statement that clearly summarizes your position (support/oppose) and lists the bill number, if appropriate.
3. Background: Two to three paragraphs explaining the issue, where it stands, and why you have taken your position.
4. Summary: One to two paragraphs summarizing key issues and the impact of the proposed legislation on your community.

**Borrower Profiles**

Borrower stories—anecdotes that highlight the end users of your financing and illustrate the impact of your work—are one of the most effective means of showing legislators the difference you make. An Opportunity Finance Network Member Profile is a great way to highlight your organization’s work.

**Site visits**

Nothing gives your elected officials a better picture of opportunity finance at work than seeing it firsthand. One way to show them that picture is to host a site visit to meet borrowers and tour the sites of your projects. A site visit can take several forms. It can be a short addition to a ribbon cutting, groundbreaking, annual meeting, or other planned event or a half-day tour developed specifically to host legislators. It can be a quick meeting with borrowers and policymakers, or a short briefing about your impact. Host the visit with a borrower who underscores the success of your organization who will attract the interest of your legislator.

You may want to invite press participation in your site visit, especially if you are hosting a legislator. At the very least, make sure you have
assigned someone to take pictures for your website, newsletters, and annual report.

After the visit send a thank-you note. The thank you should express your appreciation for the legislator’s time, briefly reiterate any action you’d like the legislator to take and why, and offer your organization as a resource for opportunity finance. Think of the site visit as one step in a long-term relationship. Add the staffers who attended to your mailing list, make sure they receive copies of any press coverage, and invite them to future events.

**Coalition Building**

Coalitions provide a structure for groups with similar goals to focus effectively collective resources. Coalitions are usually created for a specific purpose (i.e., passage of a particular bill) and for a defined period of time. This can prevent duplication of efforts and present a united front for the greatest impact. Coalitions are especially helpful for building volunteer support, gaining allies, and achieving goals that may not be possible otherwise.

Coalitions should encourage diverse membership including for-profit companies and industries that might be interested in the issue (home builders, small business associations, etc.) You should invite all potential supporters to be involved. If a coalition name is needed, it should be issue related, i.e., The Coalition for the Illinois CDFI Fund.

When forming a coalition, it is important to delegate duties: designate someone to be responsible for all communication, someone to facilitate building, and someone to assume fiscal responsibilities (if any). The coalition should:

- Create a purpose statement and outline an action plan,
- Clarify the decision-making process,
- Specify achievable goals,
- Hold regular meetings,
- Define and assign tasks,
- Establish short-term goals to maintain enthusiasm for the project,
- Measure actual results against planned goals,
- Address concerns early, and
- Produce tangible products (fact sheets, position papers, etc.).

Coalitions can be powerful tools for promoting issues and coordinating efforts. The key to success is commitment by all involved.

**Grassroots Network**

One of the most effective ways to interact with your state legislature is by getting other individuals and groups involved through a grassroots network. The goal is to identify others who are interested in your issue and actively engage their participation.

Grassroots lobbying takes a lot of work and effort, but it is an extremely effective way to influence the legislative process. The goal is to identify persons who have a personal relationship with a state legislator or who is willing to establish a relationship to promote your issue. You may be surprised to know that legislators welcome this opportunity to have a key contact as a resource to whom they can turn to for advice and counsel.

Developing a grassroots network takes a lot of coordination and you should assign someone to this task. The first step is to identify interested individuals and groups. A good starting point is Opportunity Finance Network’s Membership locator (http://www.opportunityfinance.net) to identify other CDFIs in the state that will likely share your interests. Responsibilities for the network coordinator include:

- Identify key legislators,
- Contact potential participants and identify personal relationships,
- Recruit participants for all key legislators,
- Create a database of participants, including notes from meetings,
- Provide each participant with Opportunity Finance Network’s advocacy guide16 as well as legislative contact information, and outline

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16 You can find a copy of this guide on OFN’s website at: http://www.opportunityfinance.net/policy/policy_sub3.aspx?id=82
exactly what you need (please meet with Senator X and report back on the meeting),

Stay in contact with participants. Provide them with progress updates, sample letters, and other important information that they can relay to the elected officials, and

Coordinate all key activities and meetings.

Working with a Lobbyist
As opportunity finance specialists, your time is valuable and limited. Effective lobbying can be expensive and resource intensive. Legislative efforts take a great deal of time and it may be more cost effective in the long run to consider hiring a professional lobbyist. A lobbyist that is brilliant with homeland security may not be good at opportunity finance. Finding the right match is the key to success.

Working with Regulators
Legislators create laws and regulatory agencies interpret, implement, and enforce the laws. On the one hand, legislative gains can be reversed through adverse interpretations and rulings. On the other hand, these agencies can also be strong allies, especially guarding against adverse legislation.

In interpreting the law, regulators sometimes use inaccurate, problematic terminology, so it is important that you work closely with them. Also, where no law exists, many states give their regulatory agencies significant power and latitude in enforcement. There are two opportunities for influencing regulatory language: during the drafting of proposed language and when the proposal is submitted for public comment. Luckily, most regulators are committed to their work and are receptive to the opinions of those who have expertise or are most affected by the regulations. Suggestions for working with regulators include:

Keep coalitions together through the issuance of final regulations.

Emphasize the public good, not just the good for your organization.

Provide accurate, complete, and timely information.

Providing draft language can expedite decisions since agencies are often short staffed.

Ensure suggestions and requests are permissible within the agency’s legal authority.

Offer to continue to work with the agency as issues arise.

Checklist for Success

In General:
- What will be included in the bill and what will it accomplish?
- What is the political climate in your state as it applies to the possible success of the effort?
- Do you need funding for this project? If so, how much?
- What is the breakdown of expenses (at least a one-year budget)?

Coalition/Grassroots:
- Which groups (both for- and nonprofit) are likely allies to this effort?
- Which groups (both for- and nonprofit) will likely oppose this effort and why?
- Is a coalition needed? Which groups are likely to join?
- Who has key contacts with legislators?
- Is a professional lobbyist needed? Where will the funding come from to hire a lobbyist?

Legislative:
- What is the legislative process for your state?
- Who are the legislative leaders in your state (both Senate and Assembly)?
- What are the committees that this legislation will likely go through?
- Which legislators are on the committees of interest?
- Who is the committee chair(s)?
- Which legislators are likely to support this legislation?
- Which legislators are likely to oppose this legislation?

Administrative:
- Will the Governor likely be for or against this legislation?
- Does the Governor have line-item veto authority?
- Who are the key staffers in the Governor’s office?
- Which state department(s) will this legislation affect? Who are the directors/key staffs?
Appendix

This section contains alternative methods of classifying the legislation featured in this guide. Throughout the paper, we categorized the bills by type (fund, tax credit, etc). However, here the bills are listed by focus.

Affordable Housing

- Amendments to Code
  1. S.B. 1681, State Surplus Real Property (California) pg. 13
  2. S.B. 3174, An Act Relating to Housing (Hawaii) pg. 11
  3. S.B. 2854, An Act Relative to Credit Union Mortgages (Massachusetts) pg. 13
  4. A.B. 622/S.B. 2023, Amending the Fair Housing Act (New Jersey) pg. 13

- Funds
  1. S.B. 1226, Calhome Program (California) pg. 27
  2. H.B. 1340, Colorado Housing Investment Fund (Colorado) pg. 27
  3. H.B. 699, State Apartment Incentive Loan Program (Florida) pg. 28
  4. S.B. 1362, Florida Housing Preservation Program (Florida) pg. 28
  5. H.B. 2668, Rental Housing Trust Fund (Hawaii) pg. 29
  6. H.B. 512, Maryland Affordable Housing Fund (Maryland) pg. 30
  7. H.B. 4658, Creating the Michigan State Housing Development Authority (Michigan) pg. 22
  8. A.B. 500/S.B. 1783, Urban Housing Assistance Fund (New Jersey) pg. 22

- Regulatory Changes
  1. H.B. 2139, An Act Relating to Property Tax Exemption (Arizona) pg. 15
  2. A.B. 2818, Amendment to Public Housing Code (California) pg. 41
  3. A.B. 955, An Act Concerning Affordable Housing (New Jersey) pg. 39

- Strategic Initiatives
  1. A.B. 2280, Bonus for Adding Low-Income Affordable Units for Residential Development (California) pg. 48
  2. A.B. 2016, Housing Omnibus Bill (California) pg. 48
  3. A.B. 196, Fair Housing Act (New Jersey) pg. 48

- Tax Credit

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- Funds
  1. S.B. 2387, Financial Literacy Fund (Illinois) pg. 23

- Asset Accumulation Strategy
  1. S.B. 2839 A Bill for an Act Relating to Financial Education (Hawaii) pg. 33
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1. A.B. 9694/S.B. 6723, An Act to Amend the Public Authorities Law (New York) pg. 15
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1. H.B. 72, Mortgage Foreclosure Counseling and Education (Kentucky) pg. 31
2. A.B. 2517/1599, New Jersey Homeownership Preservation Act (New Jersey) pg. 24
3. A.B. 9930, Urban Homeowners Assistance Program (New York) pg. 25
4. A.B. 9931/S.B. 5935, Rural Homeowners Assistance Program (New York) pg. 27
5. A.B. 10083/S.B. 8093, Foreclosure Prevention Act Of 2008 (New York) pg. 27

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1. H.B. 2623, Emergency Program to Reduce Home Foreclosures Act (North Carolina) pg. 37
2. A.B. 281/S.B. 1265, Foreclosure Fraud Prevention Act (New Jersey) pg. 39
3. H.B. 2403, Viable Alternatives to Foreclosure Act (Pennsylvania) pg. 41

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1. H.B. 2461, Legal Services for Foreclosure Prevention for Low-Income Homeowners (North Carolina) pg. 24
2. S.B. 1602/A.B. 30308, Homeowner’s Assistance Program (New Jersey) pg. 50
3. H.B. 4616, Six-Month Moratorium on the Foreclosure of Certain Mortgages (South Carolina) pg. 50

Other
1. H.B. 2742/S.B. 2115, An Act to Create An Emergency Program To Reduce Foreclosures (North Carolina) pg. 55
2. H.B. 2601/S.B. 1402, Amending the Housing Finance Agency Law (Pennsylvania) pg. 54

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2. A.B. 1418, Credit Union Membership Investment Model (California) pg. 12
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7. S.B. 609, West Virginia Innovation and Development Act (West Virginia) pg. 33

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About Opportunity Finance Network
Opportunity Finance Network, the national network of more than 160 financial institutions, creates growth that is good for communities, investors, individuals, and the economy. Its Members include CDFIs and other opportunity finance institutions that work just outside the margins of conventional finance to bring those markets into the economic mainstream and to help the economic mainstream flow into those markets.

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