



# **SB 1470 (LENO): HOMEOWNER PROTECTIONS & CHANGES TO THE FORECLOSURE PROCESS**

**MAY 2012**

**Attachment 2**

## **Introduction**

SB 1470 (Leno) would enact several changes to the rules governing the non-judicial foreclosure process for residential real property, establish an Office of Homeowner Protection to act as an ombudsperson to facilitate the resolution of borrower-servicer disputes, and provide for enforcement mechanisms, as specified.

## **Background**

The Attorney General asserts that California is the midst of a crisis in homeownership, and that there are wide-spread problems in the mortgage servicing industry involving distressed homeowners pursuing loan modifications.

## **Bill Summary**

Changes to the foreclosure process are immensely complicated. This proposal is detailed in the attached bill language.

## **Fiscal Analysis**

This bill is keyed fiscal, though the Senate Banking and Financial Institutions Committee did not provide a fiscal analysis.

## **Support and Opposition**

### *Supporters include:*

Attorney General Kamala Harris (sponsor), AFSCME, California Church Impact, California Labor Federation, California Nurses Association, California Professional Firefighters, California Public Interest Research Group, Cambridge Credit Counseling Corporation, Center for Responsible Lending, ClearPoint Financial Solutions, Inc., Consumers Union, East Los Angeles Community Corporation, Green Path, Greenlining Institute, HomeStrong USA, International Federatio of Professional & Technical Engineers Local 21, Lutheran Office of Public Policy – California, National Asian American Coalition, National Council of La Raza – California, Nova Debt, PICO-California, SEIU, SEIU Local 1000, State Building and Construction Trades

### *Opposition to this bill include:*

California Association of Realtors, California Bankers Association, California Chamber of Commerce, California Chamber of Commerce, California Credit Union League, California Financial Services Association, California Independent Bankers, California Land Title Association, California Mortgage Association, California Mortgage Bankers Association, Civil Justice Association of California, Securities Industry and Financial Markets Association, United Trustees Association

## **Legislative History**

- Senate Banking and Financial Institutions Committee *\*Hearing cancelled*
- Conference Committee Hearing 5/10. No action taken



# **SB 1471 (DeSAULNIER): SINGLE POINT OF CONTACT**

**MAY 2012**

## **Introduction**

SB 1471 (DeSaulnier) would require mortgage servicers to offer borrowers a single point of contact with whom those borrowers may communicate regarding options that may be available to avoid foreclosure. The bill would prohibit any robo-signed document from being recorded or filed with any court, and would enact rules relating to the ability of an entity to exercise the power of sale in a mortgage or deed of trust.

## **Background**

The Attorney General asserts that California is the midst of a crisis in homeownership, and that there are wide-spread problems in the mortgage servicing industry involving distressed homeowners pursuing loan modifications, and/or other alternatives to foreclosure.

## **Bill Summary**

Changes to the foreclosure process are immensely complicated. This proposal is detailed in the attached bill language.

## **Fiscal Analysis**

Though the bill is keyed fiscal, the Senate Banking and Financial Institutions Committee did not provide a fiscal analysis.

## **Support and Opposition**

### *Supporters include:*

Attorney General Kamala Harris (sponsor), AFSCME, California Professional Firefighters, Center for Responsible Lending, Consumers Union, Lutheran Office of Public Policy-California, PICO California, San Francisco Office of the Assessor-Recorder, SEIU

### *Opposition to this bill include:*

California Association of Realtors, California Bankers Association, California Chamber of Commerce, California Chamber of Commerce, California Credit Union League, California Financial Services Association, California Independent Bankers, California Land Title Association, California Mortgage Association, California Mortgage Bankers Association, Civil Justice Association of California, Securities Industry and Financial Markets Association, United Trustees Association

## **Legislative History**

- Senate Banking and Financial Institutions Committee *\*Hearing cancelled*
- Conference Committee *Hearing 5/10. No action taken*



# **SB 1472 (PAVELY): REAL PROPERTY - BLIGHT**

**MAY 2012**

## **Introduction**

The following is an analysis of SB 1472 (Pavely). This bill would extend the amount of time, from 30 days to 60 days, for a new owner of a foreclosed property to remedy code infractions before a city or county can impose a fine for the code violations.

## **Background**

According to the Attorney General, blight remains a significant problem in communities throughout California as a result of the foreclosure crisis. Foreclosed properties can become neglected for long periods of time, during which code violations develop; and the longer the property remains vacant, the worse the violations become as there is no owner to care for the property. It is not uncommon for home values in the surrounding neighborhood to fall as these neglected foreclosed properties become blighted parts of the neighborhood.

## **Bill Summary**

This bill seeks to address blight associated with foreclosures by providing an incentive to potential homebuyers, investors, or developers to purchase blighted properties by preventing code enforcement actions against the new purchaser for 60 days, provided repairs are being made to the property, and by making permanent existing Civil Code tools that allow local agencies to combat blight with fines of up to \$1,000 per violation per day.

## **Fiscal Analysis**

The Senate Rules committee opines there is no fiscal impact with this bill.

## **Support and Opposition**

As of April 26, 2012, there was no opposition to this specific bill.

Supporters include:

- Attorney General Kamala Harris (source)
- California Bankers Association
- California Chamber of Commerce
- California Credit Union League
- California Financial Services Association
- California Independent Bankers
- California Mortgage Association
- California Mortgage Bankers Association
- California Nurses Association
- California Professional Firefighters
- Public Counsel
- United Trustees Association

## **Legislative History**

- Pass Senate Transportation and Housing (9-0) April 17, 2012
- Pass Senate Judiciary (5-0) April 24, 2012
- Pass Senate Floor (36-0) May 3, 2012



# **SB 1473 (HANCOCK): TENANT PROTECTIONS**

**MAY 2012**

## **Introduction**

The following is an analysis of SB 1473 (Hancock). This bill would provide tenants of foreclosed properties with rights to remain occupants of the property, provided that the new owner does not intend to use the location as a primary place of residence.

## **Background**

In January 2011, Tenants Together released its third annual report entitled "California Renters in the Foreclosure Crisis." The report estimated at least 38 percent of homes in foreclosures were rentals and more than 200,000 California renters were directly affected by home foreclosures in 2010. The report indicated that the counties with the highest foreclosed rental units (5,000 or more) were Los Angeles, Riverside, Sacramento, and San Bernardino. In those counties, 45,860 renters were affected in Los Angeles; 18,823 in Riverside; 17,033 in Sacramento; and 17,356 in San Bernardino.

## **Bill Summary**

This bill is intended to provide additional protections to tenants living in foreclosed homes. This bill revises the 60-day notice to vacate and instead provides, in the case of a month-to-month lease, for 90 days' notice for these tenants. This bill also provides that new owners of a foreclosed property must honor a tenant's lease, except in certain cases, and unless the new owner will occupy the property as his/her primary residence. In that case, the new owner must give the tenant a 90-day notice to vacate. This bill revises the notice that is sent to tenants when the property is noticed for a foreclosure sale to reflect these changes and also deletes the January 1, 2013 sunset date that otherwise applies to these provisions. This bill also permits a tenant in a foreclosed property to file a post-judgment claim of right to possession of the property.

## **Fiscal Analysis**

The Senate Rules committee opines there is no fiscal impact with this bill.

## **Support and Opposition**

Supporters of SB 1473 as of May 16, 2012 include:

- Attorney General Kamala Harris (source)
- California Nurses Association
- Consumers Union
- County of Santa Cruz

Opponents are:

- California Apartment Association
- California Association of Realtors

## **Legislative History**

- Pass Senate Judiciary (3-2)
- On the Senate Floor

April 17, 2012  
*\*Vote pending*