

California Homeowner Bill of Rights Part 1



On July 11, 2012, Governor Jerry Brown signed the California Homeowner Bill of Rights into law to bring fairness, accountability and transparency to the state's mortgage and foreclosure process. The Homeowner Bill of Rights goes into effect on January 1, 2013.

More than one million California homes were lost to foreclosure between 2008 and 2011—with an additional 700,000 currently in the foreclosure pipeline. Seven of the nation's 10 hardest-hit cities by foreclosure rate in 2011 were in California.

The California Homeowner Bill of Rights marks the third step in Attorney General Harris' response to the state's foreclosure and mortgage crisis. The first step was to create the Mortgage Fraud Strike Force, which has been investigating and prosecuting misconduct at all stages of the mortgage process. The second step was to extract a commitment from the nation's five largest banks of an estimated \$18 billion for California borrowers. The settlement contained thoughtful reforms but are only applicable for three years, and only to loans serviced by the settling banks.

Source: <http://oag.ca.gov/hbor>

Two key bills of the Homeowner Bill of Rights contain significant mortgage and foreclosure reforms. The major provisions of AB 278 (Eng/Feuer/Mitchell) and SB 900 (Leno/Corbett/DeSaulnier/Evans) include:

Dual track foreclosure ban: Mortgage servicers will be required to render a decision on a loan modification application before advancing the foreclosure process by filing a notice of default or notice of sale, or by conducting a trustee's sale. The foreclosure process is essentially paused upon the completion of a loan modification application for the duration of the lender's review of that application.

- Single point of contact: Mortgage servicers will be required to designate a "single point of contact" for borrowers who are potentially eligible for a federal or proprietary loan modification application. The single point of contact is an individual or team with knowledge of the borrower's status and foreclosure prevention alternatives, access to decision makers, and the responsibility to coordinate the flow of documentation between borrower and mortgage servicer.