



POLICY BRIEF: AB 2187 Caballero (D-Salinas) Mortgages: foreclosure

Summary: AB 2187 Caballero (D-Salinas) increases the regulation of the home foreclosure process. This bill requires that the lender submit to the borrower at the time of default a listing of their foreclosure rights and an explanation of the foreclosure process. The terms must be in language of the borrower. Through 2013, a mortgage lender or buyer acquiring a property via foreclosure must maintain the exterior of the vacant home. The legislation authorizes government agencies to fine violators of this upkeep provision as much as \$1,000 per day.

Background: This bill attempts to increase the level of transparency and awareness in the mortgage default process by compelling mortgage lenders to inform their borrowers of what course of action they are taking during a foreclosure and what the borrowers' rights are during it. The lenders must compose this list of rights originally from existing law. Additionally, the legislation requires owners foreclosing on their property to keep up the exterior in an attempt to combat blight. The purpose of this provision is to prevent such properties from threatening public welfare and economic activity.

The Department of Financial Institutions and the Department of Corporations expect additional annual operating costs, in the range of \$150,000, for enforcing the new regulation.

Status: Appropriations Committee

Supporters: None on file

Opponents: California Bankers Association, California Financial Services Association, California Mortgage Association, California Mortgage Bankers Association

Recommended Position: Oppose