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For Immediate Release  
May 10, 2012

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### The California Bankers Association Releases Statement on Mortgage Legislation Conference Committee

SACRAMENTO – Today Rod Brown, the president and CEO of the California Bankers Association, (CBA) released the following statement in advance of the first meeting of the recently established state legislative conference committee that will focus on residential mortgage lending and foreclosure reforms.

“The CBA wishes to reconfirm its willingness to participate in the debate regarding four legislative measures promoted by California Attorney General Kamala Harris, dealing with dual-tracking (AB 1602/SB 1470), single point of contact and “robo-signing” (AB 2425/SB 1471). We are, however, concerned with the avoidance of the typical legislative process that would involve policy and fiscal committee hearings, as well as floor debates throughout the legislative year, which ends in August.

“Despite public declaration of the desire to produce a legislative product within a ‘few weeks’, we encourage the committee to give full and complete consideration to the importance of these issues and deliberate methodically. These issues and the people of California deserve thoughtful discourse given the consequences if done incorrectly.

“We strongly believe that in promoting these measures in advance of national servicing standards the Consumer Financial Protection Bureau (CFPB) intends to release this summer with an effective date of Jan. 1, 2013, California risks setting itself apart from the rest of the nation to the detriment of future borrowers. We intend to be an active participant in the conference committee process, but we strongly feel that the most problematic areas of the legislation, outlined below, must be addressed and resolved before the committee refers any bill to a full vote of the Legislature. We believe the elements of a reasonable solution include:

- ✓ Non-approval notice provided to borrower detailing reason for non-approval of loan modification or foreclosure avoidance post-notice of default, but prior to the notice of sale (NOS). Consideration of a loan modification is contingent upon the receipt of a complete loan modification application from the borrower prior to the NOS.

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- ✓ Language that there is no right to a loan modification and no corresponding California legal requirement to offer a modification or have a modification program.
- ✓ **Eligibility qualifiers.** The current measures fail to narrowly target at-risk borrowers. Legislation should apply only to residential 1-4 properties that are owner occupied and serve as the primary residence of the borrower. No investors, speculators or strategic defaulters.
- ✓ **Consistent point of contact**, who serves as the primary contact, provided at the request of a borrower who is potentially eligible for loss mitigation.
- ✓ Language that acknowledges and allows for CFPB federal servicing standards (to be promulgated this summer), enforcement orders or settlements to override state law.
- ✓ **No private right of action.** Legal devices should not be used to unduly delay the inevitable when other foreclosure avoidance options have been exhausted.
- ✓ Provide a **right to cure** upon notice without court intervention.
- ✓ Exemption for mortgage servicers who signed, or subsequently sign, the national mortgage settlement.
- ✓ **Sunset date** to coincide with the end of the national mortgage settlement (3½ years from the date entered into.)

“California’s banking industry will continue to seek and advocate for reasonable solutions that provide meaningful consumer protections that avoid long-term damage to the marketplace, cause industry to exit residential lending and increase the cost of credit. We look forward to the upcoming debate and discussion.”

#### **About the CBA**

Established 121 years ago, the California Bankers Association (CBA) is one of the largest state banking trade associations in the country. CBA leads the way in developing relevant educational and legislative solutions to some of California’s more pressing financial and banking issues, including adult financial empowerment, identity theft, financial privacy, and financial elder abuse. CBA’s membership includes nearly 200 of California’s commercial, industrial and community banks and savings associations. For more information, visit [www.calbankers.com](http://www.calbankers.com).

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