



August 16, 2016

**ASSEMBLY FLOOR ALERT**

TO: All Members, California State Assembly

FROM: California Bankers Association  
 American Securitization Forum  
 California Building Industry Association  
 California Business Roundtable  
 California Chamber of Commerce  
 California Citizens Against Lawsuit Abuse  
 California Financial Services Association  
 California Land Title Association  
 California Mortgage Association  
 California Mortgage Bankers Association  
 Civil Justice Association of California  
 Consumer Mortgage Coalition  
 Securities Industry and Financial Markets Association  
 United Trustees Association

RE: **Opposition to Senate Bill 1150 (Leno): Successors in Interest: As Amended August 15, 2016**

The trade associations above oppose Senate Bill 1150 (Leno) relating to successors in interest. We appreciate amendments adopted in the Assembly: 1) limiting the scope of who qualifies as a successor in interest and requiring the residential one-to-four property be currently occupied by the successor in interest; 2) acknowledging the duty of the mortgage servicer to determine the creditworthiness of the successor in interest; 3) extending a safe-harbor to mortgage servicers that comply with the recently released Consumer Financial Protection Bureau (CFPB) regulations; and 4) providing a statutory protocol for assisting multiple successors in interest that may have competing views.

Notwithstanding recent amendments, we must remain opposed to a measure whose central purpose is a private right of action with draconian penalties. The measure provides a private right of action for injunctive relief, the greater of treble damages or \$50,000, and attorney's fees only for the prevailing successor in interest. This remedy will result in unnecessary litigation. We propose that the private right of action be removed and that the law be enforced by the Attorney General or district attorney.

Since SB 1150's introduction, we have mentioned the pending CFPB regulations. On August 4, 2016, the CFPB finalized their proposal issuing a comprehensive 901 page regulation, which attempts to address the same issue advanced by SB 1150. We believe that SB 1150 is unnecessary given the recently released regulation. At a minimum, the measure should not advance until an analysis can be completed by the Legislature comparing and contrasting this measure with the federal regulation.

While we must remain opposed, we respectfully request a January 1, 2019, sunset date. A sunset is appropriate given the comprehensiveness of the recently released federal regulations. It is critical that policymakers have an opportunity to bring stakeholders back to the Legislature to reconcile the proposed state law with the federal regulation. Further, there is adequate precedent for a sunset since several mortgage and foreclosure reform measures enacted during the past years have included a sunset clause.

For the reasons stated, we oppose SB 1150. Please contact us if you have questions.

cc: The Honorable Mark Leno, Member, California State Senate  
Democratic Floor Unit  
Jared Yoshiki, Consultant, Assembly Republican Caucus