

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** July 23, 2009  
**POSITION:** Neutral

**BILL NUMBER:** SB 94  
**AUTHOR:** R. Calderon

**BILL SUMMARY: Mortgage Loans**

Under current law, the Department of Corporations (DOC) is responsible for the licensure and regulation of persons engaged in the business of making consumer loans, and making and servicing residential mortgage loans. Under current law, the Department of Real Estate (DRE) is responsible for licensure and regulation of real estate brokers. Under current law, the Department of Financial Institutions (DFI) is responsible for the licensure and regulation of banks and credit unions.

This bill, an urgency measure, would prohibit any person, including real estate licensees and attorneys, from charging an advance fee for assisting with a loan modification. This bill would require any person performing loan modification services for a fee to disclose to the borrower that similar services are available from nonprofit housing counselors, free of charge. This bill provides for penalties ranging from \$1,000 to \$2,500 for violation of its provisions.

This bill would be in effect until January 1, 2013.

**FISCAL SUMMARY**

The DRE, DFI, and the DOC indicate their costs associated with this bill would be minor and absorbable.

**COMMENTS**

Finance notes the following regarding this bill:

- The intent of this measure is to address the numerous complaints received during the current foreclosure crisis concerning fraudulent rescue scams involving advance fees for loan modification services.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)							Fund Code
		PROP 98	FC	2009-2010		2010-2011		2011-2012	
(Dollars in Thousands)									
2150/Finan Instit	SO	No		-----	No/Minor	Fiscal Impact	-----		0298
2180/Corporations	SO	No		-----	No/Minor	Fiscal Impact	-----		0067
2320/Real Estate	SO	No		-----	No/Minor	Fiscal Impact	-----		0317

<u>Fund Code</u>	<u>Title</u>
0067	Corporations Fund, State
0298	Financial Institutions Fund
0317	Real Estate Fund

Analyst/Principal (0761) C. Hill	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)