

ASSEMBLY BILL

No. 34

Introduced by Assembly Member Nava

December 1, 2008

An act relating to mortgage lending.

LEGISLATIVE COUNSEL'S DIGEST

AB 34, as introduced, Nava. Residential mortgage lending.

Existing law provides for licensing and regulation of real estate brokers by the Real Estate Commissioner. Real estate brokers, among other things, are persons who solicit borrowers or lenders in connection with loans secured by liens on real property.

Existing law also provides for licensing and regulation of residential mortgage lenders by the Commissioner of Corporations.

This bill would state the intent of the Legislature to enact legislation relative to an effective system of supervision and enforcement of the mortgage lending industry, and would make legislative findings and declarations regarding recently-enacted federal legislation and related matters.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Congress recently passed H.R. 3221, the Housing and
- 4 Economic Recovery Act of 2008, which was signed into law by
- 5 the President on July 30, 2008, and became Public Law 110-289.

1 (b) H.R. 3221 includes, as Title V of Division A of that act, the
2 Secure and Fair Enforcement for Mortgage Licensing Act of 2008
3 (the SAFE ACT).

4 (c) The activities of mortgage loan originators and the
5 origination or offering of financing for residential real property
6 have a direct, valuable, and immediate impact upon California's
7 consumers, the California economy, California's communities and
8 neighborhoods, and the housing and real estate industry.

9 (d) Accessibility to mortgage credit is vital to California
10 residents.

11 (e) It is essential for the protection of California residents and
12 the stability of the economy that reasonable standards for licensing
13 and regulation of the business practices of mortgage loan
14 originators be imposed.

15 (f) The obligations of mortgage loan originators to consumers
16 in connection with originating or making of residential mortgage
17 loans warrant the regulation of the mortgage lending process.

18 (g) The purpose of the SAFE Act is to protect consumers seeking
19 mortgage loans and to ensure that the mortgage lending industry
20 is operating without unfair, deceptive, or fraudulent practices on
21 the part of mortgage loan originators.

22 SEC. 2. It is the intent of the Legislature to establish in this act
23 an effective system of supervision, regulation, and enforcement
24 of the mortgage lending industry, including the following:

25 (a) The authority to issue licenses to conduct business under
26 this act, including the authority on the part of the administering
27 agency to promulgate rules and regulations or adopt procedures
28 necessary to the licensing of persons covered under this act.

29 (b) The authority to deny, suspend, condition, or revoke licenses
30 under this act.

31 (c) The authority to examine, investigate, and conduct
32 enforcement actions as necessary to carry out the intended purposes
33 of this act, including the authority to subpoena witnesses and
34 documents, enter orders, including cease and desist orders, order
35 restitution and monetary penalties, and order the removal and ban
36 of individuals from office or employment.

- 1 (d) Participation by the Department of Corporations and the
- 2 Department of Real Estate in the Nationwide Mortgage Licensing
- 3 System and Registry.

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