



## Reflecting on the End of 2023/24 Legislative Session

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## Member Alert

The 2023/2024 legislative session for California has ended – the deadline for the Legislature to pass bills was on August 31st, and Governor Newsom had until September 30th to sign or veto the bills that came to his desk. This was a busy year for California MBA advocacy, with active engagement in support or opposition to various legislative and regulatory proposals that would impact the industry. Below is an overview of key highlights and priority issues in the legislative, regulatory, and campaign arenas.

### **Regulatory activity:**

We continue to work with the Department of Financial Protection and Innovation (DFPI) as they consider changes to the DFPI fee structures. Rather than instituting a special assessment fee this Fall, DFPI is conducting a *Fiscal & Cost Allocation Plan Analysis*. That cost study will inform future fee proposals, and we will work with Commissioner Hewlett and DFPI staff to ensure that any new assessments are fair and reasonable. Additionally, we continue to monitor and engage with the California Department of Insurance (CDI) to encourage rapid adoption of the Sustainable Insurance Strategy to stabilize the state's insurance market and restore available, competitive insurance options for property owners.

### **Ballot initiatives:**

California has joined the [No on Prop 33 Coalition](#), and [Yes on Prop 36 Coalition](#). [Prop 33](#) would expand rent control laws, reduce home values, and reduce affordable housing development. The measure has already been defeated at the ballot in 2018 and 2020; it would make the housing crisis even worse by making it more difficult to build new housing. [Prop 36](#) would increase punishment for some theft and drug crimes, and create a new treatment-focused court process for some drug possession crimes. It was put on the ballot to address problems from Prop 47, approved ten years ago, which led to an increase in property crimes.

## **Legislative activity:**

California MBA was monitoring about 50 bills that could have had impacts on the industry. Our top advocacy priorities included AB 2930 (Bauer-Kahan), SB 1103 (Menjivar), AB 2996 (Alvarez).

# **AB 2930 (Bauer-Kahan)**

Automated decision tools

AB 2930 stalled in the Senate after the bill was amended and scaled back to remove financial transactions including mortgage and housing from the bill following significant engagement by California MBA and other industry trade groups. The prior version of AB 2930 proposed to regulate the use of "automated decision tools" (ADT) in order to prevent "algorithmic discrimination" and included requirements on developers and deployers that make and use these tools to make "consequential decisions". As originally introduced, this measure would

ed consumers to opt out of automated underwriting.

# **AB 3048 (Lowenthal)**

CCPA of 2018: opt-out preference signal

AB 3048 was vetoed by Governor Newsom and would have required web browsers to include a setting that enables a consumer to send an opt-out preference signal to a business the consumer is interacting with. In the veto message, the Governor discussed concern about placing a mandate on operating system developers at this time and notes that design questions should be addressed by developers, rather than by regulators.

# **SB 1103 (Menjivar)**

Tenancy of commercial real properties

SB 1103 (Chapter 1015, Statutes of 2024) creates new mandates on commercial leases including notice and document translation requirements and restrictions on cost recovery for qualified commercial tenant. SB 1103 was opposed by California MBA and industry trade groups because the measure introduces significant legal risks for property owners by allowing tenants to rescind leases for non-compliance.

## SB 1286 (Min)

### Rosenthal Fair Debt Collection Practices Act

SB 1286 (Chapter 522, Statutes of 2024) expands the Rosenthal Fair Debt Collection Practices Act to cover commercial debt resulting from a covered commercial credit transaction of five hundred thousand dollars (\$500,000) or less. SB 1286 was amended to clarify that the \$500,000 threshold is based on the total aggregate maximum at time of origination and amendments clarified that the measure applies to obligations entered into, renewed, sold, or assigned on or after July 1, 2025. However, industry trade groups including California MBA opposed the bill because the author rejected requested amendments to lower the maximum allowable threshold.

## AB 3108 (Jones-Sawyer)

### Business: Mortgage fraud

AB 3108 (Chapter 517, Statutes of 2024) adds specified acts by a mortgage broker or originator to the list of mortgage fraud offences under the Penal Code including instructing or causing a borrower to sign documents reflecting the terms of a business, commercial, or agricultural loan, with knowledge that the borrower intends to use the loan proceeds primarily for personal, family, or household use, instructing or causing a borrower to sign documents reflecting the terms of a bridge loan, with knowledge that the loan proceeds will be not used to acquire or construct a new dwelling, and adds to the Covered Loan Law that the act of committing mortgage fraud is a prohibited act of the Covered Loan Law.

# AB 2424 (Schiavo)

## Mortgages: Foreclosure

AB 2424 (Chapter 311, Statutes of 2024) adds procedural requirements to the foreclosure process. Specifically, it establishes a new 45-day waiting period before a foreclosure sale can occur for a borrower who attempts to sell their property, if the property specified in the deed of trust or mortgage is listed for sale and the trustee receives a listing agreement from the borrower at least five business days before the scheduled date of sale. AB 2424 was amended to remove problematic contingent bid provisions that would have required a new multiple bid process by non-cash purchasers before the live auction could proceed and additional amendments were adopted to address implementation and workability needs. California MBA opposed the original version of AB 2424 but was able to remove its opposition when the bill was amended to address association concerns.

# AB 3100 (Low)

## Assumption of mortgage loans: Dissolution of marriage

AB 3100 (Chapter 431, Statutes of 2024) requires mortgages originated on or after January 1, 2027, to contain provisions that allow for assumption in the case of separation or divorce, if both spouses are listed as co-borrowers on the loan and the borrower to assume the loan qualifies, as determined by the lender. AB 3100 was amended to address the concerns raised by California MBA and other industry trade groups including amendments to clarify that the lender determines if the assuming borrower would qualify and to remove the disclosure requirement, delay implementation, and limit the bill to owner-occupied residential real property. In addition, California MBA requested the author seek formal feedback from the Federal Housing Finance Agency and the Enterprises to confirm the bill is consistent with the GSE guidelines. Because the author received only informal feedback that the bill is consistent with the selling guidelines, a formal letter by the author was printed in the Assembly Journal regarding the author's intent to align with the GSE guidelines.

# SB 219 (Wiener)

## Climate Disclosure Clean-up (SB 253/ SB 261 of 2023)

SB 219 (Chapter 766, Statutes of 2024) delays the requirement that the California Air Resources Board (CARB) adopt regulations implementing SB 253 (Wiener, Chapter 382, Statutes of 2023) by six months, from January 1, 2025, to July 1, 2025. It authorizes reports to be consolidated at the parent company level, and requires that the reporting entity publicly disclose its Scope 3 emissions on a schedule specified by CARB, rather than no later than 180 days after its Scope 1 emissions and Scope 2 emissions are publicly disclosed. Regarding SB 261 (Stern, Chapter 383, Statutes of 2023) clean-up, SB 219 provides flexibility to CARB to decide if they contract with a climate reporting organization or not to manage the program administration duties, such as review of disclosures, public reporting, stakeholder meetings, identify insufficient report etc.

## SB 278 (Dodd)

Elder abuse: Emergency financial contact program

SB 278 was vetoed by Governor Newsom and would have required financial institutions who are mandated reporters of suspected financial abuse of an elder or dependent adult (generally, a bank or credit union) to comply with a new "Emergency Financial Contact Program," which would have required the financial institution to attempt to contact an elder, 65 year or older, or dependent adult account holder annually to request a designated contact. SB 278 would have required a covered entity to notify a joint account holder or the emergency contact if they suspect financial abuse for transactions of \$5,000 or more, and hold the transaction at least three business days. In his veto message, the Governor discussed concerns that the mandatory three-day hold on transactions suspected of abuse could lead to unintended consequences, such as delaying legitimate transactions and restricting access to funds, thereby undermining the financial independence of affected account holders. The veto message also noted that the proposed enforcement provisions need further review to ensure they are legally sound and minimize the risk of costly litigation. California MBA was opposed to the original version of SB 278 but was able to remove its opposition when the bill was amended and narrowed to deposit account financial scams.

## SB 1061 (Limón)

Consumer debt: Medical debt

SB 1061 (Chapter 520, Statutes of 2024) prohibits use of medical debts in consumer credit reporting in California. California MBA opposed the original version of SB 1061 but was able to remove its opposition when the bill was amended to fully exempt from the definition of "medical debt" a loan secured by real property. The bill was further amended to conform the definition of "medical debt" to the federal definition which includes debt

owed to a healthcare facility or healthcare professional.

## AB 2996 (Alvarez)

California FAIR Plan Association (Urgency)

AB 2996 stalled after the state Senate failed to take up the measure for a vote before the end of session deadline to pass bills. AB 2996 was an urgency bill supported by California MBA and other trade groups to provide a solution if, following catastrophic fires, the California Fair Access to Insurance Requirements Plan Association (FAIR Plan) were to be in a situation where they could not pay claims. AB 2996 would have authorized the California Infrastructure and Economic Development Bank (IBank) to issue bonds to finance the costs of claims/increase liquidity, and would have required the FAIR Plan, with the approval of the Insurance Commissioner, to assess all members to pay all loan payments and the costs relating to a loan agreement with IBank, as well as to assess all members to repay a line of credit and its related costs.

## AB 1854 (Schiavo)

Service member protections

AB 1854 (Chapter 144, Statutes of 2024) provides for a period following a tour of active duty during which a reservist may apply for relief from specified financial obligations. AB 1854 requires a request for deferral to be submitted not later than 90 days following the period of active duty. To address California MBA concerns that the original version of the bill would allow a reservist to request retroactive deferment of payments that came due up to 180 days before the deferment request, AB 1854 was amended to clarify that deferment applies to payments subsequent to notice and reduced the period to 90 days.

# **SB 92 (Umberg, Chapter 45, Statutes of 2024) & AB 2288 (Kalra, Chapter 44, Statutes of 2024)**

## **Private Attorneys General Act of 2004**

Together, SB 92 and AB 2288, effective immediately as urgency statutes, reform the Private Attorneys General Act (PAGA) and apply to civil actions where the PAGA notice was filed on or after June 19, 2024. Specifically, the legislation requires that penalties will be capped for employers who quickly redress violations, require employees to have personally experienced an alleged violation to bring a PAGA claim based on that violation, creates a right-to-cure process for small employers through the Labor and Workforce Development Agency, codify the right of courts to limit the scope of claims and evidence presented at trial, and allow courts to provide injunctive relief requiring businesses to implement changes to the workplace to redress Labor Code violations, permit the Department of Industrial Relations to expedite hiring and fill vacancies. SB 92 and AB 2288 was supported by CA MBA and other trade groups.

# **AB 1840 (Arambula)**

## **Home Purchase Assistance Program eligibility**

1840 was vetoed by Governor Newsom and would have prohibited disqualification of an applicant to one of the California Housing Finance Authority's (CalHFA's) home purchase assistance programs solely on the basis of the applicant's immigration status. In the veto message, the Governor discussed concerns that given the finite funding available for CalHFA programs, expanding program eligibility must be carefully considered within the broader context of the annual state budget.



# AB 2927 (McCarty)

Pupil instruction: High school graduation requirements  
personal finance (Urgency)

AB 2927 (Chapter 37, Statutes of 2024) took effect immediately as an urgency statute and requires students, including those enrolled in charter schools, commencing with students graduating in the 2030–31 school year, to complete a one-semester course in personal finance. It also requires all high schools, commencing with the 2027–28 school year, to offer a one-semester course in personal finance. AB 2927 was supported by California MBA. Upon passage of AB 2927, proponents of the California Personal Finance Education Act initiative that was eligible for the November 2024 ballot withdrew their measure.

# AB 1871 (Alanis)

Adopted course of study for grades 7 to 12:  
Social sciences – personal financial literacy

AB 1871 (Chapter 810, Statutes of 2024) includes personal finance within the social sciences area of study within the adopted course of study for grades 7 to 12. AB 1871 was supported by California MBA.

Looking ahead, we expect 2025 to be the start of another busy two-year legislative session. Once again there will be a lot of attention on the role and impact of artificial intelligence (AI), and we will be watching to determine where proposed policies may benefit or concern the real estate finance industry. Additionally, there will be a large group of freshman legislators coming into office after the November election, with at least 24 new Assemblymembers, and at least 12 new Senators. This will require education and outreach to ensure that our state's legislators understand the nature of the real estate finance industry and the importance of protecting access to affordable credit for qualified homebuyers.

*The California Mortgage Bankers Association will continue its work in Sacramento to protect your interests and advocate for the industry before the Legislature, regulators, and the Administration. Contact [membership@cmba.com](mailto:membership@cmba.com) with any questions.*