

Democrats delay California mortgage overhaul amid business opposition

By Jon Ortiz, Sacramento Bee

Amid raucous boos and hisses from a packed hearing room gallery, an Assembly committee on Monday suddenly pulled two mortgage reform bills sponsored by Attorney General Kamala Harris – just before she was supposed to testify.

The unexpected turn of events in the Democratic-controlled Banking and Finance Committee turned what Harris hoped would be a slam-dunk hearing into a signal that her “Homeowner Bill of Rights” is in trouble.

The banking and mortgage industries strongly oppose the bills, intended to clean up lending and foreclosure industry abuses. The California Chamber of Commerce has put them on its hit list of “job killer” legislation. “We’re concerned about these bills because we believe that they’ll stall economic development in the state,” said Cal Chamber lobbyist Marti Fisher.

The measures pulled by committee Chairman Mike Eng, D-Monterey Park, would apply to California lenders the terms of consumer protections recently accepted by five major banks to settle a high-profile lawsuit by Harris and other state attorneys general.

The \$25 billion settlement reached several weeks ago with Ally Financial, Bank of America, Chase, Citi and Wells Fargo expires in three years. Harris’ bills would apply the stricter rules indefinitely to all mortgage companies doing business in California.

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