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AB-1106 Los Angeles County: notice of recordation. (2019-2020)

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Assembly Bill No. 1106

CHAPTER 165

An act to amend Section 27297.6 of, and to amend and repeal Section 27387.1 of, the Government Code, relating to local government.

[Approved by Governor July 31, 2019. Filed with Secretary of State July 31, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1106, Smith. Los Angeles County: notice of recordation.

Existing law authorizes the Los Angeles County Recorder, following the adoption of an authorizing resolution by the Los Angeles County Board of Supervisors, to mail a notice of recordation to the party or parties executing a deed, quitclaim deed, or deed of trust within 30 days of the recording of one of those documents, and, until January 1, 2020, also authorizes the recorder to provide notice by mail to a party or parties subject to a notice of default or notice of sale of a property, within a prescribed period following recordation.

This bill would extend, until January 1, 2030, the provisions authorizing the recorder to provide notice by mail to a party or parties subject to a notice of default or notice of sale of a property.

Existing law requires the County of Los Angeles, following the adoption of the authorizing resolution, to submit a report to the Senate Committee on Judiciary and the Assembly Committee on Local Government on or before January 1, 2019, that provides specified information including, among other things, the number of filed notices of default and notices of sale for which a fee was collected and the amount of fees collected.

This bill would require the County of Los Angeles, following the adoption of the authorizing resolution, to submit a report to the Senate Committee on Judiciary and the Assembly Committee on Local Government on or before January 1, 2029, providing the same information. The bill would require the report to provide all relevant information covering the period of time between December 1, 2013, and November 1, 2028.

Existing law also authorizes, until January 1, 2020, the Los Angeles County Recorder to collect a fee from party filing a notice of default or notice of sale. Existing law authorizes the Los Angeles County Recorder to collect a fee from a party filing a deed, quitclaim deed, or deed of trust. Existing law authorizes the recorder to use a portion of the collected fees to pay the actual cost of providing information, counseling, and assistance to a person who receives the notice. Existing law authorizes administrative costs incurred by the recorder to be included as a portion of the actual costs that comprise the fee, as specified. Existing law prohibits this fee from exceeding \$7.

This bill would extend, until January 1, 2030, the authority of the County of Los Angeles to collect a fee, including administrative costs, from party filing a notice of default or notice of sale. The bill would, on and after January 1, 2030, remove the authority for the fee to include administrative costs and the cost of providing information and counseling, as described above.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 27297.6 of the Government Code, as amended by Section 1 of Chapter 65 of the Statutes of 2014, is amended to read:

27297.6. (a) (1) Following adoption of an authorizing resolution by the Los Angeles County Board of Supervisors, the Los Angeles County Recorder, or a designee or designees authorized by the board of supervisors, may notify one or more of the following by mail:

(A) The party or parties executing a deed, quitclaim deed, or deed of trust, within 30 days of recordation.

(B) The party or parties subject to a notice of default or notice of sale, including the occupants of that property, within 5 days, but in any event no more than 14 days, of recordation.

(2) The recorder may require, as a condition of recording, that a deed, quitclaim deed, deed of trust, notice of default, or notice of sale indicate the assessor's identification number or numbers that fully contain all, or a portion of, the real property described in the legal description. If the description contains more than one assessor's parcel, all assessor's parcels shall be indicated. The form of the entry shall be substantially as follows: Assessor's Identification Number ___-___-___.

(b) This section shall not apply to the recordation of any document where the federal government, or state, county, city, or any subdivision of the state acquires title.

(c) The failure of the county recorder to provide the notice as permitted by this section shall not result in any liability against the recorder or the county. In the event that the notice is returned to the recorder by the postal service as undeliverable, the recorder is not required to retain the returned notice.

(d) Where the county recorder contracts with any party or parties for the performance of the processing or the mailing of the notice, or both, as authorized by this section, the contract shall be awarded by competitive bid. The county recorder shall solicit written bids for the contract in a newspaper of general circulation in the county, and all bids received shall be publicly opened and the contract awarded to the lowest responsible bidder. If the county recorder or their designee deems the acceptance of the lowest responsible bid is not in the best interest of the county, all bids may be rejected.

(e) If the board of supervisors adopts an authorizing resolution, pursuant to subdivision (a), that includes notification of the parties described in subparagraph (B) of paragraph (1) of subdivision (a), the County of Los Angeles shall, on or before January 1, 2029, submit a report to the Senate Committee on Judiciary and the Assembly Committee on Local Government that shall include, but not be limited to, the following information covering the period of time between December 1, 2013, and November 1, 2028:

(1) A copy of each type of notice mailed pursuant to subparagraph (B) of paragraph (1) of subdivision (a).

(2) The number of filed notices of default and notices of sale for which a fee was collected pursuant to Section 27387.1.

(3) The amount of fees collected, pursuant to Section 27387.1, for the filing of notices of default and notices of sale.

(4) The amount of fees spent to provide housing information, counseling, and assistance, described in Section 27387.1.

(5) Documented examples showing how the county's homeowner notification program led to successful investigations of real estate fraud activity, referrals to prosecuting agencies, avoided foreclosures, or helped property owners and residents avoid falling victim to real estate fraud.

(6) An evaluation of whether the county's homeowner notification program, in comparison to other available policy tools in the County of Los Angeles, is a cost-effective approach to combating real estate fraud and reducing foreclosures.

(7) An evaluation of whether the county's homeowner notification program is an effective way to inform tenants of an impending foreclosure and to combat abusive post-foreclosure practices by property owners.

(8) An assessment of how the county's homeowner notification program compares to real estate fraud and foreclosure prevention programs being implemented in at least three other large, urban California counties.

(f) This section shall remain in effect only until January 1, 2030, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2030, deletes or extends that date.

SEC. 2. Section 27297.6 of the Government Code, as amended by Section 2 of Chapter 65 of the Statutes of 2014, is amended to read:

27297.6. (a) Following the adoption of an authorizing resolution by the Los Angeles County Board of Supervisors, the Los Angeles County Recorder may, within 30 days of recordation of a deed, quitclaim deed, or deed of trust, notify the parties executing the document by mail. The recorder may require, as a condition of recording, that a deed, quitclaim deed, or deed of trust indicate the assessor's identification number or numbers that fully contain all, or a portion of, the real property described in the legal description. If the description contains more than one assessor's parcel, all assessor's parcels shall be indicated. The form of the entry shall be substantially as follows: Assessor's Identification Number ____-____-____.

(b) This section shall not apply to the recordation of any document where the federal government, or state, county, city, or any subdivision of the state acquires title.

(c) The failure of the county recorder to provide the notice as permitted by this section shall not result in any liability against the recorder or the county. In the event that the notice is returned to the recorder by the postal service as undeliverable, the recorder is not required to retain the returned notice.

(d) Where the county recorder contracts with any party or parties for the performance of the processing or the mailing of the notice, or both, as authorized by this section, the contract shall be awarded by competitive bid. The county recorder shall solicit written bids for the contract in a newspaper of general circulation in the county, and all bids received shall be publicly opened and the contract awarded to the lowest responsible bidder. If the county recorder or their designee deems the acceptance of the lowest responsible bid is not in the best interest of the county, all bids may be rejected.

(e) This section shall become operative on January 1, 2030.

SEC. 3. Section 27387.1 of the Government Code, as amended by Section 3 of Chapter 65 of the Statutes of 2014, is amended to read:

27387.1. (a) In addition to any other recording fee, the recorder, pursuant to Section 27297.6, may collect a fee from the party filing a deed, quitclaim deed, deed of trust, notice of default, or notice of sale, unless that party is a government entity. The fee shall not exceed the mailing cost of the notice specified in Section 27297.6 and the actual cost to provide information, counseling, or assistance to a person who receives the notice, not to exceed seven dollars (\$7).

(b) The actual costs comprising the fee described in subdivision (a) may include administrative costs incurred by the recorder in performing the actions described in that subdivision. However, the administrative costs shall not exceed 10 percent of the total fee collected pursuant to subdivision (a).

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2030, deletes or extends that date.

SEC. 4. Section 27387.1 of the Government Code, as amended by Section 4 of Chapter 65 of the Statutes of 2014, is amended to read:

27387.1. (a) In addition to any other recording fee, the recorder may collect a fee from the party filing a deed, quitclaim deed, or deed of trust, other than a government entity, pursuant to Section 27297.6. The fee shall not exceed the mailing cost of the notice specified in Section 27297.6, not to exceed seven dollars (\$7).

(b) This section shall become operative on January 1, 2030.

SEC. 5. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because the County of Los Angeles is experiencing a unique and prolonged recovery from the financial and real estate fraud crisis.