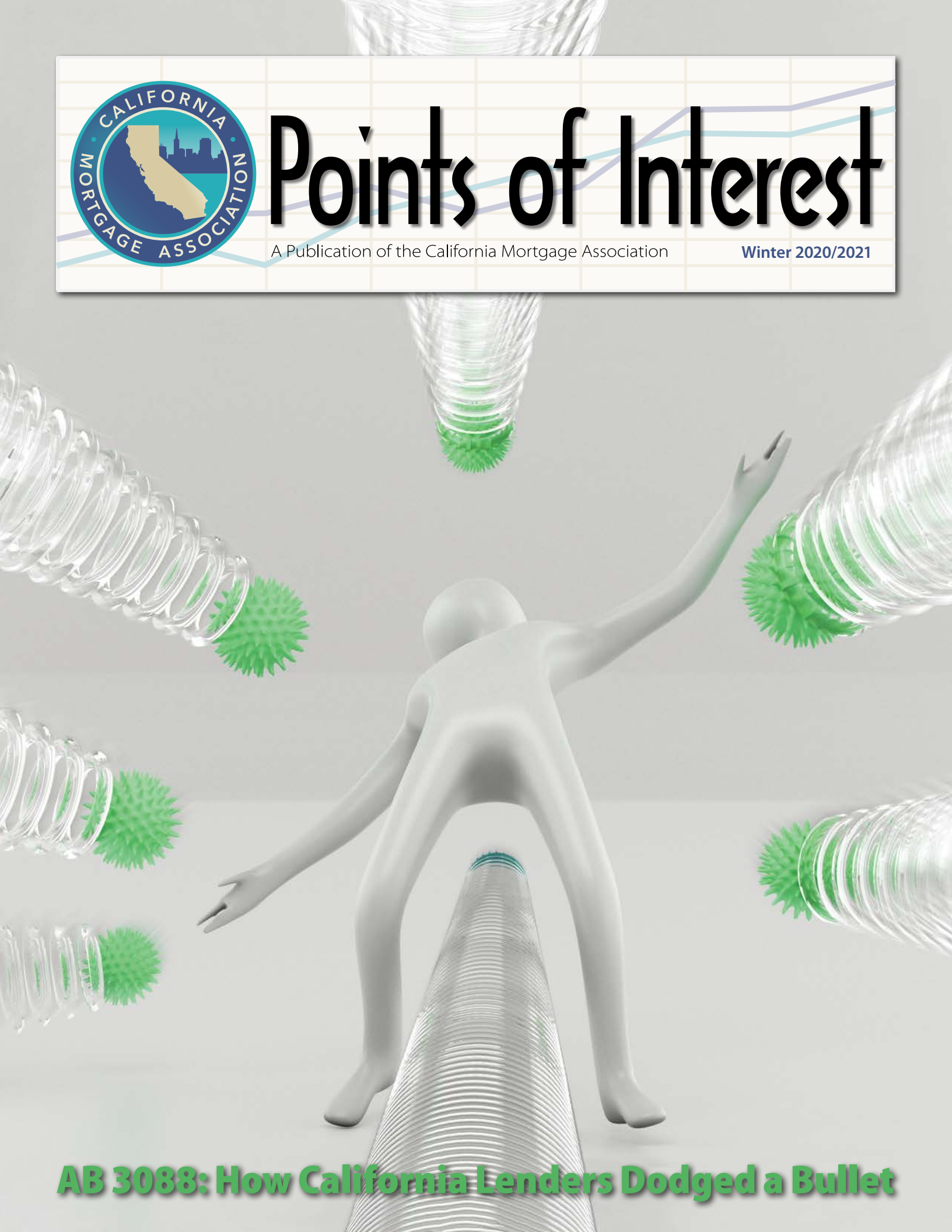
Points of Interest

A Publication of the California Mortgage Association

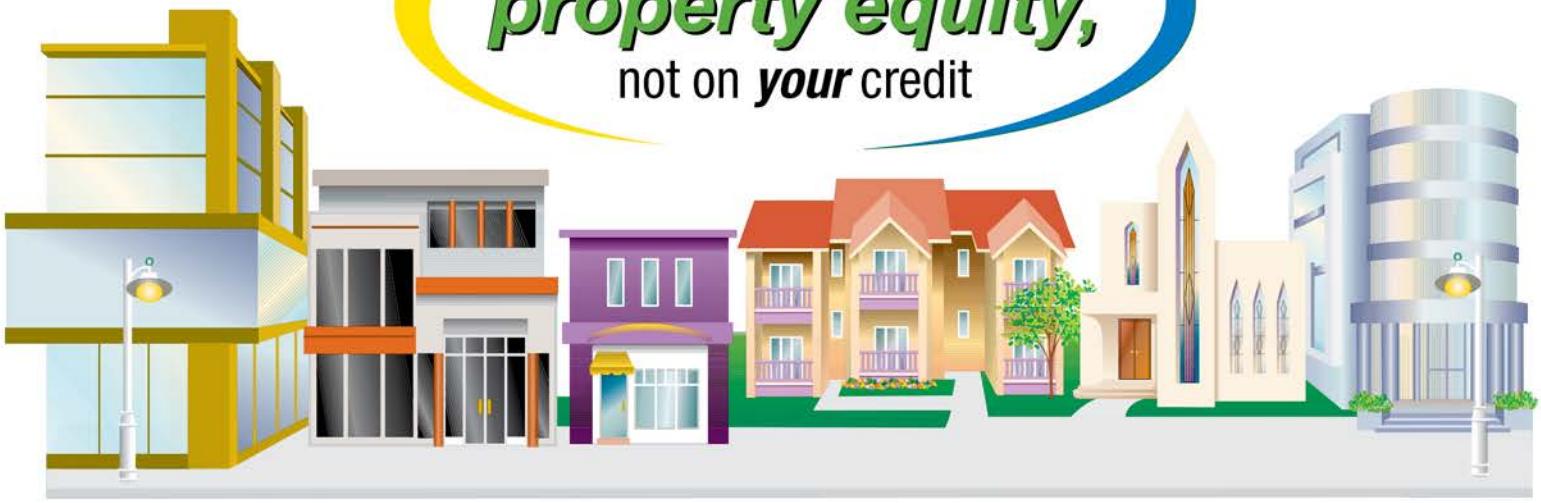
Winter 2020/2021



AB 3088: How California Lenders Dodged a Bullet

Commercial Real Estate Loans
$50,000 to $10,000,000

We base our loan on the
property equity,
not on ***your*** credit



- Retail
- Factories
- Industrial
- Non-Profits
- Apartments
- Warehouses
- Strip Centers
- Office Buildings
- Automotive Centers
- Churches / Temples
- Mixed-Use / Single Use
- Non-Conforming Properties

Credit Problem? No Problem!

- ✓ No Financial Statements
- ✓ No Tax Returns
- ✓ No P&Ls

GREAT TERMS

- Fixed Rates
- Up to 20 Years Fully Amortized or
- 30 Year Amortization Due in 15 Years
- No Prepayment Penalty
- Interest Only to 5 Years*
  *has balloon payment
- Fast Funding - Less Than 10 Days*
  *subject to verified title report

Call: 1-800-752-9533 • www.fidelityca.com

FIDELITY
MORTGAGE LENDERS, INC.

California Bureau of Real Estate Broker License No. 00388229

Points of Interest is published by the **California Mortgage Association**, a voluntary trade association serving California mortgage and trust deed brokers and lenders.

2520 Venture Oaks Way, Suite 150
Sacramento, CA 95833
(916) 239-4080 – phone • (916) 924-7323 – fax
cma@camgmt.com
www.californiamortgageassociation.com

Points of Interest

A Publication of the California Mortgage Association

Inside This Issue

From the President

By Elizabeth M. Knight • 2020-2021 CMA President

Before I write my message for *Points of Interest*, I always go through inspirational quotes to see what great sayings have been said and if there is one that pertains to our CMA members right now. There are many such quotes and sometimes it is tough to choose but this one, I thought, was very appropriate to our membership: "If opportunity doesn't knock, build a door."

Today, I am writing from the airport, on my way to Arizona. The last time I was at the airport was in April, also on my way to Arizona. I was told Southwest Airlines will be opening their middles seats in December. Things must be looking up. They are actually anticipating that there will be enough passengers to sit in the middle seats! This is progress.

And, that is what CMA members always do, tough it out and continue to "build doors." Usually, these are doors of opportunity or change. This is what the private lending industry is best at, taking a difficult situation and creating a way to make it work.

This has been a different type of year and as it draws to a close, good things are on the horizon; the state is opening back up, a vaccine is right around the corner and ways to navigate the new tough legislation are being figured out. I have talked to many people who are building their "doors" differently, outsourcing some work to focus on other aspects of their business, working a bit less and spending quality time doing activities they want to do, creating new markets, figuring out new products and calculating new ways to market existing products. We are a hardworking and creative group. I am very proud to be part of this elite arena of professionals.

Looking back over this year, we have accomplished so much in lieu of the virus, the shutdowns, the new legislation, the personal separation from others. Our conferences have continued and thrived, CMA produced more webinars than ever, loans are still being written, people are still healthy, we have shown strength in Sacramento, we have a new group of board members coming in being excited and there is optimism for the upcoming year.

I look forward to hearing what "doors" you have opened when we see each other at the next conference. We will be deciding this week whether it will be "live" or "virtual." Whichever way we go, we will all catch up with each other and enjoy 2021.

Have a great holiday season!

From the Editor

By Mayumi Bowers • Editor, *Points of Interest*

As 2020 draws to a close, I've been reflecting on everything that's happened this year. Kobe Bryant's death, the Lakers and the Dodgers both winning the championship, Covid-19, an emotional election, missing time with family, missed graduations and canceled weddings, living at work (aka: working from home), and eating outside more than ever before. While everyone has been eager to end what is undeniably "the year to end all years," I still look back at the year and think that not everything this year was bad. There was still a lot of good that happened like the increased use of technology (Zoom calls, virtual conferences, telemedicine, QR codes, etc.), saving money by not eating out and traveling, getting anything you can think of delivered to your house, and becoming more resourceful with what already existed.

But I'm not going to lie, I am happy to say that 2020 is in the rearview mirror! Unfortunately, it looks like the year 2020 is leaving some coal in the Christmas stocking. New legislation is set to impact the way certain procedures are to be handled regarding foreclosures and collections, as well as some good changes with ADUs, and more which we cover in this edition. So, unfortunately, it seems like 2020 might be the "gift" that keeps on giving. But don't get overwhelmed by what is to come, instead stay focused on your goals. As George Lucas said, "Your focus determines your reality." Your 2021 can and will most certainly be a great year ahead!

Private Money Loan Servicing Software
Powerful, Flexible and Easy to Use!

Multi-Lender Loans

RESPA Compliant Escrow Analysis

Online Investor Access

Enhanced Reporting and Forecasting

Rehab, Commercial, Construction, HELOC, ARM

Mortgage Pools

intuit quickbooks Integration

Online and Over The Phone Payments

Borrower and Investor Text Alerts

The Mortgage Office®
Powerful Lending Software

(800) 833-3343 www.TheMortgageOffice.com

Applied Business Software, Inc. 2847 Gundry Avenue, Long Beach, CA 90755 **sales@absnetwork.com**

SACRAMENTO SUMMARY

By Michael J. Arnold & Michael Belote, Esq.
Legislative Advocates

We are happy to have 2020 in the rear-view mirror, but fear that 2021 will be another busy legislative year.

The new 2021-22 two-year legislative session began on December 7th when the Legislature came back to Sacramento for the swearing in ceremonies. They only stayed in town for one day, but left the desks open on the floors for the introduction of new legislation. We are now tracking seven bills of interest to the membership which have already been introduced for the new session. In addition to new legislation, we will spend considerable time during 2021 on the implementation of key legislation passed during 2020. All bills passed during 2020 take effect on January 1, 2021, unless the bill has an urgency clause making it take effect immediately upon signature by the Governor or has language calling for some other effective date.

The deadline for the introduction of new legislation is February 19th. Thus, we should have a good idea of the bad bills and the good bills by the first week in March. However, the "gut and amend" approach to legislation is still alive and well here in the state capital. That is the reason we read every amendment to every bill every day. When we identify bills of interest to the membership, we take them to the Board for direction and add them to our Legislative Status Report (LSR) which shows all bills we are following and provides additional information on each bill. The LSR is available to any CMA member at any time.

With the election of Assembly Member Lemon to the Senate, we now have a new chair of the Assembly Banking and Finance Committee: Assembly Member Tim Grayson (D, Concord). We know Mr. Grayson well and look forward to working with him in his new capacity as chair of this important committee. We will soon be reaching out to CMA members in Mr. Grayson's Assembly District (AD 14) to be certain they get to know their legislator, the new chair of the Assembly Banking Committee.

COVID-19 continues to impact the activities of the Legislature, making in-person lobbying more difficult and grassroots activities and PAC resources even more important than ever. The Legislature has delayed the return to Sacramento, pushing back the starting date in January by one week to January 11th.

The three bills of greatest interest to the CMA membership so far are:

AB 15 (Chiu) – Entitled "The Tenant Stabilization Act of 2021." A 48-page bill which amends the Tenant Relief Act of 2020 (AB 3088) to 1) change the definition of "COVID-19 rental debt" from debt coming due 3/1/2020 to 1/31/2021 to debt due between 3/1/2020 to 12/31/2021; 2) extend the sunset date on the act from 2/1/25 to 1/1/26; and makes several other changes which expand tenant protections and extend provisions of AB 3088 further into the future. AB 15 also amends the Consumer Credit Reporting Agencies Act, and the Mobilehome Residency Law prohibiting the use of an alleged COVID-19 rental debt as the basis for a negative reference to a prospective housing provider; and extending the 15-day notice requirement to 60 days for management of a mobile home park from appearing before a local government for change of use of a mobile home park. The bill contains an urgency clause.

AB 16 (Chiu) – This is an "intent bill" which will be amended to contain language to establish "a framework for distributing financial support to ensure long-term stability for renters, small landlords, and affordable housing providers, protect tenants from displacement during the ongoing public health crisis, and ensure an equitable, broadly shared recovery."

SB 3 (Caballero) – Amends the "COVID-19 Tenant Relief Act of 2020" by extending the duration of both the "covered time period" and the "transition time period" from 1/31/21 to 3/31/21.

We look forward to another busy and interesting year representing the membership of the California Mortgage Association on matters of important mutual interest.

Assembly Bill 3088: How the California Lenders Dodged a Bullet

by
T. Robert Finlay, Esq.
Wright, Finlay & Zak, LLP

When COVID first hit, Sacramento proposed two Bills concerning foreclosure moratoria and mandatory forbearance requirements. Assembly Bill (AB) 2501 included a combination of both that could have prevented foreclosure on any residential loan through March 2022. However, with the help of Mike Belote, Mike Arnold, the CMA and its members, the mortgage industry narrowly avoided a huge mess by only two Assemblyperson votes in June.

Many of the same provisions from AB 2501 resurfaced in the Senate with AB 1436. Through more heroic efforts by the "Mikes," AB 1436 gave way to a far more rational and fair balance between the rights of lenders to enforce their security and trying to help borrowers impacted by COVID-19 – AB 3088. Championed as a compromise by Governor Newsom's office, AB 3088 passed both houses and was signed by the Governor just before the Legislature session ended on August 31, 2020. Passed as urgency legislation, AB 3088 became effective the next day – September 1st.

What exactly does AB 3088 mean to the CMA and its members? To answer that question, it's important to look first at what its enactment does not mean – there is **no** foreclosure moratorium, **no** mandatory forbearance requirement and **no** blanket eviction moratorium.

What AB 3088 does is (1) extends the Homeowner Bill of Rights ("HOBR") to first liens securing loans to individuals encumbering certain non-owner occupied

continued on page 8

residential property; (2) creates a specific procedure for handling forbearance requests from qualified borrowers between September 1, 2020 and April 1, 2021; and (3) limits the circumstances where tenants can be evicted for non-payment of rent. Since the last section does not directly address REO evictions, the remainder of the article will focus on the HOBR and forbearance aspects of AB 3088.

Extension of HOBR

Since 2013, HOBR has applied exclusively to first liens securing consumer loans to individuals on owner-occupied residential properties. This limited scope has now been expanded. Effective September 1, 2020, HOBR applies to a new category of first liens securing loans made to individuals that meet the following requirements:

- The property contains 1-4 units;
- The property is owned by an individual (or group of individuals) who own no more than 3 residential properties, each containing 4 units or less;
- The property is occupied as the tenant's primary residence pursuant to an Applicable Lease - one in effect on March 4, 2020, negotiated in good faith and at fair market value; and
- The tenant is unable to pay rent due to a reduction in income resulting from COVID.

The intention of this expansion was to cover loans made to small landlords (for acquisition or improvement of investment properties), who are actually impacted in their ability to make mortgage payments by a tenant's inability to pay rent due to COVID-related income reduction. Since most of the above information to demonstrate coverage is potentially unknown, the most conservative approach is to apply HOBR to any first lien to individual borrower(s) on a 1-4 unit residential property. Later, if the servicer is able to confirm that one or more of these requirements were not met, it can take the loan out of its HOBR compliance pool.

Noticeably absent from AB 3088 – the HOBR extension does not apply to loans made to entities or encumbering properties owned by entities!

Unfortunately, there is not enough room to delve into HOBR's many requirements in this article. But, the reader should now have enough information to know if HOBR applies. If you have a question as to whether HOBR applies, such as with Notices of Default recorded *before* September 1st, or shortly after September 1st before you were aware of the new statutes, please reach out to your counsel or the author to discuss how best to comply with HOBR on your particular loan.

New Forbearance Response Requirements

AB 3088 created Civil Code §3273 et seq. to address forbearance requests received September 1, 2020 through April 1, 2021. But, the new requirements do not apply to all loans, borrowers or requests. Instead, there are a series of confusing and overlapping thresholds before the new law applies to a forbearance request. Below is a list of some of those requirements:

- Only applies to loans originated on or before September 1, 2020;
- Only applies to loans originated by certain licensees (which covers most CMA licensed members);
- Only applies to borrowers who are:
  - A *natural person* who is the mortgagor or trustor;
  - A *confirmed successor* in interest (SII) under Federal Law – Section 1024.31 of Title 12 of the Code of Fed Regulations;
  - A person with a power of attorney for either of the above; and
  - An *entity owning a property with 1-4 units*, provided that the property is *s* by at least one tenant and the entity is NOT a:
    - REIT
    - Corporation

continued on page 9

  - LLC with at least one member as a Corporation

- Only applies if the "borrower" was current on payments as of February 1, 2020; and

- Only applies if the borrower is experiencing a financial hardship that prevents the borrower from making timely payments due, directly, or indirectly, to the COVID emergency. Note – the code does not provide a definition of financial hardship.

If all of these conditions have been met and the borrower requests any type of forbearance between September 1, 2020 and April 1, 2021, the loan servicer must either approve the request (in which case, there are no specific requirements), send a "defective" notice letter, giving the borrower 21 days to cure the defect, or deny the request *in writing*. The written denial must identify the specific reasons why the borrower did not qualify for the forbearance. If the lender later ends up proceeding with the recording of a Notice of Default, the denial notice must also be attached to the Civil Code §2923.5 Declaration (for those licensees foreclosing on 175 or fewer CA loans yearly), which is recorded with your Notice of Default.

Practice Tip: Be careful about including certain private consumer information in the denial letter if the letter is to be attached to the Notice of Default Declaration, as it becomes public when recorded.

*This article is not intended to provide everything one needs to comply with AB 3088's new requirements. Instead, it is intended to give the reader enough information to know what to look for when servicing its loans. For more information, please contact your counsel or the author at *rfinlay@wrightlegal.net*. In addition, if you need more substantial help, Wright, Finlay & Zak has an AB 3088 Compliance Package to help CMA members set up their internal compliance procedures and answer any questions.

Conclusion

While AB 3088 definitely adds layers of additional procedures for certain loans, it is a welcomed improvement compared to many of the other bills that were narrowly or otherwise defeated during 2020. For that, we have to thank the "Mikes" for all their hard work, as well as the CMA members who voiced their opposition to their representatives and donated to the PAC. Since 2021 is bound to be another challenging year, please remember to donate to the PAC early and often. Thank you!

Since 1994, Mr. Finlay has focused his legal career on consumer finance and mortgage-related litigation, compliance and regulatory matters. Mr. Finlay is at the forefront of the mortgage banking industry, handling all aspects of the ever-changing default servicing and mortgage banking litigation arena, including compliance issues for servicers, lenders, investors, title companies and foreclosure trustees.

Senate Bill 1079
California's New Foreclosure and Post-Foreclosure Process

by
Michelle A. Mierzwa, Esq.
Wright, Finlay & Zak, LLP

California's Senate Bill 1079 (the "Bill") was passed by the Legislature at the end of August and signed into law by the Governor on September 28, 2020, despite vigorous industry opposition. The stated purpose of the Bill was to address the perceived "problem" of large investors buying and converting foreclosed properties to rentals, to the detriment of maintaining owner occupancy in residential neighborhoods. The amendments are intended to cover only residential real property comprised of one to four units; so larger residential buildings, vacant land and commercial properties containing no residential living units are outside the scope of the amendments. The amended statutes regarding the foreclosure process are effective January 1, 2021 and through January 1, 2026. As discussed further below, the Bill will significantly impact the foreclosure process on covered residential real property.

New Bundling Prohibition?

As described in the Legislative Counsel's Digest of the Bill: "Existing law generally requires that if the property consists of several lots or parcels, they are to be sold separately unless the deed of trust or mortgage provides otherwise." The Bill prohibits a trustee from bundling properties for the purpose of sale, instead requiring each property to be bid on separately, unless the deed of trust requires otherwise. However, what does this really mean for lenders? In summary, given that the prior language already provided that separate parcels should generally be sold separately, this amendment does not appear to do much. The primary difference is that the only way that properties can be bundled for sale together is if the deed of trust requires that they be bundled. Most existing deeds of trust do not "require" that properties be bundled together so they cannot be sold together going forward. For new loans, few lenders are going to want to obligate themselves at bundling properties by "requiring" it in their new deeds of trust.[1]

New Post-Auction Bid Process for Eligible Bidders

This portion of the Bill has the potential to substantially impact the non-judicial foreclosure process for lenders where the post-auction bid process is triggered. As described in the Legislative Counsel's Digest of the Bill with respect to the post-auction process: "If a prospective owner-occupant is not the last highest bidder, the bill would grant eligible tenant buyers, as defined, and other eligible bidders, as defined, certain rights and priorities to make bids on the property after the initial trustee sale and potentially to purchase it as the last and highest bidder, subject to certain requirements and timelines." What does this really mean for lenders and trustees?

New Civil Code section 2924m provides that a trustee's sale is not final until certain possible outcomes are allowed. For every 1-4 residential property, if a prospective owner-occupant was the high bidder at the live auction, the sale becomes final to the prospective owner-occupant. In the absence of a prospective owner-occupant being the high bidder at the foreclosure sale auction, other eligible bidders can submit a non-binding Notice of Intent to Bid within 15 calendar days of the foreclosure auction, thereafter requiring the trustee to wait until 5:00 pm on the 45th calendar day following the auction to allow for the potential eligible

continued on page 11

bidder to remit the "bid" funds. However, if during this time period, a group of all eligible tenants bidding jointly through a representative ("tenant group") submits a Notice of Intent to Bid and matches the last and highest bid at the foreclosure auction, the tenant group can "take" title to the property from the foreclosing lender or the initially-successful bidder by paying the equal amount of the high auction bid. If the necessary funds in the amount of the matching bid are remitted to the trustee within the 45-day period, the tenant group would be deemed the successful bidder and receive title to the property. If the tenant group does not remit the necessary funds, the highest of the other eligible bidders would be the successful bidder to receive the Trustee's Deed. The foreclosure trustee is responsible for collecting Notices of Intent, supporting affidavits and bid funds to determine the high bidder in the post-sale auction process, without the lender's involvement.

If a prospective owner-occupant is the high bidder at the sale or if the tenant group matches the high auction bid inside the 15-day period, there is no impact to the lender as compared with the traditional non-judicial foreclosure process. Similarly, if no prospective owner-occupant, tenant or other eligible bidder submits a Notice of Intent to Bid inside the 15-day period, the traditional high bidder process will ensue. In the foregoing scenarios, the foreclosing lender will be paid out of the sale proceeds, and the third party will take title via Trustee's Deed Upon Sale within 18 days following the auction. However, there are several potential impacts to the lender if the alternative post-sale process is triggered within the 15-day period. First, if the post-sale process is triggered by a Notice of Intent to Bid within the 15-day period:

(1) the lender's ability as the high auction bidder to obtain title to the REO property to commence rehabilitation and marketing will be automatically delayed, or (2) the lender's ability to receive the third party's foreclosure sale auction proceeds to pay off the loan may be delayed for at least an additional 45 calendar days following the sale auction, depending on the risk tolerance of the foreclosure trustee with respect to release of the sale proceeds. This extends the lender's responsibility for payments to loan investors, insurers, property tax authorities, etc. and subjects the property to potential damage, vandalism, and governmental abatement citations during this extended period. Second, there is the potential for extended delay where the bidders at the sale auction or post-sale process fail to consummate their bids in light of the uncertainty or lack of knowledge of the new post-auction process, and the foreclosure sale must be renoticed. Third, additional care must be taken in determining the amount of the lender's opening and final bid at foreclosure to ensure that the maximum bid amount takes into account the possibility of a post-auction bidder taking title to the property by placing a bid a minimal amount over the auction bid (or by the tenant group matching the bid). Finally, there is the potential for increased litigation risk as auction bidders and post-auction eligible bidders dispute their relative rights under this rushed, new, and in many ways unclear, statutory process.

Enhanced Restrictions on Post-Foreclosure Eviction Rights

The Bill creates new Civil Code section 2924n, which provides: "Nothing in this article shall relieve a person deemed the legal owner of real property when the trustee's deed is recorded from complying with applicable law regarding the eviction or displacement of tenants, including, but not limited to, notice requirements, requirements for the provision of temporary or permanent relocation assistance, the right to return, and just cause eviction requirements." What does this mean for lenders or prospective purchasers at foreclosure sales?

While there may have been an argument that post-foreclosure evictions were not subject to the recently-enacted laws governing the eviction and displacement of tenants under 2019's Assembly Bill 1482, this new section appears to end any dispute. Tenants occupying property transferred to a new owner through the non-judicial foreclosure process appear to be entitled to these protections, unless the landlord is otherwise exempt under the provisions of AB 1482. Exemptions include single family homes and condominium units if the owner is not a REIT, corporation or LLC in which at least one member is a corporation. That being said, it remains unclear if a non-exempt new owner would be required to comply with the new eviction restrictions with respect to the borrower who continues to occupy the property. Arguably, the borrower and his or her family members would not be considered tenants under an applicable lease. In any event, counsel should be consulted before moving forward with service of any notice to vacate/quit in light of these provisions of the Bill, existing local rent control restrictions and in light of the potential impact of Assembly Bill 3088's COVID-related non-payment of rent restrictions.

What is the potential net effect of the new post-foreclosure bid process and the new eviction requirements? With the potential that an investor's money could be tied up for 45 days, it is expected that fewer investors will competitively bid at foreclosure sales. Unfortunately, this will likely chill the bidding at the foreclosure sale, reducing the amount of excess proceeds and negatively affecting the unfortunate borrowers who just lost their properties. Further, the complicated post-sale bidding process coupled with the need to have cash on hand within 45 days of the sale is likely to scare off most interested owner occupant or tenant bidders. Add in that the unsophisticated eligible bidder will now have to comply with California's rent control statute, it's hard to envision any tenant or owner occupant willing to take advantage of the new laws.

Increased Penalties Related to Post-Foreclosure Residential Property Condition

As described in the Legislative Counsel's Digest of the Bill: "This bill would increase the above-described civil fine to up to $2,000 per day for the first 30 days, and up to a maximum of $5,000 per day thereafter, subject to the discretion of the governmental entity levying the fine." What does this mean for lenders?

continued on page 12

The Bill amends Civil Code section 2929.3 to provide with respect to residential properties[2]: "The maximum civil fine authorized by this section for each day that the owner fails to maintain the property, commencing on the day following the expiration of the period to remedy the violation established by the governmental entity, is as follows:

(A) Up to a maximum of two thousand dollars ($2,000) per day for the first 30 days.

(B) Up to a maximum of five thousand dollars ($5,000) per day thereafter." [Emphasis added].

The Bill provides with respect to the notice periods prior to imposition of fines:

(2) If the governmental entity chooses to impose a fine pursuant to this section, it shall give the legal owner, prior to the imposition of the fine, a notice containing the following information:

(A) Notice of the alleged violation, including a detailed description of the conditions that gave rise to the allegation.

(B) Notice of the entity's intent to assess a civil fine if the legal owner does not do both of the following:

(i) Within a period determined by the entity, consisting of not less than 14 business days following the date of the notice, commence action to remedy the violation and notify the entity of that action. This time period shall be extended by an additional 10 business days if requested by the legal owner in order to clarify with the entity the actions necessary to remedy the violation.

(ii) Complete the action described in clause (i) within a period of no less than 16 business days following the end of the period set forth in clause (i).

(C) The notice required under this paragraph shall be mailed to the address provided in the deed or other instrument as specified in subdivision (a) of Section 27321.5 of the Government Code, or, if none, to the return address provided on the deed or other instrument.

(3) The governmental entity shall provide a period of not less than the time set forth in clauses (i) and (ii) of subparagraph (B) of paragraph (2) to remedy the violation prior to imposing a civil fine and shall allow for a hearing and opportunity to contest any fine imposed. In determining the amount of the fine, the governmental entity shall take into consideration any timely and good faith efforts by the legal owner to remedy the violation."

Thus, the Bill substantially increases the potential fines for a lender's failure to maintain property acquired through foreclosure by increasing the maximum daily fines for the first thirty-day period following the remedy period from $1,000.00 to $2,000.00 and by increasing the maximum daily fines after the thirty day period from $1,000.00 to $5,000.00. In sum, the Bill provides additional incentives (if any were actually necessary over the previously-existing fines of $1,000.00 per day!) for lenders who obtain title to property post-foreclosure to ensure that the property is properly maintained during the period it is marketed for resale.

In summary, the Bill contains several new provisions that substantially impact lenders during and after the traditional non-judicial foreclosure process. For additional questions about particular loans and properties in your portfolio that may be impacted by the Bill, please reach out to Michelle Mierzwa at mmierzwa@wrightlegal.net or Robert Finlay at *rfinlay@wrightlegal.net.*

Michelle A. Mierzwa is a Partner in Wright, Finlay & Zak's Compliance Division, providing state and federal compliance and regulatory counsel in the Western States. In 22 years of practice, she has resolved litigation through jury and bench trials and appellate practice, created a legal department for one of the largest foreclosure trustees in the West, coordinated compliance audits, and managed the California branch of a national law firm.

Endnotes

1 In addition, the rights of junior lienholders under Civil Code sections 2899 and 3433 may impact the requirement to sell real property security parcels separately.

2 While the post-sale bid process in Civil Code section 2924m is limited to one-to four-unit residential properties, the post-foreclosure fine provisions in Civil Code section 2929.3 relate to residential property of any size, not limited to one-to four-units. Civil Code section 2929.3: "(a) (1) A legal owner shall maintain vacant residential property purchased by that owner at a foreclosure sale once that sale is deemed final or acquired by that owner through foreclosure under a mortgage or deed of trust...." While this section applies to all sizes of residential properties, it does not apply to commercial properties.

What You Need to Know About ADUs in 2020

by
Laura Blair
BuildZig

Accessory Dwelling Units or "ADUs" have been discussed a lot this year because the state of California enacted several laws that intend to address the state's housing crisis by easing many restrictions on the building of ADUs. Here is a quick summary of the most relevant changes for CMA members.

What is an ADU?

An ADU is an accessory dwelling unit with complete independent living facilities for one or more persons and has a few variations:

- **Detached:** The unit is separated from the primary structure.
- **Attached:** The unit is attached to the primary structure.
- **Converted Existing Space:** Space (e.g., master bedroom, attached garage, storage area, or similar use, or an accessory structure) on the lot of the primary residence that is converted into an independent living unit.
- **Junior Accessory Dwelling Unit (JADU):** A specific type of conversion of existing space that is contained entirely within an existing or proposed single-family residence.

First Big Change: Some ADUS Have to Be Automatically Approved

The state mandated that cities must permit certain categories of ADU without applying any local development standards (e.g., limits on lot size, unit size, parking, height, setbacks, landscaping, or aesthetics), if proposed on a lot developed with one single-family home. ADUs eligible for this automatic approval include:

- An ADU converted from existing space in the home or another structure (e.g., a garage), so long as the ADU can be accessed from the exterior and has setbacks sufficient for fire safety.
- A new detached ADU that is no larger than 800 sq. ft., has a maximum height of 16 feet, and has rear and side setbacks of 4 feet.
- Both of the above (creating two ADUs), if the converted ADU is smaller than 500 sq. ft.

Second Big Change: Some ADUs only subject to Limited Review

Even if not subject to automatic approval, a city generally must approve any attached or detached ADU under 1,200 sq. ft. unless the city adopts a new ADU ordinance setting local development standards for ADUs. If a city adopts such an ordinance, it must abide by the following restrictions:

- No minimum lot size requirements.
- No maximum unit size limit under 850 sq. ft. (or 1,000 sqft for a two-bedroom ADU).
- No required replacement parking when a parking garage is converted into an ADU.
- No required parking for an ADU created through the conversion of existing space or located within a half-mile walking distance of a bus stop or transit station.

continued on page 14

- If the city imposes a floor area ratio limitation or similar rule, the limit must be designed to allow the development of at least one 800 sq. ft. attached or detached ADU on every lot.

What does this mean for Multifamily Units?

- Cities must permit these types of units in multifamily buildings without applying any local development standards:
  - New units within the existing non-living space of a building (e.g., storage rooms, basements, or garages). At least one unit and up to ¼ of the existing unit count may be created this way.
  - Two new homes on the same lot as the multifamily building but detached from it, with 4-foot side and rear setbacks and a 16-foot maximum height.

What About Parking?

- Parking requirements for ADUs are still one parking space per unit or per bedroom (whichever is less) if you are located more than half a mile from public transit.
- ADUs do not require parking if they are created within an existing space in your house or an accessory structure, like a garage or carport.
- No replacement parking is required for the main residence when a garage or carport is demolished or converted to create an ADU.

What about setbacks?

- Setbacks for new ADUs have been reduced to 4 ft. for side and rear yards.
- If you have a garage or carport you want to convert, but determine it is more costly to repair the old structure than it is to replace it. New state law permits you to remove an existing structure and replace it with a new ADU that matches its footprint, maintaining the existing reduced setbacks.

These changes make it possible for developers to increase their unit count and increase density. In most cases, ADUs will still need planning approval and all ADUs will need a building permit in order for the construction to begin. BuildZig offers site assessments, entitlements and funds control services for ADUs and other projects. Contact *lblair@buildzig.com* for more information.

Laura oversees the funds control depart and all Buildzig transactions – including property acquisitions.

SPRING SEMINAR

Presented Virtually
March 17-18, 2021

SAVE THE DATE!

CMA Spring Seminar • March 17th - 18th, 2021

Register Online at *www.CaliforniaMortgageAssociation.com*

CMA Thanks Our Annual Sponsors

— Platinum Sponsor —

FIDELITY MORTGAGE LENDERS, INC.
COMMERCIAL • RESIDENTIAL

— Silver Sponsors —

ANCHORLOANS
THE POWER TO CREATE WEALTH™

armanino

www.Buchalter.com

CRC
CUSHMAN REXRODE
CAPITAL CORPORATION

fsH Herzer Financial Services, Inc.

ReProp Financial®

WOODLAND HILLS℠
MORTGAGE CORPORATION
A Private Mortgage Lender

CMA Thanks Our Virtual Fall Seminar Sponsors

alfred

THE Mortgage Office

armanino

www.Buchalter.com

Duner and Foote
Full Service CPA Firm

EXETER™
EXETER TRUST COMPANY

FIDELITY MORTGAGE LENDERS, INC.
COMMERCIAL • RESIDENTIAL

GERACI LAW FIRM

HansonBridgett

LA MESA FUND CONTROL & Escrow INC.

liquid logics

MCLSS

Mortgage Lender Services INCORPORATED

Note Servicing Center, Inc.
You Build Your Business – We Save You Time & Money

PLM LENDER SERVICES, INC.

S.B.S. TRUST DEED NETWORK
40 S.B.S.
SIMPLY BETTER SERVICE

PrivateLenderLink

RODEO LENDING
COMMERCIAL & RESIDENTIAL FINANCE

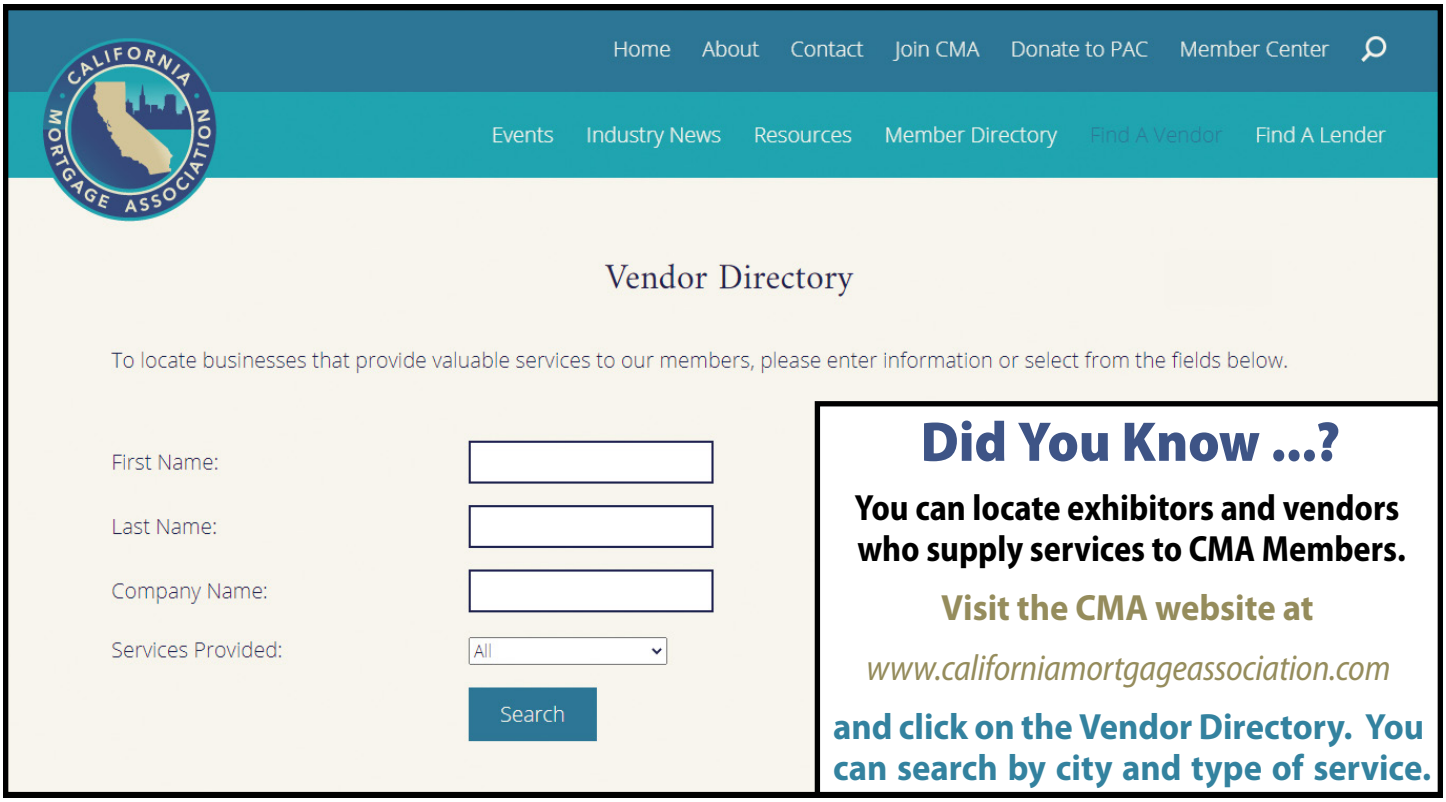
RDIS ROSS DIVERSIFIED INSURANCE SERVICES

SPIEGEL ACCOUNTANCY CORP
CERTIFIED PUBLIC ACCOUNTANTS
www.SpiegelCorp.com

TLS
TOTAL LENDER SOLUTIONS

WRIGHT FINLAY & ZAK LLP
ATTORNEYS AT LAW

WOODLAND HILLS℠
MORTGAGE CORPORATION
A Private Mortgage Lender



Did You Know ...?

You can locate exhibitors and vendors who supply services to CMA Members.

Visit the CMA website at

www.californiamortgageassociation.com

and click on the Vendor Directory. You can search by city and type of service.

Thank You 2020-21 PAC Contributors!

PAC Contributions from July 2020 - December 2020

$2,000 – $7,300

Stonecrest Financial
San Jose

Wachter Investments, Inc.
Burlingame

$1,000 – $1,999

Abundance Capital
Milpitas

Equity Wave Lending
Irvine

F.E. Forbes Company Inc.
Berkeley

Herzer Financial Services, Inc.
Redwood City

LBC Capital Income Fund
North Hollywood

PLM Lender Services, Inc.
Campbell

ReProp Financial
Eureka

Selzer Home Loans
Ukiah

Standard Mortgage Financial Services Inc.
Riverside

$500 – $999

Anchor Loans, Inc.
Thousand Oaks

Buchalter
Los Angeles

Casco Financial
Los Gatos

Cushman Rexrode Capital Corporation
Oakland

Law Office of Benjamin R. Levinson, APC
Campbell

Mortgage Vintage, Inc.
Newport Beach

Spiegel Accountancy Corp.
Pleasant Hill

Val-Chris Investments, Inc.
Irvine

Woodland Hills Mortgage Corp
Woodland Hills

$200 – $499

Action Funding, Inc.
Calabasas

Allstar Financial Services, Inc.
Woodland Hills

Asher Evan Investments
Carmichael

Creative Realty Marketing & Mortgage
Bakersfield

Hamilton Ridge Asset Management
San Jose

JMJ Financial Group
Garden Grove

$200 – $499 *continued*

Mid Valley Services, Inc.
Fresno

Mortgage Securities Inc.
Encinitas

Mortgage+Care LOAN SERVICING SOFT Inc.
San Juan Capistrano

North Coast Financial, Inc.
Carlsbad

Pacific Capital Loans, LLC
Calabasas

Private Lender Link
Redwood City

Redwood Mortgage Corp.
San Mateo

Watsonville Mortgage
Watsonville

$20 – $199

A.S.K. Investments, Inc.
Anaheim

Agricultural Finance
San Juan Capistrano

Applied Business Software
Long Beach

Budget Mortgage Corp.
Los Angeles

Duner and Foote
Irvine

Empire Trust Deed
Woodland Hills

FCI Lender Services, Inc.
Anaheim Hills

Federal Home Loans Corp.
San Diego

continued on page 21

Thank You 2020-21 PAC Contributors!

PAC Contributions from July 2020 - December 2020

$20 – $199 *continued*

Fidelity Mortgage Lenders, Inc.
Los Angeles

James Baron
Saratoga

Lantern Financial Corp.
Sherman Oaks

Mortgage Lender Services, Inc.
Fair Oaks

National Equity Funding, Inc.
Irvine

NDetail Capital LLC
Newport Beach

Pacific Capital Funding Corp.
Calabasas

Pivotal Capital Group II, LLC
Ladera Ranch

Private Capital Investments
Danville

$20 – $199 *continued*

Private Financial, Inc.
Sherman Oaks

Private Mortgage Fund, LLC
Calabasas

Provident Trust Group
Las Vegas

Residential First Mortgage
Newport Beach

S&L Capital Group
Brea

Select Mortgage
Calabasas

Sequoia Mortgage Capital, Inc.
San Anselmo

Sunset Mortgage
Mission Viejo

The Argus Group
Woodland Hills

$20 – $199 *continued*

The Helvetica Group
Carlsbad

The Norris Group
Riverside

Unitrust Mortgage, Inc.
San Diego

Wilshire Finance Partners, Inc.
Newport Beach

Woody Financial Realty Corp.
Long Beach

PAC Announcements:

FALL WINNERS:

- **AirPods:**
  Pam Sosa & Elsie Wu

DONATE TO THE CMA PAC TODAY!

CMA's positive influence is crucial for our survival. Send your contribution today!

It's easy to donate:

Online at *www.californiamortgageassociation.com*

— or —

Send the additional amount with your monthly CMA dues

— or —

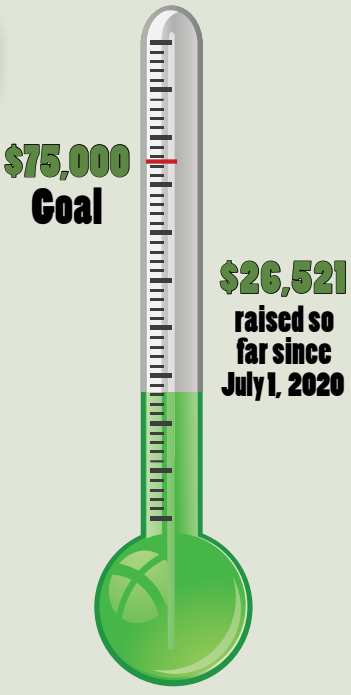
Write a check to "CMA PAC" and send it today to:
2520 Venture Oaks Way, Suite 150 • Sacramento, CA 95833

PROTECT YOUR INDUSTRY – CONTRIBUTE TODAY!

For more information contact:

Richard Wachter, Chairperson, CMA PAC Fundraising Committee
1-800-308-4961

Our PAC and our advocates in Sacramento always operate in full compliance with all laws and regulations relating to efforts to influence the public policy process. We would never engage in any type of quid-pro-quo on public policy issues or entertain contributions in return for access. We support legislators who are philosophically aligned with the interests of our membership and who work to ensure a business environment which allows our members to flourish.



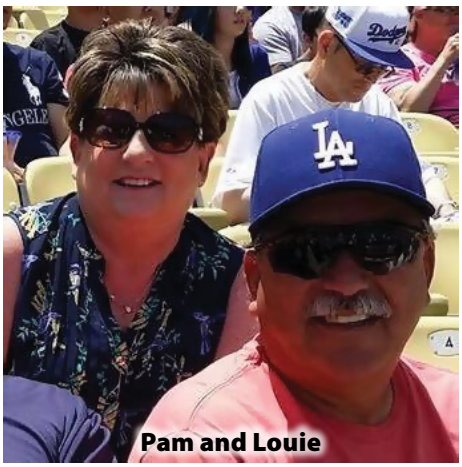
MEMBER SPOTLIGHT: Pam Sosa

by
Angelica Gardner
Asher Evan Investments

The California Mortgage Association turns the spotlight on members who are making an impact in their professional field and around the Association. These members exemplify the Mission of the CMA. We know that our members are one of the most important aspects of this Association, and we work hard to feature outstanding members in our Member Spotlight article. It's a great way for you to you meet your colleagues and find members with similar interests. This quarter, we have chosen Pamela Sosa, owner of Standard Mortgage Financial Services, Inc., a full-service Mortgage Broker in Riverside, CA, that primarily arranges loans for nonconforming properties in rural areas of the Inland Empire. Pamela has been a large part of the association for decades. She is a longtime member of the CMA Board of Directors, and in 2010-2011 she served as the President of the CMA. Pamela has been a part of many committees, including most recently the Education and Finance Committees. She is a member who has goes above and beyond of this association and we are honored to feature her here.

Q Tell us a little about you, your family, hobbies.

A In my personal life, I am a "coach's wife." My husband Louie, coaches high school baseball and football, so Friday nights are under the lights at our alma mater. We root for the Dodgers and Rams and attend as many games as we can! We have three grown sons who have given us seven grandchildren. I love to travel and have a very long list of places to see, once travel is safe.



Pam and Louie

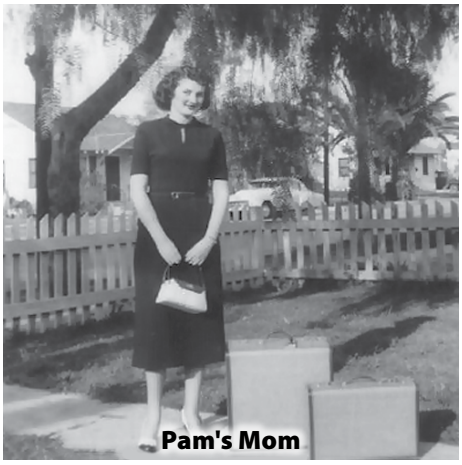
Q What do you do for work? What does your typical day look like?

continued on page 23

A Like any owner of a small business, I change hats throughout the day. I am the complaint department, fire department, HR department, accountant, loan officer and investment counselor. If the kitchen needs to be cleaned ... well, I delegate that job! There is no "typical day!" The best part of this job is that I never get bored. There is something new every day. Challenges and celebrations!

Q How did you find yourself working in this industry? Was it love at first sight or longer path?

A My mom was a real estate broker, and I was put to work in her office at age 16 doing property management, filing, errands and all-around office work. At 18, my parents sent me to a real estate school for an 11-week course



Pam's Mom

Young Pam

and by the time I passed the salesperson's exam, I was 19. That was in 1972. I sold real estate for a few years before switching to loan origination at Union Home Loans in the late '70s. Can you imagine buying a house from a 19-year-old? Like a typical 19-year-old, what I didn't have in knowledge I made up for in confidence.

Q Who is your ideal/target customer?

A My ideal borrower is the little guy whose loan request is too small to meet others' minimum loan amounts. I did a $15,000 loan a couple of years ago. Not typical, but if needed, I would do it again today. The smaller, more manageable loan is my preference.

Q What sets your company apart from others?

A I am one of the few equity lenders who offer and encourage long term loans. We lend in rural areas. Our loans are for non-conforming borrowers or non-conforming properties. We lend on land, mobile homes on land, and some really ugly properties!

Q How long have you been a member of the CMA? Why did you join the CMA?

A I began attending trade association (CIMBA & CTDBA) seminars as an employee some time in the 1980s. When I bought my company in 1996, I knew the importance of membership and joined immediately.

Q Knowing that you have attended many CMA seminars, what is one thing you look forward to the most at each event?

A I miss seeing my friends! The support, counseling, knowledge sharing, commiserating, and celebrating with those who I consider friends is a big part of my seminar experience. The virtual webinars are a great way to keep us informed and educated, but there is nothing like seeing (and hugging) an old friend!

Q Since the COVID 19 stay at home order implemented in March, how has the shutdown/economy impacted your work?

A Initially, we began working from home with one employee going into the office each day to pick up mail, etc. It was only a temporary solution because it was not as productive as all being in one location. Once I made the decision to bring all the employees back into the office, the request for payment deferrals came flooding in. The lenders

continued on page 24

(for the most part) were understanding, and we had few issues.

Q Describe your idea of a perfect day. Where would you be? Whom would you be with? What would you be doing?

A My perfect day would be on a cruise ship, on the balcony, on the Mediterranean, with my husband, doing absolutely nothing!

Q What is the last app you downloaded on your phone, and why did you download it?

A The last app I downloaded was dwellingLIVE. We recently downsized and moved into a 55+ community and I downloaded the app to list the names of guests so that they can be admitted through the main gate entrance. Want to visit? I'll add yours!

Strictly Strickland

Mortgage Industry Information, Opinions & Tips

DRE Audits and You: Part 4 — The Aftermath

Over the past few months, I have gone over the items that the DRE reviews in a typical audit: Contracts, Disclosures, Trust Accounts. Once they have visited your office, done their fieldwork, and conducted the exit interview (basically going over any findings), what happens next?

Simply put, the waiting begins. You might never hear from them again (that's the good news), or six months or a year or even 18 months later, you might open the mail and receive one of the following:

Corrective Action Letter (CAL). This is a letter from the auditor's supervisor or the Special Investigator who was assigned to your case. The letter details the findings from the audit and asks for a written response from the Broker acknowledging that he/she understands the findings and will take the appropriate actions to ensure that the violations do not continue. It is a good idea to list the actual policies and procedures that the Broker has/will employ going forward. This CAL does not go on a Broker's public record, but does go into the Broker's permanent file with the DRE so that any future auditors/investigators will have a copy. There is no fine or penalty attached to a CAL.

Desist and Refrain (D&R). This is a bit more serious, but still has no fine or penalty attached. It is written notice that violations were found that require immediate correction. The D&R does become a part of the Broker's public record and shows up on the Broker's DRE printout. (Note: Generally, in the case of a Corporation, the D&R is placed against both the Broker's personal license and the Corporate license.) This letter requires immediate action, a complete and thorough explanation of the steps the Broker has taken to remedy the violations found during the audit, and generally should be answered by an attorney for the Broker. A follow-up audit is generally assured once a D&R has been issued, and, by all means, everything found in the first audit needs to be completely cured!

Cite and Fine. When the DRE finds multiple minor violations, but decides that there is not enough to warrant an accusation, they have the option of citing and fining the broker (which is usually $2500). This does not go on the broker's public record, but will definitely trigger a subsequent audit to make sure the broker has corrected the violations.

Accusation. If the DRE finds violations during an audit that rise above a mere warning (either a CAL or a Cite and Fine), they file an accusation. The reason for the filing of an accusation usually occurs due to violations in licensing (or lack of same) or Trust Accounting (unlicensed signers, overages, shortages, lack of reconciliation, NO Trust Account when one is needed, etc.). This goes on the Broker's public record, requires a response (which definitely should come from an attorney), will require a settlement or a hearing, and most usually ends with fines and even suspension, restriction or revocation. Once a Broker is served with an accusation, there is no time to waste. An attorney should be retained and a dialogue should be established immediately with the DRE's legal section. Working through an accusation can take months or even years. Monetary penalties can range from the low thousands to six figures. Additionally, unless there is a revocation, the Broker will be subject to at least one follow-up chargeable audit. If the violations involved Trust Accounting, both the original audit and the subsequent audit(s) will be chargeable.

Pam Strickland is a compliance consultant who helps DRE brokers prepare for and survive DRE audits and office surveys. She can be reached at *pam@pamstrickland.com.*

California Mortgage Association

"Points of Interest" Magazine
Advertising Policies & Agreement to Advertise

CMA Headquarters

2520 Venture Oaks Way, Suite 150, Sacramento, CA 95833
(916) 239-4080 - phone • (916) 924-7323 - fax
www.californiamortgageassociation.com • cma@camgmt.com

Unless otherwise stated, a ds for this publication may be Black & White ("Grayscale") or Full Color.

AD SIZES AND RATES

Ad Size (WxH)		1x Rate	4x Rate
Full Page	(8½"x11")	$525	$450
½ Page Horizontal	(7¼"x4½")	$335	$285
¼ page	(3½"x4½")	$175	$150

PLEASE NOTE: if the artwork you provide does not conform to the above specifications, we reserve the right to alter the ad to fit these dimensions.

ARTWORK SPECIFICATIONS

Please submit ads digitally where possible (PC format, not Mac) either on CD, zip disk, floppy disk, or via E-mail. Such electronic submissions should be in EPS, TIF, or PDF format, including all fonts where applicable, and should be compatible with Adobe Photoshop, Illustrator, PageMaker, InDesign, or Acrobat. We will also accept camera-ready (printed) full-sized images suitable for scanning, at either 133 or 150 line screen. Please see above for specific ad sizes and dimensions. Artwork should be e-mailed to "Advertising c/o **CMA**" at *teresa@camgmt.com* or mailed to:

Advertising c/o **CMA**
2520 Venture Oaks Way
Suite 150
Sacramento, CA 95833

I will be submitting my ad:
☐ **Camera-ready by mail**
☐ **Digitally on disc** ☐ **Via E-mail**
☐ **I need assistance designing a new ad (we will discuss design rates separately)**

PAYMENT TERMS

Advertisers are billed after their ad appears. A frequency discount is given to those who agree in writing (ie. this signed contract) to advertise in every issue of the calendar year, or in an equal number of consecutive issues. If the written agreement is not fulfilled, the advertiser is liable for the one-time rate charges. Advertisers who submit an ad contract but fail to submit artwork by the publication deadline will be invoiced.

CONDITIONS

1. Advertisers and advertising agencies are liable for all content (including text, representations, and illustrations) of advertisements and are responsible, without limitation, for any and all claims made thereof against *CMA Points of Interest,* the association, its officers, agents, or vendors.
2. No advertiser is guaranteed placement, but every attempt will be made to provide the desired position.
3. Publisher reserves the right to revise, reject or omit any advertisement at any time without notice.
4. CMA accepts no liability for its failure, for any cause, to insert advertisement.
5. Publisher reserves the right to publish materials from a previous advertisement if new materials are not received by material deadline.
6. The word "advertisement" will appear on any ad that resembles editorial material.
7. Drawings, artwork and articles for reproduction are accepted only at the advertiser's risk and should be clearly marked to facilitate return.
8. No verbal agreement altering the rates and/or terms of this rate card shall be recognized.
9. All advertisements, layout and designs produced for the advertiser by CMA's Graphic Staff will remain the property of CMA.
10. All requests for advertising must be in writing, in the form of this signed contract, for the protection of both the advertiser and CMA.
11. Once an order for advertising is placed, it cannot be withdrawn or cancelled in whole or in part.
12. By signing this contract, advertiser agrees to pay in full for reserved space, even if the ad is not run due to lateness or absence of materials.

PLACING YOUR AD

To place an ad, complete the form below and mail or fax to: CMA, 2520 Venture Oaks Way, Suite 150, Sacramento, CA 95833 • (916) 924-7323 - fax. ***Do not e-mail.*** CMA will not run your ad without this contract.

Name of Company/Organization Being Advertised: _____
Billing Contact: _____ Billing Address: _____
Phone: _____ Fax: _____ E-mail: _____

Agency or Advertising Representative (if different from above): _____
Phone: _____ Fax: _____ E-mail: _____

Person to Contact with Artwork-specific Questions (if different from above): _____
Phone: _____ Fax: _____ E-mail: _____

I agree to place a _____ size ad in the following issue(s), and to be billed at a rate of $_____ per issue: (note: The multiple-issue rate can apply to *any* consecutive series of issues starting at any point in the year. If you choose the multi-issue rate, please number your first issue "#1" below, and the other issues as they occur chronologically. See condition #5, above.)

	_____Spring '21	_____Summer '21	_____Fall '21	_____Winter '21-'22
Material Deadlines:	**2/12/21**	**5/22/21**	**8/13/21**	**11/12/21**

METHOD OF PAYMENT

Total $_____ Please check one:
☐ Send me an Invoice ☐ Enclosed is check #_____ (Payable to California Mortgage Association) ☐ Charge my Card ○ MC* ○ Visa* ○ AmEx*
Last 4 digits of card: _____ Billing Address: _____
Print Cardholder's Name: _____ Signature: _____
*Do not e-mail credit card information; mail or fax only.

(rev. 12/20)

Full Credit Card# _____ Exp: _____ CVV#: _____

Return completed form and payment by mail or fax to: **California Mortgage Association, 2520 Venture Oaks Way, Suite 150 • Sacramento, CA 95833 • (916) 924-7323 – fax**

For more information, contact us at: (916) 239-4080 – phone • (916) 924-7323 – fax • *www.californiamortgageassociation.org*

MEMBERSHIP APPLICATION

Name: _____

Company: _____

Address: _____

City: _____ **State:** _____ **Zip +4:** _____

Day Phone: _____ **Mobile Phone:** _____ **Fax:** _____

E-Mail: _____

Annual Gross Closings: $ _____ **Referred by:** _____

PLEASE LIST ALL LICENSES HELD:

License No. Regulator/Issuer (i.e., DRE, NMLS, etc.)

_____ _____

_____ _____

_____ _____

_____ _____

Has your license or that of an affiliated company ever been suspended or revoked or have there been any complaints within the last ten years? If yes, please provide details:

_____

_____

Tell us about your professional work history:

_____

_____

_____

Tell us about your current company history and business focus, branches, employees, and other pertinent details:

_____

_____

_____

How did you become aware of CMA?

_____

_____

Do you know other CMA members? If yes, who?

_____

_____

PROFESSIONAL REFERENCES

Name _____ **License Number** *(if a licensee)* _____
Firm Name _____
Relationship _____
Phone _____ **E-mail** _____

Name _____ **License Number** *(if a licensee)* _____
Firm Name _____
Relationship _____
Phone _____ **E-mail** _____

Name _____ **License Number** *(if a licensee)* _____
Firm Name _____
Relationship _____
Phone _____ **E-mail** _____

(revised 8/11/16)

Power of Membership

Mission Statement

The California Mortgage Association is committed to providing legislative advocacy, legal resources and education programs for our members to enhance their professionalism. We believe that the public good is served when professionals serve the public.

Regular Member

Any reputable individual, sole proprietorship, corporation, limited liability company, or partnership primarily engaged in the Mortgage Business in the state of California.

Affiliate Member

Any reputable individual, sole proprietorship, corporation, limited liability company or partnership who regularly provides services or products to persons engaged in the Mortgage Business.

Educational Member

Any reputable individual, sole proprietorship, corporation, limited liability company or partnership engaged in the Mortgage Business who is not subject to the provisions of Business & Professions Code § 10232(a)-(b) ("threshold broker"), or under any successor statute.

In which CMA Committee or Committees are you interested?

☐ **Membership** ☐ **Dodd-Frank** ☐ ***Points of Interest* Magazine** ☐ **Advertising/Vendor** ☐ **Education**
☐ **Continuing Education** ☐ **Legislative** ☐ **Other**

I would be interested in participating in the following focus group:

☐ **Commercial:** For those members whose interest is commercial finance. While we meet as a whole, we have organized into two chapters – Northern and Southern California. Select the location where you do the most lending.

☐ **Northern CA** ☐ **Southern CA**

☐ **Securities:** For those members who are using "non-DRE" methods of raising capital for your loan investments or would like to learn more about securities like pools and permits.

☐ **Consumer:** For those members who are arranging owner-occupied 1-4 unit loans, want to stay up-to-date on the laws and invent new possibilities in this lending arena.

I hereby make application for membership in the California Mortgage Association and pledge myself, if accepted, to abide by the requirements of their By-Laws and Code of Ethics as they are now and as they may be amended. Applicant acknowledges that the use of the Association logo is exclusive to members only, and applicant agrees to cease utilizing the logo upon termination of membership. By becoming a member, applicant authorizes CMA to send information on products and services by phone, fax or e-mail under U.S.C. 47 sec. 227. Applicant certifies that the foregoing information and annual gross closings are correct.

Signature *(required)* _____

DUES PAYMENT OPTIONS: Dues are based on your annual gross closings. Please select one:

☐ **Regular Member —** ($1 million and above per year): $125/month

☐ **Affiliate Member —** Billed Annually (No voting privileges): $500/year

☐ **Educational Member —** (Open to non-threshold and sales individuals. No voting privileges): $75/month

Mail Application with Payment to:

2520 Venture Oaks Way, Suite 150 • Sacramento, CA 95833

If paying by credit card, you may fax to: (916) 924-7323 • Questions? Call (916) 239-4080 or visit *www.californiamortgageassociation.com*

Contributions or gifts (including membership dues) to CMA are not tax deductible as charitable contributions. Pursuant to the Federal Reconciliation Act of 1993, association members may not deduct as ordinary and necessary business expenses, that portion of association dues dedicated to direct lobbying activities. Based upon the calculation required by law, 18% of the dues payment only should be treated as non-deductible by CMA members. Check with your tax advisor for tax credit/deduction information.

MAKE CHECKS PAYABLE TO: CALIFORNIA MORTGAGE ASSOCIATION

Credit Card Authorization: ☐ VISA ☐ MasterCard **Amount to Charge: $**_____ **Last 4 Digits of Card:** _____

Cardholder's Name:_____

Carholder's Signature: _____

Billing Address *(if different)*:_____

City: _____ **State:**_____ **Zip +4:**_____

CMA offers a convenient automatic payment plan for your membership. Dues will be charged to your credit card on the 1st of each month. The first month's payment or annual dues payment is required to activate your CMA Membership. By signing below you authorize the California Mortgage Association to initiate credit card charge(s) to remain in full effect until written notification from you is received by CMA, in accordance with the terms and conditions contained herein.

Monthly Payment: $_____ **Signature:** _____ **Date:**_____

Full Credit Card Number:_____ **3-4 Digit CVV:**_____ **Expiration:**_____

WELCOME NEW MEMBERS

The California Mortgage Association welcomes the following members who are new to the association:

Thomas Pavelich
Regal Advisor, Inc.
5100 Birch Street, Suite 200
Newport Beach, CA 92660
(949) 640-4371
tom@regaladvisor.com
Educational Member

Michael Struempf
Chicago Title National Commercial Services
One Embarcadero Center, Suite 250
San Francisco, CA 94111
(415) 580-5973
michael.struempf@ctt.com
Affiliate Member

Jake TerHorst
Equity Title Company
450 Exchange, Suite 100
Irvine, CA 92602
(949) 677-8986
jake.terhorst@equitytitle.com
Affiliate Member

BENEFITS OF MEMBERSHIP

CMA is one of the fastest growing statewide associations and we thank all our members for their support! You are encouraged to share with your nonmember colleagues all of the membership benefits and reasons you belong to the association. Encourage them to join – applications can be found on the CMA Web site – *www.californiamortgageassociation.com,* or by calling the headquarters office at (916) 239-4080.

Please remember to share information about the Focus Groups that are provided to members only. Additional information can be found on the CMA website. There are many exciting educational programs being planned.

Thank you again for all of your support and contributions to CMA and the private loan industry!

California Mortgage Association
2520 Venture Oaks Way
Suite 150
Sacramento, CA 95833