

**League of California Cities
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**FORECLOSED PROPERTIES
TRADITIONAL CODE ENFORCEMENT
APPROACHES**

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I. Background

As bank foreclosures are on an upswing, many communities are finding their neighborhoods littered with vacant homes lacking in routine property maintenance and constituting public nuisances. These nuisance properties are just another effect of the collapsing housing market and may also contribute to the further decline of property values.

Local governments have witnessed an increase in code enforcement related violations as a result of the foreclosure trend. Typical problems include unsecured, vacant buildings, weeds, junk, trash and debris, transients, attractive nuisances, lack of landscaping, graffiti and general dilapidation. As more properties fall into this state, property values throughout the neighborhood depress even further, contributing to the foreclosure cycle. Some local governments have attempted to fashion new and creative ways to address these issues. This paper addresses long-standing, traditional remedies and enforcement tools that may be used to combat the spread of property maintenance nuisances resulting from foreclosure.

In a typical foreclosure scenario, there are three distinct periods of varying responsibility for a property. The first phase occurs when a Notice of Default is recorded yet the owner remains in possession of the property. During this period, responsibility for maintenance of the property falls on the owner of the property. However, that owner, due to economic hardships or simple lack of desire to maintain a property they plan to eventually surrender, is less likely to continue to care for the property as they had in the past.

During the second phase, the owner has vacated the property, leaving it to the lender to foreclose. However, either the statutory waiting period to foreclose has not yet passed or the lender has chosen not to complete the foreclosure process for its own financial considerations. During this period, the property remains in a state of limbo, with everyone disclaiming any possessory interest in the property. The owners claim to have abandoned the property to the bank and the bank claims it has no right to the property until it forecloses.

The third phase occurs after the lender has completed the foreclosure and holds the property with intent to sell. Many of these properties are further complicated by being owned not by a financial institution but by a trust security; a pooled investment trust with no real owner in the traditional sense. The properties are often left to deteriorate until sold to a responsible tenant. Local agencies have been struggling with gaining timely compliance using traditional enforcement remedies against institutions that neglect properties. However, using existing tools, local agencies can gain effective and timely compliance without the need of adopting new regulations subject to challenge or establishing new layers of bureaucracy.

II. The Foreclosure Process

In order to properly enforce against the harms created in a declining housing market, a basic understanding of the foreclosure process is helpful. What follows is only a very primitive discussion of a typical California residential housing foreclosure. As in most areas of the law,

there are many exceptions and complex alternatives in the field of real property law.¹ Accordingly, the following summary should be taken only as a general guide to aid in enforcement pursuits.

In California, a lender secures their mortgage interest through a Deed of Trust. As the name implies, this document places the property into a special trust granting limited powers to the trustee under certain circumstances. The trust provides that in the event that a purchaser fails to pay the loan, the lender has a right to sell (foreclose) the property. The Deed of Trust typically has three main players. They are:

1. Trustor – The buyer/owner of the property. They retain most legal rights to the property, including a possessory interest and the right to sell.
2. Beneficiary – The lender or bank that loaned the money to purchase the property. If the buyer defaults on the loan, the beneficiary will ask the Trustee to foreclose.
3. Trustee – Usually a title company established or contracting with the lender to monitor the trust and take action if requested by the beneficiary. It is the Trustee that will take possession of the property and cause it to be sold in a foreclosure proceeding. The trustee will then pay the proceeds of the sale back to the beneficiary (and to the trustor if any remaining balance).

The foreclosure process typically begins with missed payments on the loan. This triggers the beneficiary's option to declare the loan in default and sell the property. The lender/beneficiary will contact the trustee and ask them to issue a Notice of Default. The Notice of Default is required by statute² and is recorded against the property and served on the trustor. The Notice of Default informs the trustor of the condition that violates a term of their loan and offers an opportunity to cure. During this period, some lenders will renegotiate the terms of the loans, demand the full amount of the loan, or agree to a "short sale" of the property.

If the debt remains unsatisfied after 90 days, the beneficiary may request that the trustee sell the property³. The Trustee then records and serves a Notice of Trustees Sale and sets a date for the sale of the property at least 20 days after the Notice date⁴. At the date set for sale, the trustee sells (or attempts to sell) the property at auction⁵. Please note, however, that the Trustee is not required to sell the property at all. In fact, a trustee may issue a Notice of Default and wait several years before actually foreclosing and taking title a property⁶. Some beneficiaries may want to keep some assets or liabilities off their books during a given fiscal cycle. When this

¹ For example, California law allows for a judicial foreclosure in the alternative to an election to sell. Because judicial foreclosures are rare, this summary only deals with the more common right to sell foreclosure.

² California Civil Code § 2924

³ California Civil Code § 2924

⁴ California Civil Code § 2924f

⁵ California Civil Code § 2924g

⁶ See *Arata v Dawner*, 21 Cal. App 2d 406 (3rd Dist. 1937). Court allowed bank to conduct foreclosure sale three years after the recording of a Notice of Default.

occurs, the property may sit vacant and unclaimed until the bank exercises its right to foreclosure. During this time, a financial institution is likely to disclaim any obligation to maintain a property.

III. Responsible Parties

The most difficult part of any enforcement process in a foreclosure setting is identifying the responsible parties. The following is a list of the most common party types that may be encountered in an enforcement action.

1. Individual Owner – A person that holds title to a property.
2. A Family Trust – Although a trust, typically the trustees are the sole individual owners of the property and notices should be sent to each trustee as well as the trust itself.
3. Corporate Owner – This might be a corporation or LLC. If closely held, look to the shareholders or members as responsible parties as well. Also, don't forget to include parent corporations if necessary. Corporate information can be readily obtained from the California Secretary of State's office.⁷ Notices should be sent to the Corporation itself, the relevant department if known and the Agent for Service of Process.
4. Trustee – In a typical trust, the trustee is the individual or company charged with administering the trust assets. Accordingly, the trustee is the primary responsible person for the trust.
5. Trustee under a Deed of Trust – Some local agencies have defined a responsible person as a Trustee under a Deed of Trust when a Notice of Default has been recorded and the property is vacant. This is highly recommended to allow enforcement during those in-between phases before the foreclosure proceedings have been finalized. This follows from the theory that once the Notice of Default has been recorded, the trustee has exercised their legal options to regain possession of the property. If the property has been vacated, the Trustee has the ability (under the standard terms of most mortgage documents) to protect the assets and make the required improvements.
6. Trust Security – After foreclosure, many bank owned properties are held by a trust which is essentially a pooled security and typically looks something like "WaMu Asset 2006-HY8".⁸ By researching the most recent 10-K filing with the SEC, the trustee, and servicer information can be obtained. Note that this rarely matches with the name of the trust.

⁷ <http://kepler.ss.ca.gov/list.html>.

⁸ Info on these trusts can be obtained at <http://www.secinfo.com>.

7. Servicer – Acts much like a Trustee. The servicer is typically a company contracted by the lender to manage the loan or trust.

III. Traditional Enforcement Remedies

Once all the responsible parties have been identified, enforcement can begin. The following is a list of the most commonly used traditional enforcement techniques and their specific application to foreclosed properties. Keep in mind, however, that not all of the following remedies are available in all jurisdictions. Many require a local ordinance to be adopted authorizing such action. As such, local agency staff should consult their codes before putting any of the following into practice. Also, most codes allow for any of the following remedies to be used cumulatively, however, some codes limit certain remedies to the alternative.

A. Administrative Enforcement

The first line of offense against foreclosed properties occurs administratively. Enforcement Officers identify the problem, the potential responsible parties and issue a notice to correct the offending conditions. While typically fairly effective with resident owners, administrative enforcement can prove difficult when dealing with large financial institutions. Notices are often ignored or sent to the wrong departments. It therefore becomes important for enforcement officials to make contact with the appropriate individuals.

When dealing with corporate entities, notices should be sent to all known addresses, including the corporate headquarters, local office, agent for service of process and any property preservation departments. The Mortgage Bankers Association maintains a list of contacts for the property preservation departments at many large institutions⁹. By sending notices and placing phone calls directly to the offices listed on this resource, it is more likely that corrective action will be taken at the administrative level.

B. Administrative/Civil Citations

The California Government Code authorizes a local agency to adopt an Ordinance allowing for a civil citation procedure¹⁰. A civil citation works in much the same manner as a parking ticket. Enforcement Officers identify a violation and issue a citation. Subsequent citations are typically issued with an escalating fine up to the limits set forth in the Government Code. Civil Citations generally are issued in amounts ranging from \$100 to \$500 per violation, per day. A hearing and appeal process is provided as well.

Civil Citations can be very effective against owner occupants but tend to be generally ignored by large institutions. Since they are usually not an exclusive remedy, they can still be issued and the fine amounts collected through liens, special assessments or restitution. However, they will rarely result in quick compliance on vacant foreclosed structures. The fine amounts do go entirely to the local agency and the revenue from such cites can help offset the costs of

⁹ A current version of this list can be found online at: <http://www.mortgagebankers.org/files/PropertyPreservationList.pdf>. A copy is also attached to this paper.

¹⁰ California Government Code Section 53069.4.

enforcement. Accordingly, they are an effective tool but must be used in connection with other remedies and not exclusively.

C. Notice of Substandard Property

Similar to a Lis Pendens, a Notice of Substandard Property or Notice of Code Violation is a document recorded against the property identifying the substandard conditions thereon. This Notice can be a particularly effective tool. Whenever a sale or refinance is attempted on the property, this informational lien can serve as a hindrance to any legitimate financing. The result is immediate compliance in exchange for release of the Notice¹¹.

Although extremely effective in an up market, these notices are rarely helpful in the foreclosure field. Compliance is not achieved through the Notice unless the bank finds a potential buyer for the property and makes the required corrections to complete the sale. This leaves local agencies waiting for compliance until the market supports more purchases or refinances.

D. Nuisance Abatement

The “if you want something done you have to do it yourself” approach. Nuisance abatement is the single most effective tool in the enforcement arsenal. Officer’s identify a nuisance, obtain a warrant to enter the property and abate the nuisance. The local agency fronts the costs to abate and those costs are the placed as a lien or special assessment on the property.

Applying nuisance abatement to the foreclosure trend, however, can be difficult. It is perhaps most useful for one-time events like securing or boarding up a vacant structure. It is less effective though at dealing with recurring issues like landscaping, litter or graffiti without relying on frequent monitoring and return trips to court for new warrants.

E. Civil Penalties

Civil Penalties work in much the same manner as the administrative citation. Some local agencies have existing ordinances authorizing such penalties in the form of an assessment on the property each day a violation exists. New state legislation provides a similar penalty of up to \$1000.00 a day¹². Like administrative citations, civil penalties can be a revenue source for the local agency but do little to get immediate action to abate a nuisance.

F. Injunctions

A local agency has the option to file a Petition with the Superior Court requesting the court to issue an injunction against a property owner ordering them to take certain corrective actions on a property based on violations of local ordinances. If the owner fails to follow the order, a contempt proceeding is held. Owners found in contempt can face fines or even jail time.

¹¹ A sample copy of such a Notice is attached to his paper.

¹² See SB 1137, a copy of which is attached to this paper.

Using the civil court system against large institutions can prove inefficient. Civil court calendars are becoming backlogged across the state and taking a back seat to crowded criminal calendars. Attorneys can delay and manipulate the civil discovery process in hopes that they can sell the property before any order is issued. This method can prove timely and expensive when dealing with large institutions.

G. Receiverships

The California Health and Safety Code establishes the remedy to place a substandard property into a court ordered receivership¹³. In this process, all parties with a recorded interest in the property are given notice. A hearing is held in the civil courts and, if granted, a receiver is appointed. The receiver works as a court appointed trustee, authorized to take whatever action the court has approved to remedy the substandard conditions on the property.

The receiver is able to make the corrections by borrowing the necessary funds against the property. The receiver's debts on the property become a priority lien on the property and subordinate any other interest. After the corrective actions are completed, the interested parties can redeem the receiver's debt or the court authorizes the sale of the property at auction.

Receiverships can be particularly effective on properties with significant violations. The abatement is completed at no cost or risk to the local agency. The receiver's fees are paid out of the property and attorney's fees are also authorized. The legal procedure makes it a less efficient option for minor violations but worthwhile for large projects or when nothing else seems to work.

H. Criminal Complaints

Most local agencies provide that a violation of their local code constitutes either an infraction or misdemeanor. Misdemeanors can carry a maximum penalty of up to \$1000.00 and one (1) year in the County jail for each count. Furthermore, most local ordinances provide that a violation constitutes a new and separate offense for each and every day that it continues to exist. Therefore, the potential criminal sanctions on property maintenance violations can be severe. While corporate entities cannot go to jail, fines and judgments can still be collected and convictions can effect a corporations credit ratings.

The criminal process starts with a report from an enforcement officer identifying the violation and their observations of the condition of the subject property. A criminal complaint and declaration are filed with the court and the responsible parties are served with a Notice to Appear. If they fail to appear at the date set for arraignment, an arrest warrant is requested.

The criminal process is extremely effective for a variety of reasons. To begin with, it is incredibly efficient when dealing with many properties simultaneously. Criminal court appearances for several cases can be heard on the same date with little to no additional paperwork or attorney time. Criminal cases can also be negotiated prior to the arraignment date with an agreement to dismiss the case if compliance is achieved by that date. Repeat offenders

¹³ California Health and Safety Code §17980.7 et seq.

can be placed on probation with orders mirroring those that would be sought in an injunction case.

It is also important to acknowledge that corporate entities must appear in criminal court through an attorney. This means that each institution must hire local counsel to defend the case against them at a cost usually exceeding what the cost of the maintenance would be. This typically results in compliance and dismissal before the first court date has arrived.

As part of any plea or dismissal negotiation or upon conviction, all restitution from prior enforcement can be requested including inspection fees, administrative citations, and even attorney's fees if your local ordinance so authorizes.

IV. A Practical Approach

What follows is a practical approach to dealing with common code enforcement issues on vacant, foreclosed properties. If followed closely, compliance should be achieved in less than ninety days for a typical property. Each step assumes that the violations have not been corrected.

1. Day 1 - Enforcement officer issues letter to abate to all responsible parties.
2. Day 1 - Telephone contact is attempted.
3. Day 14 - Notice of Substandard Property recorded.
4. Day 14 - Highest authorized administrative citation issued.
5. Day 15 through 20 - Obtain Inspection Warrant and abate any conditions appropriate for abatement (e.g. secure the structure, turn off utilities, remove immediate safety hazards).
6. Day 15 - City Attorney sends letter to all responsible parties.
7. Day 30 - Criminal complaint filed.
8. Day 60 - Arraignment in Criminal court
9. Day 61 - If no response to criminal complaint - Receivership filed.
10. Upon Completion - Record lien or authorized special assessment for all costs.

V. Pooling Cases

When using the criminal misdemeanor filing against a bank, it is possible to allege each violation at each property owned by that institution as a separate count. Pooling your cases in this manner may appear to add efficiency to the process by allowing the agency to prosecute several cases in a single action. Be aware, however, that by doing so, the cost-benefit analysis of

the Defendant Corporation may switch. When facing a single count that might cost \$10,000.00 to abate and \$10,000.00 to defend in court, the company will likely always abate. However, when faced with ten properties in a single complaint at an abatement cost of \$100,000.00 but with the same \$10,000.00 cost to defend, the corporation may elect to fight the case. Accordingly, it may be advisable to file each action on each property separately as necessary.

V. Conclusion

Recent foreclosure trends have magnified the problems associated with vacant properties. Routine maintenance of structures and landscaping has been practically ignored by corporate owners resulting in a further depression of property values and quality of life for nearby homeowners. Traditionally effective means of enforcement for code violations have proven to be less effective against large financial institutions. However, the lack of effectiveness may be more the result of enforcement policies rather than legislation. Traditional code enforcement remedies can still be effectively used against foreclosed properties by addressing them in a more aggressive manner. By following a rigid policy of aggressive enforcement, proper noticing, and criminal filings, most foreclosed properties can be brought into compliance with local regulations within ninety (90) days.

Attachment

1

Mortgage Banker's Association
List of Property Preservation Contacts

PROPERTY PRESERVATION CONTACTS



Company Names	Mailing Information	Key Contacts	Title / Department	Phone
Am Trust Bank aka Ohio Savings Bank	1111 Chester Ave. Cleveland, OH 44114	Jacques Hawkins jhawkins@amtrust.com	Property Preservation Specialist	(216) 588-5936 Fax: (216) 588-2060
Aurora Loan Services (ALS)	327 Inverness Dr. South Englewood, CO 80112	R. Brandon McGill rimgilli@alservices.com		(720) 945-4775 Fax: (720) 945-3731
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
Avalo Mortgage	600 E. Las Colinas Blvd., #620 Irving, TX 75039		Collections and Customer Care	(866) 992-8356
Bank of America, N.A. aka NationsBank Barnett Bank Boatmen's Bank	475 Cross Point Pkwy. Getzville, NY 14068-9000 (716) 635 2000	Barbara Komisarof barb.komisarof@bankofamerica.com		(716) 635-2970
		Rhonda Weston rhonda.weston@bankofamerica.com		(716) 635-2978
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
Beal Bank LLP Mortgage Ltd.				(469) 467-5917
Carrington Mortgage Services, LLC	1610 E. St. Andrew Santa Ana, CA 92705	Sheila Fisher sheila.fisher@carringtonms.com	Manager, REO	(949) 517-5598
		Tom Croft tom.croft@carringtonms.com	Vice President, REO	(949) 517-5087
Central Mortgage Company	801 John Barrow Rd., Ste. 1 Little Rock, AR 72205	Jan Davis jkdavis@arvest.com	Default Asset Manager	(501) 716-5614
Chase Home Finance LLC	3415 Vision Dr. Columbus, OH 43219	High Risk Violations@Chase.com		(888) 310-1506
	Attn: OH4-7350 High Risk Unit	David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
Chevy Chase Bank		Debbie Graham djgraham@chevychasebank.net		(301) 939-4059
CitiFinancial Mortgage Company, Inc. ABN Amro	1111 Northpoint Dr. Attn: Property Preservation Coppell, TX 75019	Susan Stroud		(800) 423-8158, ext. 13456
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
Citi Residential Lending Ameriquest Mortgage Services AMC Mortgage Services	10801 6th St., Suite 130 Rancho Cucamonga, CA 91730	Olivia Barton obarton@amcmortgageservices.com		(909) 484-2952, ext. 38535
		Josy Rodriguez josy.rodriguez@amcmortgageservices.com		(909) 484-2952, ext. 38678
		Kim Guevara kguevara@amcmortgageservices.com		(909) 484-2952, ext. 38458
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261

PROPERTY PRESERVATION CONTACTS



Company Names	Mailing Information	Key Contacts	Title / Department	Phone
Countrywide Field Services	301 E. Vanderbilt Way, Ste. 350 San Bernardino, CA 92408	CFSC Escalation Team CFSC_Escalation@Countrywide.com	Property Preservation	(866) 515-9759
Countrywide Home Loans	7105 Corporate Dr. PTX A 274 Plano, TX 75024	Community Advocacy Team communityadvocate@countrywide.com		(888) 200-5872 Fax: (972) 781-4158
	7105 Corporate Dr. PTX C 35 Plano, TX 75024	Escalation Damage Team Casey Chortie Cassandra_Chortie@countrywide.com	Team Leader	(972) 526-1322 Fax: (972) 526-1107
		RENViolationsDesk@countrywide.com	REO / Marketing Violations Notice Desk	
EMC Mortgage Corporation	800 State Highway 121 Bypass Lewisville, TX 75067-4180	Barbara Christy bchristy@bear.com	Code Violation/Preservation Specialist	(214) 626-2645
		Lesley Hicks lhicks1@bear.com	Property Preservation Specialist	(214) 626-2580
		Donna Daniels donna.daniels@bear.com	Property Preservation Supervisor	(214) 626-4841
Everhome	8100 Nations Way Jacksonville, FL 32256	Vacant-blight@everhomemortgage.com		
		First American Field Service caseservice@firstam.com	Field Service Contact	(800) 873-4532 (option 1)
First Commonwealth Bank	4750 Clairton Blvd. Pittsburgh, PA 15236	Jack B. Furtney jfurtney@fcbanking.com	Loan Workout Officer	(412) 881-3347
First Niagara Bank	6950 S. Transit Rd. P.O. Box 514 Lockport, NY 14095-0514	Trish Harris trish.harris@fnbg.com		(716) 625-7689
GMAC Mortgage Corporation	3451 Hammond Ave. Waterloo, IA 50702-5345	Patrick F. McCool pat_mccool@gmacm.com	Manager, Property Preservation	(319) 236-4733 Fax: (319) 236-4647
		Shelley Petersen shelley.petersen@gmacm.com		(319) 236-4784
		Chelle Adkins chelle.adkins@gmacm.com	Team Lead	(319) 236-5147
HSBC Mortgage Services, Inc. Beneficial Ohio Inc. Household Realty Corp.	961 Weigel Dr. Elmhurst, IL 60126 Attn: Prop Preservation	Khalid Mahmud		(800) 333-5848, ext. 7912
		Luigi Gualario luigi.gualario@us.hsbc.com	Assistant Property Preservation Manager	(813) 571-8768
	HSBC Mortgage Services 636 Grand Regency Blvd. Brandon, FL 33510	Cheryl Page	Property Preservation Manager	(813) 571-8664
	HSBC Mortgage Corporation 2929 Walden Ave. Depew, NY 14073	Barbara Willard Ann Lewis		(716) 651-6779 (716) 651-6776
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261

PROPERTY PRESERVATION CONTACTS



Company Names	Mailing Information	Key Contacts	Title / Department	Phone
HUD				
Pyramid Real Estate Services, LLC (KS, MO, OK, KY, TN)	4500 S. Garnett Rd., Ste. 250 Tulsa, OK 74146	Sylvia Beitz code@pyramidrealestate.com	Manager, Property Operations Division	(918) 660-0800, ext. 232
Chapman Law Firm (OH, IL)		Burrell Jackson mc@clfes.com	Mortgage Compliance Manager	(918) 622-3690, ext. 237 (800) 434-1567
Michaelson, Connor & Boul, Inc. (AZ, CO, MT, NV, UT, WY)		LuAnn Kogler luann.kogler@mcbreo.com	Director, Mortgage Relations	(714) 230-3628
Michaelson, Connor & Boul, Inc. (AZ, CO, MT, NV, UT, WY)		Mary Cambero Mary.cambero@mcbreo.com		(714) 230-1300, ext. 2405
		Mike Bao mike.bao@mcbreo.com	Regional Property Mgmt. Mrg.	(480) 941-8737
		Kerry Reterer kerry@mcbreo.com	Exec Director Sales & P&P	(888) 622-7361
Kentucky Housing		dsmith@kyhousing.org	Default/Liquidation Manager	(502) 564-7630, ext. 316
LoanCare Servicing Center		Tim Hayes hayest@loancare.net		(757) 893-1300, ext. 203
		James Bennett-Pate bennett-patej@loancare.net		(757) 893-1300, ext. 243
M & T Bank	One Fountain Plaza, 6th Floor Buffalo, NY 14203	Preservation Manager propertypreservation@mandtbank.com		(800) 724-1633
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
Midland Mortgage Co. MidFirst Bank	999 NW Grand Blvd. Oklahoma City, OK 73118	property.preservation@midfirst.com		(800) 852-8306, ext. 1261
		David Mazanek Safeguard Properties, Inc.	Field Service Contact	(800) 852-8306, ext. 1261
National City Bank National City Mortgage Co. dba Commonwealth United Mortgage dba Accubanc Mortgage dba MidAmerica Bank National City Mortgage Inc. National City Mortgage Services	Attn: Property Preservation 3232 Newmark Dr. Miamisburg, OH 45342	Property Preservation Team Megan Wessell Kim Burchett Delbert Thompson hazard.loss@ncmc.com	Processor Processor Processor	(937) 910-4953 (800) 367-9305, ext. 54953
		Gail Klein gail.klein@ncmc.com	Process Leader	(937) 910-4563
		Michael Ferguson michael.ferguson@ncmc.com	Process Manager	(937) 910-1220
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
National City Consumer Loan Services	6750 Miller Road Brecksville, OH 44141	Kathy Prorock kathy.prorock@nationalcity.com		(440) 546-6979
Note: If unable to identify which National City entity is servicing a property, contact the Miamisburg team which will identify which entity is servicing the loan and provide contact information. Any escalated complaint or concerns can be directed to Deborah Oakley no matter which National City entity is involved or you may call the Property Preservation Team at National City Mortgage, (937) 910-4953.				
Ocwen Loan Servicing, LLC Ocwen Financial Corporation Ocwen Federal Bank FSB	1661 Worthington Rd., Suite 100 West Palm Beach, FL 33409	Kavita Parekh kavita.parekh@ocwen.com		(561) 682-8000, ext. 6412
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261

PROPERTY PRESERVATION CONTACTS



Company Names	Mailing Information	Key Contacts	Title / Department	Phone
Option One Mortgage Corp.		Lydia Tanner-Flores lydia.tannerflores@oomc.com	Manager, Legal Actions	(949) 727-8380 (800) 704-0800, ext. 48380
		Tim Lindsey tim.lindsey@oomc.com	Team Leader, Preservation, Valuations and Manufactured Homes	(800) 704-0800, ext. 48208
		Kristin Velasco kristin.velasco@oomc.com	Senior Representative, Preservation, Valuations and Manufactured Homes	(800) 704-0800, ext. 43454
PHH Mortgage Cendant Mortgage CUNA Mortgage Coldwell Banker Mortgage ERA Mortgage Century 21 Mortgage InstaMortgage Charles Schwab American Express	Safeguard Properties, Inc. 650 Safeguard Plaza Brooklyn Heighs, OH 44131	Andrea Busby		(502) 957-7400, ext. 1026
Plaza Home Mortgage				(858) 346-1208, ext. 208
Popular Mortgage Servicing Inc.	121 Woodcrest Road Cherry Hill, NJ 08003	Edwina Fisher Edwina.Fisher@popularms.com	Safeguard Properties Client Liasion	(800) 556-1425, ext. 5802
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
Regions Mortgage AmSouth Bank Union Planters Magnolia Federal Magna Bank	215 Forrest St. P. O. Box 18001 Hattiesburg, MS 39401	Denise McLaurin Denise.McLaurin@Regions.com		(601) 554-2386
		Paula Gilliland paula.gilliland@regions.com	Legal Claims Processor	(601) 554-2463
SC State Housing	300C Outlet Pointe Blvd. Columbia, SC 29210	Lisa E. Rivers lisa.rivers@schousing.com	Director, Mortgage Servicing	(803) 896-9384
Suntrust Mortgage, Inc	Foreclosure Dept RW3064 1001 Semmes Ave 4th floor Richmond VA 23224	Lorrie Pond lorrie.pond@suntrust.com	Foreclosure Claims Manager	(804) 319-4797
		Tammi Stubbs tammi.stubbs@suntrust.com	Foreclosure Department	(804) 291-2515
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
US Bank Home Mortgage US Bank NA Leader Mortgage	4801 Frederica St. Owensboro, KY 42301	Christina Hall		(270) 852-5644
		David Mazanek, Safeguard david.mazanek@safeguardproperties.com	Field Service Contact	(800) 852-8306, ext. 1261
US Department of Veterans Affairs		wscopm@va.gov		
Washington Mutual		gmo-pescalated@wamu.net		Fax: (904) 886-1628
		Michael Fisher	Property Preservation Manager	(904) 886-5444
		Michelle Wackowski	Escalated Issues	(904) 886-6112
		Brenda Nichols	Violations/Demolitions	(904) 886-5454

PROPERTY PRESERVATION CONTACTS



Company Names	Mailing Information	Key Contacts	Title / Department	Phone
Wells Fargo Home Mortgage WFHM	1 Home Campus Des Moines, IA 50328	codeviolations@wellsfargo.com		
		Andrew Hohensee andrew.d.hohensee@wellsfargo.com	Violation Specialist	(414) 214-4383
		Sherilee Massier sherilee.massier@wellsfargo.com	Manager	Dedicated fax: (866) 512-0757
		First American Field Services wellsinquiries@firstam.com	Field Service Contact	
		Fidelity National Field Services High risk email: field.services.highrisk@fnfs.com	Vendor Team	High risk phone: (440) 424-0045
		Mortgage Contracting Services codeviolations@mcsnow.com		(813) 387-1100
World Savings		Rose Ann Robles RoseAnn.Robles@Wachovia.com	Department Manager, Asset Management and Project Loan Servicing	(210) 543-4571 (866) 259-7731, ext. 34571

Attachment

2

Sample Notice of Substandard Property

WHEN RECORDED MAIL TO:

CITY OF MORENO VALLEY
COMMUNITY DEVELOPMENT DEPT
BUILDING AND SAFETY DIVISION
P.O. BOX 88005
MORENO VALLEY, CA 92552-0805
COMMUNITY DEVELOPMENT DEPT
CITY OF MORENO VALLEY

S	R	U	PAGE	SIZE	DA	MISC	LONG	RFD	COPY
M	A	L	465	426	PCOR	NCOR	SMF	NCHG	EXAM

EXEMPT PER GOVERNMENT CODE 6103

BEFORE THE BUILDING AND SAFETY DIVISION
OF THE CITY OF MORENO VALLEY, STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

In the matter of the Property of

CASE NO. SR06-0215

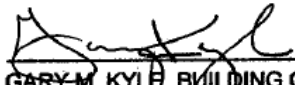
DAVID LIEMEL SR.,
VACANT LOT – NORTH EAST CORNERS OF THE
27000 BLOCK OF COTTONWOOD AVENUE AT
NASON STREET
MORENO VALLEY, CA 92553

NOTICE OF CODE VIOLATION

NON-COMPLIANCE

And DOES I through X owners

NOTICE is hereby given that a Notice of Violation and Order to Comply action with respect to code violation deficiencies (**NON-CONFORMING LAND USE-ZONING; STORAGE**) affecting structures or land located upon the following real property described herein is pending; that such action is based upon the noncompliance of Municipal Code violation(s) on/at such structures or land with the requirements of the City of Moreno Valley Municipal Code; affecting property located at **VACANT LOT NORTHEAST CORNERS OF NASON STREET AND COTTONWOOD AVENUE, MORENO VALLEY, CA** are particularly described as having **Assessor's Parcel Number: 477-290-030** and that the costs incurred, including administrative/re-inspection/abatement costs, therein may become a lien on said property. That any purchaser or encumbrancer acquiring an interest in said property subsequent to the recording of this notice with the County Recorder shall have such interest subject and subordinate to said lien. Further details regarding this notice may be obtained by addressing an inquiry to the Community Development Department, Building and Safety Division (Phone: 951-413-3350), 14177 Frederick Street, Moreno Valley, CA 92553.

By: 
GARY M. KYLE, BUILDING OFFICIAL
CITY OF MORENO VALLEY
14177 Frederick Street, Moreno Valley

Attachment

3

Senate Bill 1137

BILL NUMBER: SB 1137 CHAPTERED
BILL TEXT

CHAPTER 69

FILED WITH SECRETARY OF STATE JULY 8, 2008
APPROVED BY GOVERNOR JULY 8, 2008
PASSED THE SENATE JULY 2, 2008
PASSED THE ASSEMBLY JUNE 30, 2008
AMENDED IN ASSEMBLY JUNE 30, 2008
AMENDED IN ASSEMBLY MAY 23, 2008
AMENDED IN ASSEMBLY MAY 6, 2008
AMENDED IN SENATE APRIL 16, 2008
AMENDED IN SENATE APRIL 9, 2008
AMENDED IN SENATE MARCH 27, 2008
AMENDED IN SENATE MARCH 13, 2008

INTRODUCED BY Senators Perata, Corbett, and Machado
(Principal coauthors: Assembly Members Bass and Lieu)
(Coauthors: Senators Calderon, Cedillo, Ducheny, Migden,
Ridley-Thomas, Romero, Scott, and Wiggins)
(Coauthors: Assembly Members Arambula, Berg, Brownley, Caballero,
Carter, Coto, DeSaulnier, Fuentes, Hancock, Hayashi, Hernandez,
Jones, Nava, Parra, Ruskin, Torrico, and Wolk)

JANUARY 31, 2008

An act to add and repeal Sections 2923.5, 2923.6, 2924.8, and 2929.3 of the Civil Code, and to add and repeal Section 1161b of the Code of Civil Procedure, relating to mortgages, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1137, Perata. Residential mortgage loans: foreclosure procedures.

(1) Upon a breach of the obligation of a mortgage or transfer of an interest in property, existing law requires the trustee, mortgagee, or beneficiary to record in the office of the county recorder wherein the mortgaged or trust property is situated, a notice of default, and to mail the notice of default to the mortgagor or trustor. Existing law requires the notice to contain specified statements, including, but not limited to, those related to the mortgagor's or trustor's legal rights, as specified. Existing law also requires that the notice of sale in the case of default be posted on the property, as specified.

Until January 1, 2013, and as applied to residential mortgage loans made from January 1, 2003, to December 31, 2007, inclusive, that are for owner-occupied residences, this bill would, among other things, require a mortgagee, trustee, beneficiary, or authorized agent to wait 30 days after contact is made with the borrower, or 30 days after satisfying due diligence requirements to contact the borrower, as specified, before filing a notice of default. The bill would require contact with the borrower, as defined, in order to assess the borrower's financial situation and explore options for the borrower to avoid foreclosure. The bill would require the mortgagee,

beneficiary, or authorized agent to advise the borrower that he or she has the right to request a subsequent meeting within 14 days, and to provide the borrower the toll-free telephone number made available by the United States Department of Housing and Urban Development (HUD) to find a HUD-certified housing counseling agency. The bill would require the notice of default to include a specified declaration from the mortgagee, beneficiary, or authorized agent regarding its contact with the borrower or that the borrower has surrendered the property. If a notice of default had already been filed prior to the enactment of this act, the bill would instead require the mortgagee, trustee, beneficiary, or authorized agent, as part of the notice of sale, to include a specified declaration regarding contact with the borrower. The bill would authorize a borrower to designate a HUD-certified housing counseling agency, attorney, or other advisor to discuss with the mortgagee, beneficiary, or authorized agent, on the borrower's behalf, options for the borrower to avoid foreclosure. The contact and meeting requirements of these provisions would not apply if a borrower has surrendered the property or the borrower has contracted with an organization, as specified. The bill would also require specified mailings to the resident of a property that is the subject of a notice of sale, as specified. In addition, the bill would make it a crime to tear down the notice of sale posted on a property within 72 hours of posting, thereby imposing a state-mandated local program.

Until January 1, 2013, this bill would require a legal owner to maintain vacant residential property purchased at a foreclosure sale, or acquired by that owner through foreclosure under a mortgage or deed of trust. The bill would authorize a governmental entity to impose civil fines and penalties for failure to maintain that property of up to \$1,000 per day for a violation. The bill would require a governmental entity that seeks to impose those fines and penalties to give notice of the claimed violation and an opportunity to correct the violation at least 14 days prior to imposing the fines and penalties, and to allow a hearing for contesting those fines and penalties.

(2) Existing law governs the termination of tenancies and generally requires 30 days' notice of the termination thereof, except under specified circumstances. Existing law also establishes the criteria for determining when a tenant is guilty of unlawful detainer.

Until January 1, 2013, this bill would give a tenant or subtenant in possession of a rental housing unit at the time the property is sold in foreclosure, 60 days to remove himself or herself from the property, as specified.

(3) This bill would set forth specified findings and declarations and intent provisions with regard to the above, and would provide that its provisions are severable.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(5) This bill would declare that it is to take effect immediately as an urgency statute.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) California is facing an unprecedented threat to its state economy and local economies because of skyrocketing residential property foreclosure rates in California. Residential property foreclosures increased sevenfold from 2006 to 2007. In 2007, more than 84,375 properties were lost to foreclosure in California, and 254,824 loans went into default, the first step in the foreclosure process.

(b) High foreclosure rates have adversely affected property values in California, and will have even greater adverse consequences as foreclosure rates continue to rise. According to statistics released by the HOPE NOW Alliance, the number of completed California foreclosure sales in 2007 increased almost threefold from 1,902 in the first quarter to 5,574 in the fourth quarter of that year. Those same statistics report that 10,556 foreclosure sales, almost double the number for the prior quarter, were completed just in the month of January 2008. More foreclosures means less money for schools, public safety, and other key services.

(c) Under specified circumstances, mortgage lenders and servicers are authorized under their pooling and servicing agreements to modify mortgage loans when the modification is in the best interest of investors. Generally, that modification may be deemed to be in the best interest of investors when the net present value of the income stream of the modified loan is greater than the amount that would be recovered through the disposition of the real property security through a foreclosure sale.

(d) It is essential to the economic health of California for the state to ameliorate the deleterious effects on the state economy and local economies and the California housing market that will result from the continued foreclosures of residential properties in unprecedented numbers by modifying the foreclosure process to require mortgagees, beneficiaries, or authorized agents to contact borrowers and explore options that could avoid foreclosure. These changes in accessing the state's foreclosure process are essential to ensure that the process does not exacerbate the current crisis by adding more foreclosures to the glut of foreclosed properties already on the market when a foreclosure could have been avoided. Those additional foreclosures will further destabilize the housing market with significant, corresponding deleterious effects on the local and state economy.

(e) According to a survey released by the Federal Home Loan Mortgage Corporation (Freddie Mac) on January 31, 2008, 57 percent of the nation's late-paying borrowers do not know their lenders may offer alternatives to help them avoid foreclosure.

(f) As reflected in recent government and industry-led efforts to help troubled borrowers, the mortgage foreclosure crisis impacts borrowers not only in nontraditional loans, but also many borrowers in conventional loans.

(g) This act is necessary to avoid unnecessary foreclosures of residential properties and thereby provide stability to California's statewide and regional economies and housing market by requiring early contact and communications between mortgagees, beneficiaries, or authorized agents and specified borrowers to explore options that could avoid foreclosure and by facilitating the modification or

restructuring of loans in appropriate circumstances.

SEC. 2. Section 2923.5 is added to the Civil Code, to read:

2923.5. (a) (1) A mortgagee, trustee, beneficiary, or authorized agent may not file a notice of default pursuant to Section 2924 until 30 days after contact is made as required by paragraph (2) or 30 days after satisfying the due diligence requirements as described in subdivision (g).

(2) A mortgagee, beneficiary, or authorized agent shall contact the borrower in person or by telephone in order to assess the borrower's financial situation and explore options for the borrower to avoid foreclosure. During the initial contact, the mortgagee, beneficiary, or authorized agent shall advise the borrower that he or she has the right to request a subsequent meeting and, if requested, the mortgagee, beneficiary, or authorized agent shall schedule the meeting to occur within 14 days. The assessment of the borrower's financial situation and discussion of options may occur during the first contact, or at the subsequent meeting scheduled for that purpose. In either case, the borrower shall be provided the toll-free telephone number made available by the United States Department of Housing and Urban Development (HUD) to find a HUD-certified housing counseling agency. Any meeting may occur telephonically.

(b) A notice of default filed pursuant to Section 2924 shall include a declaration from the mortgagee, beneficiary, or authorized agent that it has contacted the borrower, tried with due diligence to contact the borrower as required by this section, or the borrower has surrendered the property to the mortgagee, trustee, beneficiary, or authorized agent.

(c) If a mortgagee, trustee, beneficiary, or authorized agent had already filed the notice of default prior to the enactment of this section and did not subsequently file a notice of rescission, then the mortgagee, trustee, beneficiary, or authorized agent shall, as part of the notice of sale filed pursuant to Section 2924f, include a declaration that either:

(1) States that the borrower was contacted to assess the borrower's financial situation and to explore options for the borrower to avoid foreclosure.

(2) Lists the efforts made, if any, to contact the borrower in the event no contact was made.

(d) A mortgagee's, beneficiary's, or authorized agent's loss mitigation personnel may participate by telephone during any contact required by this section.

(e) For purposes of this section, a "borrower" shall include a mortgagor or trustor.

(f) A borrower may designate a HUD-certified housing counseling agency, attorney, or other advisor to discuss with the mortgagee, beneficiary, or authorized agent, on the borrower's behalf, options for the borrower to avoid foreclosure. That contact made at the direction of the borrower shall satisfy the contact requirements of paragraph (2) of subdivision (a). Any loan modification or workout plan offered at the meeting by the mortgagee, beneficiary, or authorized agent is subject to approval by the borrower.

(g) A notice of default may be filed pursuant to Section 2924 when a mortgagee, beneficiary, or authorized agent has not contacted a borrower as required by paragraph (2) of subdivision (a) provided that the failure to contact the borrower occurred despite the due diligence of the mortgagee, beneficiary, or authorized agent. For purposes of this section, "due diligence" shall require and mean all

of the following:

(1) A mortgagee, beneficiary, or authorized agent shall first attempt to contact a borrower by sending a first-class letter that includes the toll-free telephone number made available by HUD to find a HUD-certified housing counseling agency.

(2) (A) After the letter has been sent, the mortgagee, beneficiary, or authorized agent shall attempt to contact the borrower by telephone at least three times at different hours and on different days. Telephone calls shall be made to the primary telephone number on file.

(B) A mortgagee, beneficiary, or authorized agent may attempt to contact a borrower using an automated system to dial borrowers, provided that, if the telephone call is answered, the call is connected to a live representative of the mortgagee, beneficiary, or authorized agent.

(C) A mortgagee, beneficiary, or authorized agent satisfies the telephone contact requirements of this paragraph if it determines, after attempting contact pursuant to this paragraph, that the borrower's primary telephone number and secondary telephone number or numbers on file, if any, have been disconnected.

(3) If the borrower does not respond within two weeks after the telephone call requirements of paragraph (2) have been satisfied, the mortgagee, beneficiary, or authorized agent shall then send a certified letter, with return receipt requested.

(4) The mortgagee, beneficiary, or authorized agent shall provide a means for the borrower to contact it in a timely manner, including a toll-free telephone number that will provide access to a live representative during business hours.

(5) The mortgagee, beneficiary, or authorized agent has posted a prominent link on the homepage of its Internet Web site, if any, to the following information:

(A) Options that may be available to borrowers who are unable to afford their mortgage payments and who wish to avoid foreclosure, and instructions to borrowers advising them on steps to take to explore those options.

(B) A list of financial documents borrowers should collect and be prepared to present to the mortgagee, beneficiary, or authorized agent when discussing options for avoiding foreclosure.

(C) A toll-free telephone number for borrowers who wish to discuss options for avoiding foreclosure with their mortgagee, beneficiary, or authorized agent.

(D) The toll-free telephone number made available by HUD to find a HUD-certified housing counseling agency.

(h) Subdivisions (a), (c), and (g) shall not apply if any of the following occurs:

(1) The borrower has surrendered the property as evidenced by either a letter confirming the surrender or delivery of the keys to the property to the mortgagee, trustee, beneficiary, or authorized agent.

(2) The borrower has contracted with an organization, person, or entity whose primary business is advising people who have decided to leave their homes on how to extend the foreclosure process and avoid their contractual obligations to mortgagees or beneficiaries.

(3) The borrower has filed for bankruptcy, and the proceedings have not been finalized.

(i) This section shall apply only to loans made from January 1, 2003, to December 31, 2007, inclusive, that are secured by

residential real property and are for owner-occupied residences. For purposes of this subdivision, "owner-occupied" means that the residence is the principal residence of the borrower.

(j) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 3. Section 2923.6 is added to the Civil Code, to read:

2923.6. (a) The Legislature finds and declares that any duty servicers may have to maximize net present value under their pooling and servicing agreements is owed to all parties in a loan pool, not to any particular parties, and that a servicer acts in the best interests of all parties if it agrees to or implements a loan modification or workout plan for which both of the following apply:

(1) The loan is in payment default, or payment default is reasonably foreseeable.

(2) Anticipated recovery under the loan modification or workout plan exceeds the anticipated recovery through foreclosure on a net present value basis.

(b) It is the intent of the Legislature that the mortgagee, beneficiary, or authorized agent offer the borrower a loan modification or workout plan if such a modification or plan is consistent with its contractual or other authority.

(c) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 4. Section 2924.8 is added to the Civil Code, to read:

2924.8. (a) Upon posting a notice of sale pursuant to Section 2924f, a trustee or authorized agent shall also post the following notice, in the manner required for posting the notice of sale on the property to be sold, and a mortgagee, trustee, beneficiary, or authorized agent shall mail, at the same time in an envelope addressed to the "Resident of property subject to foreclosure sale" the following notice in English and the languages described in Section 1632: "Foreclosure process has begun on this property, which may affect your right to continue to live in this property. Twenty days or more after the date of this notice, this property may be sold at foreclosure. If you are renting this property, the new property owner may either give you a new lease or rental agreement or provide you with a 60-day eviction notice. However, other laws may prohibit an eviction in this circumstance or provide you with a longer notice before eviction. You may wish to contact a lawyer or your local legal aid or housing counseling agency to discuss any rights you may have."

(b) It shall be an infraction to tear down the notice described in subdivision (a) within 72 hours of posting. Violators shall be subject to a fine of one hundred dollars (\$100).

(c) A state government entity shall make available translations of the notice described in subdivision (a) which may be used by a mortgagee, trustee, beneficiary, or authorized agent to satisfy the requirements of this section.

(d) This section shall only apply to loans secured by residential real property, and if the billing address for the mortgage note is different than the property address.

(e) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted

statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 5. Section 2929.3 is added to the Civil Code, to read:

2929.3. (a) (1) A legal owner shall maintain vacant residential property purchased by that owner at a foreclosure sale, or acquired by that owner through foreclosure under a mortgage or deed of trust. A governmental entity may impose a civil fine of up to one thousand dollars (\$1,000) per day for a violation. If the governmental entity chooses to impose a fine pursuant to this section, it shall give notice of the alleged violation, including a description of the conditions that gave rise to the allegation, and notice of the entity's intent to assess a civil fine if action to correct the violation is not commenced within a period of not less than 14 days and completed within a period of not less than 30 days. The notice 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.

(2) The governmental entity shall provide a period of not less than 30 days for the legal owner 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. The maximum civil fine authorized by this section is one thousand dollars (\$1,000) 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.

(3) Subject to the provisions of this section, a governmental entity may establish different compliance periods for different conditions on the same property in the notice of alleged violation mailed to the legal owner.

(b) For purposes of this section, "failure to maintain" means failure to care for the exterior of the property, including, but not limited to, permitting excessive foliage growth that diminishes the value of surrounding properties, failing to take action to prevent trespassers or squatters from remaining on the property, or failing to take action to prevent mosquito larvae from growing in standing water or other conditions that create a public nuisance.

(c) Notwithstanding subdivisions (a) and (b), a governmental entity may provide less than 30 days' notice to remedy a condition before imposing a civil fine if the entity determines that a specific condition of the property threatens public health or safety and provided that notice of that determination and time for compliance is given.

(d) Fines and penalties collected pursuant to this section shall be directed to local nuisance abatement programs.

(e) A governmental entity may not impose fines on a legal owner under both this section and a local ordinance.

(f) These provisions shall not preempt any local ordinance.

(g) This section shall only apply to residential real property.

(h) The rights and remedies provided in this section are cumulative and in addition to any other rights and remedies provided by law.

(i) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends

that date.

SEC. 6. Section 1161b is added to the Code of Civil Procedure, to read:

1161b. (a) Notwithstanding Section 1161a, a tenant or subtenant in possession of a rental housing unit at the time the property is sold in foreclosure shall be given 60 days' written notice to quit pursuant to Section 1162 before the tenant or subtenant may be removed from the property as prescribed in this chapter.

(b) This section shall not apply if any party to the note remains in the property as a tenant, subtenant, or occupant.

(c) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 7. Nothing in this act is intended to affect any local just-cause eviction ordinance. This act does not, and shall not be construed to, affect the authority of a public entity that otherwise exists to regulate or monitor the basis for eviction.

SEC. 8. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 10. (a) This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to stabilize and protect the state and local economies and housing market at the earliest possible time, it is necessary for this act to take effect immediately.

(b) However, the provisions of Section 2 of this act, which adds Section 2923.5 to the Civil Code, and Section 4 of this act, which adds Section 2924.8 to the Civil Code, shall become operative 60 days after the effective date of this act.