

Relevant language included below for Agenda item IV. C. Discuss Distribution and Administration \$31 million in National Foreclosure Settlement Funding.

## **Assembly Bill No. 83**

### **CHAPTER 15**

An act to amend Sections 12531, 14664, 65400, and 65583.1 of the Government Code, to amend Sections 18865.4, 37001, 50216, 50217, 50218, 50219, 50220, 50221, 50470, 50515.03, 50661, and 50675.1 of, to add Sections 50218.5, 50220.5, 50220.6, 50222, and 50675.1.1 to, and to add and repeal Section 50675.1.2 of, the Health and Safety Code, to amend Sections 12206, 17058, and 23610.5 of the Revenue and Taxation Code, and to amend Section 8256 of the Welfare and Institutions Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 29, 2020. Filed with Secretary of State June 29, 2020.]

#### **SECTION 1.**

Section 12531 of the Government Code is amended to read:

##### **12531.**

(a) The Legislature finds and declares that California, represented by the California Attorney General, entered a national multistate settlement with the country's five largest loan servicers. This agreement, the National Mortgage Settlement stemmed from successful resolution of federal court action (Consent Judgment, United States v. Bank of America (No. 1:12-cv-00361, Banzr. D.C. Apr. 4, 2012)). The National Mortgage Settlement is broad ranging, with California's share of this settlement estimated to be up to eighteen billion dollars (\$18,000,000,000). Of this amount, approximately four hundred ten million dollars (\$410,000,000) will come directly to the state in costs, fees, and penalty payments.

(b) There is hereby created in the State Treasury the National Mortgage Special Deposit Fund. Notwithstanding Section 13340, all moneys in the fund are hereby continuously appropriated, and shall be allocated by the Department of Finance.

(c) Direct payments made to the State of California as civil penalties pursuant to the National Mortgage Settlement shall be deposited in the Unfair Competition Law Fund as required by the settlement.

(d) Direct payments made to the State of California pursuant to the National Mortgage Settlement, except for those payments made pursuant to subdivision (c), shall be deposited in the National Mortgage Special Deposit Fund.

(e) (1) The funds in the National Mortgage Special Deposit Fund shall be allocated as follows:

(A) Three hundred million dollars (\$300,000,000) to be administered by the California Housing Finance Agency for both of the following purpose:

(i) Providing housing counseling services that are certified by the federal Department of Housing and Urban Development to homeowners, former homeowners, or renters.

(ii) (I) Providing mortgage assistance to qualified California households.

(II) Mortgage assistance to borrowers who own residential properties with four or fewer units who face foreclosure are eligible under this clause.

(B) Thirty-one million dollars (\$31,000,000) to the Judicial Council for distribution through the State Bar to qualified legal services projects and support centers to provide eviction defense or other tenant defense assistance in landlord-tenant disputes, including preeviction and eviction legal services, counseling, advice and consultation, mediation, training, renter education, and representation, and legal services to improve habitability, increase affordable housing, ensure receipt of eligible income or benefits to improve housing stability, and prevent homelessness. These funds shall be allocated as follows:

(i) Seventy-five percent shall be distributed to qualified legal services projects and support centers that currently provide eviction defense or other tenant defense assistance in landlord-tenant disputes as set forth in this subparagraph.

(I) To receive funds, a program shall be eligible for 2020 Interest on Lawyer Trust Fund Account (IOLTA) funding. Each eligible program shall receive a percentage equal to that legal services project's 2020 IOLTA allocation divided by the total 2020 IOLTA allocation for all legal services projects eligible for the funding.

(II) To ensure meaningful funding, a minimum amount of fifty thousand dollars (\$50,000) shall be allocated to an eligible program unless the program requests a lesser amount, in which case any funds that would have otherwise been allocated to the program shall be distributed proportionally to the other qualified legal services projects.

(III) These funds shall be distributed as soon as practicable and shall not supplant existing resources.

(ii) Twenty-five percent shall be allocated through a competitive grant process developed by the Legal Services Trust Fund Commission of the State Bar to award grants to qualified legal service projects and support centers.

(I) The grant process shall ensure that a qualified legal service project or support center to receive funding demonstrate that funds received will be not used to supplant existing resources and will be used to provide services to tenants not otherwise served by that qualified legal service project or support center.

(II) The commission shall determine grant awards, and preference shall be given to qualified legal aid agencies that serve rural or underserved communities which serve clients regardless of immigration or citizenship status.

(III) Any funds not allocated pursuant to this competitive grant process shall be distributed pursuant to clause (i).

(2) No more than 5 percent of the allocations in subparagraphs (A) and (B) of paragraph (1) shall be spent for the administration of those services.

(f) Notwithstanding any other law, the Controller may use the funds in the National Mortgage Special Deposit Fund for cashflow loans to the General Fund as provided in Sections 16310 and 16381.