

July 27, 2011
Initiative 11-0014

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

HOME MORTGAGE MODIFICATION. INITIATIVE CONSTITUTIONAL

AMENDMENT. Makes home ownership fundamental right. Prohibits lenders from foreclosing on California citizen's personal home. Requires lenders to assist California borrowers not paying on home loans due to financial hardship or illness. Requires lenders to reduce home loan principal to reflect drop in local property value if more than 10 percent, and to reschedule payments, reduce interest rates, and/or refinance without new credit review. Requires lenders to refinance home loans at minimum cost within 45 days of request if loan has been maintained for three years. Provides back property tax assistance to homeowners. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments:

The fiscal impacts of some provisions of this measure are uncertain because of potential conflicts with provisions of the U.S. and State Constitutions and federal laws and regulations governing federally chartered lenders. Potential losses to local governments up to a few billion dollars annually in revenues from property taxes and other types of fees and assessments. Potential state costs up to the low billions of dollars annually to replace the loss of property tax revenues now used to meet the Proposition 98 education funding requirement. (11-0014)