

BUYER'S CHOICE ACT

'Buyer's Choice Act' (AB 957/Galgiani) Signed Into Law

Legislation Protects Consumers Purchasing Foreclosed Properties

SACRAMENTO, C.A., Oct. 13, 2009/PRNewswire/—The Escrow Institute of California announced today that Governor Schwarzenegger signed Assembly Bill 957 into law. This bill, authored by Assembly Member Cathleen Galgiani (D-Tracy), protects consumers by ensuring that they have the right to choose their own real estate service providers when purchasing foreclosed properties.

AB 957, known as the Buyer's Choice Act, prohibits sellers of so-called REO properties - typically foreclosed properties owned by banks - from requiring the buyer to use a particular title company, escrow settlement or other real estate service provider. This unethical, anti-competitive practice drives up costs for homebuyers and takes business away from locally owned companies. The problem has become particularly acute in the Central Valley and Inland Empire, areas that have faced some of the highest foreclosure rates in the country. Recent data indicate that 11 of the nation's top 20 foreclosure rates are in California metropolitan areas.

"Homebuyers should have every right to choose their title, escrow and real estate service providers based on price and quality of service," said Assembly Member Cathleen Galgiani. "AB 957 ensures that buyers can make marketplace choices that suit their own best interests, rather than getting forced to serve the financial interests of some international bank or other corporation."

The Buyer's Choice Act enjoyed overwhelming, bi-partisan support in the Legislature, with State Senator Jeff Denham (R-Merced) providing important assistance. AB 957 was sponsored by the Escrow Institute of California, and received support from the California Association of Realtors and numerous real estate professionals from across the state. The bill requires that REO sellers provide a disclosure notice to buyers informing them of their rights to choose their own title, escrow and other real estate services. Sellers who violate the provisions of AB 957 are subject to enforcement action by state regulators and liable to buyers for civil penalties.

"It's just not right that independent escrow companies and other local real estate businesses are being literally locked out of the foreclosure sales market," said Escrow Institute of California CEO Tim Egan. "These local companies oftentimes offer the best price and highest quality of service available to consumers. Excluding these companies from REO sales kills local jobs and eliminates competition in the marketplace."

For additional information regarding AB 957, please visit www.escrowinstitute.org.

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