

Assembly Bill No. 3100

CHAPTER 431

An act to add Section 2951 to the Civil Code, relating to mortgage loans.

[Approved by Governor September 22, 2024. Filed with
Secretary of State September 22, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3100, Low. Assumption of mortgage loans: dissolution of marriage.

Existing law defines and regulates mortgages, including recording notices of default and applications for loan modification. The California Consumer Financial Protection Law requires the Department of Financial Protection and Innovation to regulate the offering and provision of consumer financial products or services under California consumer financial laws and to exercise nonexclusive oversight and enforcement authority under California consumer financial laws.

This bill would require a conventional home mortgage loan originated on or after January 1, 2027, and secured by owner-occupied residential real property containing 4 or fewer dwelling units with multiple borrowers to include provisions to allow for any of the existing borrowers to purchase the property interest of another borrower on the loan by assuming the seller's portion of the mortgage under specified circumstances if the assuming borrower qualifies for the underlying loan, as determined by the lender.

The people of the State of California do enact as follows:

SECTION 1. Section 2951 is added to the Civil Code, to read:

2951. (a) A conventional home mortgage loan originated on or after January 1, 2027, and secured by owner-occupied residential real property containing four or fewer dwelling units with multiple borrowers shall include provisions to allow for any of the existing borrowers to purchase the property interest of another borrower on the loan by assuming the seller's portion of the mortgage in connection with a decree of dissolution of marriage, a legal separation agreement, or an incidental property settlement if the assuming borrower qualifies for the underlying loan, as determined by the lender.

(b) For purposes of this section:

(1) "Conventional home mortgage loan" means a mortgage loan that is not insured or guaranteed by the federal government.

(2) “Owner-occupied” means that the property is the principal residence of the borrowers and is security for a loan made for personal, family, or household purposes.