

The Buyers Choice Act - AB 957

AB 957 ensures that home buyers can use local escrow services to provide better service at lesser cost in the purchase of bank owned houses.

The bill, which takes effect immediately as an urgency statute, prohibits a seller who acquired title to residential real property at a foreclosure sale from requiring a buyer to purchase title insurance or escrow services from a company chosen by the seller as a condition of receiving offers and/or selling the residential real property. A transaction subject to the act would not be invalidated solely because of the failure of any person to comply with any provision of the Act. The measure is effective only until January 1, 2015, unless extended by the Legislature.

The foreclosure crisis over the last few years revealed a practice in the market that is having significant consequences to home buyers, their Realtors and local escrow offices. Banks and other large lenders that have taken possession of foreclosed homes are increasingly requiring that buyers of those properties use escrow companies with which they have contracts regardless of who pays for the service. This practice causes local home buyers to pay up to twice as much in escrow fees to escrow offices out of the area that provide inadequate service to the buyer.

Federal law called the Real Estate Procedures Act (RESPA) prohibits a seller of residential property from requiring or influencing a buyer to purchase title insurance from a company chosen by the seller. Assembly Bill 957 does the same with escrow services which are often joined with Title Insurance.

"The Buyers Choice Act" mandates that buyers of bank-owned properties (foreclosed homes) would have the choice of using a local escrow office to handle the transaction. It prohibits a seller of residential property from requiring the buyer to use an escrow service company or purchase title insurance chosen by the seller and also prohibits a seller of residential property from, without good cause, disapproving the use of a title or escrow company chosen by a buyer.

"Local escrow companies, which can offer the best resources and service in the current housing crisis, are being shut out of the Bank Owned (foreclosed) housing market," according to Assembly Member Cathleen Galgiani. "Instead of local businesses assisting buyers and expediting the transfer of foreclosed properties to homeowners, they're literally locked out of the market. Excluding local businesses from competition for services also eliminates local jobs that further harms the local economy and eliminates competition."

Contact us today for all your title and escrow questions!

619-299-4800 ♦ 888-828-8490 ♦ CorinthianTitle.com