

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2025-2026 Regular Session**

AB 1957 (Pacheco)  
Version: May 7, 2026  
Hearing Date: June 30, 2026  
Fiscal: Yes  
Urgency: No  
ID

**SUBJECT**

Mortgages: foreclosure

**DIGEST**

This bill narrows the process by which certain eligible bidders may purchase a residential property of one to four units that was sold at a foreclosure sale by making a matching or greater bid, as specified.

**EXECUTIVE SUMMARY**

When a homeowner defaults on their mortgage, the lender can proceed with a foreclosure in which a trustee runs a public auction to sell the property to the highest bidder in order to pay off the homeowner's delinquent mortgage debt. In 2019, the Legislature passed SB 1079 (Skinner, Ch. 202, Stats. 2020) to help more Californians become homeowners. SB 1079 allows certain eligible bidders to make a final bid after a foreclosure auction has concluded in order to purchase the foreclosed-upon property. These eligible bidders include current tenants, certain nonprofits, community land trusts, limited-equity housing cooperatives, state and local entities, and prospective owner-occupants. However, according to the author, since the SB 1079 process was enacted into law, bad actors have misused the process to circumvent the foreclosure auction process and obtain homes when they are not actually eligible bidders. To prevent these fraudulent bids, AB 1957 proposes to eliminate the prospective owner-occupant category of eligible bidder and impose additional requirements on current tenant and nonprofit bidders. It also requires eligible bidders, except for nonprofit corporation bidders, to submit an amount of 1.2 percent with their bid, to be provided to the highest bidder in the foreclosure sale. It also narrows the properties eligible for the SB 1079 process, and makes a variety of other changes.

AB 1957 is sponsored by the United Trustees Association, and is opposed by the California Community Land Trust Network and a number of other nonprofits and groups.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) Establishes comprehensive procedures for conducting a non-judicial foreclosure sale, pursuant to a power of sale in the deed or mortgage, through a public auction conducted by a trustee (also known as the “trustee’s sale”). (Civ. Code §§ 2924g & 2924h.)
- 2) Requires a trustee to distribute the proceeds of a trustee’s sale in an order of priority, starting with the costs and expenses of the sale, the payment obligation secured by the mortgage that is the subject of the sale, any junior liens, and then to the borrower. (Civ. Code § 2924k.)
- 3) Provides a process for a specified eligible bidder to meet or exceed the highest bid at a trustee’s sale, if the eligible bidder’s bid is received by the trustee within 45 days of the trustee’s sale, as specified. (Civ. Code § 2924m.)
- 4) Defines, for the purposes of the process described in (3), above, an “eligible bidder” to mean:
  - a) an eligible tenant buyer;
  - b) a prospective owner-occupant;
  - c) a nonprofit association, nonprofit corporation, or cooperative corporation in which an eligible tenant buyer is a voting member or director;
  - d) an eligible nonprofit corporation that:
    - i. has a determination letter from the IRS affirming its tax-exempt 501(c)(3) status;
    - ii. has its principal place of business in California;
    - iii. has board members whose primary residences are all in California;
    - iv. has as one of its primary activities the development and preservation of affordable rental or home ownership housing in California; and
    - v. is registered and in good standing with the Attorney General’s Registry of Charities and Fundraisers;
  - e) a limited liability company wholly owned by one or more eligible nonprofit corporations described in (c) or (d);
  - f) a community land trust, as defined;
  - g) a limited-equity housing cooperative, as defined; or
  - h) the state, the Regents of the UC, or a county, city, district, public authority, or public agency. (Civ. Code § 2924m(a)(3).)
- 5) Defines a “prospective owner-occupant” to mean a natural person who presents to the trustee an affidavit or declaration stating that:
  - a) They will occupy the property as their primary residence within 60 days of the trustee’s deed being recorded;

- b) They will maintain their occupancy for at least one year;
  - c) They are not acting as the agent of any other person or entity in purchasing the real property, and
  - d) They are not the foreclosed upon borrower, or related to or affiliated with the foreclosed upon borrower, as specified. (Civ. Code § 2924m(a)(1).)
- 6) Defines an “eligible tenant bidder” to mean a natural person who, at the time of the trustee’s sale:
- a) Is occupying the property as their primary residence;
  - b) Is occupying the real property under a rental or lease agreement entered into as the result of an arm’s-length transaction that was entered into before recording of the owner’s default, and provides evidence of this;
  - c) Is not the borrower or trustor, or the child, spouse, or parent of the borrower or trustor;
  - d) Is not acting as the agent of any other person or entity in purchasing the real property; and
  - e) Has not filed a petition under the U.S. Bankruptcy Code, as specified. (Civ. Code § 2924m(a)(2).)
- 7) Permits the Attorney General or a county counsel, city attorney, or district attorney to bring a civil action for specific performance or any other remedy at equity or law to enforce the provisions relating to bids by eligible bidders described in (3) through (6), above. (Civ. Code § 2924m(j).)
- 8) Specifies that the provisions described in (3) through (7), above, regarding bids by eligible bidders, sunsets and are repealed on January 1, 2031. (Civ. Code § 2924m(m).)

This bill:

- 1) Removes the “prospective owner occupant” category of eligible bidder for the purposes of the post-sale bidding process described in (3), above.
- 2) Limits the residential properties of one to four units eligible for the post-sale bidding process under (3), above, to:
  - a) Property that is residential real property sold at a trustee’s sale pursuant to a power of sale contained in a first lien deed of trust or mortgage;
  - b) Property for which the city or county in which the property is located has issued a certificate of occupancy that was valid on the date of the trustee’s sale, and the property was not subject to a red tag or a substandard building code violation preventing occupancy on the date of the sale;
  - c) Property that contains four or fewer residential units; and
  - d) For property containing only one residential unit, the fair market value of the property is equal to or less than the maximum Federal Housing Administration loan limits, as specified.

- 3) Requires that “eligible tenant buyer” means, in addition to existing requirements, a tenant who will maintain occupancy for at least one year pursuant to a recorded deed restriction.
- 4) Requires that an eligible nonprofit corporation meet specified requirements required of nonprofits that may bid on deed-restricted housing in existing law, as specified.
- 5) Requires an eligible bidder, except for an eligible nonprofit corporation, to submit with their bid an amount equal to 1.2 percent of the last and highest bid at the trustee’s sale.
- 6) Permits a trustee to reasonably rely on affidavits and declarations regarding bidder eligibility, and specifies that the trustee does not have a duty to investigate or verify the information contained within the affidavit or declaration of the bidder’s eligibility. Specifies that the trustee is not liable to any person or entity on any claim arising from an eligible bidder’s affidavit or declaration of their eligibility.
- 7) Requires a trustee, within 30 days of a sale being deemed final, to:
  - a) Return any losing bid to the bidder that submitted it; and
  - b) Distribute to the last and highest bidder at the trustee’s sale the 1.2 percent amount provided by the eligible bidder with their bid.
- 8) Permits the Attorney General, county counsel, city attorney, or district attorney to bring an action for, in addition to the current specified remedies, a civil penalty equal to one-third of the fair market value of the property, where a bid was submitted by a person or entity that is not entitled to submit a bid.
- 9) Makes various conforming changes.

### COMMENTS

#### 1. Author’s statement

According to the author:

In 2020, the Legislature passed SB 1079 to create alternative pathways to homeownership using the foreclosure process by allowing certain qualified buyers, including nonprofit organizations, to purchase a foreclosed property after the public auction by slightly exceeding the winning bid. Unfortunately, this process has been misused by bad actors who exploit the foreclosure sales system, effectively bypassing public auctions and depriving former homeowners of their hard-earned equity.

These individuals use straw buyers to avoid participating in the public foreclosure auction and instead acquire the property after the sale for as little as one cent more

than the winning bid. This misuse of the system undermines fairness and transparency in the foreclosure process and suppresses competitive bidding. AB 1957 amends provisions of Civil Code 2924m to ensure that foreclosure sales function as a transparent and competitive process - one that allows homeowners to receive the full value of the equity they have built in their homes.

## 2. California is in an affordable housing crisis

Homeownership represents one of the most significant sources for wealth accumulation, providing a valuable tool for families as they look to build and pass down wealth to their children. Data and multiple studies also have demonstrated a strong link between homelessness and the cost of housing, suggesting that California's increases in home prices and residential rental rates contribute directly to the state's growing population of individuals experiencing homelessness.<sup>1</sup> As such, encouraging and increasing homeownership has long been an important public policy of both the state and the federal government.

Unfortunately, California is experiencing a serious affordable housing crisis. California homes are about twice as expensive as an average home across the country, and the monthly cost of home ownership of a mid-tier home in California has increased 81% since 2020.<sup>2</sup> Rents also have increased dramatically in the past decade. In 2022, the median gross rent in the state was \$1,870, which represented about an eight percent increase per year from the median gross rent in 2019.<sup>3</sup> These high rents make it even more of a public policy imperative to help Californians transition from renting to homeownership, yet the high price of condominiums and single-family homes makes this transition even more difficult for most Californians.

## 3. AB 1079 aimed to help more tenants and Californians become homeowners

In 2019, the Legislature passed SB 1079 (Skinner, Ch. 202, Stats. 2020) to help more Californians become homeowners. SB 1079 was born partly out of the 2008 financial crisis, as that crisis led to a significant number of foreclosures and a major decline in homeownership rates across California.<sup>4</sup> In the aftermath of the crisis, institutional investors seized large numbers of the foreclosed homes for bargain sales at foreclosure

---

<sup>1</sup> Margot Kushel et al, "California Statewide Study of People Experiencing Homelessness, UCSF Benioff Homelessness and Housing Initiative (Jun. 2023), available at <https://homelessness.ucsf.edu/our-impact/studies/california-statewide-study-people-experiencing-homelessness>; Alex Horowitz et al, "How housing costs drive levels of homelessness: data from metro areas highlights strong connection," The APew Charitable Trusts (ug. 22, 2023), available at <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/08/22/how-housing-costs-drive-levels-of-homelessness>.

<sup>2</sup> Alex Bentz, "California Housing Affordability Tracker (1<sup>st</sup> Quarter 2025)," Legislative Analyst's Office (Apr. 21, 2025) <https://lao.ca.gov/LAOEconTax/Article/Detail/793>.

<sup>3</sup> U.S. Census Bureau, Table: Median Gross Rent by Bedroom, American Community Survey (multiple years) (accessed May 29, 2024), available at <https://data.census.gov/>.

<sup>4</sup> Johnson and Cuellar Mejia, *The Decline of the Homeowner* (Aug. 19, 2014) Public Policy Institute of California <https://www.ppic.org/blog/the-decline-of-the-homeowner/> (as of Jun. 15, 2022).

auctions, before then turning such homes into high-priced rentals rather than owner-occupant homes. In addition, this large number of foreclosures led to increases in vacant and unmaintained residential properties. Such vacant and unmaintained properties represented a waste of important residential space when the state is also experiencing a significant issue with homelessness.

To help address these issues and ensure that tenants and owner occupants can buy homes, SB 1079 created an innovative process by which certain eligible bidders may make a final bid after a foreclosure auction has concluded in order to purchase the foreclosed-upon property with one to four residential units. Traditionally, when a homeowner defaults on their mortgage, the lender can proceed with a foreclosure in which a trustee runs a public auction to sell the property to the highest bidder in order to pay off the homeowner's delinquent mortgage debt.

Under SB 1079, this normal foreclosure auction process still takes place. However, after the winning bid is selected at the auction, an "eligible bidder" (a current tenant, prospective owner occupant, affordable housing provider, or public entity) has a certain amount of time to match or exceed the winning bid and buy the home instead. The current tenant bidder or eligible bidder must submit a matching or higher bid, or a notice of intent to bid within 15 days of the auction, and if they submit a notice of intent to bid, a bid must then be submitted within 45 days of the auction in order to succeed. (Civ. Code § 2924m.) If no bid or notice of intent to bid is submitted within the required timelines, the winning bid at the auction is the final bid and the home goes to the winning bidder.

Eligible bidders under SB 1079's process include a number of individuals and entities. For a prospective owner-occupant, the bidder must be an individual who intends to occupy the property as their primary residence within 60 days of the recording of the deed and for at least one year. (Civ. Code § 2924m(a)(1).) They must provide the trustee an affidavit or declaration that attests to this intent and that they are not any of the ineligible individuals (mainly the foreclosed-upon borrower or someone tied to them) or acting as the agent of any other person or entity. In addition to a prospective owner-occupant, a current tenant of the home who is not the foreclosed-upon borrower may be an eligible bidder. (Civ. Code § 2924m(a)(2).)

An eligible bidder is also a nonprofit corporation, or a nonprofit association, nonprofit corporation, or cooperative corporation in which an eligible tenant buyer is a voting member or director. (Civ. Code § 2924m(a)(3).) An eligible nonprofit corporation must have a determination letter from the IRS affirming its tax-exempt status as a 501(c)(3) nonprofit, have its principal place of business in California, have board members who are all located in California, be registered in good standing with the Attorney General's Registry of Charities and Fundraisers, and have one of its primary activities be the development and preservation of affordable rental or home ownership housing in California.

The last main categories of eligible bidders are community land trusts, limited-equity housing cooperatives, and public entities like the state, the UC, or a county, city, district, public authority, or public agency.

4. AB 1957 substantially revises the SB 1079 post-bid process

Through this process, SB 1079 aimed to increase homeownership and help tenants become owners, as well as prevent vacancies and investor-owned homes. Since its enactment, there have been numerous reports of its success in helping tenants and prospective owner-occupants buy homes after the foreclosure sale.<sup>5</sup> In fact, the SB 1079 post-sale process seems to have been used considerably since it was enacted; the Attorney General’s website lists hundreds of such transactions.<sup>6</sup>

However, according to the author, the process also has resulted in considerable amounts of fraud, in which a buyer or home-flipper uses a straw buyer as an eligible bidder to buy the property in the post-sale process instead of at the auction. According to the sponsor, unscrupulous actors pose as “prospective owner-occupants,” use eligible tenants as straw buyers, or even form fake nonprofits to bid on a home as an eligible bidder. These fraudulent SB 1079 bids disincentivize bidding at the foreclosure auction itself, and thus deny the foreclosed upon homeowner more of their equity in the home that they may otherwise receive after satisfaction of their mortgage debt.

a. *AB 1957 narrows the list of eligible bidders*

To prevent this misuse of the SB 1079 process, AB 1957 narrows the eligible bidders who may use the post-sale bid process, narrows the properties for which the property may be used, and adds a number of additional requirements for qualifying bids. It proposes eliminating the “prospective owner-occupant” category from the list of eligible bidders entirely. In addition, it also requires that an eligible tenant buyer is a tenant who will maintain occupancy in the home for at least one year, pursuant to a recorded deed restriction. For nonprofit eligible bidders, AB 1957 would require that the nonprofit be a nonprofit certified by the Housing and Community Development Department (HCD) under rules regarding nonprofits that may purchase deed-restricted affordable housing, and that agrees to maintain the affordability of the development for households of very low, low, or moderate income for 30 years or the remaining term of existing federal housing assistance.

---

<sup>5</sup> See, Baldassari. *East Bay Grandmother Facing Eviction Joins Forces With Land Trust to Buy Her Home – Thanks to New Law* (Apr. 26, 2021) KQED <https://www.kqed.org/news/11871064/east-bay-tenant-land-trust-buy-foreclosed-home-in-early-test-of-new-california-law>.

<sup>6</sup> See, Attorney General, “Reported Residential Foreclosure Sales to Eligible Bidders” (accessed Jun. 23, 2026) <https://oag.ca.gov/residential-foreclosure-sales>.

- b. *AB 1957 limits the properties for which the SB 1079 post-bid process may be used*

In addition, AB 1957 narrows properties for which the SB 1079 post-bid process can be used to any residential property that: sold at a trustee's sale pursuant to a power of sale in a first lien deed of trust or mortgage; was issued a certificate of occupancy by the city or county in which it is located that was valid on the date of the foreclosure auction, and the property is not subject to a red tag or a substandard building code violation which prevents occupancy; contains four or fewer residential units; and, for properties containing only one residential unit, has a fair market value equal to or less than the maximum Federal Housing Administration loan limits.

- c. *AB 1957 requires an eligible bidder to pay an extra 1.2 percent with their bid and makes various other changes*

AB 1957 adds one more requirement upon eligible bidders when making bids. It requires an eligible bidder to include in their bid amount an amount equal to 1.2 percent of the highest bid at the foreclosure auction. This requirement essentially builds in a minimum floor for any eligible bids, such that they must be at least 1.2 percent above the winning bid at the auction, instead of simply a bid equal to the winning bid at auction. This amount must be delivered by the trustee to the last and highest bidder at the foreclosure auction.

- d. *AB 1957 expands SB 1079's enforcement mechanism and provides a trustee with protections against liability regarding the SB 1079 process and eligible bidders*

AB 1957 makes a few changes to the enforcement provisions for SB 1079 and to requirements for the trustee. SB 1079 provided the Attorney General, or a county counsel, city attorney, or district attorney with the authority to bring a civil action for specific performance or any other remedy at equity or law to enforce SB 1079's provisions. AB 1957 adds to this the authority to, where a bid was submitted by a person or entity that is not entitled to submit a bid, seek a civil penalty of one-third of the fair market value of the property.

Lastly, AB 1957 specifies that the trustee may reasonably rely on affidavits and declarations regarding bidder eligibility, and does not have a duty to investigate or verify the information contained in those affidavits or a bidder's eligibility. It provides a trustee protection from liability to any person or entity for any claim relating to a bidder's eligibility or the submitted affidavits.

## 5. Amendments

The author has agreed to amendments that will address the concerns of the opposition nonprofits and the California Community Land Trust Network. The amendments permit nonprofits to place bids through the SB 1079 process, and exempt such eligible nonprofits from the limitations to eligible properties in the bill and the requirements

that a bidder include with their bid an amount equal to 1.2 percent of the winning bid at the trustee sale. A mock-up of the amendments is attached at the end of this analysis.

## 6. Arguments in support

According to the United Trustees Association, which is the sponsor of AB 1957:

AB 1957 protects homeowners' equity in their homes by correcting unintended consequences arising from the passage of SB 1079 in 2020. This well-intentioned bill was designed to assist tenants and other first-time homebuyers to become owners of residential property by participating in the nonjudicial foreclosure process. The subject is quite technical, but in brief the idea was this: following a foreclosure sale of a house, certain eligible groups would be allowed to outbid the highest bidder at the foreclosure sale and become owners of the property within 45 days after the foreclosure.

Although certainly not intended by the author of SB 1079 five years ago, the unintended consequence was that unscrupulous actors in the foreclosure world learned to manipulate the SB 1079 process by posing as "prospective owner-occupants" or using eligible tenants as "straw buyers" or even forming sham nonprofit entities to outbid the high bid at the public foreclosure sale.

These unscrupulous actors, who are nothing more than for-profit "flippers" of real estate, should have been bidding at the foreclosure sales themselves. Instead, they learned to wait until after the sale, swooping in to claim properties for as little as \$1 more than the high bid at the sales. We have seen the system disincentivize bidding at foreclosure sales, which is bad for homeowners losing their homes to foreclosure sales. The whole purpose of the public, transparent sale is to encourage high bidding so that homeowners can receive as much of their equity as possible.

## 7. Arguments in opposition

According to the California Community Land Trust and a coalition of nonprofit organizations that oppose AB 1957:

SB 1079 (Skinner), signed into law in 2020, affects foreclosure sales of 1 to 4 unit residential properties, making it easier for tenants, mission-driven nonprofits, and governmental bodies to buy properties in foreclosure auctions - maintaining homes for homeowners, not corporations. Unfortunately, the investor profiteering that exploded during the 2008 housing crisis continues today, making SB 1079 an important tool to preserve homeownership in our communities.

AB 1957 seeks to close loopholes for bad actors, but as written, it goes far beyond this and includes substantial changes that would undermine the purpose of the program, limiting the reach of the program by adding arbitrary changes to the list of

eligible properties, as well as adding unnecessary provisions that would drive up the costs for eligible, legitimate bidders.

Our organizations have played a leading role in addressing concerns about bad actors exploiting loopholes in SB 1079 to circumvent the intent of the legislation. This included sponsoring AB 1837 (Bonta), passed in 2022, which addressed several of these issues, including revising the definition of an eligible tenant buyer and the requirements for eligible nonprofits and LLCs to meet the definition of an eligible bidder.

We support additional reforms to SB 1079 included in AB 1957, including tightening the certification process for eligible nonprofit organizations, limiting other eligible bidders to eliminate potential unscrupulous investor corporations who may game the system, and increasing penalties for fraudulent use of SB 1079.

### **SUPPORT**

United Trustees Association

### **OPPOSITION**

California Association of Realtors  
California Community Land Trust Network  
California Low-income Consumer Coalition  
Consumer Federation of California  
Legal Assistance for the Elderly  
National Consumer Law Center  
National Housing Law Project  
Neighborhood Partnership Housing Services INC  
Northern California Land Trust  
Oakland Community Land Trust  
Public Counsel  
Rise Economy

### **RELATED LEGISLATION**

Pending Legislation: None known.

Prior Legislation:

AB 1158 (Chen, 2025) was significantly similar to this bill, and would have: removed prospective owner-occupants and eligible nonprofit corporations from the definition of eligible bidder under the SB 1079 process; limited the SB 1079 process to specified eligible properties; required eligible bidders to include in the bid amount 1.2 percent of the last and highest bid at the foreclosure auction; and allowed the last and highest

bidder to bring an action against the eligible bidder, as specified. AB 1158 died in the Assembly Appropriations Committee.

SB 1146 (Wilk, Ch. 601, Stats. 2024) made revisions to the SB 1079 process to prohibit a trustee, on the last day that eligible bidders may submit bids, from receiving any bid not sent by certified mail or by another overnight mail courier service with tracking information that confirms the recipient's signature and the date and time of receipt and delivery.

AB 295 (Lowenthal, Ch. 142, Stats. 2024) made various changes to requirements regarding the submission and acceptance of bids under the SB 1079 process.

AB 1837 (Mia Bonta, Ch. 642, Stats. 2022) extended SB 1079's sunset to January 1, 2031, and made anti-fraud revisions to SB 1079's process, including by revising the definition of an eligible tenant buyer and an eligible nonprofit corporation and limited liability company, and by expanding the affidavit and declaration requirements, among other changes.

AB 175 (Budget, Ch. 255, Stats. 2021), a budget trailer bill, clarified several provisions of SB 1079, such as the form of affidavit or declaration that eligible bidders must use.

SB 1079 (Skinner, Ch. 202, Stats. 2020) provided tenants, prospective owner-occupants, nonprofit affordable housing providers, and public entities a 45-day window to purchase residential properties of one to four units if they are able to match or exceed the highest bid from the foreclosure auction. SB 1079 also banned properties from being bundled for sale at foreclosure auctions, and made its provisions sunset on January 1, 2026. *See Comment 3.*

**PRIOR VOTES:**

Assembly Floor (Ayes 70, Noes 1)

Assembly Appropriations Committee (Ayes 14, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)

\*\*\*\*\*

**Mock-up of Proposed Amendments, AB 1957 (Pacheco)**  
**As Amended May 7, 2026**

*(Amendments may be subject to technical changes required by Legislative Counsel)*

**SEC. 3. Section 2924m of the Civil Code is amended to read:**

**2924m.**

(a) For purposes of this section:

~~(1) — “Eligible property” means a property that meets all of the following requirements:~~

~~(A) The property is residential real property sold at a trustee’s sale pursuant to a power of sale contained in a first lien deed of trust or mortgage.~~

~~(B) The city or county in which the property is located has issued a certificate of occupancy that was valid on the date of the trustee’s sale and the property was not subject to a red tag or a substandard building code violation preventing occupancy on the date of the sale.~~

~~(C) The property contains four or fewer residential units.~~

~~(D) For a property containing only one residential unit, the fair market value of the property determined pursuant to subdivision (f) of Section 2924f is equal to or less than the maximum Federal Housing Administration loan limits established under Section 1709(b) of Title 12 of the United States Code and published by the United States Department of Housing and Urban Development for the specific metropolitan statistical area in which the property is located on the date of the sale.~~

(1) “Eligible property” means a property that meets one of the following:

(i) If the party submitting a bid is an eligible community bidder, a residential real property that contains four or fewer residential units being sold at a trustee’s sale pursuant to a power of sale contained in a first lien deed of trust or mortgage.

(ii) If the party submitting a bid is an eligible tenant bidder, a residential real property that contains four or fewer residential units being sold at a trustee’s sale pursuant to a power of sale contained in a first lien deed of trust or mortgage that meets the following:

(I) The fair market value of the property determined pursuant to subdivision (f) of Section 2924f is equal to or less than the maximum Federal Housing Administration loan limits established under Section 1709(b) of Title 12 of the United States Code and published by the United States Department of Housing and Urban Development for the specific metropolitan statistical area in which the property is located on the date of the sale.

(II) The city or county in which the property is located has issued a certificate of occupancy that was valid on the date of the trustee’s sale and the property was not subject to a red tag or a substandard building code violation preventing occupancy on the date of the sale.

(2) "Eligible tenant ~~buyer~~ **bidder**" means a natural person who at the time of the trustee's sale:

(A) Is occupying the real property as their primary residence.

(B) Is occupying the real property under a rental or lease agreement entered into as the result of an arm's-length transaction with the mortgagor or trustor, or with the mortgagor or trustor's predecessor in interest, on a date prior to the recording of the notice of default against the property, and who attaches evidence demonstrating the existence of the tenancy to the affidavit or declaration required pursuant to subparagraph (B) of paragraph (1) of subdivision (b).

(C) Is not the mortgagor or trustor, or the child, spouse, or parent of the mortgagor or trustor.

(D) Is not acting as the agent of any other person or entity in purchasing the real property. Submission of a bid pursuant to paragraph (2) of subdivision (b) does not violate this subparagraph.

(E) Has not filed a petition under Chapter 7, 11, 12, or 13 of Title 11 of the United States Code at any time during the period from the date of the trustee's sale of the property to the 45th day after the trustee's sale, or the next business day following the 45th day if the 45th day is a weekend or holiday.

(F) Will maintain occupancy for at least one year pursuant to a recorded deed restriction.

(3) "Eligible **community** bidder" means any of the following:

~~(A) An eligible tenant buyer.~~

~~(B) (A)~~ A nonprofit association, nonprofit corporation, or cooperative corporation in which an eligible tenant **buyer bidder** is a voting member or director.

~~(C) (B)~~ An eligible nonprofit corporation with all of the following attributes:

(i) It has a determination letter from the Internal Revenue Service affirming its tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as that term is defined in Section 509 of the Internal Revenue Code.

(ii) It has its principal place of business in California.

(iii) The primary residences of all board members are located in California.

(iv) One of its primary activities is the development and preservation of affordable rental or home ownership housing in California.

(v) It is registered and in good standing with the Attorney General's Registry of Charities and Fundraisers, pursuant to the Supervision of Trustees and Fundraisers for Charitable Purposes Act (Article 7 (commencing with Section 12580) of Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code).

(vi) It has met the requirements of paragraphs (1) and (2) of subdivision (e) of Section 65863.11 of the Government Code.

(C) limited liability company wholly owned by one or more eligible nonprofit corporations as described in subparagraphs **(A), (B), or (D)**.

(D) A community land trust, as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code.

(E) A limited-equity housing cooperative as defined in Section 817.

(F) The state, the Regents of the University of California, a county, city, district, public authority, or public agency, and any other political subdivision or public corporation in the state.

(4) "Evidence demonstrating the existence of the tenancy" means a copy of the dated and signed rental or lease agreement or, if a copy of the dated and signed rental or lease agreement is not available, then one of the following:

- (A) Evidence of rent payments made for the property by the person asserting that they are an eligible tenant **buyer bidder** for the six months prior to the recording of the notice of default.
- (B) Copies of utility bills for the property payable by the person asserting that they are an eligible tenant **buyer bidder** for the six months prior to the recording of the notice of default.

**(5) "eligible bidder" means either of the following:**

**(A) an eligible tenant bidder.**

**(B) an eligible community bidder.**

(b) A trustee's sale of eligible property shall not be deemed final until the earliest of the following:

(1) Fifteen days after the trustee's sale unless at least one eligible tenant **buyer bidder** or eligible **community** bidder submits to the trustee either a bid pursuant to paragraph (2) or (3) or a nonbinding written notice of intent to place such a bid. The bid or written notice of intent to place a bid shall:

(A) Be sent to the trustee by certified mail, overnight delivery, or another method that allows for confirmation of the delivery date.

(B) Be accompanied by an affidavit or declaration, pursuant to Section 2015.5 of the Code of Civil Procedure, identifying the **eligible bidder** category set forth in ~~paragraph (3) of~~ subdivision (a) to which the person or entity submitting the bid or nonbinding written notice of intent belongs and stating that the person meets the criteria for that category. If the winning bid is placed by an eligible **community** bidder described in **paragraph (3) of subdivision (a) subparagraphs (B) to (E), inclusive, of paragraph (3) (2) of subdivision (a)**, the affidavit or declaration shall affirm the bidder's duty to comply with subdivision (a) of Section 2924o for the benefit of tenants occupying the property.

(C) Be received by the trustee no later than 5 p.m. on the 15th day after the trustee's sale, or the next business day following the 15th day if the 15th day is a weekend or holiday.

(D) Contain a current telephone number and return mailing address for the person submitting the bid or nonbinding written notice of intent.

(2) (A) The date upon which a representative of all of the eligible tenant **buyer bidder** submits to the trustee a bid in an amount equal to the full amount of the last and highest bid at the trustee's sale, plus the amount required by subdivision (c), in the form of cash, a cashier's check drawn on a state or national bank, a cashier's check drawn by a state or federal credit union, or a cashier's check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state. This bid shall:

(i) Be sent to the trustee by certified mail, overnight delivery, or another method that allows for confirmation of the delivery date.

(ii) Be accompanied by an affidavit or declaration, pursuant to Section 2015.5 of the Code of Civil Procedure, stating that the persons represented meet the criteria set forth in paragraph (2) of subdivision (a), and that the persons represented are all of the eligible tenant **buyer bidder**.

(iii) Meet either of the following criteria:

(I) Be received by the trustee no later than 5 p.m. on the 15th day after the trustee's sale, or the next business day following the 15th day if the 15th day is a weekend or holiday.

(II) Be received by the trustee no later than 5 p.m. on the 45th day after the trustee's sale, or the next business day following the 45th day if the 45th day is a weekend or holiday, if at least one of the eligible tenant **buyer bidder** submitted a nonbinding written notice of intent to place a bid pursuant to paragraph (1).

(iv) Contain a current telephone number and return mailing address for the person submitting the bid.

(B) If the conditions in this paragraph are satisfied, the eligible tenant **buyer bidder** shall be deemed the last and highest bidder pursuant to the power of sale.

(3) (A) Forty-five days after the trustee's sale, except that during the 45-day period, an eligible **community** bidder may submit to the trustee a bid in an amount that exceeds the last and highest bid at the trustee's sale, plus the amount required by subdivision (c), in the form of cash, a cashier's check drawn on a state or national bank, a cashier's check drawn by a state or federal credit union, or a cashier's check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state. The bid shall:

(i) Be sent to the trustee by certified mail, overnight delivery, or another method that allows for confirmation of the delivery date.

(ii) Be accompanied by an affidavit or declaration, pursuant to Section 2015.5 of the Code of Civil Procedure, identifying the category set forth in ~~paragraph (3) of~~ subdivision (a) to which the eligible bidder belongs and stating that the eligible bidder meets the criteria for that category.

(iii) Be received by the trustee no later than 5 p.m. on the 45th day after the trustee's sale, or the next business day following the 45th day if the 45th day is a weekend or holiday, if the eligible bidder submitted a nonbinding written notice of intent to bid pursuant to paragraph (1).

Notwithstanding clause (i), on the last day that bids are eligible to be received by the trustee under this clause, the trustee shall not receive any bid that is not sent by certified mail with the United States Postal Service or by another overnight mail courier service with tracking information that confirms the recipient's signature and the date and time of receipt and delivery.

(iv) Contain a current telephone number and return mailing address for the person submitting the bid.

(v) Be limited to a single bid amount and not contain instructions for successive bid amounts.

(B) As of 5 p.m. on the 45th day after the trustee's sale, if one or more eligible bidders has submitted a bid that meets the conditions in this paragraph, the eligible bidder that submitted the highest bid shall be deemed the last and highest bidder pursuant to the power of sale. The trustee shall return any losing bid to the eligible bidder that submitted it.

(c) An eligible tenant bidder ~~who is not an eligible nonprofit corporation as described in subparagraph (C) of paragraph (3) of subdivision (a)~~ who submits a bid pursuant to this section shall include in the bid an amount equal to 1.2 percent of the last and highest bid at the trustee's sale, **which shall be distributed to the last and highest bidder at the trustee sale.**

(d) (1) The trustee may reasonably rely on affidavits and declarations regarding bidder eligibility received under this section, shall not have a duty to investigate or verify the information contained therein or the bidder's eligibility, and shall not be liable to any person or entity on any claim arising therefrom.

(2) The affidavit or declaration of the winning bidder shall be attached as an exhibit to the trustee's deed and recorded. If the winning bidder is not required to submit an affidavit or declaration pursuant to this section, the trustee shall attach as an exhibit to the trustee's deed a statement that no affidavit or declaration is required by this section, and the lack of an affidavit or declaration shall not prevent the deed from being recorded and shall not invalidate the transfer of title pursuant to the trustee's deed.

(e) (1) Not later than 48 hours after the trustee's sale of property under Section 2924g, the trustee or an authorized agent shall post on the internet website set forth on the notice of sale, as required under paragraph (8) of subdivision (b) of Section 2924f, the following information:

(A) The date on which the trustee's sale took place.

(B) The amount of the last and highest bid at the trustee's sale.

(C) An address at which the trustee can receive documents sent by United States mail and by a method of delivery providing for overnight delivery.

(2) The information required to be posted on the internet website under paragraph (1) shall also be made available not later than 48 hours after the trustee's sale of property under Section 2924g by calling the telephone number set forth on the notice of sale as required under paragraph (8) of subdivision (b) of Section 2924f.

(3) The information required to be provided under paragraphs (1) and (2) shall be made available using the file number assigned to the case that is set forth on the notice of sale as required under paragraph (8) of subdivision (b) of Section 2924f.

(4) The information required to be provided under paragraphs (1) and (2) shall be made available for a period of not less than 45 days after the sale of property under Section 2924g.

(5) A disruption of any of these methods of providing the information required under paragraphs (1) and (2) to allow for reasonable maintenance or due to a service outage shall not be deemed to be a violation of this subdivision.

(6) The information to be provided by the trustee to eligible bidders or to persons considering whether to submit a bid or notice of intent to bid pursuant to this section is limited to the information set forth in paragraph (1).

(f) Within 30 days of a sale being deemed final pursuant to this section, the trustee shall do both of the following:

(1) Return any losing bid to the bidder that submitted it.

(2) Distribute to the last and highest bidder at the trustee's sale the amount provided by the winning bidder pursuant to subdivision (c).

(g) Title to the property shall remain with the mortgagor or trustor or successor in interest until the property sale is deemed final as provided in this section.

(h) This section shall prevail over any conflicting provision of Section 2924h.

(i) For trustee's sales where the winning bidder is an eligible bidder under this section, the trustee or an authorized agent shall electronically send the following information to the office of the Attorney General within 15 days of the sale being deemed final:

(1) The dates when the trustee's sale took place and when it was deemed final.

(2) The name of the winning bidder.

(3) The street address and assessor's parcel number of the subject property.

(4) A copy of the trustee's deed, as executed, including the attached affidavit or declaration of the winning bidder.

(5) The category set forth in ~~paragraph (3) of~~ subdivision (a) to which the eligible bidder belongs.

(j) The Attorney General, a county counsel, a city attorney, or a district attorney may bring an action to enforce this section and seek any of the following remedies:

(1) Specific performance.

(2) Where a bid was submitted by a person or entity that is not entitled to submit a bid pursuant to this section, a civil penalty equal to one-third of the fair market value of the property, as determined pursuant to subdivision (f) of Section 2924f.

(3) Any other remedy at equity or at law.

(k) The Department of Justice shall include a summary of information contained in the reports received pursuant to subdivision (i) in a searchable repository on its official internet website.

(l) The pendency of a determination of finality under subdivision (b) shall not cause termination of any hazard insurance coverage in effect at the time of the trustee's sale.

(m) This section shall remain in effect only until January 1, 2031, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2031, deletes or extends that date.

\*\*\*

---