



OFFICE OF THE GOVERNOR

SEP 09 2019

To Members of the California Assembly:

I am returning the following bills without my signature:

AB 295

AB 412

These bills would allow for the exclusion of operating lease obligations from the balance sheets of escrow companies, including independent escrow companies and underwritten title companies, when calculating financial liquidity requirements.

These exemptions deviate from the new standards adopted by the Financial Accounting Standards Board. These standards were created to measure a company's ability to meet its short-term financial obligations, which in turn helps protect consumer funds.

For standards to be standard, they need to apply equally to everyone. When a customer works with an escrow or title company, it is often when they are making one of the biggest financial transactions of their lives. The consequences of insolvency could jeopardize a home or business purchase and cost consumers thousands of dollars.

For the health of the industry and protection of consumers' hard earned savings, these companies should adhere to the new national standards published in 2016, which provided years to plan for compliance.

For this reason, I am returning these bills without my signature.

Sincerely,

Gavin Newsom