

## 2013 New Laws Affecting REALTORS®

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This chart summarizes new laws passed by the California Legislature and the U.S. Congress that may affect REALTORS® in 2013. For the full text of a law, click onto the legislative number indicated, or go to [www.leginfo.ca.gov](http://www.leginfo.ca.gov) for California laws or <http://www.gpo.gov/fdsys/> for federal laws. A legislative bill may be referenced in more than one section.

Topic	Description
<b>Administrative Law</b>	<b>Effectuating Regulations on a Quarterly Basis</b> New regulations from California state agencies will generally come into effect on a quarterly basis on the first day of January, April, July, or October as appropriate. This new law changes the existing law that makes new regulations effective 30 days after they are filed with the Secretary of State. <a href="#">Senate Bill 1099</a> (codified as Cal. Gov't Code § 11343.4) (effective January 1, 2013).
<b>Affordable Housing</b>	<b>Extending or Subordinating HCD Affordable Housing Loans</b> The Department of Housing and Community Development (HCD) has the authority to approve an extension of an HCD loan, subordination of an HCD loan to new debt, or investment of tax credit equity under certain rental housing finance programs, in accordance with specified guidelines. This authority encompasses rental housing development loans, but rental increases for tenants must be limited as specified. The intent of this law is to give the HCD flexibility to maintain the quality of existing affordable rental housing units, including group homes. The HCD may also extend owner occupied loans funded by the California Natural Disaster Assistance Act Program, the California Homeownership Assistance Program, the California Housing Rehabilitation Program, the State Earthquake Rehabilitation Assistance Program, and the Mobilehome Park Resident Ownership Program. <a href="#">Assembly Bill 1699</a> (codified as Cal. Health & Safety Code §§ 50560 et seq.) (effective January 1, 2013).

<b>Appraisers</b>	<p><b>Revising License Requirements for Appraisers</b></p> <p>Various procedural and administrative changes have been made to the Real Estate Appraisers' Licensing and Certification Law as administered by the Office of Real Estate Appraisers (OREA), including the following: (1) Prohibits license renewal unless licensee completes education requirements imposed by citation, unless completion date stated in the citation is subsequent to license renewal date (Cal. Bus. &amp; Prof. Code § 11315(d)(2)(D)); (2) Authorizes the OREA to discipline a licensee even if the license has expired or has been surrendered (Cal. Bus. &amp; Prof. Code § 11315.3); (3) Requires an applicant to use LiveScan to submit fingerprint images to the Department of Justice (Cal. Bus. &amp; Prof. Code § 11343(a)); (4) Requires an out-of-state applicant to submit a fingerprint card with his or her application (Cal. Bus. &amp; Prof. Code § 11343(a)); (5) Extends appraiser standards for an appraisal management company (AMC) concerning its independent contractor appraisers to include its employee appraisers (Cal. Bus. &amp; Prof. Code §§ 11345.3 et seq.); (6) Continues to allow an appraiser to voluntarily provide his or her digital signature or seal, but requires that it complies with the Uniform Standards of Professional Appraiser Practice (Cal. Bus. &amp; Prof. Code § 11345.6(b)); (7) Eliminates the requirement that license issuance fees be paid at the time an application is filed (Cal. Bus. &amp; Prof. Code § 11400); (8) Eliminates previous acceptance of licensing fees paid by government purchase orders (Cal. Bus. &amp; Prof. Code § 11400); and (9) Makes an applicant eligible for a license if he or she notifies the OREA within one year of successful completion of the required exam (previous law required submission of application within one year) (Cal. Bus. &amp; Prof. Code § 11408).</p> <p><b>Assembly Bill 2519</b> (codified as Ca. Bus. &amp; Prof. Code §§ 11315 et seq.) (effective January 1, 2013).</p>
<b>Bankruptcy</b>	<p><b>Increasing Exemptions for Bankruptcy Debtors</b></p> <p>The dollar amount exemptions for a debtor in a federal bankruptcy case have been increased, including the following: (1) an increase from \$17,425 to \$24,060 for real or personal property used as a residence; (2) an increase from \$2,775 for one motor vehicle to \$4,800 for one or more motor vehicles; (3) an increase from \$1,750 to \$7,175 for implements, professional books, or tools of the trade of the debtor or debtor's dependent; and (4) an increase from \$1,150 to \$1,425 for jewelry. The old figures stated above are taken from section 703.140 of the Cal. Code of Civ. Proc. and do not reflect 2010 adjustments.</p> <p><b>Assembly Bill 929</b> (codified as Cal. Code of Civ. Proc. § 703.140(b)) (effective January 1, 2013).</p>

<b>Businesses</b>	<p><b>Requiring I.D. for Fictitious Business Name Registration</b>  Starting January 1, 2014, a registrant or registrant's agent filing on behalf of a registrant for a fictitious business name statement must present a California driver's license or other personal government I.D. acceptable to the county clerk. The county clerk has the authority to require the registrant or registrant's agent to complete and sign an affidavit of identity statement. The county clerk may also require a registrant's agent to sign an affidavit declaring the agent is acting under the registrant's authority. If the registrant is a corporation, LLC, or LLP, it must also submit a certificate of status issued by the Secretary of State certifying the business's existence in good standing.  <b>Assembly Bill 1325</b> (codified as Cal. Bus. &amp; Prof. Code §§ 17913 et seq.) (most provisions effective January 1, 2014).</p>
<b>Businesses</b>	<p><b>Go-Biz to Provide Licensing Requirements Online</b>  The Director of the Governor's Office of Business and Economic Development (Go-Biz) must ensure that its website at <a href="http://www.business.ca.gov">www.business.ca.gov</a> contains user-friendly information to assist individuals with the licensing, permitting, and registration requirements to start a business. The website must include, among other things, digital copies of applications and other forms, and instructions on submitting applications and other documents. Certain state agencies with licensing authority must provide accurate, updated information about their licensing requirements, but cannot use the Go-Biz website as the exclusive source of licensing information for the public. The Governor is authorized to charge website users with a reasonable fee for providing this service.  <b>Senate Bill 1327</b> (codified as Cal. Gov't Code § 12019.5) (effective January 1, 2013).</p>
<b>Contractors</b>	<p><b>Defining Consultants Under Contractor Licensing Requirements</b>  Under pre-existing law, a contractor's license is generally required for anyone, including a "consultant" to an owner-builder, who undertakes, offers to undertake, or submits a bid to construct a building or home improvement project of \$500 or more. The new law generally defines a "consultant" of a home improvement contract who must be licensed as someone who: (1) provides or oversees a bid for a construction project; or (2) oversees a construction project, including arranging work schedules for contractors and subcontractors. The definition of consultant, however, excludes public agencies and owners of privately owned real property.  <b>Assembly Bill 2237</b> (codified as Cal. Bus. &amp; Prof. Code § 7026.1) (effective January 1, 2013).</p>
<b>Disability Access</b>	<p><b>Restricting Disability Access Lawsuits</b>  To curb frivolous accessibility lawsuits, an attorney cannot, starting January 1, 2013, issue a pre-litigation demand for money to a building owner or tenant for violating construction-related accessibility standards for the disabled. Any non-monetary demand letter for construction-related accessibility must also meet certain requirements, such as provide sufficient detail of the alleged violations, and dates that the potential plaintiff encountered the access barrier or deterrence. The demand letter must also include a standard form written advisory to be prepared by the Judicial Council by July 1, 2013. The damages that can generally be assessed against a business that comes into compliance within 60 days after service of</p>

	<p>a complaint as verified by a Certified Access Specialist (CAsp) (or meets certain local building standards) has been reduced from \$4,000 to \$1,000 per violation. Other protections pertain to small businesses with 25 or fewer employees. A \$1 fee will be added to local business license application fees and renewals from January 1, 2013 to December 31, 2018, for the purpose of increasing disability access and education.</p> <p><b>Senate Bill 1186</b> (codified as Cal. Civil Code § 55.3 et seq.) (effective September 19, 2012).</p>
<b>Disclosures</b>	<p><b>Disclosing Gas and Hazardous Liquid Transmission Pipelines</b></p> <p>Every contract for the sale of residential real property must contain a specified notice regarding gas and hazardous liquid transmission pipelines. This notice informs buyers that the U.S. Department of Transportation maintains the general location of these pipelines through the National Pipeline Mapping System at <a href="http://www.npms.phmsa.dot.gov">www.npms.phmsa.dot.gov</a>. This new requirement is a response to the 2010 pipeline explosion in San Bruno and other tragedies that have occurred. Delivery of the notice to a buyer shields sellers and brokers from liability as it will be deemed adequate to inform the buyer about the existence of a statewide database for the location of gas and hazardous liquid transmission pipelines, and information from the database regarding those locations. C.A.R. will revise our standard form purchase agreements to comply with this new requirement.</p> <p><b>Assembly Bill 1511</b> (codified as Cal. Civil Code § 2079.10.5) (effective July 1, 2013).</p>
<b>Discrimination</b>	<p><b>Protecting Religious Grooming and Dress Practices</b></p> <p>The protection against religious discrimination under the California Fair Employment and Housing Act has been expressly expanded to require an employer or other covered entity to make reasonable accommodations for an individual's religious grooming or dress practice. Religious grooming or dress is to be broadly construed, and includes head, facial, and body hair, head or face coverings, religious clothing, jewelry, artifacts, or other items that are part of the observance of a religious creed. Segregating an individual is not a reasonable accommodation of someone's religious grooming or dress practice. No accommodation for religious grooming or dress is required if it violates another law that protects civil rights.</p> <p><b>Senate Bill 1964</b> (codified as Cal. Gov't Code §§ 12926(p) and 12940(l)) (effective January 1, 2013).</p>
<b>Discrimination</b>	<p><b>Protecting Breastfeeding Against Discrimination</b></p> <p>The protection against sex discrimination under the California Fair Employment and Housing Act has been expanded by way of a declaration, not change in existing law, requiring an employer or other covered entity to make reasonable accommodations for breastfeeding or medical conditions related to breastfeeding.</p> <p><b>Assembly Bill 2386</b> (codified as Cal. Gov't Code § 12926(q)(1)(C)) (effective January 1, 2013).</p>

<b>Easements</b>	<p><b>Pursuing Easement Owner for Maintenance Costs</b></p> <p>Starting January 1, 2013, if any easement owner refuses, or fails after written demand, to pay for his or her proportional cost for maintaining the easement as the law requires, the other easement owners can jointly or severally bring an action to recover that cost (or for specific performance) before, during, or after performing the maintenance work. This rule applies to an easement owned by more than one person, or an easement that attaches to more than one parcel of land under different ownership. Whereas the previous law allowed an easement owner to apply for a court-appointed arbitrator to apportion the cost, the new law allows an action in either small claims court or superior court. If the lawsuit is brought in small claims court up to its jurisdictional limit, an ensuing judgment will not affect apportionment of any future costs not requested in the action. Alternatively, a lawsuit brought in superior court will be subject to judicial arbitration. A superior court judgment will not affect the apportionment of any future costs not requested in the action, unless otherwise provided in the judgment.</p> <p><b>Assembly Bill 1927</b> (codified as Cal. Civil Code § 845) (effective January 1, 2013).</p>
<b>Employment</b>	<p><b>Expanding an Employee's Right to Inspect Records</b></p> <p>An employee's right, under existing law, to inspect personnel records that the employer maintains relating to the employee's performance, or to grievances concerning the employee, has been expanded. Under the new law, an employer must generally make the personnel records available within 30 calendar days from receiving a written request from a current or former employee, or up to 35 calendar days by the parties' agreement. The employee also has the right to receive copies of his or her personnel records, but must pay for the actual cost of reproduction. Certain records are exempt from these requirements. Moreover, an employer is allowed to redact the name of any nonsupervisory employee contained in the records. An employer must maintain personnel records for at least 3 years after termination of employment, but need only comply with one inspection or reproduction request per year from a former employee. These inspection rights cease during the pendency of any lawsuit filed by the employee relating to a personnel matter against the employer. Additional rules pertain to the location and manner of inspection. If an employer fails to comply with these requirements, an employee may seek to recover a \$750 penalty, plus injunctive relief, including costs and attorneys' fees. Under the previous law, an employer's violation of these requirements was a misdemeanor, whereas the new law provides that a violation is only an infraction, and allows an employer to assert as an affirmative defense any impossibility of performance not caused by or resulting from a violation of law.</p> <p><b>Assembly Bill 2674</b> (codified as Cal. Labor Code § 1198.5) (effective January 1, 2013).</p>

<b>Employment</b>	<p><b>Protecting an Employee's Social Media</b></p> <p>An employer is prohibited from requiring or requesting an employee or employment applicant to access personal social media in the employer's presence, to disclose a username or password for personal social media, or to divulge any personal social media. An employer is also prohibited from discharging or disciplining, threatening to discharge or discipline, or retaliating against an employee or applicant for failing to comply with a request that violates these rules. For purposes of this law, social media is generally defined as an electronic service or account, including websites, blogs, emails, text messages, photos, videos, and online services. This new law does not prohibit an employer from requiring an employee to disclose a username, password, or other access info for an employer-issued electronic device, or to divulge personal social media reasonably believed to be relevant to an investigation of employee misconduct. The Labor Commissioner is not required to investigate or determine any violation of this act.</p> <p><b>Assembly Bill 1844</b> (codified as Cal. Labor Code § 980) (effective January 1, 2013).</p>
<b>Employment</b>	<p><b>Exempting Incentives from Written Requirement for Commissions</b></p> <p>Under existing law, an employer must generally enter into a written employment contract with an employee who is to be paid on a commission basis. The employment contract must set forth the method by which commissions shall be computed and paid. Under the new law, "commission" does not include a temporary, variable incentive payment that increases, but does not decrease, payment under the written contract.</p> <p><b>Assembly Bill 2675</b> (codified as Cal. Labor Code § 2751) (effective January 1, 2013).</p>
<b>Employment</b>	<p><b>Retaining Employees' Paycheck Stubs</b></p> <p>Under existing law, an employer must retain for at least 3 years copies of his or her employees' paycheck stubs itemizing their gross wages, hours worked, deductions, pay period, and other information. Under a new law, the requisite copies can be a duplicate of the itemized statement provided to an employee, or a computer-generated record that accurately shows the required information.</p> <p><b>Assembly Bill 2674</b> (codified as Cal. Labor Code § 226(a)) (effective January 1, 2013).</p>



<p><b>Employment</b></p>	<p><b>Revamping Worker's Compensation Law</b>  Extensive changes have been made to the workers' compensation system which protects employees injured while at work. The new law aims to reduce costs to employers, increase benefits to disabled workers, and eliminate inefficiencies and waste in the system. The Governor's office estimates that the law will reduce the cost of workers' compensation losses by close to \$1 billion. Major highlights of the new workers' compensation law include, but are not limited to, the following: (1) Increasing the total permanent disability benefits by about \$740 million per year; (2) Revising the procedures for determining an employee's eligibility for permanent disability indemnity; (3) Providing that no permanent disability indemnity payment is required if the employer has offered the employee a position that pays at least 85% of the employee's compensation or if the employee works in a position that pays 100% of the employee's compensation; (4) Funding \$120 million for a return-to-work program as appropriated from the Workers' Compensation Administration Revolving Fund; (5) Providing a permanent partial disability employee with a voucher up to \$6,000 as a supplemental job displacement benefit to cover education-related retraining and skill enhancement expenses as specified (but vouchers are not required if an employer offers employment); (6) Changing private self-insured employers and the Self-Insurers' Security Fund; (7) Implementing independent medical and bill review processes; (8) Establishing official medical fee schedules; (8) Requiring that a chiropractic doctor is certified in California workers' compensation to be a qualified medical evaluator (i.e., eliminates eligibility based on postgraduate study); (9) Revising legal and dispute resolution procedures. Also under Senate Bill 1105, the Workers' Compensation Appeals Board must allow a lien for loss-of-time benefits paid by a self-insured employee welfare benefit plan as specified.  <b>Senate Bill 863</b> (various provisions) and <b>Senate Bill 1105</b> (codified as Cal. Labor Code § 4903.1) (effective January 1, 2013).</p>
<p><b>Finance Lenders</b></p>	<p><b>Expanding Exemptions to License and MLO Requirements</b>  Exemptions from the mortgage loan originator (MLO) requirements for finance lenders and residential mortgage lenders under the Department of Corporations (DOC) have been expanded to include any employee of a government agency, housing finance agency, nonprofit organization, depository institution, or institution regulated by the Farm Credit Administration. Furthermore, the DOC commissioner can order an unlicensed person engaged as an MLO or a licensed MLO to desist from violating the MLO requirements. Exemptions from the license requirement under the California Finance Lenders Law have also been broadened to include community advantage lenders who deliver community advantage loans under the authority of the U.S. Small Business Administration (SBA).  <b>Assembly Bill 2666</b> and <b>Senate Bill 976</b> (codified as Cal. Fin. Code §§ 22012 et seq. and 50002 et seq.) (effective January 1, 2013).</p>

<b>Financing</b>	<p><b>Subordinating Down Payment Assistance Loans</b></p> <p>To help borrowers refinance under the Home Affordable Refinance Program (HARP), the Department of Housing and Community Development (HCD) and the California Housing Finance Agency (CalHFA) are authorized to allow certain loans they administer to be subordinated to refinancing. To be eligible for subordination, a borrower must have a hardship, need subordination to avoid foreclosure, meet the agency's underwriting requirements, and have insufficient equity to repay the loan. This subordination authority applies to low-income down payment assistance loans under the CalHome Program (Cal. Health &amp; Safety Code § 50650.3), first-time homebuyers loans under the Home Purchase Assistance Program (Cal. Health &amp; Safety Code § 51345), first-time and low-income loans under the California Homebuyer Downpayment Assistance Program (Cal. Health &amp; Safety Code § 51505), and school personnel loans under the Extra Credit Teacher Home Purchase Program or other school personnel program under the California Debt Limit Allocation Committee (Cal. Health &amp; Safety Code § 51505).</p> <p><b>Assembly Bill 1551</b> (codified as Cal. Health &amp; Safety Code §§ 50650.3, 51345, and 51505) (effective September 25, 2012).</p>
<b>Financing</b>	<p><b>Requiring Reverse Mortgage Counseling in Person</b></p> <p>The safeguards for a borrower seeking to obtain a reverse mortgage loan have been expanded. Under existing law, a lender cannot accept a final and complete application for a reverse mortgage loan or assess any fees without first receiving a certification from the applicant or applicant's representative that the applicant has received counseling from a HUD-approved counseling agency. Under the new law, the certification must state that the counseling was conducted in person, unless the applicant elected to receive the counseling in another manner.</p> <p><b>Assembly Bill 2010</b> (codified as Cal. Civil Code § 1923.2) (effective January 1, 2013).</p>
<b>Financing</b>	<p><b>Removing Obsolete Mortgage Insurance Language</b></p> <p>Existing law establishing "mortgage insurance" as an insurance product has been removed from the California Insurance Code because these statutes are obsolete. These insurance policies are now issued under a separate statutory for "mortgage guaranty insurance" under section 12640.01 et seq. of the Insurance Code as stated in Comment 2 of the <b>Bill Analysis</b> dated March 28, 2012.</p> <p><b>Assembly Bill 2303</b> (repeal of Cal. Insurance Code § 117) (effective January 1, 2013).</p>



<b>Financing</b>	<p><b>Repealing Reinsurance Requirement for Mortgage Guaranty Insurance</b></p> <p>An existing law requiring insurance for certain mortgage guaranty insurance has been temporarily repealed. Repealed until January 1, 2018 is a rule that limits the amount of net risk a mortgage guaranty insurer may retain, without reinsurance, to 30% of the value of an insured first trust deed. This law applies to certain mortgage guaranty insurance for financial loss by reason of nonpayment of principal, interest, and other sums as specified. The repealed law aimed to attract new investors to the mortgage guaranty insurance market, spread the risk of mortgage guaranty insurance, and obtain underwriting discipline from third-party reinsurers. Because these goals did not materialize, they have been temporarily repealed until 2018, given current market conditions.</p> <p><b>Senate Bill 1450</b> (codified as Cal. Ins. Code § 12640.09) (effective January 1, 2013).</p>
<b>Foreclosure</b>	<p><b>Helping Distressed Homeowners Keep Their Homes</b></p> <p>The California Homeowner Bill of Rights aims to avoid foreclosure where possible to help stabilize California's housing market and prevent the other negative effects of foreclosures on families, communities, and the economy. The new law will generally prohibit lenders from engaging in dual tracking. For short sales, a mortgage servicer or lender cannot record a notice of default or notice of sale, or conduct a trustee's sale, if a foreclosure prevention alternative has been approved in writing by all parties (e.g., first lien investor, junior lienholder, and mortgage insurer as applicable), and proof of funds or financing has been provided to the servicer. Other provisions of this law prohibit dual tracking for loan modifications, require a single point of contact for borrowers seeking foreclosure prevention alternatives, provide borrowers with certain safeguards during the foreclosure process, and provide borrowers with the right to sue lenders for material violations of this law. This law generally pertains to owner-occupied properties with one-to-four residential units, with certain exceptions. A more detailed discussion of the California Homeowner Bill of Rights is available at <a href="http://www.car.org/legal/miscellaneous-contacts/realegal-chart/2012-realegals/sept28revised/">http://www.car.org/legal/miscellaneous-contacts/realegal-chart/2012-realegals/sept28revised/</a>.</p> <p><b>Assembly Bill 278</b> and <b>Senate Bill 900</b> (codified as Cal. Civil Code §§ 2923.5 et seq.) (effective January 1, 2013).</p>

Foreclosure	<p><b>Anti-Deficiency Protection for Refinance Loans</b></p> <p>Homeowners who default on their refinance loans are protected against personal liability for any deficiency following foreclosure. Under existing anti-deficiency law, a borrower is protected from personal liability for a purchase money loan secured by an owner-occupied property with one-to-four residential units. The new law extends that anti-deficiency protection to include any loan used to refinance the purchase money loan, plus any loan fees, costs, and related expenses for the refinance. The anti-deficiency protection, however, does not extend to any cash out in a refinance. This new law only applies to refinance loans or other credit transactions used to refinance a purchase money loan, or subsequent refinances of a purchase money loan, that are executed on or after January 1, 2013. For purposes of this law, any payment of principal shall be deemed to be applied first to the principal balance of the purchase money loan, and then to the principal balance of any new advance and interest payments shall be applied to any interest due and owing.</p> <p><b>Senate Bill 1069</b> (codified as Cal. Code of Civ. Proc. § 580b(c)) (effective January 1, 2013).</p>
Foreclosure	<p><b>Maintaining Vacant REO Properties</b></p> <p>An existing law requiring an owner of vacant residential property acquired through foreclosure to maintain the exterior of the property, was originally set to expire on January 1, 2013, but has now been extended indefinitely. To prevent blighted neighborhoods, this law allows a governmental entity to impose a fine up to \$1,000 per day for any violation. Violations of this law include allowing excessive foliage growth that diminishes the value of surrounding properties, failing to take action against trespassers or squatters, failing to prevent mosquitoes from breeding in standing water, and other public nuisances. If a government entity chooses to impose a fine, it must give the owner notice of the alleged violation and an opportunity to correct commencing within 14 days and completed within 30 days, or less for conditions threatening public health or safety.</p> <p><b>Assembly Bill 2314</b> (codified as Cal. Civil Code § 2929.3) (effective January 1, 2013).</p>
Foreclosure	<p><b>Giving Buyers of Foreclosed Homes an Opportunity to Correct</b></p> <p>If a buyer has purchased residential property that had been foreclosed and is in the process of diligently abating any building standard violations, an enforcement agency cannot commence any action or proceeding for nuisance abatement for at least 60 days after the buyer takes title to the property, unless a shorter period is deemed necessary to prevent an immediate threat to health and safety. This rule gives a buyer of residential property foreclosed after 2007 an opportunity to correct substandard conditions. This new law also requires any mortgage lender who releases a lien from a property with a recorded notice of pendency of action to notify the enforcement agency that issued the order within 30 days of releasing the lien.</p> <p><b>Assembly Bill 2314</b> (codified as Cal. Health &amp; Safety Code § 17980) (effective January 1, 2013).</p>

<b>Foreclosure</b>	<p><b>Requiring a Summary of Information for Foreclosure Notices</b>  A lender must provide a borrower with a specified summary of information attached to a copy of a notice of default and notice of sale for any property containing one-to-four residential units. The summary must be in English, Spanish, Chinese, Tagalog, Vietnamese, and Korean. The beginning of the notice of default and notice of sale must also state in these 6 languages that the summary is attached. The attached summary does not need to be recorded or published. The Department of Corporation (DOC) must provide a standard translation of the statement free-of-charge on its website at <a href="http://www.corp.ca.gov">www.corp.ca.gov</a>. This requirement takes effect on April 1, 2013 or 90 days after the DOC issues the summary translations, whichever is later. Under existing foreclosure procedures, notices of default and notices of sale must be mailed to borrowers by registered or certified mail as specified.  <b>Assembly Bill 1599</b> (codified as Cal. Civil Code §§ 2923.3 and 2924) (law is effective January 1, 2013 but see above).</p>
<b>Fraud Prevention</b>	<p><b>Authorizing Statewide Grand Juries to Combat Inter-County Fraud</b>  The California Attorney General is authorized to convene a special statewide grand jury for cases involving fraud or theft that occurs in more than one county as committed by a defendant or a group of defendants acting in concert with one another. This law, which is part of the California Homeowner Bill of Rights, aims to broaden the Attorney General's power to investigate, issue subpoenas, and issue indictments for multi-jurisdictional mortgage fraud and other financial crimes. Although the special statewide grand jury can only be impaneled in the counties of Fresno, Los Angeles, Sacramento, San Diego, or San Francisco, the impaneled grand jury can indict a person for crimes that occur in any 2 (or more) counties in California.  <b>Senate Bill 1474</b> (codified as Cal. Penal Code § 923) (effective January 1, 2013).</p>
<b>Fraud Prevention</b>	<p><b>Redressing Victims of Corporate Fraud</b>  An aggrieved person who has an unpaid final judgment as defined against a corporation based upon the corporation's fraud, misrepresentation, or deceit, made with the intent to defraud, may file an application with the Secretary of State for payment from the Victims of Corporate Fraud Compensation Fund. For purposes of this law, a final judgment generally means a judgment, arbitration award, or criminal restitution order that cannot be appealed. A claimant must make diligent collection efforts before applying for payment from the fund. Any one claimant is limited to a \$50,000 recovery from the fund. This law also sets forth guidelines and procedures for processing claims.  <b>Senate Bill 1058</b> (codified as Cal. Corp. Code §§ 2280) (effective January 1, 2013).</p>

<b>Homeowners Associations</b>	<p><b>Reorganizing the Davis-Stirling Common Interest Development Act</b> Effective January 1, 2014, the Davis-Stirling Common Interest Development Act that regulates condominiums, townhomes, and planned developments, among others, has been comprehensively reorganized. The goal of the reorganization was to give unit owners and volunteer board members a more logical and user-friendly format. Certain sections that were unclear have been clarified, and terminology has been standardized. The California Law Revision Commission took a conservative approach to making substantive changes to the law, which include, without limitation, providing relative authority of governing documents, providing procedures for amending a common interest declaration, prohibiting a self-interested director from voting on specified matters, and requiring an HOA to release a lien recorded in error within 21 days.</p> <p>Assembly Bills <b>805</b> and <b>806</b> (codified as Cal. Civil Code §§ 4000 et seq.) (effective January 1, 2014).</p>
<b>Homeowners Associations</b>	<p><b>Restricting Cancellation Fees for HOA Documents</b> An HOA cannot collect a cancellation fee for HOA sales disclosure documents in either of two situations: (1) a request is cancelled in writing by the party who placed the order and work had not yet been performed on the order; or (2) a request is cancelled in writing and the HOA had been compensated for any work performed. Moreover, an HOA must refund all fees collected for HOA documents if a request is cancelled in writing and work had not yet been performed on the order. Additionally under this new law, the HOA cover sheet itemizing the HOA sales disclosures must be in at least 10-point type. Our C.A.R. standard form Homeowner Association Information Request (Form HOA) complies with this requirement. <b>Assembly Bill 1838</b> (codified as Cal. Civil Code § 1368 and 1368.2) (effective January 1, 2013).</p>
<b>Homeowners Associations</b>	<p><b>Recording Requirements for Trustee's Deed in a Condo Complex</b> A trustee's deed upon nonjudicial foreclosure of a unit in a common interest development must be recorded within 30 days in the office of the county recorder where the property is located. Any failure to comply with this requirement does not invalidate the trustee's sale or a sale to a bona fide purchaser. As another requirement, a lender, trustee, or other person authorized to record a notice of default who, upon foreclosure, mails a copy of a trustee's deed to an HOA at the HOA's request, must do so within 15 days after the trustee's sale, instead of 15 days after the trustee's deed is recorded as the law previously required.</p> <p><b>Assembly Bill 2273</b> (codified as Cal. Civil Code §§ 2924.1 and 2924b) (effective January 1, 2013).</p>
<b>Homeowners Associations</b>	<p><b>Allowing Service of Process in Gated Communities</b> A licensed private investigator must be granted access to a gated community for a reasonable period of time to perform lawful service of process or service of a subpoena. To gain access, the private investigator must identify to the guard the person to be served, display a current driver's license or other I.D., and provide proof of licensure as a private investigator. This law expands the previous law that allows similar access to sheriffs, marshals, and registered process servers as specified.</p> <p><b>Assembly Bill 1720</b> (codified as Cal. Code of Civ. Proc. § 415.21) (effective January 1, 2013).</p>

**Home Safety and  
Energy Devices**

**Requiring New Smoke Alarms for Home Improvers and Landlords**

Starting January 1, 2014, for all dwelling units intended for human occupancy for which a building permit is issued for alterations, repairs, or additions for more than \$1,000, the issuer of the building permit will not sign off on the completion of work unless the owner demonstrates that all smoke alarms (previously “smoke detectors”) required for the dwelling unit are devices approved by the State Fire Marshal. This rule applies to any dwelling unit intended for human occupancy, including factory-built housing (but not manufactured homes or mobilehomes). Also starting January 1, 2014, to be approved and listed by the State Fire Marshal, a smoke alarm must display the date of manufacture, allow a place for the date of installation to be written, incorporate a hush feature, incorporate an end-of-life warning, and, for battery-operated devices, contain a non-removable 10-year battery. These rules may be superseded by a local rule or ordinance that is more stringent than state law. For properties rented or leased, an owner is generally responsible for testing and maintaining smoke alarms in an apartment complex or other building starting January 1, 2013, and in a single-family residence starting January 1, 2014. An owner of an apartment complex no longer needs to have a smoke detector in common stairwells. Beginning January 1, 2016, an owner of a dwelling unit intended for human occupancy that is rented or lease must generally install additional smoke alarms as needed to comply with current building standards. Existing alarms need not be replaced unless the alarm is inoperable. New alarms installed may be battery-operated if approved by the State Fire Marshal. These installation requirements for landlords do not apply to fire alarm systems with smoke detectors, fire alarm devices that connect to a panel, or devices that use a low-power radio frequency wireless signal.

**Senate Bill 1394** (codified as Cal. Health & Safety Code §§ 13113.7, 13113.8, and 13114) (effective January 1, 2013 unless otherwise indicated).

<p><b>Home Safety and Energy Devices</b></p>	<p><b>Revising Anti-Entrapment Requirements for Public Swimming Pools</b>  Every public swimming pool must generally be equipped with anti-entrapment devices that comply with ANSI/APSP-16 performance standard, as under existing law, or successor standard designated by the federal Consumer Product Safety Commission (Cal. Health &amp; Safety Code § 116064.2(b)(1)). Every public swimming pool with a single suction outlet (previously “drain”) that is not an unblockable suction outlet must be equipped with at least one anti-entrapment device as specified (Cal. Health &amp; Safety Code § 116064.2(c)). A “unblockable suction outlet” must meet ANSI/APSP-16 performance standards (previously ASME/ANSI or ASTM performance standards) (Cal. Health &amp; Safety Code § 116064.2(a)(9)). A public swimming pool with a suction outlet other than on the bottom of the pool must be designed to allow a complete turnover of pool water as specified (Cal. Health &amp; Safety Code § 116064.2(b)(2)). For purposes of these rules, a “public swimming pool” is generally defined as any structure intended for swimming or recreational bathing, including swimming pools in apartment buildings, residential real estate developments, and other multifamily residential areas (Cal. Health &amp; Safety Code § 116064.2(a)(4)). This new law also revises the anti-entrapment requirements for public wading pools. Every public wading pool suction outlets (previous requirement only applied to “main drain suction outlets under 12 inches across”) must be covered with anti-entrapment devices as specified (Cal. Health &amp; Safety Code § 116064(c)). A public wading pool must have at least two circulation suction outlets per pump symmetrically plumbed as specified (Cal. Health &amp; Safety Code § 116064(b)). A “public wading pool” includes a pool 18 inches deep or less that is located in an apartment house or hotel (Cal. Health &amp; Safety Code § 116064(a)). This bill also amends the anti-entrapment requirements for issuing building permits for newly constructed and remodeled swimming pools.  <b>Assembly Bill 2114</b> (codified as Cal. Health &amp; Safety Code §§ 116064 and 116064.2) (effective January 1, 2013).</p>
<p><b>Home Safety and Energy Devices</b></p>	<p><b>Installing Carbon Monoxide Devices in Hotels</b>  By January 1, 2016, an owner must install a carbon monoxide device in all existing hotel and motel dwelling units intended for human occupancy. By 2014, the Department of Housing and Community Development must adopt building standards for installing carbon monoxide devices in hotels and motels.  <b>Senate Bill 1394</b> (codified as Cal. Health &amp; Safety Code § 17926) (effective January 1, 2013 unless otherwise indicated).</p>
<p><b>Home Safety and Energy Devices</b></p>	<p><b>Limiting Permit Fee for Solar Energy Systems</b>  A city or county cannot charge a permit fee exceeding the estimated reasonable cost for providing the service for a rooftop solar energy system that produces direct current electricity. A residential permit fee cannot exceed \$500 plus \$15 per kilowatt for each kilowatt over 15kW unless the city or county provides substantial evidence as specified that a higher fee is reasonable. Similarly, a commercial permit fee cannot exceed \$1,000, plus \$7 per kilowatt from 51kW to 250kW, plus \$5 per kilowatt for each kilowatt above 250kW absent substantial evidence that the fee is reasonable. This law will expire on January 1, 2018.  <b>Senate Bill 1222</b> (codified as Cal. Gov’t Code § 66015) (effective January 1,</p>



	2013).
<b>Homestead</b>	<p><b>Increasing Homestead Income Threshold for Persons 55 Years of Age</b>  The income threshold has been slightly increase for a person 55 years of age or older to qualify for a \$175,000 homestead exemption for an involuntary sale of a principal residence. A person 55 years of age or older must have a gross annual income that does not exceed \$25,000 (previously \$15,000) or \$35,000 combined if married (previously \$20,000). Other persons who qualify for a \$175,000 homestead exemption are a person 65 years or older, regardless of income, and a disabled person unable to work. <b>Assembly Bill 929</b> (codified as Cal. Code of Civil Proc. § 704.730(a)(3)) (effective January 1, 2013).</p>
<b>Landlord-Tenant</b>	<p><b>Disclosing Notice of Default to Prospective Tenants</b>  Every landlord who offers for rent a residential property containing one-to-four units must disclose in writing to any prospective tenant the receipt of a notice of default that has not been rescinded. This disclosure must be made before executing a lease agreement. If a landlord violates this law, the tenant can elect to void the lease. If voided, the tenant can recover one month's rent or twice the amount of actual damages, whichever is greater, plus all prepaid rent, as well as any other remedies available. If the lease is not voided and the foreclosure sale has not occurred, the tenant may deduct one month's rent from future amounts owed. The written disclosure notice as provided by statute must be in English, Spanish, Chinese, Tagalog, Vietnamese, and Korean. A property manager will not be held liable for failing to provide the written disclosure notice unless the landlord has given the property manager written instructions to deliver the written disclosure to the tenant. This law will expire on January 1, 2018.  <b>Senate Bill 1191</b> (codified as Cal. Civil Code § 2924.85) (effective January 1, 2013).</p>
<b>Landlord-Tenant</b>	<p><b>Disclosing Disability Access Inspection for Commercial Properties</b>  A commercial property owner or landlord must state on every lease or rental agreement executed on or after July 1, 2013 whether the leased premises has been inspected by a Certified Access Specialist (CAsp), and whether the property has or has not been determined to meet all applicable construction-related accessibility standards for the disabled as specified.  <b>Senate Bill 1186</b> (codified as Cal. Civil Code § 1938) (law came into effect September 19, 2012).</p>

Landlord-Tenant	<p><b>Allowing Energy Saving Heating and Hot Water Systems</b>  Under existing law, a landlord must meet a basic habitability standard when renting residential property, which includes, among other things, providing heating facilities and hot water. The new law clarifies that a landlord or tenant qualifying for a utility energy savings assistance program or other program for heating and/or hot water system repair or replacement does not violate the basic habitability standard.  <b>Assembly Bill 1124</b> (codified as Cal. Civil Code § 1941.1) (effective January 1, 2013).</p>
Landlord-Tenant	<p><b>Protecting Pets from Being Declawed or Devocalized</b>  A landlord or other person or corporation that occupies, owns, manages, or provides services in connection with any real property that allows an animal as defined on the premises, is prohibited from requiring that the animal be declawed or devocalized. The landlord or other person is also prohibited from refusing to allow or negotiate occupancy based on someone's refusal to declaw or devocalize any animal, and from advertising the availability of real property for occupancy in a manner designed to discourage applicants whose animal has not been declawed or devocalized. A violation of this law is punishable by a civil penalty of \$1,000 per animal or advertisement.  <b>Senate Bill 1229</b> (codified as Cal. Civil Code § 1942.7) (effective January 1, 2013).</p>
Landlord-Tenant	<p><b>Requiring 90-Day Notice to Terminate After Foreclosure</b>  A month-to-month tenant or subtenant in possession of a rental housing unit at the time the property is foreclosed must be given a 90-day written notice to terminate under California law. For a fixed-term residential tenancy, the tenant or subtenant can generally remain until the end of the lease term, and all rights and obligations under the lease shall survive foreclosure, including the tenant's obligation to pay rent. However, four exceptions allow a 90-day written notice to terminate a fixed-term lease after foreclosure as follows: (1) the purchaser or successor-in-interest will occupy the property as a primary residence; (2) the tenant is the borrower or the borrower's child, spouse, or parent; (3) the lease was not the result of an arms' length transaction; or (4) the lease requires rent that is substantially below fair market rent (except if under rent control or government subsidy). The purchaser or successor-in-interest bears the burden of proving that one of the 4 exceptions has been met. Additionally, this law does not apply if a borrower stays in the property as a tenant, subtenant, or occupant, or if the property is subject to just cause rent control. This law will expire on December 31, 2019. This new California law is similar, but not identical, to the 90-day termination notice requirement under the federal Protecting Tenants at Foreclosure Act (12 U.S.C. § 5201, et seq.) as extended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, which is set to expire on December 31, 2014.  <b>Assembly Bill 2610</b> (codified as Cal. Code of Civ. Proc. § 1161b) (effective January 1, 2013).</p>

Landlord-Tenant	<p><b>Revising Notice of Trustee's Sale to Tenants</b></p> <p>The specified notice that a lender posting a notice of trustee's sale for a non-judicial foreclosure must also post, and send by first-class mail to the occupants, has been amended. The revised notice states that the occupants may be entitled to a 90-day eviction notice or the right to stay until the end of a fixed-term lease, depending on the circumstances. It also states that all the tenant's rights and obligations under the lease continue after the foreclosure sale, including the tenant's obligation to pay rent. This notice is only required for residential properties where the billing address for the mortgage loan is different than the property address. The notice must be in English, Spanish, Chinese, Tagalog, Vietnamese, and Korean. The Department of Consumer Affairs (DCA) must make translations of the notice available on its website. Changes to the notice take effect on March 1, 2013 or 60 days after the DCA makes the notice available on its website, whichever is later. This law will sunset on December 31, 2019.</p> <p><b>Assembly Bill 2610</b> (codified as Cal. Civil Code § 2924.8) (law comes into effect on January 1, 2013).</p>
Landlord-Tenant	<p><b>Objecting to Landlord's Claim of Right to Possession After Foreclosure</b></p> <p>Under existing law, a landlord can preclude an occupant's objection to the enforcement of a judgment to evict by properly serving a prejudgment claim of right to possession on anyone who appears to be occupying, or may claim to have occupied, the property when the unlawful detainer action was filed. Under the new law, a prejudgment claim of right to possession will not limit the right of any tenant or subtenant to also file a prejudgment claim of right to possession, or to object to enforcement of a judgment, in any action for unlawful detainer resulting from a foreclosure sale of a rental housing unit.</p> <p><b>Assembly Bill 2610</b> (codified as Cal. Code of Civ. Proc. § 415.46) (effective January 1, 2013).</p>
Landlord-Tenant	<p><b>Extending Post-Foreclosure Protection for Tenants</b></p> <p>Existing law requiring a statutory notice when terminating a residential tenant after foreclosure, which was set to expire on January 1, 2013, has been extended to December 31, 2019. Under this requirement, any immediate successor-in-interest in a residential property must, for one year after a foreclosure sale, provide a specific notice when terminating a residential tenant. This notice explaining the tenant's rights must be on a separate cover sheet or, for a 90-day termination, incorporated into the notice to terminate. The notice is not required in the following situations: (1) the tenant is guilty of unlawful detainer; (2) the tenant and successor-in-interest have entered into a rental agreement; or (3) the tenant who will be receiving the notice was not a tenant at the time of foreclosure.</p> <p><b>Senate Bill 825</b> (codified as Cal. Code of Civil Proc. § 1161c) (effective January 1, 2013).</p>

Landlord-Tenant	<p><b>Restricting Landlord's Demand for Form of Payment</b></p> <p>A landlord or landlord's agent must generally allow a tenant to pay rent and a security deposit by at least one form of payment other than cash or electronic funds transfer. The previous law did not address an electronic funds transfer which generally means a transfer of funds initiated electronically to debit or credit an account. A landlord can, however, demand cash payments exclusively for three months after a tenant attempts to pay with an NSF or stop payment check. A demand for payment in cash must be made by giving the tenant a written notice as prescribed with the dishonored check attached. A waiver of these requirements is void as against public policy.</p> <p><b>Senate Bill 1055</b> (codified as Cal. Civil Code § 1947.3) (effective January 1, 2013).</p>
Landlord-Tenant	<p><b>Prohibiting Eviction by a Noncompliant Successor Landlord</b></p> <p>A successor owner or manager cannot serve a 3-day notice to pay or quit, or otherwise evict a tenant for nonpayment of rent that accrued during a period of noncompliance with four requirements by the successor owner or manager. The tenant, however, is not relieved of any liability for unpaid rent. The four requirements that the successor owner or manager must comply with, as provided under existing law, are as follows: (1) Disclosing the name, phone number, and street address for service of process upon the property manager, as well as either the owner or owner's agent for service of process and receiving notices and demands; (2) Providing the name, phone number, and address or account information for rent payments; (3) Providing the form in which rent is to be paid; and (4) Providing a copy of the rental agreement to the tenant within 15 days of the tenant's signing, and once a year thereafter at the tenant's request. Existing law also requires any successor owner or manager to comply with these requirements within 15 days of succeeding the previous owner or manager.</p> <p><b>Assembly Bill 1953</b> (codified as Cal. Civil Code § 1962) (effective January 1, 2013).</p>
Landlord-Tenant	<p><b>Providing Contact Info for Lawyer Referral Services to Unlawful Detainer Defendants</b></p> <p>Starting January 1, 2013, a court clerk must mail to each defendant named in an unlawful detainer or eviction action a notice that contains specified language with the contact information for the State Bar of California, as well as the names and phone number of any certified lawyer referral service that requests to be included in the notice, provided that the entity has a panel of qualified landlord-tenant attorneys. This new law expands the previous requirement that the notice contains the name and phone number of the county bar association and the local legal aid office that assist low-income persons.</p> <p><b>Assembly Bill 1865</b> (codified as Cal. Code of Civ. Proc. § 1161.2) (effective January 1, 2013).</p>

<b>Landlord-Tenant</b>	<p><b>Easing Escrow Requirement for a Seller's 30-Day Notice to Terminate Tenancy</b></p> <p>Under existing law, a landlord must generally give a month-to-month tenant, who has resided in a dwelling for one year or more, a 60-day notice to terminate tenancy. However, if the landlord enters into a contract to sell, a 30 day-notice to terminate tenancy is sufficient as long as 6 requirements are met, as set forth in our C.A.R. standard form Notice of Termination of Tenancy (NTT). One of the 6 requirements is the landlord opens escrow with an escrow company licensed by the Department of Corporations or a licensed real estate broker. The new law also includes an escrow with a title insurer or underwritten title company.</p> <p><b>Assembly Bill 2303</b> (codified as Cal. Civil Code § 1946.1) (effective January 1, 2013).</p>
<b>Landlord-Tenant</b>	<p><b>Allowing Electronic Handling of Security Deposit after Tenancy Termination</b></p> <p>After either the landlord or tenant provides notice to terminate tenancy, the parties can mutually agree as follows: (1) for the landlord to deposit any remaining unused portion of the security deposit electronically to a bank account designated by the tenant; and (2) for the landlord to provide a copy of the itemized statement and any required copies to an email account provided by the tenant.</p> <p><b>Assembly Bill 1679</b> (codified as Cal. Civil Code § 1950.5) (effective January 1, 2013).</p>
<b>Landlord-Tenant</b>	<p><b>Disposing Abandoned Personal Property Less Than \$700</b></p> <p>The total resale value of personal property left behind by a tenant after termination of a tenancy that a landlord must sell at a public auction, rather than merely retain for his or her own use or dispose of in any manner, has been increased from \$300 to \$700, if certain procedures are followed. This law, however, also prohibits a landlord from assessing any storage cost if the tenant reclaims personal property within 2 days of vacating the premises. The statutory notices of Right to Reclaim Abandoned Property have been revised to reflect these changes. In addition to sending this notice to a former tenant by first class mail as specified, a landlord may also send the notice by email if the former tenant provided the landlord with the tenant's email address. Finally, a landlord's notices of termination of tenancy and pre-move out inspection must contain specified language that former tenants may reclaim abandoned personal property left on the premises, subject to certain conditions.</p> <p><b>Assembly Bills 2521 and 2303</b> (codified as Cal. Civil Code § 1946.1, 1950.5, and 1983 et seq.) (effective January 1, 2013).</p>

Land Use	<p><b>Expanding Reasons for Open-Space Easements</b></p> <p>Under existing law, a local government can accept or approve a grant of an open-space easement on privately owned property to provide scenic beauty to the public, provide amenities of living in urban areas, preserve rural areas, be valuable as a watershed, and preserve wildlife. The new law expands the purposes for approving an open-space easement to include preventing floods, or using the land as a wildlife sanctuary or as part of an established scenic highway corridor. Approved open-space easements must not only be recorded in the county recorder's office as required under existing law, but the new law also requires that the easements be recorded consistent with the indexing system maintained by the county recorder.</p> <p><b>Senate Bill 1501</b> (codified as Cal. Gov't Code §§ 51084) (effective January 1, 2013).</p>
Licensing	<p><b>Restructuring the Department of Real Estate</b></p> <p>Effective July 1, 2013, the Department of Real Estate (DRE) will be restructured as part of Governor Brown's efforts to consolidate governmental entities under the Government Reorganization Plan of 2012. The DRE will become the Bureau of Real Estate under the Department of Consumer Affairs (DCA). The DCA will, in turn, be part of the newly established Business, Consumer Services, and Housing Agency (previously the State and Consumer Services Agency), which will be responsible for licensing and oversight of businesses.</p> <p><b>Governor's Reorganization Plan No. 2 of 2012</b> (as amended by <b>Senate Bill 1039</b>) (effective July 1, 2013).</p>
Licensing	<p><b>Settlement Agreement Cannot Prohibit DCA Complaint</b></p> <p>A license regulated under the Department of Consumer Affairs (DCA), or an agent of the licensee, must not include or permit inclusion in a settlement agreement of a civil dispute, a provision prohibiting the other party from contacting, filing a complaint with, or cooperating with the DCA, or a bureau, board, or program within the DCA. The licensee is also prohibited from including or permitting a provision for the other party to withdraw a DCA complaint. A provision as described is void as against public policy. A licensee violating these requirements is also subject to disciplinary action. This new law also provides that any DCA board or bureau that takes disciplinary action against a license based on a complaint or report that is also the subject of a civil action that has been fully settled monetarily, cannot require a licensee to pay any additional sums to someone who was a plaintiff in the civil action. The DCA has the authority to adopt a regulation exempting settlement agreements for certain causes of actions from these requirements. Real estate licensees will be regulated under the DCA commencing July 1, 2013.</p> <p><b>Assembly Bill 2570</b> (codified as Cal. Bus. &amp; Prof. Code § 143.5) (effective January 1, 2013).</p>



<p><b>Licensing</b></p>	<p><b>Restricting New Degree Brokers</b>  Under a C.A.R.-sponsored law, the education exemption to the experience requirement for applying for a new real estate broker's license is more stringent. Under existing law, an applicant must, among other things, be actively engaged in the business of a real estate salesperson for at least two of the last five years. The applicant, however, may petition the DRE for an exemption from the experience requirement if he or she graduated from a four-year college or university with a specialization in real estate. Because "specialization in real estate" is broadly worded, the new law requires that, to satisfy this exemption from the experience requirement, a degree broker's course of study must have included "a major or minor in real estate." Both the existing and new law also allows an applicant to petition the DRE for another exemption from the experience requirement by demonstrating at least two years of general real estate experience.  <b>Assembly Bill 1718</b> (codified as Cal. Bus. &amp; Prof. Code § 10150.6) (effective January 1, 2013).</p>
<p><b>Licensing</b></p>	<p><b>Regulating Brokers Engaged in Sale of Secured Notes</b>  A real estate broker who engages in a transaction involving the sale or offer to sell a note secured directly by an interest in one or more parcels of real property, or the sale of an undivided interest in a note secured directly by one or more parcels of real property, must generally comply with new requirements. Some of the new requirements are substantially similar to current requirements for brokers exempt from securities qualification that are set forth in section 10238(h) of the California Business and Professions Code, including requirements involving loan-to-value and appraisals (Cal. Bus. &amp; Prof. Code § 10232.3(a)). In addition, a broker must obtain and retain for four years a specified statement of a note purchaser's qualifications of income or net worth (Cal. Bus. &amp; Prof. Code § 10232.3(b)). The broker must make reasonable efforts to ensure that a loan is a suitable and appropriate investment, based on the client's financial situation and investment objectives (Cal. Bus. &amp; Prof. Code § 10232.45). The disclosure statement that a broker is generally required to provide when negotiating for a lender to make a loan secured by real property, or for a purchaser to buy a real property sales contract or note secured by a deed of trust (see Cal. Bus. &amp; Prof. Code § 10232.4), has been revised to include a statement regarding this new responsibility for the broker (Cal. Bus. &amp; Prof. Code § 10232.5).  <b>Senate Bill 978</b> (codified as Cal. Bus. &amp; Prof. Code §§ 10232.3 et seq.) (effective January 1, 2013).</p>

Licensing	<p><b>Restricting DRE License Examinees</b></p> <p>The DRE can prohibit someone from taking the license exam for 36 months if: (1) the prohibition is in the public interest and that person knowingly violated DRE rules; or (2) the person was convicted or pleaded no contest to any crime or held liable through a civil or administrative judgment for any offense involving fraud, dishonesty, deceit or other offense reasonably related to the qualifications a person engaged in real estate (Cal. Bus. &amp; Prof. Code § 10087). Also, no one shall cheat on or subvert a real estate license exam. The DRE can prohibit any candidate who willfully cheats on an exam from taking any exam or holding a real estate license for 3 years (Cal. Bus. &amp; Prof. Code § 10153.01).</p> <p><b>Senate Bill 875</b> (codified as Cal. Bus. &amp; Prof. Code §§ 10087 and 10153.01) (effective January 1, 2013).</p>
Licensing	<p><b>Revising DRE License Application Procedures</b></p> <p>The DRE can require proof concerning the honesty of any license applicant, including any officer, director, or person owning “10% or more” of any corporate applicant, which was stated as “over 10%” under the previous law (Cal. Bus. &amp; Prof. Code § 10152(a)). Furthermore, upon denial of an application for a real estate license or mortgage loan originator license endorsement, the DRE must file a statement of issues, and inform the applicant the reason for the denial and the right to request a hearing within 60 days (Cal. Bus. &amp; Prof. Code § 10100). A petition for reinstatement of a real estate license that has been revoked or suspended, or a reduction of a penalty, must include the petitioner’s fingerprints (Cal. Bus. &amp; Prof. Code § 10152(b)). This law also clarifies that an applicant for an MLO license endorsement who fails the written exam may retake the test, but at least 30 days must lapse between each retesting (Cal. Bus. &amp; Prof. Code § 10166.06(h)). Additionally, an applicant who fails 3 consecutive tests must wait at least 6 months before retesting (Cal. Bus. &amp; Prof. Code § 10166.06(i)). A person in the military service is not required to renew his or her real estate license (under existing law) or MLO license endorsement (under the new law) until he or she engages in the real estate business again, but not to exceed one year after termination of military service (Cal. Bus. &amp; Prof. Code § 10461).</p> <p><b>Senate Bill 875</b> (codified as Cal. Bus. &amp; Prof. Code §§ 10100 et seq.) (effective January 1, 2013).</p>
Licensing	<p><b>Punishing Loan Activities without MLO License Endorsement</b></p> <p>Anyone who acts as a mortgage loan originator (MLO) within California without having a proper MLO license endorsement is guilty of a crime punishable by 6 months imprisonment, plus a \$20,000 fine for individuals or \$60,000 for corporations under Cal. Bus. &amp; Prof. Code § 10139. Acting as a MLO includes engaging in the business of, acting in the capacity of, advertising as, or assuming to act as an MLO.</p> <p><b>Assembly Bill 1950</b> (codified as Cal. Bus. &amp; Prof. Code § 10130) (effective January 1, 2013).</p>

<b>Liquor License</b>	<p><b>Allowing 5 Additional Liquor Licenses Per Year in Certain Counties</b>  The Department of Alcoholic Beverage Control can, for certain counties, issue 5 additional original on-sale general licenses per year for bona fide public eating places with a seating capacity of 50 or more diners. This rule, which expires after 2015, only applies to counties of the 18th class, which are counties with a population of 205,000 to 249,999 people.  <b>Assembly Bill 1320</b> (codified as Cal. Bus. &amp; Prof. Code § 23826.11) (effective January 1, 2013).</p>
<b>Litigation</b>	<p><b>Dismissing Lawsuits Filed by Vexatious Litigants</b>  Existing law allowing a defendant to file a motion for the court to order that the plaintiff furnishes security on the basis that the plaintiff is a vexatious litigant as defined, has been expanded to further allow the defendant, in the same motion, to alternatively request for an order to dismiss the case. The court must order the litigation dismissed if the court determines the litigation has no merit and has been filed to harass or cause delay. These rule only applies to a vexatious litigant who: (1) is subject to a prefilling order requiring court authorization for the litigant to file a lawsuit while representing himself or herself in propria persona; and (2) was represented by an attorney when the lawsuit was filed, but becomes in propria persona after the attorney withdrew.  <b>Assembly Bill 2274</b> (codified as Cal. Code of Civ. Proc. § 391.1 et seq.) (effective January 1, 2013).</p>
<b>Loan Modifications</b>	<p><b>Extending Prohibition Against Advance Fees for Loan Modifications</b>  Originally set to expire on January 1, 2013, but now extended, is the prohibition against real estate licensees, attorneys, and others from claiming or collecting any compensation for a loan modification or other form of mortgage loan forbearance until after the licensee fully performs each and every service as promised. A licensee engaging in loan modification activity as defined is also prohibited from taking any wage assignment, lien, or power of attorney from the borrower. These prohibitions only pertain to mortgage loans secured by residential properties with one-to-four units. A violation of this law is punishable by one year imprisonment, plus a \$10,000 fine for individuals or a \$50,000 fine for businesses. The statute of limitations to prosecute a violation of this law has been extended from one year under existing law to three years after discovery of the offense or completion of the offense, whichever is later. This law is extended until at least January 1, 2017 according to Senate Bill 980, if not indefinitely according to Assembly Bill 1950 (both bills were signed into law on September 25, 2012).  <b>Assembly Bill 1950</b> and <b>Senate Bill 980</b> (codified as Cal. Bus. &amp; Prof. Code § 10085.6, Cal. Civil Code § 2944.7, and Penal Code § 802) (effective January 1, 2013).</p>

<b>Military Service</b>	<p><b>Protecting Military Service Members From Foreclosure</b></p> <p>The existing California protection for a military service member against foreclosure by a mortgage lender during the period of military service or within three months thereafter, has been extended to nine months thereafter. Exceptions apply to sales made by agreement or court order. This law applies to mortgage loans originated before a service member's period of military service for which the service member is still obligated. The nine-month period mirrors the foreclosure protection under the federal Servicemembers Civil Relief Act. However, President Obama recently signed into law the federal Honoring America's Veterans and Caring for Camp Lejeune Families Act which extends, from February 2, 2013 to December 31, 2014, the foreclosure protection to one year after the period of active duty. <a href="#">Assembly Bill 2475</a> and <a href="#">H.R. 1627</a>.</p>
<b>Military Service</b>	<p><b>Capping Mortgage Rates Charged to Military Service Members</b></p> <p>If, before entry into the military, a service member has a mortgage or trust deed with an interest rate over 6%, the interest rate must be reduced to 6% or less during that person's military service and one year thereafter. The lender can, however, seek a court order that military service does not materially affect the military member's ability to pay over 6%. This new law expands existing law that caps the interest rate for other obligations or liabilities at 6% during military service. A violator of this law is liable for actual damages, attorneys' fees, and costs incurred by the injured party. <a href="#">Assembly Bill 2476</a> (codified as Cal. Mil. &amp; Vet. Code § 405) (effective January 1, 2013).</p>
<b>Military Service</b>	<p><b>Expediting License Process for Spouse of Military Service Member</b></p> <p>Any board within the Department of Consumer Affairs must expedite the licensure process for an applicant who meets the following two requirements: (1) is married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces assigned in California; and (2) holds a license in the same profession or vocation in another U.S. state, district, or territory. The DRE will be a division of the DCA commencing July 1, 2013. <a href="#">Assembly Bill 1904</a> (codified as Cal. Bus. &amp; Prof. Code § 115.5) (effective January 1, 2013).</p>
<b>Military Service</b>	<p><b>VA Financing for Co-Ops</b></p> <p>The Department of Veterans Affairs is authorized to adopt regulations to assist veterans in acquiring cooperative dwelling units as defined. Under the Veterans' Farm and Home Purchase Act, the VA can acquire homes and farms to sell to a creditworthy buyer with a minimum initial down payment of only 2%. <a href="#">Assembly Bill 1224</a> (codified as Cal. Mil. &amp; Vet. Code § 987.93) (effective September 20, 2012).</p>

<b>Mobilehomes</b>	<p><b>Expanding Notice to Prospective Owners in a Mobilehome Park</b>  Management of a mobilehome park must include in a notice to prospective homeowners that rent limitations under rent control, if applicable, does not apply to homeowners who do not occupy the mobilehome as their principal residence. This notice must be added to the existing "Information for Prospective Homeowners" form that management must provide to a prospective homeowner within 2 business days of receiving an application for residency in a specific space in the park.  <b>Assembly Bill 317</b> (codified as Cal. Civil Code § 798.74.5) (effective January 1, 2013).</p>
<b>Mobilehomes</b>	<p><b>Disclosing Homeowner's Rights in Mobilehome Park</b>  A mobilehome park must provide a mobilehome owner a specified notice in the rental agreement and before February 1 of each of the following years. The new notice sets forth a mobilehome owner's rights and responsibilities, including the right to a 90-day notice of any rent increase, the right not to waive any rights in a rental or sales agreement, the right to just cause termination, the obligation for the homeowner to give management a written 60-day notice to vacate, the right to sell the home in place in the park, the right not to sell the home to the park, the right not to pay any transfer or selling fee, and the right not to use the park-approved broker or dealer.  <b>Assembly Bill 2150</b> (codified as Cal. Civil Code § 798.15) (effective January 1, 2013).</p>
<b>Mobilehomes</b>	<p><b>Restricting Mobilehome Park's Exemption from Rent Control</b>  A mobilehome park seeking exemption from any local rent control ordinance for a rental agreement for more than one year must, among other things, give the homeowner a 72-hour right to rescind after returning the signed rental agreement to park management. The 72 hours begins to run upon the homeowner's return of the signed rental agreement only if management gives the homeowner a copy of the signed rental agreement at that time. If management does not provide the homeowner with a copy at the time the homeowner returns the signed rental agreement, the homeowner can rescind within 72 hours of receiving an executed copy of the rental agreement. This new law also expands an existing prohibition against management from charging a homeowner any fee or rent increase which reflects a fine, penalty, fee, or damages assessed or awarded by a court of law against the management for violating the Mobilehome Residency Law. The new law includes any similar fees assessed or awarded by an enforcement agency.  <b>Assembly Bill 1938</b> (codified as Cal. Civil Code §§ 798.17 and 798.39.5) (effective January 1, 2013).</p>

<b>Mobilehomes</b>	<p><b>Financing Mobilehome Conversions to Resident Ownership</b>  Under existing law, the Department of Housing and Community Development (HCD) has the authority to charge a 3% interest rate for loans funded by the Mobilehome Park Purchase Fund to finance conversions from parks to resident ownership, and to provide low-income housing. The new law allows the HCD to charge less than 3% if the financial stability of the fund is not jeopardized. This new law also authorizes the HCD to provide technical assistance to loan applicants, or to contract with a nonprofit entity to provide technical assistance, and include the cost of the technical assistance to the loan principal.</p> <p><b>Assembly Bill 1797</b> (codified as Cal. Health &amp; Safety Code §§ 50783, 50784, and 50786) (effective January 1, 2013).</p>
<b>Motor Vehicles</b>	<p><b>Allowing Wireless Texting While Driving</b>  Texting while driving a car is allowed if a person properly uses an electronic wireless communications device that is specifically designed and configured to allow voice-operated and hands-free operation to dictate, send, or listen to a text. This new law is an exemption from the existing prohibition against driving while writing, sending, reading a text message or e-mail.</p> <p><b>Assembly Bill 1536</b> (codified as Cal. Vehicle Code § 23123.5) (effective January 1, 2013).</p>
<b>Motor Vehicles</b>	<p><b>Providing Electronic Proof of Insurance When Stopped</b>  A person who is stopped by a peace officer while driving may use a mobile electronic device to satisfy the requirement of providing evidence of liability insurance or other financial responsibility. The peace officer is prohibited from viewing content in the mobile electronic device other than the evidence of financial responsibility. The person presenting a mobile electronic device for this purpose assumes all liability for any damage to the mobile electronic device. This law also authorizes an insurer to, upon the insured's request, issue proof of automobile liability insurance in an electronic format to a mobile electronic device to the extent available.</p> <p><b>Assembly Bill 1708</b> (codified as Cal. Vehicle Code § 16028) (effective January 1, 2013).</p>
<b>Motor Vehicles</b>	<p><b>Revising Restrictions for Advertising Signs on Vehicles</b>  Authority given to local governments to regulate by ordinance or resolution advertising signs on motor vehicles parked on left standing on a public street has been slightly amended. Local authorities under existing law cannot regulate advertising signs that are permanently affixed to the body of a vehicle and do not extend beyond the overall length, width, or height of the vehicle. Under the new law, the term "permanently affixed" is now defined and means painted directly on the body of a vehicle, applied as a decal, or placed in a location specifically designed by the manufacturer for containing an advertising sign. Also, the new law prohibits local authorities from regulating paper ads issued by a dealer contained with a license plate frame, or ads on a license plate frame.</p> <p><b>Assembly Bill 2291</b> (codified as Cal. Vehicle Code § 21100) (effective January 1, 2013).</p>



<p><b>Notary</b></p>	<p><b>Requiring Notary to Obtain Thumbprints for Documents Affecting Real Property</b>  The list of documents for which a notary public must place the signatory's right thumbprint in the notary's journal before notarizing the signing of the document has been expanded. The existing list consists of a deed, quitclaim deed, deed of trust, or power of attorney, whereas the new law adds any other document affecting real property.  <b>Assembly Bill 2326</b> (codified as Cal. Gov't Code § 8206(a)(2)(G)) (effective January 1, 2013).</p>
<p><b>Property Tax</b></p>	<p><b>Excluding Death of Cotenant from Property Tax Reassessment</b>  Effective January 1, 2013, any transfer of interest from one cotenant to the other that takes effect upon the death of the transferor will generally not be a change of ownership that triggers reassessment of property taxes. To be eligible for this cotenancy exemption from reassessment, the following requirements must be met: (1) the transfer is solely by and between two individuals who together own 100% of the property as joint tenants or tenants in common; (2) the transfer results in the surviving cotenant holding 100% ownership immediately after the transfer; (3) the cotenants coowned and continuously resided in the property as a "principal residence" as defined for the one-year period immediately before the transfer; (4) both cotenants have been owners of record; and (5) no other exclusion from change of ownership applies. The transferee must sign an affidavit affirming the continuous residency of both cotenants for the one-year period. For purposes of this law, "principal residence" means a dwelling eligible for either the homeowners' exemption or the disabled veterans' exemption. The transfer of cotenancy interest can be by will or trust, intestate succession, or by operation of law.  <b>Assembly Bill 1700</b> (codified as Cal. Rev. &amp; Tax Code § 62.3) (bill came into effect September 29, 2012).</p>
<p><b>Property Tax</b></p>	<p><b>Excluding Floating Home Marina from Property Tax Reassessment</b>  Starting September 30, 2012, certain transfers of a floating home marina as specified are generally not a change of ownership that triggers reassessment of property taxes. This rule only applies to transfers of a floating home marina to a nonprofit corporation, stock cooperative, or other entity formed by the majority (51%) of tenants renting the berths for the purpose of purchasing the floating home marina. Certain rules apply if the transfer is excluded from a change in ownership but the floating home marina has not yet been converted into a condominium or stock cooperative. This law also requires a change of ownership statement as specified from any buyer or transferee of a floating home within a floating home marina that does not use recorded deeds to transfer ownership interest in the berths.  <b>Assembly Bill 2046</b> (codified as Cal. Rev. &amp; Tax Code § 62.5) (bill came into effect September 29, 2012).</p>
<p><b>Property Tax</b></p>	<p><b>Applying Replicated Payments to Delinquent Taxes</b>  A tax collector can apply any refund due to a taxpayer to specified delinquent taxes, even if the refund is for a replicated payment (i.e., a payment indicated to apply to a specific tax that has already been paid). The previous exemption for replicated payments has been eliminated.  <b>Assembly Bill 2643</b> (codified as Cal. Rev. &amp; Tax Code § 2635.5) (effective January 1, 2013).</p>

<b>Property Tax</b>	<p><b>Penalizing Nonpayment of Taxes During Decline-in-Value Review</b>  If a taxpayer fails to pay the tax on a property that is subject to a pending informal review for reassessment based on decline in value, relief from penalty for nonpayment will be based on the difference between the final determination of value and the assessed value on the tax roll. Furthermore, any taxpayer who has paid at least 80% of the final value, within 30 days of filing an application for reassessment, will not be required to pay penalties or interest. This law only becomes operative for a county if adopted by resolution or ordinance by that county's board of supervisors. This law only applies to applications for informal review that are pending as of, or initiated after, the effective date.  <b>Assembly Bill 2643</b> (codified as Cal. Rev. &amp; Tax Code § 4985.5) (effective January 1, 2013 but see above).</p>
<b>Recording Laws</b>	<p><b>Increasing Recording Fee by \$10 for Fraud Prosecution</b>  A county board of supervisors can adopt by resolution a charge up to \$10 as the recording fee for certain real estate instruments. The existing cap on recording fees is \$3 per instrument. This new law also expands the types of real estate instruments that may be charged a recording fee, which will include a deed of trust, abstract of judgment, CC&amp;Rs, declaration of homestead, easement, lease, lot line adjustment, mechanics lien, quitclaim deed, notice of default, notice of trustee sale, and others. Exempt from the recording fee requirement, however, is a deed or instrument recorded in connection with a documentary transfer tax as defined, such as a grant deed. Funds collected from recording fees will be placed in a Real Estate Fraud Prosecution Trust Fund to help local law enforcement agencies pursue real estate fraud crimes.  <b>Senate Bill 1342</b> (codified as Cal. Gov't Code § 27388) (effective January 1, 2013).</p>
<b>Recording Laws</b>	<p><b>Recording Documents Authorized by Local Ordinance</b>  A county recorder must, upon proper payment, record any document related to real property that is authorized or required by local ordinance to be recorded. The document must contain sufficient information to be indexed, be photographically reproducible, and meet other recording requirements. This new law expands the previous law that generally requires the county recorder to record any document as authorized by statute or court order.  <b>Assembly Bill 1642</b> (codified as Cal. Gov't Code § 27201) (effective January 1, 2013).</p>
<b>Residential Care Facilities</b>	<p><b>Determining Number of Children in Specialized Foster Family Homes</b>  Existing law generally allows only two foster children to reside in a specialized foster care home for children with special health care needs, unless certain circumstances are met. One exception allows up to 6 children in a specialized foster family home or specialized certified family home as specified. The new law requires, by way of a declaration, that the Department of Social Services considers all adoptive, biological, guardianship, and foster children in determining whether a specialized foster family home or a specialized certified family home does not exceed the licensing capacity of 6 children.  <b>Assembly Bill 1928</b> (codified as Cal. Welf. &amp; Inst. Code § 17732.2) (effective January 1, 2013).</p>

<p><b>Trespass</b></p>	<p><b>Easing Signage Requirements to Prohibit Hunting</b>  Existing law that allows signage to be posted on property to prohibit trespass for the purpose of discharging firearms or taking or destroying animals has been expanded to include the right to prohibit hunting as well. The signage forbidding trespass or hunting, or both, can be of any size and wording, but must be displayed at intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the land. With hunting incorporated into this law as stated, another existing law has been repealed. The repealed law had allowed signage that prohibited discharging firearms or taking or destroying animals if the signage specifically stated "Private Property No Hunting" and was at least 8 ½ inches by 11 inches and displayed in intervals not less than three to the mile along all exterior boundaries and at all roads and trails entering the land.  <b>Assembly Bill 1162</b> (codified as Cal. Fish &amp; Game Code § 2016 and repeal of § 2017) (effective January 1, 2013).</p>
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