

2024 SUMMARY OF LEGISLATION



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EDITOR'S NOTE

Of the 1,017 bills signed into law in 2024, 25 have been summarized as significant for the title industry.

The CLTA wishes to express its appreciation to the Legislative Committee for reviewing the legislation and summaries, and assisting with the production of this publication.

The Summary is intended merely to provide shorthand references to selected bills of interest to the title industry. The actual chaptered versions should always be reviewed for specific details.

Copies of bill text, histories, committee analyses, voting records and veto messages are available from the California Legislature's official website at leginfo.legislature.ca.gov under the "Bill Information, 2023-24 Session" link. All bills summarized in this publication become effective January 1, 2025, unless otherwise noted.

PLEASE NOTE: This publication contains live links to chaptered bill text and case documents. Links to chaptered bills can be found at the end of each bill summary; links to case documents can be accessed by clicking on the case name at the beginning of each case summary.

ACCESSORY DWELLING UNITS

• Reorganization and Conforming Law Changes

Existing law provides for the creation by local ordinance, or by ministerial approval if a local agency has not adopted an ordinance, of accessory dwelling units in areas zoned for single-family or multifamily dwelling residential.

This act made nonsubstantive changes and reorganized various provisions relating to the creation and regulation of accessory dwelling units and junior accessory dwelling units and related nonsubstantive conforming changes.

NOTE: This act took effect immediately as an urgency measure on March 25, 2024.

Chapter 7 (SB 477 – Committee on Housing); amending Sections 714.3 and 4751 of the Civil Code, amending Sections 65582.1, 65583, 65583.2, 65585, 65589.4, 65589.9, 65852.1, 65852.21, 65852.27, 65863.3, 65913.5, 66411.7, 66412.2, and 66499.41 of, adding Chapter 13 (commencing with Section 66310) to Division 1 of Title 7 of, repealing Sections 65852.150, 65852.2, 65852.22, 65852.23, and 65852.26 of the Government Code, amending Sections 18214, 50504.5, 50515.03, 50650.3, 50843.5, and 50952 of the Health and Safety Code, amending Sections 10238 and 21080.17 of the Public Resources Code, and amending Section 10755.4 of the Water Code.

- Approval of up to 8 ADUs on a Single Lot
- Ministerial Approval of ADUs
- Restrictions on Parking and Design Standards

Existing law, the Planning and Zoning Law, authorizes a local agency, by ordinance, to provide for the creation of accessory dwelling units (ADUs) in areas zoned for residential use. That law prohibits, if a local agency adopts an ordinance to create ADUs in those zones, the local agency from requiring the replacement of offstreet parking spaces if a garage, carport, or covered parking structure is demolished in conjunction with the construction of, or is converted to, an ADU.

This act also prohibits the local agency from requiring the replacement of offstreet parking spaces if an uncovered parking space is demolished in conjunction with the construction of, or is converted to, an ADU.

Existing law requires ministerial approval of ADUs and a local agency is also required to ministerially approve an application for a building permit within a residential or mixed-use zone to create any of specified variations of ADUs. Existing law imposes various requirements and restrictions on a local agency in connection with the ministerial approval of an application for a building permit for an ADU under these specified variations.

This act prohibits a local agency from imposing any objective development or design standard that is not authorized by these provisions upon any ADU that meets the requirements of any of the specified variations.

Under existing law, one of the above-described variations requires a local agency to ministerially approve a certain number of multiple ADUs within the portion of existing multifamily dwelling structures that are not used as livable space if each unit complies with state building standards for dwellings.

This act defines “livable space” for purposes of the provisions governing ADUs to mean a space in a dwelling intended for human habitation, including living, sleeping, eating, cooking, or sanitation.

Under existing law, another one of the above-described variations requires a local agency to ministerially approve not more than two ADUs that are located on a lot that has an existing or proposed multifamily dwelling, but are detached from that dwelling, and are subject to a height limitation and rear yard and side setbacks.

This act instead authorizes, under that variation, up to eight detached ADUs to be created on a lot with an existing multifamily dwelling, provided that the number of ADUs does not exceed the number of existing units on the lot, and up to two detached ADUs on a lot with a proposed multifamily dwelling.

Chapter 296 (SB 1211 – Skinner); amending Sections 66313, 66314, and 66323 of the Government Code.

- Checklist for Substandard Conditions
- Denial of Permit Prohibited Unless Protecting Health and Safety
- Notice of Right to Third Party Inspections

Existing law, the Planning and Zoning Law, authorizes a local agency, by ordinance or ministerial approval, to provide for the creation of accessory dwelling units in areas zoned for residential use. Existing law prohibits a local agency from denying a permit for an unpermitted accessory dwelling unit that was constructed before January 1, 2018, because the accessory dwelling unit is in violation of building standards or state or local standards applicable to accessory dwelling units, unless the local agency makes a finding that correcting the violation is necessary to protect the health and safety of the public or the occupants of the structure. Existing law makes those provisions inapplicable to a substandard building.

This act instead prohibits a local agency from denying a permit for an unpermitted accessory dwelling unit or junior...

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ACCESSORY DWELLING UNITS (cont.)

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...accessory dwelling unit that was constructed before January 1, 2020, for those violations, unless the local agency makes a finding that correcting the violation is necessary to comply with conditions that would otherwise deem a building substandard. The act requires a local agency to inform the public about the provisions prohibiting denial of a permit for an unpermitted accessory dwelling unit or junior accessory dwelling unit. The act requires this information to include a checklist of the conditions that deem a building substandard and to inform homeowners that, before submitting a permit application, the homeowner may obtain a confidential third-party code inspection from a licensed contractor. The act would prohibit a local agency from requiring a homeowner to pay impact fees or connection or capacity charges except under specified circumstances.

The act authorizes an inspector from a local agency, upon receiving an application for a permit for a previously unpermitted accessory dwelling unit or junior accessory dwelling unit constructed before January 1, 2020, to inspect the unit for compliance with health and safety standards and provide recommendations to comply with health and safety standards. The act prohibits the local agency from penalizing an applicant for having the unpermitted accessory dwelling unit and would require the local agency to approve necessary permits to correct noncompliance with health and safety standards.

Chapter 834 (AB 2533 – J. Carrillo); amending Section 66332 of the Government Code.

DISCLOSURES

- **Domestic Water Storage Tanks**
- **Receipt of State Assistance**

Existing law requires that specified disclosures be made upon any transfer by sale, exchange, real property sales contract, lease with an option to purchase, any other option to purchase, or ground lease coupled with improvements, of any single-family residential property.

Existing law authorizes the State Water Resources Control Board to provide grants to eligible applicants to be used to provide interim relief to households in which a private water well has gone dry, or has been destroyed, due to drought, wildfire, or other natural disaster.

This act requires a seller of any real property who received domestic water storage tank assistance or is aware the real property received such assistance and the real property currently still has the domestic water storage tank to deliver a disclosure statement to the prospective buyer. The act prescribes certain information to be included in the disclosure, including that the property has a domestic water storage tank provided by a county, community water system, local public agency, or nonprofit organization and that the domestic water storage tank might not convey with the real property.

Chapter 21 (SB 1366 – Hurtado); adding Section 1102.156 to the Civil Code.

- **Disclosure Upon Sale of Single-Family Residence**
- **Electrical Systems and Gas Appliances**

Existing law requires that specified disclosures be made upon any transfer by sale, exchange, real property sales contract, lease with an option to purchase, any other option to purchase, or ground lease coupled with improvements, of any single-family residential property.

This act, on or after January 1, 2026, requires a seller of a single-family residential property to deliver a specified disclosure statement to the prospective buyer regarding the electrical systems of the property, except when the sale is within three years of the issuance of the certificate of occupancy for the building, and to disclose, in writing, the existence of any state or local requirements relating to the future replacement of existing gas-powered appliances that are being transferred with the property.

Chapter 443 (SB 382 – Becker); adding Sections 1102.6i and 1102.6j to the Civil Code.

FORECLOSURE

- **Costs and Expenses**
- **Perfection of Sale**
- **Trustees Duties and Responsibilities**

Existing law prescribes various requirements to be satisfied before the exercise of a power of sale under a mortgage or deed of trust and prescribes a procedure for the exercise of that power.

This act prohibits a person from contacting, soliciting, or initiating communication with an owner to claim the surplus funds from a foreclosure sale of the owner's residence before 90 days after the trustee's deed has been required.

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FORECLOSURE (cont.)

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In performing acts required by the provisions pertaining to the exercise of a power of sale under a mortgage or deed of trust, existing law provides that the trustee does not incur liability for specified errors and that the trustee is not subject to specified law.

This act adds that a trustee does not incur liability and is not subject to that specified law when responding to requests for payoff or reinstatement information.

When some or all of the principal sum of an obligation secured by real property has become due prior to the maturity date by reason of default or other specified failure to pay and a power of sale is to be exercised, existing law authorizes a trustor or mortgagor, at any time prior to foreclosure, to pay to the beneficiary or mortgagee specified amounts, including specified amounts shown in the notice of default and reasonable costs and expenses that are actually incurred in enforcing the terms of the obligation, deed of trust, or mortgage. If the trustor or mortgagor cures the default pursuant to these provisions, existing law requires the beneficiary or mortgagee to execute and deliver to the trustee a notice of rescission. Existing law limits costs and expenses that may be charged pursuant to specified mortgage law to \$50.

This act includes reasonable costs and expenses that will be incurred as a direct result of the cure payment being tendered as part of the cure payment described above. This act includes recording a notice of rescission as part of the costs and expenses that may be charged pursuant to specified mortgage law and raise the limit to \$100.

Existing law specifies when a trustee's sale is deemed final and perfected, and provides that, if an eligible bidder submits a written notice of intent to bid, the trustee's sale is deemed perfected as of 8 a.m. on the actual date of sale if a specified requirement is met.

This act recasts that provision to provide that the trustee's sale is deemed perfected as of 8 a.m. on the actual date of sale if a specified requirement is met if an eligible bidder submits a written notice of intent to bid under any of the provisions granting eligible bidders the rights and priorities to make bids on the property after the initial trustee sale described above.

Existing law, until January 1, 2031, grants eligible tenant buyers and other eligible bidders certain rights and priorities to make bids on the property after the initial trustee sale. Existing law provides that a trustee's sale of property under a power of sale contained in a deed of trust or mortgage on specified real property until the earliest of, among other things, (1) the date upon which a representative of all of the eligible tenant buyers submits to the trustee a bid that meets specified requirements, including that the bid be limited to a single bid amount and

not contain instructions for successive bid amounts; and (2) 45 days after the trustee's sale, except if an eligible bidder submits to the trustee a bid meeting specified requirements. Existing law requires prospective owner-occupants, eligible tenant buyers, and eligible bidders to submit specified affidavits or declarations regarding bidder eligibility under certain circumstances. Existing law authorizes the trustee to reasonably rely on these affidavits and declarations regarding bidder eligibility, and requires these affidavits or declarations of the winning bidder to be attached as an exhibit to the trustee's deed and recorded.

This act removes the requirement that the bid be limited to a single bid amount and not contain instructions for successive bid amounts from (1), as described above, and adds that requirement to (2), as described above. If the winning bidder is not required to submit an affidavit or declaration pursuant to the provisions described above, the act requires the trustee to attach as an exhibit to the trustee's deed a statement that no affidavit or declaration is required by these provisions, and provides that 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.

Existing law requires, for trustee's sales where the winning bidder is an eligible bidder under the provisions described above, the trustee or an authorized agent to electronically send specified information to the Attorney General within 15 days of the sale being deemed final, including a copy of the trustee's deed, as recorded.

This act recasts that provision to require the trustee to provide a copy of the trustee's deed as executed instead of as recorded.

Existing law, the COVID-19 Small Landlord and Homeowner Relief Act of 2020, requires a mortgage servicer to provide a specified written notice to a borrower if the mortgage servicer denies forbearance during the effective time period that states the reasons for that denial if the borrower was both current on payments as of February 1, 2020, and is experiencing a financial hardship that prevents the borrower from making timely payments on the mortgage obligation due, directly or indirectly, to the COVID-19 emergency. The act defines various terms for these purposes. If a mortgage servicer denies a forbearance request, the act requires a specified declaration to include the written notice together with a statement as to whether forbearance was or was not subsequently provided.

This act clarifies that the act requires that specified declaration to include that written notice if the mortgage servicer denied the forbearance request during the effective time period.

NOTE: This act took effect as an urgency measure on July 18, 2024.

Chapter 142 (AB 295 – Lowenthal); amending Sections 2924, 2924c, 2924b, 2924m, and 3273.10 of, and adding Section 2924.21 to, the Civil Code.

FORECLOSURE (cont.)

- **Notice of Right to Request a Notice of Default**
- **Postponement of Sale Due to Purchase Agreement**
- **Sale at not less than 67% of Fair Market Value**

Existing law imposes various requirements to be satisfied before exercising a power of sale under a mortgage or deed of trust, including recording a notice of default, providing a mortgage or trustor a copy of the recorded notice of default, providing notice of the time and place scheduled for the public auction sale of the real property and other notices related to the sale, determining the fees and expenses that may be paid from the sale, determining who may conduct the sale and act in the sale as an auctioneer for the trustee, determining the time and place where the auction sale may occur, and specifying how bids may be made and accepted at the auction sale.

This act requires a notice to specified parties that a third party, such as a family member, HUD-certified housing counselor, or attorney, may record a request to receive copies of any notice of default and notice of sale at specified times in the loan and foreclosure process and that receiving a copy of these documents may allow the third party to assist the borrower in avoiding foreclosure.

This act prohibits a foreclosure sale until the expiration of 45 days if the trustee receives, at least five business days before the scheduled date of sale, from the mortgage or trustor a listing agreement for the sale of the property subject to the power of sale. If a scheduled date of sale has been postponed pursuant to that provision and the trustee receives, at least five business days before the scheduled date of sale, from the mortgage or trustor a copy of a purchase agreement for the sale of the property, the act requires the trustee to postpone the scheduled date of sale to a date that is at least 45 days after the date on which the purchase agreement was received by the trustee.

This act requires the mortgagee, beneficiary, or authorized agent to provide to the trustee the fair market value of the property at least 10 days prior to the initially scheduled date of sale, and prohibits the trustee from selling the property at the initial trustee's sale for less than 67% of the amount of that fair market value of the property. If the property remains unsold after the initial trustee's sale, the act requires the trustee to postpone the sale for at least seven days, and authorizes the property to be sold thereafter to the highest bidder.

Chapter 311 (AB 2424 – Schiavo); amending Sections 2923.5, 2923.55, and 2924f of, and adding Section 2932.2 to, the Civil Code.

HOUSING

- **Assisted Housing Developments**
- **Contents of Regulatory Agreement**
- **Election of Qualified Entity to Purchase Housing Development**
- **Notice of Expiration of Affordability Restrictions**

Existing law, the Planning and Zoning Law, requires an owner of an assisted housing development proposing the termination of a subsidy contract or prepayment of governmental assistance or of an assisted housing development in which there will be the expiration of rental restrictions to provide a notice of the proposed change to each affected tenant household residing in the assisted housing development. The Planning and Zoning Law defines “assisted housing development” for these purposes to mean a multifamily rental housing development of five or more units that receives governmental assistance under any of specified programs, including assistance provided by counties or cities under specified law in exchange for restrictions on the maximum rents, and on the maximum tenant income. The Planning and Zoning Law defines a “termination” for these purposes to mean an owner’s decision to extend or renew its participation in a federal, state, or local government subsidy program or private, nongovernmental subsidy program for an assisted housing development. The Planning and Zoning Law defines the “expiration of rental restrictions” for these purposes to mean the expiration of rental restrictions for an assisted housing development, unless the development has other recorded agreements restricting the rent to the same or lesser levels for at least 50% of the units.

This act imposes the above-described notice requirement on an owner prior to the anticipated date of termination of a subsidy contract or expiration of rental restrictions or prepayment on an assisted housing development. The act expands the definition of “assisted housing development” to include a development that receives assistance from counties or cities in exchange for affordability restrictions, as described above, pursuant to the Middle Class Housing Act of 2022; streamlining assistance pursuant to the Affordable Housing and High Road Jobs Act of 2022; specified law providing a streamlined, ministerial approval process for certain housing developments; or the Affordable Housing on Faith and Higher Education Lands Act of 2023. The act revises the definition of “termination” for these purposes to instead mean the failure of an owner to extend or renew its participation in the above-described programs, as specified. The act also revises the definition of “expiration of rental restrictions” to instead exclude an expiration in a development that has other recorded agreements restricting the rent to the same or lesser levels for at least 50% of the units or the same number of units, whichever is greater.

The Planning and Zoning Law requires an owner to include in the above-described notice certain information, including...

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...among other things, in the event of prepayment, termination, or the expiration of rental restrictions, whether the owner intends to increase rents during the 12 months following prepayment, termination, or the expiration of rental restrictions to a level greater than permitted under a specified provision of the Internal Revenue Code, relating to low-income housing tax credits. At least six months prior to the anticipated date of termination of a subsidy contract, expiration of rental restrictions or prepayment on an assisted housing development, the Planning and Zoning Law requires an owner described above to provide a notice of the proposed change to each affected tenant household residing in the assisted housing development at the time the notice is provided and to the affected public entities that includes, among other things, a statement of the owner's intention to participate in any current replacement subsidy program made available to affected tenants. The Planning and Zoning Law requires an owner of an assisted housing development that is within three years of a scheduled expiration of rental restrictions to provide notice of the scheduled expiration of rental restrictions to any prospective tenant at the time the prospective tenant is interviewed for eligibility, and to existing tenants.

This act, for the 12-month notice described above, instead requires an owner in the event of prepayment, termination, or the expiration of rental restrictions, to include in the above-described notice, whether the owner might increase rents during the 12 months following prepayment, termination, or the expiration of rental restrictions, regardless of whether that increase would be to a level greater than permitted under the above-described provisions of federal law. The act also requires that the six-month notice, as described above, additionally include a statement that the owner shall accept all enhanced Section 8 vouchers if the tenants receive them. The act additionally requires an owner of an assisted housing development that is within three years of a scheduled termination of a subsidy contract to provide notice of the scheduled termination of a subsidy contract to any prospective tenant at the time the prospective tenant is interviewed for eligibility, and to existing tenants.

The Planning and Zoning Law provides for injunctive relief to any specified party who is aggrieved by a violation of these provisions.

This act specifies that the parties who may obtain injunctive relief under these provisions include, but are not limited to, affected tenants that meet the requirements of a legitimate tenant organization, as defined in federal regulations, or a tenant association.

The Planning and Zoning Law requires an owner of an assisted housing development to give notice prior to the anticipated date of the termination of a subsidy contract, the expiration of rental restrictions, or prepayment on an assisted

housing development, to specified entities, except as provided. The Planning and Zoning Law prohibits an owner from terminating a subsidy contract or prepayment of a mortgage unless the owner or its agent has provided specified entities an opportunity to submit an offer to development. To qualify as a purchaser of an assisted housing development for these purposes, the Planning and Zoning Law requires specified entities to meet certain requirements, including, among other things, to be certified by the Department of Housing and Community Development (department). The Planning and Zoning Law requires the department to establish a process for certifying qualified entities and to maintain a list of entities that are certified.

This act defines a "qualified entity" for these purposes to mean an entity that is a specified entity that meets the requirements described above. The act also revises the requirement for the department to establish the above-described certification process to clarify that the department is required to establish a process to certify entities meeting the requirements under existing law to have the opportunity to purchase an assisted housing development.

The Planning and Zoning Law requires a qualified entity that elects to purchase an assisted housing development under these provisions to make a bona fide offer within 180 days of the owner's notice. If an owner has received a bona fide offer from one or more qualified entities within the first 180 days from the date of an owner's bona fide notice of the opportunity to accept a bona fide offer from a qualified entity, the Planning and Zoning Law requires an owner to notify the department of those offers and either accept a bona fide offer from a qualified entity to purchase or declare under penalty of perjury that, if the property is not sold pursuant to these provisions within two 180-day periods, the owner will not sell the property for at least five years. When one or more bona fide offers to purchase have been made, and the owner wishes to sell, the Planning and Zoning Law requires the owners to accept the bona fide offer that meets the requirements of these provisions and execute a purchase agreement within 90 days of receipt of the offer. The Planning and Zoning Law authorizes an owner to accept an offer from a person or an entity that does not qualify as a purchaser of an assisted housing development during the 180-day period following the initial 180-day period.

This act extends the period in which a qualified entity may make a bona fide offer under these provisions from 180 days to 270 days. The act requires that notification to the department of one or more bona fide offers be made within 90 days. The act deletes the above-described requirement that applies when one or more bona fide offers to purchase have been made and the owner wishes to sell and, instead, revises the option for the owner to accept the bona fide offer to require that the owner execute a purchase agreement. The act deletes the option for an owner to declare that it will not sell the property for five years, and instead authorizes the owner...

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...to record a new regulatory agreement with a term of at least 30 years. If an owner does not receive a bona fide offer from one or more qualified entries within 270, or if after the 270 days all bona fide offers are withdrawn, the act authorizes the owner to do any of specified actions, including selling the property to any buyer. The act deletes the above-described authorization for an owner to accept an offer from a person or entity that does not qualify as a purchaser after the initial 180-day period.

The Planning and Zoning Law requires owners of assisted housing development in which at least 25% of the units on the property are subject to affordability restrictions or a rent or mortgage subsidy contract to certify compliance with these provisions and other applicable law annually, under penalty of perjury, in a form as required by the department.

This act expands this requirement to apply to owners of an assisted housing development in which at least 5% of the units on the property are subject to affordability restrictions or a rent or mortgage subsidy contract.

The Planning and Zoning Law authorizes the enforcement of these provisions by any qualified entity entitled to exercise the opportunity to purchase and right of first refusal, any tenant association at the property, or any affected public entity that has been adversely affected by an owner's failure to comply with these provisions.

The act additionally authorizes enforcement of these provisions by a group of affected tenants that meets the requirements of a legitimate tenant organization, and defines tenant organization for this purpose.

The Planning and Zoning law exempts an owner from providing the above-described notices if certain conditions are contained in a regulatory agreement, including a prohibition against the owner terminating a tenancy of a low-income household at the end of a lease term without demonstrating a breach of the lease.

This act additionally requires that this regulatory agreement include a prohibition against an owner terminating a tenancy of a low-income household due to a planned renovation of the property.

Chapter 281 (AB 2926 – Kalra); amending Sections 65863.10, 65863.11, and 65863.13 of the Government Code.

MOBILEHOME PARKS

- **Creation of Additional Lots in Existing Mobilehome Park**
- **Exemption from Additional Fees and Charges**
- **Exemption from CEQA**

Existing law, the Mobilehome Parks Act (act), generally regulates various classifications of mobilehome and related vehicle parks, and imposes enforcement duties on the Department of Housing and Community Development and local enforcement agencies. The act authorizes any person to file an application with the governing body of a city or county for a conditional use permit for a mobilehome park. The act requires a person, before operating a mobilehome park, and each year thereafter, to obtain a valid permit from the enforcement agency in order to operate the park. The act also requires the owner of a mobilehome park to obtain a permit to create, move, shift, or alter park lot lines.

This act, subject to specified exceptions, authorizes an owner of an existing mobilehome park that is subject to, or intends to qualify for, a valid permit to operate the park, to apply to the enforcement agency to add additional specified lots to the mobilehome park not to exceed 10% of the previously approved number of lots in the mobilehome park, if the owner has not had their permit to operate suspended. The act requires the owner to apply to the enforcement agency for, and obtain from the enforcement agency, all required permits pursuant to the act before adding additional lots. The act exempts the additional lots from any business tax, local registration fee, use permit fee, or other fee, except those fees that apply to the existing lots in the park, and would prohibit the owner from reducing the size of, or interfering with, certain existing facilities without first complying with specified requirements for creating, moving, shifting, or altering lot lines. The act provides that the additional lots are considered new construction, as defined, except as provided, and specify how certain laws adopted by a city, county, or city and county that establish a maximum rent apply to additional lots.

Existing law, the California Environmental Quality Act (CEQA), requires a lead agency to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA does not apply to the approval of ministerial projects.

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MOBILEHOME PARKS (cont.)

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This act prohibits the enforcement agency, city, or county from requiring a conditional use permit, zoning variance, or other zoning approval in order to add the lots. By requiring a city or county to ministerially approve a project to add the mobilehome park lots described above, this act exempts those projects from CEQA.

The act includes findings that the changes address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

Chapter 396 (AB 2387 – Pellerin); adding Section 65852.8 to the Government Code.

MORTGAGES AND DEEDS OF TRUST

- **Assumption After Dissolution of Marriage or Legal Separation**
- **Assumption of Loan by Existing Borrower**

Existing law defines and regulates mortgages, including recording notices of default and applications for loan modifications.

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

Chapter 431 (AB 3100 – Pellerin); adding Section 2951 to the Civil Code.

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- **Application of Mortgage Fraud Law**
 - **Filing of Documents with Recorder**

Existing law makes it a criminal offense to commit mortgage fraud. This includes filing or causing to be filed with the county recorder in connection with a mortgage loan transaction any document that the person knows to contain a deliberate mis-

statement, misrepresentation, or omission, and with the intent to defraud.

This act prohibits the filing of any document with the recorder of any county that the person knows to contain, instead, a material misstatement, misrepresentation, or omission.

This act also provides that a mortgage broker or person who originates a loan commits mortgage fraud if, with the intent to defraud, the person takes specified actions relating to instructing or deliberately causing a borrower to sign documents reflecting certain loan terms with knowledge that the borrower intends to use the loan proceeds for other uses.

Existing law generally regulates the provision of covered loans, including by prohibiting a person who originates a covered loan from avoiding, or attempting to avoid, the application of that law by, among other things, structuring a loan transaction as an open-end credit plan for the purpose of evading that law if the loan would have been a covered loan if the loan had been structured as a closed end loan. Existing law defines “covered loan” to mean a consumer loan in which the original principal balance of the loan does not exceed the most current conforming loan limit for a single-family first mortgage loan established by the Federal National Mortgage Association in the case of a mortgage or deed of trust. Existing law also prohibits a person who originates a covered loan from acting in a manner that constitutes fraud.

This act additionally prohibits a person who originates a covered loan from avoiding, or attempting to avoid, the application of the law regulating the provision of covered loans by committing mortgage fraud.

Chapter 517 (AB 3108 – Jones-Sawyer); amending Section 4973 of the Financial Code, and amending Section 532f of the Penal Code.

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- **Mortgage Servicers Single Point of Contact**
 - **Postponement of Foreclosure Sale**
 - **Prohibition on Recording Notice of Default**
 - **Usury Exemption for Forbearance, Extension or Modification**

Existing law exempts from the usury limitation set forth in Section 1 of Article XV of the California Constitution a loan or forbearance made or arranged by any person licensed as a real estate broker by the State of California, and secured, directly or collaterally, in whole or in part on real property. Existing law provides that a loan or forbearance is arranged by a person licensed as a real estate broker when the broker takes any of specified actions, including (1) acting for compensation or in expectation of compensation for soliciting, negotiating, or arranging the loan for another, and...

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MORTGAGES AND DEEDS OF TRUST (cont.)

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...(2) acting for compensation or in expectation of compensation for selling, buying, leasing, exchanging, or negotiating the sale, purchase, lease, or exchange of real property or a business for another and arranging a forbearance, extension, or refinancing of any loan in connection with that sale, purchase, lease, exchange of, or an improvement to, real property or a business. Existing law defines the term “made or arranged” to include any loan made by a person licensed as a real estate broker as a principal or as an agent for others, and whether or not the person is acting within the course and scope of such license.

This act includes a forbearance, extension, or modification of a loan in the exception described above.

Existing law defines and regulates mortgages, including recording notices of default, applications for loan modification, foreclosure prevention alternatives, and recordation of the trustee’s deed upon sale of property under the power of sale contained in a deed of trust or mortgage, also known as a trustee’s sale or foreclosure sale.

Existing law requires mortgage servicers to establish a single point of contact when a borrower requests a foreclosure prevention alternative, as specified. Existing law exempts from these provisions certain entities and persons that, during their immediately preceding annual reporting period, as established with their primary regulator, foreclosed on 175 of fewer residential real properties, containing no more than 4 dwelling units, that are located in California.

This act also exempts persons or entities that make and service seven or fewer loans for the purchase of residential real property in a calendar year from those provisions.

Existing law prohibits certain entities and persons that, during their immediately preceding annual reporting period, as established with their primary regulator, foreclosed on 175 of fewer residential real properties, containing no more than four dwelling units, that are located in California from recording a notice of default, notice of sale, or conducting a trustee’s sale if the borrower submits a complete application for a first lien loan modification.

This act subjects persons or entities that make and service seven or fewer loans for the purchase of residential real property in a calendar year to those provisions.

Existing law provides that specified law only applies to a first lien mortgage or deed of trust that meets either of two conditions: (1) the first lien mortgage or deed of trust is secured by owner-occupied residential real property containing no more than four dwelling units, or (2) the first lien mort-

gage or deed of trust is secured by residential real property that is occupied by a tenant, that contains no more than four dwelling units, and that meets certain conditions.

This act removes the second condition, relating to the first lien mortgage or deed of trust being secured by residential real property that is occupied by a tenant, contains no more than four dwelling units, and that meets certain conditions, described above.

Existing law authorizes a trustor or mortgagor to cure a default in certain circumstances. Existing law requires the beneficiary or mortgagee, after a cure, to reinstate and, within 21 days following the reinstatement, execute and deliver to the trustee a notice. Existing law requires the trustee to record the notice.

This act provides that a trustee is not required to record that notice if the mortgage or deed of trust is paid in full and a full reconveyance or certificate of discharge is recorded.

Existing law imposes various requirements on trustee’s sales, including the time and location of the sale, postponement of the sale, and how a postponement of the sale must be announced.

This act requires a sale to be postponed seven calendar days at the same time and location if an act of force majeure prevents access to the sale location for the conduct of the sale.

Existing law provides the trustee with specified rights at a trustee’s sale, including the right to require every bidder to show evidence of the bidder’s ability to deposit with the trustee the full amount of their final bid, as specified. Existing law authorizes the trustee, in the event the trustee accepts a check or a cash equivalent, to withhold the issuance of the trustee’s deed to the successful bidder until funds become available to the payee or endorsee as a matter of right.

This act provides the trustee the right to require any bid that is not cash to be made directly payable to the trustee, if that requirement is set forth by the trustee in the notice of sale. The act authorizes the trustee to require the successful bidder to replace the check or cash equivalent with a check or cash equivalent made directly payable to the trustee if necessary for the funds to be made available to the trustee.

Existing law provides a prospective owner-occupant and eligible tenant buyer various rights in connection with a trustee’s sale. Existing law provides that certain types of trustee’s sales are not deemed final until the earliest of various time periods, including 45 days after the trustee’s sale, except that during that 45-day period, an eligible bidder may submit a specified bid to the trustee that meets certain requirements, including that the bid be sent to the trustee by certified mail, overnight delivery, or another method that allows for confirmation of the delivery date, and that the bid be received by trustee by a specified date on time, except that on the last day that bids are...

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MORTGAGES AND DEEDS OF TRUST (cont.)

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...eligible to be received by the trustee, the trustee is prohibited from receiving any bid not sent by certified mail or overnight mail.

This act recasts that provision to prohibit the trustee, on the last day that bids are eligible to be received by the trustee pursuant to the provisions described above, from receiving any bid 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.

Chapter 601 (SB 1146 – Wilk); amending Sections 1916.1, 2923.7, 2924.15, 2924.18, 2924c, 2924g, 2924h, and 2924m of the Civil Code.

PRIVACY

- **California Public Records Act**
- **Public Posting of Assessor's Parcel Numbers Online by Government Agencies**

The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. The act prohibits a state or local agency from posting the home address or telephone number of any elected or appointed official on the internet without first obtaining the written permission of that individual.

This act instead also prohibits a state or local agency from publicly posting both the name and assessor parcel number associated with the home address of any elected or appointed official on the internet without first obtaining the written permission of that individual. The act defines "publicly post" to mean "to intentionally communicate or otherwise make available the information...on the internet in an unrestricted and publicly available manner."

The act states the intent of the Legislature to enact legislation relating to the above-described provision to accomplish specified goals, including that it:

- Does not limit or prohibit the access to recorded documents, indices, and assessor data through electronic means by business entities, including title companies, title plants, credit reporting agencies, or lenders.
- Does not cause databases that currently provide the public with online access to recorded documents, indices, and

assessor data to be taken offline or otherwise made unavailable to the public.

- Clarifies existing law and closes a loophole in obtaining an elected or appointed official's home addresses through the public posting of assessor parcel numbers associated with that home address, while continuing to allow the public to inspect and obtain copies of public records that are in the possession of a county recorder or assessor during business hours.

Chapter 551 (AB 1785 – Pacheco); amending Section 7928.205 of the Government Code.

- **Existence of Personal Information in Various Formats**

The California Consumer Privacy Act of 2018 (CCPA) grants to a consumer various rights with respect to personal information that is collected by a business, including by requiring a business that controls the collection of a consumer's personal information to, at or before the point of collection, make certain disclosures to the consumer. The California Privacy Rights Act of 2020 amended, added to, and reenacted the CCPA. The CCPA establishes the California Privacy Protection Agency and vests it with full administrative power, authority, and jurisdiction to implement and enforce the CCPA.

This act specifies that personal information can exist in various formats, including physical formats, digital formats and abstract digital forms. The act specifically lists artificial intelligence systems that are capable of outputting personal information as an abstract digital format for personal information.

Chapter 802 (AB 1008 – Bauer-Kahan); amending Section 1798.140 of the Civil Code.

PROBATE

- **Disposition of Real Property Through Affidavit**
- **Increase in Small Estate Exemption Amount**

Existing law establishes procedures through which a successor of the decedent may, without procuring letters of administration or awaiting probate of the will, dispose of a decedent's real and personal property by utilizing an affidavit or declaration under penalty of perjury if the gross value of the decedent's estate does not exceed a specified amount.

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PROBATE (cont.)

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The act changes the petition process to create a new separate petition threshold amount just for real property that was the decedent's primary residence in this state. The real property is eligible for the process if it has a gross value that does not exceed \$750,000. The new amount applies to decedents dying on or after April 1, 2025. For decedents after April 1, 2028, the threshold amount will be adjusted by the Judicial Council based upon an adjustment formula. The act requires a successor who files a petition to deliver notice of the petition to each heir and devisee named in the petition. The act specifies that, for purposes of the affidavit procedure, "primary residence" is not limited to the decedent's residence at the time of their death.

Chapter 331 (AB 2016 – Maienschein); amending Sections 13100, 13101, 13150, 13151, 13152, and 13154 of, and repealing Section 13158 of, the Probate Code.

PROPERTY TAXATION

- **Claim for Excess Proceeds**
- **Resolution Objecting to Sale**
- **Tax-defaulted Property Sales**

Under existing property tax law, if unpaid property taxes are declared delinquent and the taxes remain unpaid, the property is declared tax-defaulted and subject to sale if not redeemed by the owner within a certain amount of time. Existing property tax law requires the tax collector to transmit a notice of intended sale containing specified information to the board of supervisors. Under existing property tax law, the tax collector is required to publish the notice of intended sale. Existing property tax law provides that the taxing agency has consented to the sale if the taxing agency's governing body does not, before the date of the sale, file with the tax collector and the board of supervisors certified copies of a resolution objecting to the sale.

This act instead requires the governing body of any taxing agency to file the resolution objecting to the sale before the date of first publication of notice of intended sale pursuant to the above-described publication requirement. The act made conforming changes.

Existing property tax law authorizes any party of interest in property that is sold as a tax-defaulted property to file a claim with the county for the excess proceeds which must be postmarked on or before the one-year expiration date to be considered timely.

This act additionally requires that the claim be either deposited in the United States mail in a sealed envelope or deposited for shipment with an independent delivery service in a sealed envelope or package. Under the act, a claim is deemed received on the date shown by the post office cancellation mark stamped upon the envelope containing the claim, or on the independent delivery service shipment date shown on the packing slip or air bill attached to the outside of the envelope or package containing the claim. Under the act, if a claim deposited in the United States mail does not contain an official postmark, the date of filing would be the date received by the county treasurer-tax collector's office.

Chapter 123 (AB 3288 – Committee on Revenue and Taxation); amending Sections 3695 and 4675 of the Revenue and Taxation Code.

- **Exemptions for Low-value Properties and Tribal Housing**

The California Constitution authorizes the Legislature, with the approval of 2/3 of the membership of each house, to allow a county board of supervisors to exempt from property taxation those properties having a value too low to justify the costs of assessment and collection. Existing property tax law implementing this authority generally limits any exemption granted under this constitutional provision by a county board of supervisors to real property with a total base year value, or personal property with a full value, not exceeding \$10,000.

That law, however, increases, for lien dates occurring on or after January 1, 2020, and before January 1, 2025, the \$10,000 limitation to \$50,000 in the case of a possessory interest. For lien dates occurring on or after January 1, 2025, the \$50,000 limitation increase applies only to possessory interests for a temporary and transitory use in specified facilities.

This act extends the \$50,000 limitation increase applicable to possessory interests generally to lien dates occurring on or after January 1, 2020, and before January 1, 2030.

Existing law requires any act authorizing a new tax expenditure to contain, among other things, specific goals that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This act includes additional information required for any act authorizing a new tax expenditure.

The California Constitution authorizes the Legislature to exempt from taxation property that is used exclusively for religious, hospital, or charitable purposes, and is owned or held in trust by a nonprofit entity. Pursuant to this constitutional authority, existing law exempts from property taxation, subject to specified requirements, property owned and operated by a federally recognized Indian tribe or its tribally designated...

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PROPERTY TAXATION (cont.)

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...housing entity that is continuously available to, or occupied by, lower income households.

This act also authorizes, for a property that has received a reservation of specified federal low-income housing tax credits, a limited partnership that includes a federally recognized Indian tribe or its tribally designated housing entity as the sole partner to claim the above-described property exemption. The act makes conforming changes.

NOTE: This Act took effect immediately as a tax levy on September 22, 2024.

Chapter 498 (SB 1527 – Committee on Revenue and Taxation); amending Sections 155.20 and 237 of the Revenue and Taxation Code.

- **Partial Welfare Exemption**
- **Tax Collection Action During Course of Construction**

Existing property tax law provides for a “welfare exemption” for property used exclusively for religious, hospital, scientific, or charitable purposes and that is owned or operated by certain types of nonprofit entities, if certain qualifying criteria are met. Under existing property tax law, property that meets these requirements that is used exclusively for rental housing and related facilities is entitled to a partial exemption, equal to that percentage of the value of the property that is equal to the percentage that the number of units serving lower income households represents of the total number of residential units, in any year that any of certain criteria apply.

Existing law imposes various penalties and costs for delinquent payment of real property taxes. Existing law, however, requires the cancellation of any delinquent penalty, cost, redemption penalty, interest, or redemption fee upon satisfactory proof, as described, that the penalty, cost, interest, or fee attached due to an error of the tax collector, the auditor, or the assessor or due to their inability to complete valid procedures initiated prior to the delinquency date.

This act provides that a property owner is not liable for interest or penalties, and prohibits the tax collector from taking or continuing any collection action, with respect to ad valorem property taxes levied upon a property if, annually while receiving the benefit, the facilities are in the course of construction, and the property owner supplies evidence to the tax collector that the property owner has submitted to the county assessor an application for an exemption pursuant to the above-described

partial welfare exemption, except as provided, and that the property received a specified reservation of tax credits or award of funds. The act requires the tax collector to provide the list of eligible properties to the assessor. The act requires an assessor to provide specified notice to a taxpayer if the assessor deems an application ineligible for exemption. The act provides that any bill, notice of deficiency, or other routine communication sent to the taxpayer from the tax collector does not constitute a collection action under the act’s provisions. The act makes its provisions applicable to property tax installments that are due and payable from December 10, 2025, to April 10, 2031.

Chapter 566 (AB 2353 – Ward); adding Section 4985.05 to the Revenue and Taxation Code.

REAL ESTATE AGREEMENTS

- **Buyer-Broker Agreements**

Existing law, the Real Estate Law, provides for the licensure and regulation of real estate brokers and salespersons by the Real Estate Commissioner, the chief officer of the Department of Real Estate within the Business, Consumer Services, and Housing Agency. Existing law specifies that a willful violation of the Real Estate Law is a crime. Existing law requires the agreement providing for the amount of compensation to be paid to a real estate licensee for the sale of specified residential property or a mobilehome to contain a statement that the amount or rate of real estate commissions is not fixed by law but rather is set by each broker individually and may be negotiable between the seller and the broker.

This act requires agreements providing for the amount of compensation to be paid to a real estate licensee for the purchase of the specified residential property or a mobilehome to contain the above-described statement.

Existing law imposes limitations on various contracts, including imposing limitations on an exclusive listing agreement regarding single-family residential property.

This act requires that a buyer’s agent and a buyer execute a buyer-broker representation agreement as soon as practicable, but no later than the execution of the buyer’s offer to purchase real property. The act defines a buyer-broker representation agreement as a written contract between a buyer and a buyer’s agent by which the buyer’s agent has been authorized to provide specified services for or on behalf of the buyer under the contract. The act requires a buyer-broker representation agreement to include specified terms and require that the buyer’s agent provide the buyer a specified disclosure prior to execution of the agreement. The act prohibits a buyer-broker representation agreement from lasting longer than three months from the date the agreement was made, except if the agreement was entered into between a real estate broker and a...

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REAL ESTATE AGREEMENTS (cont.)

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...corporation, limited liability company, or partnership. The act prohibits a buyer-broker representation agreement from renewing automatically and requires a renewal of the agreement to be in writing and be dated and signed by all parties to the agreement. The act prohibits a buyer-broker representation agreement from lasting longer than three months from the date the renewal was made. The act makes a buyer-broker representation agreement made in violation of these durational and renewal requirements void and unenforceable. The act provides that a violation of these provisions by a licensed person under the Real Estate Law is also a violation of the person's licensing law.

Existing law provides various duties and obligations owed to a prospective purchaser of real property. Existing law requires a buyer's agent to provide the buyer in a real property transaction with a copy of a certain disclosure form that states that, among other things, the buyer's agent can, with the buyer's consent, agree to act as the agent for the buyer only, as soon as practical before execution of the buyer's officer to purchase.

This act requires the buyer's agent to additionally provide the disclosure form to the buyer as soon as practicable before execution of a buyer-broker representation agreement. The act revises the above-described disclosure statement to specify that the buyer's agent includes a buyer's agent under a buyer-broker representation agreement.

Under existing law, if an agreement between a principal and an agent in a real property sales transaction contains a provision requiring binding arbitration of any dispute between the principal and agent in the transaction, the agreement is required to display that provision in a specified manner with specified explanatory language.

This act applies those requirements to a buyer-broker representation agreement.

Chapter 516 (AB 2992 – S. Nguyen); amending Section 10147.5 of the Business and Professions Code, amending Sections 2079.13, 2079.14, and 2079.16 of, and adding Title 4.1 (commencing with Section 1670.50) to Part 2 of Division 3 of, the Civil Code, and amending Section 1298 of the Code of Civil Procedure.

RECORDATION

- **Certification of Electronically Recorded Documents**
- **Notice of Contents Effective After 90 Days**

Existing law requires county recorders to, among other things, accept for recordation any instrument, paper, or notice that is authorized or required to be recorded. Existing law authorizes a notary public to apply for registration with the Secretary of State to perform online notarization according to specified requirements.

This act authorizes a disinterested custodian to certify that a tangible copy of an electronic record is a completed and accurate reproduction of the electronic record. The act requires a recorder to accept for recording a tangible copy of an electronic record that has been so certified by a notary public if specified requirements are met. The act states that a tangible copy of an electronic record imparts notice of its contents, notwithstanding any failure of the person making the certification to qualify as a disinterested custodian.

Existing law provides that any instrument affecting the title to real property, one year after the same has been copied into the proper book of record, that is kept in the office of any county recorder, provides notice of its contents to specified individuals, notwithstanding any defect, omission, or informality in the execution of the instrument or in the certificate of acknowledgment, or absence of that certificate.

This act instead provides that an above-described instrument provides notice of its contents 90 days after it has been copied into the proper book of record.

NOTE: This act was sponsored by the California Land Title Association.

Chapter 691 (AB 2004 – Petric-Norris); amending Section 1207 of the Civil Code, and adding Section 27201.1 to the Government Code.

SECRETARY OF STATE

- **Cancellation of Business Entities**
- **Unlawful Use of Personal Information in a Business Filing**

Existing law provides that every person who willfully obtains personal identifying information of another person, and uses that information for any unlawful purpose, is guilty of a public offense.

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SECRETARY OF STATE (cont.)

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...Existing law authorizes a person who has learned or reasonably suspects that their personal identifying information has been unlawfully used by another, as described, to initiate a law enforcement investigation. Existing law authorizes a person who has learned or reasonably suspects that their personal identifying information has been used unlawfully in a business entity filing, as defined, and has initiated a law enforcement investigation, as prescribed, to petition the superior court for an order directing the alleged perpetrator, if known, and the person using the personal identifying information in the business entity filing to appear at a hearing before the court. Existing law requires the court, after determining if the petition is meritorious, to order certain information in the business entity filing be redacted or removed from publicly accessible electronic indexes and databases, and file that order with the Secretary of State.

This act, if an order has been filed with the Secretary of State as described above within the record of a limited liability company or a corporation, authorizes the Secretary of State to cancel that business entity.

This act also authorizes a person who has learned that their personal identifying information has been used unlawfully in a business entity filing to file with the Secretary of State a disclaimer of proper authority so long as the business entity has not been dissolved or terminated at the time of filing the disclaimer. The act prescribes a fee of \$30 to file a disclaimer of proper authority to cover the reasonable costs to the Secretary of State of processing that form. The act requires the disclaimer of proper authority to be signed and verified under penalty of perjury by the person claiming their personal identifying information was unlawfully used in the business entity filing.

Chapter 783 (SB 1168 – Limón); amending Section 1798.202 of, and adding Section 1798.203 to, the Civil Code.

SUBDIVISION MAP ACT

- **Exemption for Fueling Stations**

The Subdivision Map Act vests the authority to regulate and control the design and improvement of subdivisions in the legislative body of a local agency and sets forth procedures governing the local agency's processing, approval, conditional approval or disapproval, and filing of tentative, final, and parcel maps, and the modification of those maps. The act excludes various projects from its provisions, including the leasing of, or the granting of an easement to, a parcel of land, or any por-

tion of the land, in conjunction with the financing, erection, and sale or lease of a solar electrical generation device on the land, if the project is subject to review under other local agency ordinances regulating design and improvement or if the project is subject to discretionary action by the advisory agency or legislative body.

This act also exempts from the requirements of the Subdivision Map Act, the leasing of, or the granting of an easement to, a parcel of land or any portion of the land in conjunction with a hydrogen fueling station or an electric vehicle charging station, as those terms are defined, if the project is subject to discretionary action by the advisory agency or legislative body.

Chapter 591 (SB 347 – Newman); amending Section 66412 of the Government Code.

SUBDIVISIONS

- **Expansion of Ministerial Approval for Parcel Maps with ADUs**
- **Fee Simple Ownership Required for Approval**
- **Prohibition on Units Being Sold Separately from Another Unit on the Lot**

Existing law, known as the Starter Home Revitalization Act of 2021, among other things, requires a local agency to ministerially consider, without discretionary review or a hearing, a parcel map or a tentative and final map for a housing development project that meets certain requirements, including that the housing development project on the lot proposed to be subdivided will contain 10 or fewer residential units, is zoned for multifamily residential development, is no larger than five acres, and the newly created parcels are no smaller than 600 square feet, except as provided. Existing law prohibits a local agency from imposing on the housing development an objective zoning standard, objective subdivision standard, or objective design standard that, among other things, physically precludes the development of a project built to specified densities.

This act expands the existing law requiring a local agency to ministerially approve the subdivision of a parcel for up to 10 housing units to allow a local agency to incorporate ADUs in the ministerially approval and not include them in the 10 unit limit.

The act also revises the requirement that the lot be zoned for multifamily residential development and would instead require that the lot either be zoned for multifamily residential dwelling use or vacant and zoned for single-family residential development. The act requires that a vacant lot zoned for single-family residential development is no larger than one-and-a-half acres, as specified, and that if the parcels are zoned for single-family residential use, the newly created parcels are no smaller than 1,200 square feet.

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SUBDIVISIONS (cont.)

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The act, notwithstanding the prohibition related to physical preclusion of a development described above, also authorizes a local agency to impose a specified height limit on a lot that is vacant and zoned for single-family residential development.

The act includes in the above-described certain requirements that the proposed subdivision will not result in any existing dwelling unit being alienable separate from the title to any other existing dwelling unit on the lot.

Existing law also includes among these certain requirements that the housing units on the lot proposed to be subdivided meet one of specified conditions, including being constructed on fee simple ownership lots or owned by a community land trust.

This act expands the above-described specified conditions to include being part of a tenancy in common. The act revises the above-described conditions to instead include being constructed on land owned by a community trust.

Existing law, if a parcel is not identified in the jurisdiction's housing element for the current planning period that is in substantial compliance requires a proposed development to result in at least as many units as the maximum allowable residential density.

This act instead requires the proposed development to result in at least 66% of the maximum allowable residential density as specified by local zoning or 66% of the applicable residential density, whichever is greater.

Existing law provides that a housing development project on a proposed site to be subdivided under these provisions is not required to comply with certain requirements, including a minimum requirement on the size, width, depth, or dimensions of an individual parcel created by the development beyond the minimum parcel size of 600 square feet, except as provided.

This act provides that an above-described housing development is also not required to comply with a minimum requirement on the frontage of an individual parcel created by the development.

NOTE: This act requires that its provisions become operative on July 1, 2025.

Chapter 294 (SB 1123 – Caballero); amending Sections 65852.28 and 66499.41 of the Government Code.

TRANSFER FEES

• Exemption from Real Property Transfer Fees

Existing law generally regulates the transfer of real property, including by prohibiting, on or after January 1, 2019, the creation of a transfer fee, except as provided. Existing law defines “transfer fee” to mean, subject to certain exceptions, a fee payment requirement imposed within a covenant, restriction, or condition contained in a deed, contract, security instrument, or other document affecting the transfer or sale of, or any interest in, real property that requires a fee be paid as a result of transfer of the real property.

This act additionally exempts from that provision private transfer fee covenants if specified requirements are met, including that the covenants are created pursuant to an agreement entered into before June 1, 2009, the covenants are applicable to land that is identified in the agreement, and the agreement was in settlement of litigation or approved by a government agency or body.

NOTE: According to the analysis by the Assembly Committee on Judiciary this bill was sponsored by the Tejon Ranch Conservancy. The specific agreement at issue is the 2008 Tejon Ranch Conservation and Land Use Agreement, which was signed in June 2008 and recorded in April 2009 against the entire Tejon Ranch property.

Chapter 475 (SB 1399 – Stern); amending Section 1098.6 of the Civil Code.

WAGE PAYMENT BONDS

- **Labor Commissioner Wage and Penalty Assessments**
- **Limitations on Actions on Payment Bonds**

Existing law requires the Labor Commissioner, after determining there has been a violation of wage payment requirements on a public works project, to issue a civil wage and penalty assessment to the contractor or subcontractor, or both. The assessment must be in writing and served not later than 18 months after the filing of a valid notice of completion in the office of the county recorder in each county in which the public work or some part thereof was performed, or not later than 18 months after acceptance of the public work, whichever occurs last. Existing law provides for this time period to be tolled under specified conditions. Existing law generally limits claimants from commencing an action to enforce the liability on a payment bond at any time after the claimant ceases to provide work, but not later than six months after the period in which a stop payment notice may be given.

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WAGE PAYMENT BONDS (cont.)

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This act provides a limitations period for any action on a payment bond filed by the Labor Commissioner to be governed by the same timing requirements for the Labor Commissioner to serve a civil wage and penalty assessment.

Chapter 242 (AB 2705 – Ortega); amending Section 1743 of the Labor Code.

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**THE FOLLOWING PAGES CONTAIN
NEW CASES
OF IMPORTANCE TO THE TITLE INDUSTRY**

PLEASE NOTE: The CLTA would like to thank Roger Therien of Old Republic Title Company for providing the following case summary information.

EASEMENTS

Green Tree Headlands LLC v. Crawford

(2023) 97 Cal.App.5th 1242

The California Court of Appeal reversed the trial court's denial of anti-SLAPP motions filed by Tara Crawford, a trustee, and her lawyer, Benjamin Graves.

The case arose from a dispute over an easement connected to a piece of property sold by Alan Patterson to Steven McArthur, who took title in the name of Green Tree Headlands LLC. After Patterson's death, Crawford, as trustee of Patterson's trust, managed the property and argued that the easement had expired based on the terms of the Declaration of Restrictions.

McArthur disagreed, asserting that the easement remained in existence. Crawford filed a lawsuit against McArthur, which she later voluntarily dismissed. McArthur then filed a malicious prosecution action against Crawford and Graves. Crawford and Graves filed anti-SLAPP motions, which the trial court denied.

On appeal, the appellate court found that Crawford had a reasonable basis to sue McArthur, as the Declaration of Restrictions, by itself, gave Crawford a factual basis to argue that the easement was temporarily limited and had expired. Therefore, the court held that the trial court erred in denying the anti-SLAPP motions and reversed its decision.

ELDER ABUSE / QUIET TITLE

Newman v. Casey

(2024) 99 Cal.App.5th 359

The California Court of Appeal affirmed the issuance of restraining orders, finding sufficient evidence of financial abuse, but reversed the order declaring the deed void. The appellate court concluded that the trial court exceeded its statutory authority under Welfare and Institutions Code Section 15657.03 in declaring the deed void. The statute allows for the issuance of restraining orders to protect elders from further abuse but does not provide the trial court with the authority to declare a deed void. The appellate court noted that other permanent remedies, such as the return of property, can be pursued through a civil action under other provisions of the Elder Abuse Act.

IMPLIED EASEMENTS

Romero v. Shih

(2024) 15 Cal.5th 680

The California Supreme Court held that recognizing an implied easement does not require that the property owners be able to make all or most practical uses of the easement area.

The court emphasized that the evidentiary standard for recognizing an implied easement is a high one, and it will naturally be more difficult to meet where the nature of the easement effectively precludes the property owners from making most practical uses of the easement area. However, here the court noted there was clear evidence that the parties to the sale that separated the parcels intended for the neighboring parcel's preexisting use of the area to continue after separation of title. The law obligates courts to give effect to that intent.

The Supreme Court reversed and remanded the case back to the Court of Appeal to consider whether substantial evidence supports the trial court's finding that an implied easement existed under the circumstances of this case.

LIS PENDENS

De Martini v. Superior Court

(2024) 98 Cal.App.5th 1269

The California Court of Appeal held that California Code of Civil Procedure section 405.36 requires a claimant to seek court permission before recording a lis pendens on the same property in a subsequent proceeding if a lis pendens in a prior, related proceeding has been expunged.

MECHANICS LIENS

K & S Staffing Solutions, Inc. v. The Western Surety Co.

(2024) 98 Cal.App.5th 647

The California Court of Appeal held that K&S Staffing Solutions, a staffing company, was not a "laborer" under the mechanics' lien law, so it was not entitled to assert a claim against payment bonds issued for the subject projects.

MINERAL RESERVATIONS

Vulcan Lands, Inc. v. Currie (2023) 98 Cal.App.5th 113.

In the 1950s and 1960s, landowners in southwest San Bernardino County, California, transferred 19 parcels of land to various individuals by grant deed, reserving a partial interest in all minerals beneath the surface. The current owners of the surface estate are mining companies that wish to extract sand and gravel from the combined 196-acre tract through open-pit excavation. Mineral rights holders, descendants of the original grantors, claim a one-half interest in the mining proceeds.

The question in this appeal was whether "minerals" in the original reservations include rights to mine sand and gravel. Concluding they do, the trial court granted summary judgment on behalf of the mineral rights holders, and the mining companies appealed.

The California Court of Appeal affirmed the lower court's ruling. The court held that the plain language of the deed was ambiguous as to the term "minerals," and therefore turned to extrinsic evidence to ascertain the parties' intent. The court found that sand and gravel had been mined in the region for decades before the grant deeds, and that these substances possess commercial value. Although open-pit mining affects the usability of the surface estate, the surface estate retained a 50 percent interest in the extracted minerals.

The court concluded that the deeds' ambiguity as to whether sand and gravel were included in the mineral reservation was resolved by California Civil Code section 1069, which requires that deed reservations be construed in favor of the grantor. Thus, the court held that under these deeds, the term "minerals" included sand and gravel.

PROPERTY TAXES

Prang v. Los Angeles County Assessments Board (2024) 15 Cal.5th 1152.

The California Supreme Court held that the transfer of the properties from a corporation to a trust resulted in a change in ownership for property tax purposes because the proportional beneficial ownership interests in the properties did not remain the same before and after the transfer. The Court held that the term "ownership interests" in Revenue and Taxation Code section 62(a)(2), refers to beneficial ownership interests in real property, not interests in a legal entity. For a corporation, these beneficial ownership interests are measured by all corporate stock, not just voting stock.

TITLE INSURANCE

Tait v. Commonwealth Land Title Ins. Co. (2024) 103 Cal.App.5th 271.

Plaintiffs sued Commonwealth Title Insurance for breach of a title insurance policy and alleged that Commonwealth failed to pay the full amount by which their property's value was diminished due to an undisclosed easement. The Court of Appeal held that the policy entitled plaintiffs to reimbursement for the diminution in value of their property based on its highest and best use, that was the value of a subdividable lot, and not the lesser value of its current use as a single-family residence.

TRUSTS

Haggerty v. Thornton (2024) 15 Cal.5th 729.

Under Probate Code sections 15401 and 15402, the California Supreme Court held that procedures for revocation of a trust can be used for modification unless the trust instrument provides a method of modification and makes it exclusive, or otherwise expressly precludes the use of revocation procedures for modification.

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CLTA LEGISLATIVE COMMITTEE FUNCTIONS

The CLTA Legislative Committee is established in the Bylaws. It is a 23 member committee which devotes approximately 588 volunteer hours per year in support of this Association.

The purpose of the Legislative Committee is to review and make recommendations with respect to legislative matters that may have an impact on the conduct of the business of title insurance in this state.

The Legislative Committee is charged with the following responsibilities: to review the write ups for the annual Summary of Legislation; to refer legislation to the Forms and Practices Committee for Manual or practice changes; to review legislative proposals; to report significant legislation to the Board of Governors; to determine which legislation the CLTA should sponsor; and to review and determine CLTA positions on all legislation.

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