2016 New Laws

2016 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 2016. For the full text of a law, click onto the legislative number or go to http://leginfo.legislature.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
ADVERTISING – **"Hosting Platforms" (such as Airbnb) Must Provide Warning**	**This law requires a "hosting platform" to warn a tenant that subletting the tenant's residence may violate his/her lease and could result in eviction.** A "hosting platform" is a marketplace that is created to facilitate the rental of a residential unit offered for tourist or transient use for compensation to the offeror of that unit, and the operator of the hosting platform derives revenues, including booking fees or advertising revenues, from providing or maintaining that marketplace. Airbnb is an example of such a platform. This law requires a "hosting platform" to provide notice to an occupant listing a residence for short-term rental that states: "If you are a tenant who is listing a room, home, condominium, or apartment, please refer to your rental contract or lease, or contact your landlord, prior to listing the property to determine whether your lease or contract contains restrictions that would limit your ability to list your room, home, condominium, or apartment. Listing your room, home, condominium, or

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	apartment may be a violation of your lease or contract, and could result in legal action against you by your landlord, including possible eviction." The notice must be in a particular font size and be provided immediately before the occupant lists each real property on the hosting platform's Internet Web site in a manner that requires the occupant to interact with the hosting platform's Internet Web site to affirmatively acknowledge he or she has read the notice. Senate Bill 761. Codified as Business and Professions Code §§22590, 22592 and 22594. Effective date is January 1, 2016.
AUCTIONS – Credit Bid Exception Eliminated **Effective September 28, 2015**	**This law eliminates the exception for credit bids on behalf of the lien holder from the "no-shill" bidding law. C.A.R. sponsored legislation.** In 2014, C.A.R. successfully sponsored AB 2039 which, among other things, prohibited companies from using "shill bids" to drive up the price of the home being auctioned. Shill bids are bids where the person or entity making the bid has no intention of actually purchasing the home at the auction. However, that law contained an exception for "credit bids" made by a lien holder. That is, the lender bidding the amount of its note at the foreclosure sale was exempt from the "shill bid" prohibition if the property *could* result in a transfer of title. Under this new legislation, that exemption has been eliminated. An auctioneer is prohibited from stating an increased bid higher than that made by the last bidder when in fact no person has made such an increased bid, without any exemption for credit bids. Nonetheless, the law allows that a bid may be placed on the seller's behalf during the auction even if the bid would not actually result in a sale as long as notice is given to all bidders and participants that 1) liberty for that type of bidding is reserved and will not result in a sale and 2) when such a bid is made it is announced that the bid was placed on behalf of the seller.

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	This law does not affect the conduct of bidding at a trustee's sale under a power of sale contained in a deed of trust or mortgage. For a trustee's sale each and every bid made by a bidder is deemed an irrevocable offer by that bidder (Civil Code 2924h). Senate Bill 474. Codified as Civil Code §1812.610. Effective date is September 28, 2015.
Broker and Agent Practice – Team Names **Effective July 16, 2015**	**Revision to Team Name law effective July 16, 2015. Clarified issues as follows: Team Names are not fictitious names (DBAs) and need not be filed at a county recorder; only one member of the team need include their CalBRE license number and name in advertising materials; broker identity means the name that the broker generally uses; and the broker license number must appear in any team name (or agent owned DBA) advertising. C.A.R. sponsored legislation.** This bill became law through urgency declaration on July 16 of this year (2015). It is a follow-up law to the Team Name law passed last year. It seeks to clarify four ambiguities in the original law. First, this law states that a team name (as defined in the original law) is not a fictitious business name (DBA) under the real estate law or any other law. Thus, it is not necessary to file a team name as a DBA at the county recorder, nor is it necessary to apply with the Bureau of Real Estate for use of the team name. Second, in advertising using a team name, only *one* of the team member's license number and name need appear in the advertisement. It may be any licensed member of the team. Other team members' names and licenses numbers may optionally appear. Third, the broker name that appears alongside a team name (or agent owned DBA) must be the name that the broker uses to conduct business in general or a substantial division of the real estate firm.

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	Lastly, the license number of the broker must appear when advertising team names (or agent owned DBAs). Senate Bill 146. Codified as Business and Professions Code §§10159.5, 10159.6 and 10159.7. Effective date is July 16, 2015
BROKER AND AGENT PRACTICE – **Threshold Brokers**	**This law makes various changes to the rules governing threshold brokers including: Adding a category of properties they are permitted to solicit; Changing the timing of delivery of the investor questionnaire; Exempting threshold brokers from having to update annual questionnaires; and Removing certain reporting requirements to the Department of Business Oversight for those relying on specified securities qualification exemptions.** Threshold brokers typically arrange loans for, sell existing notes to, or service loans for private individuals, non-institutional lenders or note-purchasers. If a broker engages in this type of business above certain "threshold" criteria, the broker is said to be a threshold broker and is then required to submit quarterly and annual reports to the BRE. This law adds the category of property described as "land that produces income from crops, timber or minerals with a maximum LTV ratio of 60%" to the list of properties that threshold brokers are authorized to solicit. It clarifies the requirement for threshold brokers to obtain a completed investor questionnaire from persons to whom they offer or sell notes and deeds of trust by specifying that the investor questionnaire must be obtained at least two business days and not more than one year prior to completing each sale. It further clarifies that, after obtaining an initial questionnaire, any subsequent questionnaire from the same person need only reflect any material changes from the immediately preceding questionnaire. It deletes the requirement that threshold brokers obtain updated annual questionnaires from persons to whom notes and deeds of trust are offered or on whose behalf they are serviced. Finally, this law deletes the requirement that persons who are engaged in the business of purchasing, selling, financing, or brokering real estate, who rely upon a securities law exemption authorized by

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	Corporations Code Section 25100(p), submit information about their offering to the Department of Business Oversight, as specified. Senate Bill 647. Codified as Business and Professions Code §§10232.3, 10232.45 and 10238. Effective date is January 1, 2016.
BROKER AND AGENT PRACTICE – Trust Fund Withdrawals	**This law permits a deductible of up to 5% on required fidelity bond coverage for an unlicensed employee who is authorized to withdraw funds from a trust fund account. The employing broker must additionally maintain evidence of "financial responsibility" by either a separate fidelity bond or a cash deposit adequate to cover the amount of the deductible. C.A.R. sponsored legislation.** The CalBRE's current regulations allow a non-licensee employee of a brokerage firm, with written authorization, to manage and withdraw funds from the broker's trust account if that employee has fidelity bond coverage that is equal to the maximum amount of funds to which the employee has access (Regulation 2834). Presently, the BRE interprets this regulation to mean that the bond must be a zero-deductible bond (See CalBRE's Real Estate Bulletin Fall 2008). However, REALTORS® have reported that bond companies will not sell bond coverage exceeding $100,000 unless the bond contains a deductible, usually of 1 to 5 percent. This law, among other things, permits fidelity bonds for non-licensees with access to broker trust funds to include a deductible of up to 5%. However, for all bonds with deductibles, the broker must maintain evidence of financial responsibility sufficient to cover the deductible amount. That evidence can either be: 1) A separate fidelity bond coverage for the deductible amount 2) A cash deposit held in a separate account for the deductible amount and held there exclusively for that purpose or 3) Other evidence as yet to be determined by the Commissioner. Assembly Bill 607. Codified as Business and Professions Code §10145. Effective date is January 1, 2016.

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COMMON INTEREST DEVELOPMENTS – **Clotheslines or Drying Racks**	**This law permits owners in a homeowners association (HOA) to use clotheslines and drying racks. (A separate provision of this law applies to tenants. See landlord/tenant section below.)** This law makes void and unenforceable any provision in HOA governing documents that effectively prohibits or unreasonably restricts an owner's ability to use a clothesline or drying rack in the owner's backyard. It specifies that the HOA may establish reasonable rules and restrictions governing clotheslines or drying racks. This law only applies to backyards that are designated for the exclusive use of the owner. It defines "clothesline" and "drying rack" to exclude a balcony, railing, awning, or other parts of a structure or building. Assembly Bill 1448. Codified as Civil Code §§1940.20 and 4750.10. Effective date is January 1, 2016.
COMMON INTEREST DEVELOPMENTS -- FHA or VA approval **Effective July 1, 2016**	**This law requires a homeowners association to disclose in the annual budget report whether it is an approved condominium project under Federal Housing Administration (FHA) and Department of Veterans Affairs (VA) guidelines.** Currently the homeowner's association of a common interest development is required to prepare and distribute to all of its members certain documents, including an annual budget report. This law requires the annual budget report of a "condominium project" to include a separate statement describing the status of the common interest development as a Federal Housing Administration (FHA)-approved condominium project and as a federal Department of Veterans Affairs (VA)-approved condominium project. (A "condo project" is a term defined by FHA, and is similar to the definition of common interest developments under California law. According to the FHA Web site, "condo projects feature ownership of a

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	portion of a property rather a single buyer owning the entire property. Such ownership requires agreements and covenants between the owners to care for common areas, address issues that can affect the entire building, and other concerns.") C.A.R. supported this legislation. Assembly Bill 596. Codified as Civil Code §5300. Effective date is July 1, 2016.
COMMON INTEREST DEVELOPMENTS -- Water Use Effective September 9, 2015	**This law makes void and unenforceable CID prohibitions against use of artificial grass.** This law makes void and unenforceable any provision of a homeowners association's governing documents or architectural or landscaping guidelines or policies that prohibits use of artificial turf or any other synthetic surface that resembles grass. It also prohibits a requirement that an owner of a separate interest remove or reverse water-efficient landscaping measures, installed in response to a declaration of a state of emergency, upon the conclusion of the state of emergency. Assembly Bill 349. Codified as Civil Code §4735. Effective date is September 4, 2015.
COMMON INTEREST DEVELOPMENTS -- Water Use Effective, October 11, 2015	**A fine or assessment by an HOA may be imposed against the owner of a separate interest that receives recycled water from a retail water supplier and fails to use that recycled water for landscaping irrigation.** Existing law prohibits a homeowners association, except an association that uses recycled water for landscape irrigation, from imposing a fine or assessment on separate interest owners for reducing or eliminating watering of vegetation or lawns during any period for which the Governor has declared a state of emergency or a local government has declared a local emergency due to drought.

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	This law revises that exception to instead authorize the imposition of a fine or assessment against the owner of a separate interest that receives recycled water from a retail water supplier, as defined, and fails to use that recycled water for landscaping irrigation. Assembly Bill 786. Codified as Civil Code §4735. Effective date is October 11, 2015.
CONSUMER PROTECTION – Information Security Procedures	**This law adds health insurance information to a list of personal information for which businesses must maintain reasonable security procedures when the information is not encrypted or redacted.** Existing law requires a business that owns, licenses, or maintains personal information about a California resident to implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, destruction, use, modification, or disclosure. Existing law defines terms for purposes of this law, including "personal information." This law revises the definition of personal information to include health insurance information, as defined, and a username or email address combined with a password or security question and answer for access to an online account. However, this law does not apply to personal information, as defined, that is either encrypted or redacted. Assembly Bill 1541. Codified as Civil Code §1789.81.5. Effective date is January 1, 2016.
CONSUMER PROTECTION –Information Security Breach Notification	**This law requires that notification for a computer security breach be titled "Notice of Data Breach." It prescribes a model form for a business to disclose a breach of computer security where unencrypted personal information was compromised.**

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	Currently, a person or business that maintains computerized data that includes “personal information” that the person or business does not own shall notify the owner or licensee of the information immediately following discovery, if the personal information was, or is reasonably believed to have been, acquired by an unauthorized person. “Personal information” in this context means either unencrypted information or information that contains a user name or email address, in combination with a password or security question and answer that would permit access to an online account. This law requires the security breach notification to be titled “Notice of Data Breach” and to present the information under prescribed headings. It prescribes a model security breach notification form which is pictured in the law itself. Senate Bill 570. Codified as Civil Code §§ 1798.29 and 1798.82. Effective date is January 1, 2016.
DISCLOSURES -- Repeals Energy Use Disclosures for Commercial Property	**This law repeals the requirement of the Energy Use Disclosure for nonresidential buildings.** Existing law requires an owner or operator of specified nonresidential properties to disclose the United States Environmental Protection Agency’s ENERGY STAR Portfolio Manager benchmarking data and rating to a prospective buyer, lessee of the entire building, or lender that would finance the entire building. Originally passed in 2009, the disclosure requirements only became operative in 2014 and then only for specified nonresidential buildings with more than 10,000 square feet of floor space. The implementation date of the disclosure requirements for nonresidential buildings between 5,000 to 10,000 square feet was delayed several times. The implementation date for the last postponement would have been July 1, 2016. This new law repeals the requirement of an owner or operator to disclose the above-described information to a prospective buyer, lessee

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	of the entire building, or lender that would finance the entire building. The law instead requires the Energy Commission to adopt regulations providing for the delivery to the commission and public disclosure of benchmarking of energy use for covered buildings, as prescribed. Beginning no later than January 1, 2017, the law requires each *utility*, upon the request and written authorization or secure electronic authorization of the owner, owner's agent, or operator of a covered building, as defined, to deliver or provide aggregated energy usage data for a covered building to the owner, owner's agent, operator, or to the owner's account in the ENERGY STAR Portfolio Manager, subject to specified requirements. The bill would also authorize the commission to specify additional information to be delivered by utilities for certain purposes. Assembly Bill 802. Codified as Public Resources Code §§25301, 25303, 25402.10 and Public Utilities Code §§381.2, 384.2 and 913.8. Effective date is January 1, 2016.
DISCRIMINATION -- Construction Related Accessibility Lawsuits	**Requires an attorney who is sending a demand letter or complaint alleging a construction-related accessibility claim to provide additional information along with a new judicial counsel answer form. This additional information and legal resources are to be provided to small business owners who may not realize how to minimize their liability for Americans with Disabilities Act violations or respond to a lawsuit filed against them.** Currently an attorney shall provide with each demand letter or complaint sent to or served upon a defendant or potential defendant alleging a construction-related accessibility claim a written advisory about the defendant's legal rights. This new law adds more information to the advisory as follows: ADDITIONAL THINGS YOU SHOULD KNOW: ATTORNEY MISCONDUCT. Except for limited circumstances, state law generally requires that a prelitigation demand letter from an attorney MAY NOT MAKE A REQUEST OR DEMAND FOR MONEY OR AN OFFER OR AGREEMENT TO ACCEPT MONEY. Moreover, a demand

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	letter from an attorney MUST INCLUDE THE ATTORNEY'S STATE BAR LICENSE NUMBER. If you believe the attorney who provided you with this notice and prelitigation demand letter is not complying with state law, you may send a copy of the demand letter you received from the attorney to the State Bar of California by facsimile transmission to 1-415-538-2171, or by mail to the State Bar of California, 180 Howard Street, San Francisco, CA, 94105, Attention: Professional Competence. REDUCING YOUR DAMAGES. If you are a small business owner and correct all of the construction-related violations that are the basis of the complaint against you within 30 days of being served with the complaint, you may qualify for reduced damages. You may wish to consult an attorney to obtain legal advice. You may also wish to contact the California Commission on Disability Access for additional information about the rights and obligations of business owners. COMMERCIAL TENANT. If you are a commercial tenant, you may not be responsible for ensuring that some or all portions of the premises you lease for your business, including common areas such as parking lots, are accessible to the public because those areas may be the responsibility of your landlord. You may want to refer to your lease agreement and consult with an attorney or contact your landlord, to determine if your landlord is responsible for maintaining and improving some or all of the areas you lease. This law additionally requires the creation of a standard defendant's answer form which among other things must: Be written in plain language; Allow the defendant to state any relevant information affecting the defendant's liability or damages; Allow the defendant to make specific denials of the allegations in the complaint; And allow the defendant to state potential affirmative defenses including an assertion that the defendant's landlord is responsible for ensuring that some or all of the property leased by the defendant is accessible to the public, and a request to meet in person at the subject premises if the defendant qualifies for an early evaluation conference pursuant to Civil Code Section 55.54.

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	The answer must also provide instructions to a defendant who wishes to file the form as an answer to the complaint. The form must notify the defendant that he or she may use the completed form as an informal response to a demand letter or for settlement discussion purposes. This law also obliges the attorney to inform the California Commission on Disability Access of the progress of the suit and whether alleged violations were remedied. This law creates additional requirements for "high-frequency" litigants. Assembly Bill 1521. Codified as Civil Code §§ 55.3, 55.32, and 55.54; Code of Civil Procedures §§ 425.50 and 425.55; and Government Code §§ 68085.35 and 70616.5. Effective Date is January 1, 2016.
DISCRIMINATION – Protections against Discrimination Based upon Citizenship, Primary Language or Immigration Status	**This law extends the protections of the Unruh Civil Rights Act against discrimination based upon citizenship, primary language, or immigration status. However such protections do not require the provision of services or documents in a language other than English unless required by law.** Existing law, under the Unruh Civil Rights Act, provides that all persons within the California are entitled to full and equal accommodations in all business establishments regardless of their sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, or sexual orientation. This law extends the protections of the Unruh Civil Rights Act to discrimination based upon citizenship, primary language, or immigration status. However, it specifies that those protections do not require the provision of services or documents in a language other than English beyond that which is otherwise required by law. The Unruh Act will generally apply to an owner of property offering commercial or residential units for rent, and to the sale of real property where the owner is in the business of selling properties. Real estate

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	licensees are also deemed “business establishments” under the Unruh Act and thus subject to its restrictions. Senate Bill 600. Codified as Civil Code §51. Effective date is January 1, 2016.
EMPLOYMENT – Discrimination Based upon Disability and Religious Belief	**This law prohibits an employer from retaliating against a person for having requested a reasonable accommodation based on his or her disability or religious beliefs.** Currently the California Fair Employment and Housing Act requires an employer to provide a reasonable accommodation of, among other things, a person’s disability and religious beliefs and prohibits discrimination against any person because the person has opposed any practices forbidden under the Act or because the person has filed a complaint. This law additionally prohibits an employer or other covered entity from retaliating or otherwise discriminating against a person for requesting an accommodation of his or her disability or religious beliefs, regardless of whether the accommodation request was granted. Assembly Bill 987. Codified as Government Code §12940. Effective date is January 1, 2016.
EMPLOYMENT – **Discrimination Based upon Gender,** **Equal Pay for Substantially Similar Work**	**Bars employers from paying employees less than other employees of the opposite sex for substantially similar work regardless of their job titles or the location where they work.** Currently, the law generally prohibits an employer from paying an employee less than employees of the opposite sex *in the same establishment for equal work* on jobs which require equal skill, effort, and responsibility, and which are performed under similar working conditions.

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	This law prohibits an employer from paying its employees less than employees of the opposite sex *for substantially similar work*, when viewed as a composite of skill, effort, and responsibility. This new law further eliminates the restriction that a wage differential must be within the "same establishment" to be discriminatory. This law changes the burden of proof in qualifying for an exception. Once a pay differential in substantially similar jobs is shown, then the employer is required to affirmatively demonstrate that the wage differential is based upon one or more specified factors, including a seniority system, a merit system, a system that measures earnings by quantity or quality of production, or a bona fide factor other than gender. This law also requires the employer to demonstrate that each factor relied upon is applied reasonably, and that the one or more factors relied upon account for the entire differential. This law also restates existing rules prohibiting an employer from prohibiting an employee from disclosing the employee's own wages, discussing the wages of others or inquiring about another employee's wages. This law adds a new protection for an employee who aids or encourages any other employee to exercise his/her rights under the provisions of this law. Furthermore, a private right of action is created for employees discriminated or retaliated against for exercising their rights under this law with a one year statute of limitations. Senate Bill 358. Codified as Labor Code §1197.5. Effective date is January 1, 2016.
EMPLOYMENT – Paid Sick Leave Clean-Up Legislation **Effective July 13, 2015**	**This law clarifies various issues pertaining to the "Healthy Families Act of 2014."** Last year California enacted the Healthy Families Act of 2014 that

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	requires, among other things, that an employee who works in California for 30 or more days within a year from the commencement of employment is entitled to paid sick days to be accrued at a rate of no less than one hour for every 30 hours worked. An employee is entitled to use accrued sick days beginning on the 90th day of employment. The law authorized an employer to limit an employee's use of paid sick days to 24 hours or 3 days in each year of employment, and prohibited an employer from discriminating or retaliating against an employee who requests paid sick days. This law adds to and clarifies the paid sick leave law as follows: 1) An employer may limit an employee's use of paid sick days to 24 hours or 3 days in each year of employment, a calendar year, or a 12-month period. 2) Two alternative accrual methods of paid sick leave are now permitted other than one hour for each 30 hours worked. First, the law allows *any* accrual method so long as the accrual is on a regular basis and the employee will have 24 hours of accrued sick leave available by the 120th calendar day of employment. Under this method, an employer might, for example, allow an employee to accrue paid sick leave by week, by pay period or by month. Second, an employer may also satisfy the accrual requirements by providing not less than 24 hours or three days of paid sick leave that is available to the employee to use by the completion of his or her 120th calendar day of employment. This method allows the employer to frontload sick leave for new employees as long as the employer provides no less than 24 hours or 3 days of paid sick leave for use by the completion of the 120^{th} calendar day of employment. 3) An employer must calculate paid sick leave based upon an employee's regular rate of pay, which is total wages divided by total hours worked in a 90-day period, or the wages for other forms of paid leave, as specified. 4) An employer who uses the "Frontloading" or "Lump-Sum Method" of offering the full amount of leave must provide 3 days or 24 hours at the beginning of each year, calendar year, year of employment or 12-month basis. 5) If an employee is rehired within 12 months, an employer who provides a more generous paid sick leave benefit only need reinstate unused accrued paid sick leave up to the accrual cap of 6 days or 48 hours of unused accrued paid sick leave. Further, an employer is not required to reinstate accrued paid time off to an employee, rehired within one year of separation from employment, that was paid out at the time of termination, resignation, or separation.

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	6) An employer who already has a sick leave/paid time off (PTO) policy in effect need not provide any additional paid sick leave as long as it meets the conditions of the paid sick leave law. 7) The new law provides the method of calculating how to calculate the *rate of pay* for paid sick leave for nonexempt and overtime exempt employees. For nonexempt employees, there are two methods to choose from: Either use the same calculation as the regular rate of pay for the workweek in which the employee uses paid sick time,orcalculate paid sick time by dividing the employee's total wages, not including overtime pay, by the employee's total hours worked in the full pay periods of the prior 90 days of employment. For overtime exempt employees, paid sick leave wages must be calculated in the same manner as the employer calculates wages for other forms of paid leave time, such as vacations. 8) Employers are not obligated to inquire into or record the purpose of an employee's use of paid sick leave or paid time off. 9) An employer who provides unlimited paid sick leave or PTO may simply provide notice that the leave is "unlimited" on the employee's itemized wage statement 10) Public agency annuitants are not "employees" under this law. Assembly Bill 304. Codified as Labor Code §§ 245.5, 246 and 247.5. Effective date is July 13, 2015.
EMPLOYMENT – Use of Paid Sick Leave	**This law broadens the rights of an employee to use paid sick leave by substituting in the coverage described in the Healthy Workplaces, Healthy Families Act of 2014.** Existing law requires an employer who provides sick leave for employees to permit an employee to use the employee's accrued and available sick leave entitlement to attend to the illness of a child, parent, spouse, or domestic partner and prohibits an employer from denying an employee the right to use sick leave or taking specific discriminatory action against an employee for using, or attempting to exercise the right to use, sick leave to attend to such an illness. Existing law defines "sick leave" for these purposes as leave provided for use by the employee during an absence from employment for specified reasons, including, but not limited to, an employee's inability to perform his or her duties due to illness, injury, or a medical condition of the employee. The Healthy Workplaces, Healthy Families Act of

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	2014 requires an employer, upon the request of an employee, to provide paid sick days for a victim of domestic violence or the diagnosis, care, or treatment of an existing health condition of, or preventive care for, the employee or the employee's family member, which is defined as including, in addition to the above-described relatives, grandparents, grandchildren, and siblings. This law now requires an employer to permit an employee to use sick leave for the purposes specified in the Healthy Workplaces, Healthy Families Act of 2014, would redefine "sick leave" as leave provided for use by the employee during an absence from employment for these purposes, and would prohibit an employer from denying an employee the right to use sick leave or taking specific discriminatory action against an employee for using, or attempting to exercise the right to use, sick leave for these purposes. Senate Bill 579. Codified as Labor Code §§ 230.8 and 233. Effective date is January 1, 2016.
ESCROWS – Bonding and Business Location Rules for Underwritten Title Companies **Effective July 1, 2016**	**Adopts escrow rules governing underwritten title companies (UTCs) more consistent with rules that currently govern independent escrow companies.** This law was sponsored by the California Land Title Association, and according the author of the original bill, is intended to equalize the rules governing escrow services performed by underwritten title companies (UTCs) and the rules governing "independent" escrows. In California there are three different types of licensees authorized to perform escrow services: real estate brokers, independent escrow companies, and UTCs. Each is regulated by a different agency of California government and are subject to different rules. Independent escrows are licensed under the Department of Business Oversight, UTCs are licensed by the Department of Insurance (DOI), and real estate brokers are licensed by the California Bureau of Real Estate. Independent escrows and UTCs together provide the bulk of the escrow services in California and compete primarily against each other. Under existing law, UTCs are required to maintain a deposit of $7500 for every county in which they operate, while independent escrows are subject to a bonding requirement.

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	This new law replaces the UTC deposit requirement with a bonding requirement of $50,000 or $100,000 depending on the volume of transactions. This law also clarifies that a UTC may handle transactions involving property located in a county where it is not licensed. This is similar to the rules that govern independent escrows. Assembly Bill 704. Codified as Insurance Code §12340.13. Effective date is July 1, 2016.
FINCANCING -- Homebuyer's Downpayment Assistance Program	**This law aligns state law with federal law by allowing a Home Purchase Assistance (HPA) downpayment assistance loan to be recorded in a junior lien position, and updates the HPA statute to ensure it meets all of the qualifications of federal laws and regulations, thereby allowing it to be used with a Federal Housing Authority-insured loan product.** Existing law requires the California Housing Finance Agency to administer the California Homebuyer's Downpayment Assistance Program for the purpose of assisting first-time low- and moderate-income homebuyers by utilizing existing mortgage financing. The agency, in its discretion, may permit a downpayment assistance loan to be subordinated to refinancing if it determines that certain criteria have been met. Current law also authorizes the agency to permit subordination on those terms and conditions as it determines are reasonable. Existing law also requires the repayment of the home purchase assistance amount at the end of the term, upon the sale of the home, or upon refinancing, unless a showing of hardship is established. This law instead provides that the amount of home purchase assistance would not be due upon the sale of the home if the first mortgage loan is insured by the Federal Housing Administration (FHA) or if the first mortgage loan is, or has been, transferred to the FHA, or if the requirement is otherwise contrary to the regulations of the United States Department of Housing and Urban Development governing FHA insured first mortgage loans.

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	Assembly Bill 1516. Codified as Civil Code § 5570, Government Code § 65589.5, and Health and Safety Code § 51345. Effective date is January 1, 2016.
INSURANCE – Earthquake Premiums	**This law requires any additional premium charged because of a failure to comply with building requirements to be prorated and refunded back to the owner once the dwelling is brought into compliance with those requirements.** Existing law prohibits an insurer who charges an additional earthquake insurance premium or deductible because a dwelling fails to meet certain building requirements relating to earthquake bracing from charging the additional premium or deductible if the dwelling is brought into compliance with those requirements, as specified. Existing law requires a copy of the approved inspection record for the building permit for work performed to bring the dwelling into compliance to be submitted by the insured to the insurer in order to verify that the retrofits have been performed. This law requires the additional premium or deductible paid to be refunded to the insured and prorated as of the date the approved inspection record is received by the insurer. Senate Bill 335. Codified as Insurance Code §10082.5. Effective date is January 1, 2016.
LANDLORD/TENANT **-- Clotheslines or Drying Racks**	**This law requires a landlord to permit a tenant to utilize a clothesline or drying rack approved by the landlord in the tenant's private area. (A separate provision of this law applies to common interest developments. See section above.)** The landlord must permit a tenant to utilize a clothesline or drying rack approved by the landlord in the tenant's private area. The tenant must comply with the following: 1) The clothesline or drying rack will not interfere with the

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	maintenance of the rental property. 2)The clothesline or drying rack will not create a health or safety hazard, block doorways, or interfere with walkways or utility service equipment. 3)The tenant seeks the landlord's consent before affixing a clothesline to a building. 4)Use of the clothesline or drying rack does not violate reasonable time or location restrictions imposed by the landlord. 5)The tenant has received approval of the clothesline or drying rack, or the type of clothesline or drying rack, from the landlord. "Private area" means an outdoor area or an area in the tenant's premises enclosed by a wall or fence with access from a door of the premises. A balcony, railing, awning, or other part of a structure or building does not qualify as either a clothesline or a drying rack. Assembly Bill 1448. Codified as Civil Code §§1940.20 and 4750.10. Effective date is January 1, 2016.
LANDLORD/TENANT **-- Insurer may not discriminate on basis on the renter's source of income or receipt of public assistance**	**This law generally prohibits discrimination based upon renters' level or source of income, or receipt of "Section 8" vouchers or state or federal public rent subsidies in the application for or issuance of insurance policies covering real property and mobilehomes used for residential purposes.** Currently an admitted insurer licensed to issue policies of residential property insurance is prohibited from failing or refusing to accept an application for insurance, or from canceling the insurance, under conditions less favorable to the insured than in other comparable cases based on sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, or sexual orientation. Existing law provides that sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, or sexual orientation shall not, of itself, constitute a condition or risk for which a higher rate, premium, or

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	charge may be required of the insured. Existing law also prohibits an application for one of these policies, or an insurance investigation report, from carrying any identification, or any requirement therefor, of the applicant's sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, or sexual orientation. This law adds to the categories that may not be used by an insurer for the purposes described above to include the level or source of income and the receipt of government or public assistance from a state or federal entity, such as Section 8 vouchers, by an individual or group of individuals residing or intending to reside in the property. This law applies when the property is used for residential purposes, which includes mobilehomes. Assembly Bill 447. Codified as Insurance Code § 679.74. Effective date is January 1, 2016.
LANDLORD/TENANT – Mold, Habitability Standards	**A landlord is not obligated to repair dilapidations relating to mold 1) until he or she has notice of it or 2) if the tenant fails to keep the property clean and sanitary and thereby substantially contributes to the existence of the mold.** **For a building, or portion thereof, to be declared a substandard building by virtue of mold, it must be visible mold growth, as determined by a health officer or a code enforcement officer, which endangers the health of the occupants. If the presence of mold is minor and found on surfaces that can accumulate moisture as part of their proper and intended use would not constitute a substandard condition.** 1)Currently a lessor of a building intended for human occupation is required to maintain its habitability and repair dilapidations that render it untenantable. This new law provides that a lessor is not obligated to repair a

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	dilapidation relating to mold, as specified, until he or she has notice of it or if the tenant is in substantial violation of the duty to keep the property clean and sanitary, among other obligations as specified in Civil Code Section 1941.1, and thereby substantially contributes to the existence of the mold. This law authorizes a landlord to enter a dwelling to repair a dilapidation relating to mold. 2)Currently, the State Housing Law, which is administered by the Department of Housing and Community Development, prescribes standards for buildings used for human habitation and establishes definitions for this purpose. The current law provides that a building in which certain conditions are found to exist, such as a lack of sanitation, is substandard. The current law provides that a violation of these provisions is a misdemeanor. This law specifies that visible mold growth, as determined by a health officer or a code enforcement officer, is a type of inadequate sanitation and therefore a substandard condition. However the presence of mold that is minor and found on surfaces that can accumulate moisture as part of their proper and intended use would not constitute a substandard condition. This law defines mold as microscopic organisms or fungi that can grow in damp conditions in the interior of a building. Senate Bill 655. Codified as Civil Code § 1941.7, and Health and Safety Code §§ 17920 and 17920.3. Effective date is January 1, 2016.
LANDLORD/TENANT -- Notice of Pesticide Use	**Without a licensed pest control operator, a Landlord or the landlord's agent must post a statutory notice of pesticide use.** This law requires a landlord or the landlord's authorized agent to provide a tenant, and, if certain conditions are met, any tenant of adjacent units, with a statutory notice of the use of pesticides at the dwelling unit if the landlord or authorized agent applies any pesticide without a licensed pest control operator.

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	This law also requires the posting of a similar notice at least 24 hours prior to application of any pesticide to a common area without a licensed pest control operator, unless the pest poses an immediate threat to health and safety, in which case the notice would be required to be posted as soon as practicable, but not later than one hour after the pesticide is applied. For routine application pursuant to a schedule in common areas without a licensed pest control operator, this law requires a notification to existing tenants prior to the initial routine application and to new tenants at the time that the lease agreement is entered into. "Adjacent units" are dwelling units that are directly beside, above, or below the subject dwelling unit. Tenants in adjacent units must be notified when the pesticide application is a "broadcast application" or when a total release fogger or aerosol spray is used, and any tenant in an adjacent dwelling unit could reasonably be impacted by the pesticide use. Again, this notification is required only when done by a landlord or agent without a licensed pest control operator. Senate Bill 328. Codified as Civil Code §1940.8.5. Effective date is January 1, 2016
LANDLORD/TENANT – Price Gouging During a Declared State of Emergency	**Based upon existing law price gouging by businesses during a declared state of emergency is illegal within specified counties and applies to hotels, motels and "housing," which is defined as any rental housing leased on a month-to-month basis. Such a state of emergency for wildfires was declared in September, 2015 for various counties.** Upon Governor Brown's declaration of a state of emergency due to wildfires, California's existing anti-gouging law has been activated in the counties of Calaveras, Amador, Lake and Napa. This anti-gouging law applies to hotels and motels, and also to "housing" defined as "any rental housing leased on a month-to-month term." The law, Penal Code 396, specifically makes it illegal to charge a price that exceeds by more than 10% the price of the item or service before the state of emergency was declared. In Calaveras and Amador

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	counties, a state of emergency due to wildfires was declared on September 11, 2015. In Lake and Napa counties, it was declared on September 13, 2015. This prohibition remains in effect for a period of 30 days after a disaster has been declared and may be extended by an additional 30 days by a local legislative body or the California Legislature.
LANDLORD/TENANT – Rent Control in City of Richmond Effective Date Suspended	**The City of Richmond has adopted a rent control and just-cause-for–eviction ordinance.** Under Richmond's ordinance, rent control will apply to units offered "for rent for living or dwelling house units." The ordinance will add seven full-time city employees and will cost the city up to $2.2 million annually. To cover these costs, landlords,regardless of whether they have rent-controlled units, will be charged administrative feesof$170 to$230 per unit. Under revisions to the ordinance, ownerscan pass along 40 percent of these yearly feesto tenants. The ordinance contains both rent control and just-cause-eviction provisions. Exemptions from the rent control provisions include among others: single family homes, condominiums, properties which received a certificate of occupancy after 2/1/1995, Section 8 housing and transient tenancies of less than 60 days. The category of transient occupancies, among others, is also excluded from the just-cause-for-eviction provisions. Codified under Section 11.100.000 et seq. of the Richmond Municipal Code. (Ordinance No. 21-15 N.S). Effective date was originally on September 4, 2015. However on September 3, 2015, proponents of a referendum on the ordinance timely submitted to the City Clerk a petition to suspend the effective date of the ordinance.
LANDLORD/TENANT – Victim's Right to Terminate Tenancy	**Extends current law indefinitely to allow a tenant to terminate a tenancy if he or she is a victim of domestic violence or sexual assault. Reduces termination notice period from 30 to 14 days.**

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	Existing law, until January 1, 2016, authorizes a tenant to notify the landlord in writing that he or she or a household member was a victim of an act of domestic violence, sexual assault, stalking, elder abuse or human trafficking and that the tenant intends to terminate the tenancy. The tenant is required to attach to the notice to terminate the tenancy a copy of a temporary restraining order or protective order that protects the tenant or household member from further domestic violence, sexual assault, stalking, elder abuse, or human trafficking or to attach a report by a peace officer stating that the tenant or household member has filed a report alleging he/she or the household member is a victim of domestic violence, stalking, elder abuse, human trafficking or sexual assault. This law extends these provisions indefinitely and would reduce the time limit for a tenant to give a notice of intent to vacate to the landlord under these provisions from 30 days to 14 days. Thus, the tenant would be responsible for only 14 days payment of rent following delivery of the notice. Having given the notice, the tenant is released from any rent payment obligation under the lease or rental agreement without penalty. Assembly Bill 418. Codified as Civil Code §1946.7. Effective date is January 1, 2016.
LICENSING – Continuing Education	**This law requires a broker, as part of the broker's 45 hours of continuing education, to successfully complete a 3-hour course in *the management of offices and supervision of licensed activities* when renewing his or her license for the first time. C.A.R. sponsored legislation.** Under current law, real estate brokers and salespersons are required to complete 45 hours of BRE-approved continuing education in order to renew their licenses. This law requires a broker when renewing his/her license for the first time after January 1, 2016 to complete a 3-hour course in *the management of offices and supervision of licensed activities* as part of the broker's 45 hours of continuing education. Moreover, the 8-hour continuing education survey course, which is required for brokers and sale agents to complete for subsequent renewals, will now include *management and supervision* among other topics.

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	The law also expands the type of courses that sales agents, at their option, may take to meet their continuing education requirements. They now include a course that provides information to assist sales agents in understanding how to be effectively supervised by a responsible broker or branch manager. Assembly Bill 345. Codified as Business and Professions Code §10170.5. Effective date is January 1, 2016.
LICENSING -- Personal Information	**1) This law requires a licensing board, including the Bureau of Real Estate, to provide personal information regarding licensees upon request to the Employment Development Department (EDD), which administers the unemployment compensation program.** **2) Additionally, this law authorizes the enforcement division of the Contractors' State License Board (CSLB) to enforce the workers compensation laws against unlicensed contractors.** 1) Existing law requires licensing boards, including the Bureau of Real Estate and the State Bar, to provide specified personal information regarding licensees to the Franchise Tax Board in a prescribed form and at a time the Franchise Tax Board may require. This law would additionally require licensing boards to submit personal information regarding licensees to the Employment Development Department which administers the unemployment compensation program. 2)The Contractors' State License Law provides for the licensure and regulation of contractors by the Contractors' State License Board. This law authorizes the CSLB Enforcement Division to additionally issue written notices to unlicensed contractors to appear in court for failure to secure workers' compensation insurance. Senate Bill 560. Codified as Business and Professions Code §§ 7011.4 and 7125.4. Effective date is January 1, 2016.
MARIJUANA REGULATION – Structure to License, Tax and Regulate	**The Medical Marijuana Regulation and Safety Act (MMRSA) establishes a new agency, theBureau of Medical Marijuana Regulation, to oversee the licensing rules for medical marijuana cultivators, the makers of cannabis products and retailers. It reins in the practice of issuing medical marijuana recommendations to patients who lack valid health needs. And it establishes guidelines**

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	and regulations for the cultivation of medical marijuana. A host of state agencies are assigned responsibilities under the MMRSA to carry out its directives. The MMRSA comprises three separate bills which together create the structure to license, tax and regulate medical marijuana, along with mechanisms to fund its implementation. Assembly Bill 266. This law enacts the Medical Marijuana Regulation and Safety Act for the licensure and regulation of medical marijuana and establishes within the Department of Consumer Affairs, the Bureau of Medical Marijuana Regulation, under the supervision and control of the Director of Consumer Affairs. This law also requires the Board of Equalization to adopt a system for reporting the movement of commercial cannabis and cannabis products. Existing law permits persons with identification cards to legally associate within the state in order to cultivate marijuana collectively or cooperatively for medical purposes. This law repeals these provisions upon the issuance of licenses by licensing authorities pursuant to the MMRSA and instead provides that actions of licensees with relevant local permits, in accordance with the act and applicable local ordinances, are not offenses subject to arrest, prosecution, or other sanction under state law. (Codified as Business and Professions Code § 205.1 and Chapter 3.5, Labor Code § 147.5, and Revenue and Taxation Code § 31020). Senate Bill 643. This law sets forth standards for a physician and surgeon prescribing medical cannabis and requires the Medical Board of California to prioritize its investigative and prosecutorial resources to identify and discipline physicians and surgeons that have repeatedly recommended excessive cannabis to patients for medical purposes or repeatedly recommended cannabis to patients for medical purposes without a good faith examination. The Bureau of Medical Marijuana must require an applicant to furnish a full set of fingerprints for the purposes of conducting criminal history record checks. A physician and surgeon who recommends cannabis to a patient for a medical purpose is prohibited from accepting, soliciting, or offering any form of remuneration from a facility licensed under the MMRSA. Violation of this prohibition is a misdemeanor. The Governor is required to appoint, subject to confirmation by the Senate, a chief of the Bureau of Medical Marijuana Regulation. The Department of Consumer Affairs has the sole authority to create, issue,

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	renew, discipline, suspend, or revoke licenses for the transportation and storage, unrelated to manufacturing, of medical marijuana, and may collect fees for its regulatory activities. The Department of Food and Agriculture is required to administer the provisions of the act related to, and associated with, the cultivation, and transportation of, medical cannabis. The act requires the State Department of Public Health to administer the provisions of the act related to, and associated with, the manufacturing and testing of medical cannabis. (Codified as Business and Professions Code §§ 19302.1, 19319, 19320, 19322, 19323, 19324, 19325, Article 25, 6, 7.5, 8, and 11). Assembly Bill 243. This law requires various state agencies to promulgate regulations or standards relating to medical marijuana and its cultivation. They are required to take actions to mitigate the impact that marijuana cultivation has on the environment. Cities, counties, and their local law enforcement agencies are required to coordinate with state agencies to enforce laws addressing the environmental impacts of medical marijuana cultivation. Medical marijuana is now subject to the Sherman Antitrust Act, a federal law which prohibits uncompetitive business practices. This law requires a state licensing authority to charge each licensee under the act a licensure and renewal fee, as applicable, and would further require the deposit of those collected fees into an account specific to that licensing authority in the MMRSA Fund, which this law establishes. Fines and civil penalties are imposed for violations of the MMRSA, and the money collected must be deposited into the Medical Cannabis Fines and Penalties Account, which this law establishes within the fund. (Codified as Business and Professions Code Article 6, 13, and 17; Fish and Game Code § 12029; Health and Safety Code §§ 11362.769 and 11362.777; and Water Code § 13276). EFFECTIVE DATE: The effective date is January 1, 2016. However, a facility or entity that is operating in compliance with local zoning ordinances and other state and local requirements on or before January 1, 2018, may continue its operations until its application for licensure is approved or denied pursuant to this chapter. In issuing licenses, the licensing authority shall prioritize any facility or entity that can demonstrate to the authority's satisfaction that it was in operation and in good standing with the local jurisdiction by January 1, 2016.

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MOBILEHOMES – Criteria for Park Approval of Purchaser; For Sale Signs **Effective July 1, 2016**	**This law requires mobilehome park management to provide in writing, after a written request from the seller or buyer in writing of the information management will require and the standards that will be utilized in determining if the prospective homeowner will be acceptable as a homeowner in the park. It allows management to withhold approval based upon fraud, deceit, or concealment of material fats by the prospective purchaser. It allows management to require use of a "Step-in L-frame" sign. Otherwise display of L-frame, A-frame, H-frame or yard arm type signs are permitted.** This law requires that upon the written request of any selling homeowner or prospective buyer of a mobilehome that will remain in the park, management shall inform that person, in writing, of the information management will require and the standards that will be utilized in determining if the person will be acceptable as a homeowner in the park. Previously, the park was not required to state its standards but did have to state what information would be required. Currently, approval cannot be withheld if the purchaser has the financial ability to pay the rent and charges of the park unless the management reasonably determines that, based on the purchaser's prior tenancies, he or she will not comply with the rules and regulations of the park. Under this new law approval may also be withheld based on fraud, deceit, or concealment of material facts by the prospective purchaser. Current law permits the homeowner to post a for sale sign facing the street either on the side or in front of the mobilehome. This law permits management to require the use of a "Step-in L-frame" sign. If not so required, signs posted in front of a mobilehome may be of an H-frame, A-frame, L-frame, or generally accepted yard-arm type design with the sign face perpendicular to, but not extending into, the street. Senate Bill 419. Codified as Civil Code 798.70, 798.71 and 798.74. Effective date is July 1, 2016.
MOBILEHOMES – Disposal of Abandoned Mobile Homes	**This law allows park management to dispose of a mobilehome after obtaining a judicial declaration of abandonment when it is no longer habitable and without having to pay outstanding taxes or vehicle licensing fees. This law also permits disposing of a**

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	mobilehome when enforcing a warehousemen's lien against a mobilehome when it is no longer habitable and without having to pay outstanding taxes or vehicle licensing fees. In both cases the management is authorized to dispose of the mobilehome rather than sell it. Currently, park management must obtain a tax clearance certificate from the county tax collector when selling an abandoned mobilehome as well as pay vehicle license fees to the Department of Housing and Community Development. This law requires a court to enter a judgment of abandonment if the criteria for abandonment has been satisfied and no party establishes an interest in the mobilehome and tenders all past due rent and other charges. This law authorizes a procedure for the management of a mobilehome park to dispose of an abandoned mobilehome and its contents without requiring the management to pay past or current vehicle license fees or obtain a tax clearance certificate. Disposal of the mobilehome is to be distinguished from a sale. Disposal in the law means removal and destruction of an abandoned mobilehome from a mobilehome park, thus making it unusual for any purpose and not subject to, or eligible for, use in the future as a mobilehome. Additionally, this law authorizes the management to enforce a warehouse lien and to designate a mobilehome for disposal without requiring the management or other person enforcing the lien to pay past or current vehicle license fees or obtain a tax clearance certificate if the mobilehome is designated for disposal. The management would be required to submit photographic evidence that the mobilehome was uninhabitable. For both the abandonment and the warehouse lien procedures this law authorizes the management to dispose of the mobilehome rather than sell it. Assembly Bill 999. Codified as Civil Code §§ 798.56a and 798.61 .

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	Effective date is January 1, 2016.
MOBILEHOMES - Restraining Orders in Limited Civil Cases	**Extends existing law indefinitely to allow use of limited civil cases by the management of a mobilehome park for obtaining an injunction such as a temporary or "permanent" restraining order when someone breaks the park rules, rather than having to file an "unlimited" civil case or even an unlawful detainer.** Presently, the Mobilehome Residency Law authorizes the management of a mobilehome park, until January 1, 2016, to seek to enjoin a continuing or recurring violation of a reasonable rule or regulation of the mobilehome park with a limited jurisdiction civil case. Limited cases are generally cheaper and less cumbersome procedurally than unlimited jurisdiction cases. Without this ability to seek an injunction at all, the management's only remedy would be to evict through unlawful detainer. This law extends indefinitely the ability of mobilehome park management to continue to use limited jurisdiction civil cases to obtain restraining orders and other injunctions for violations of park rules. Senate Bill 244. Codified as Civil Code §798.88. Effective date is January 1, 2016.
PROBATE AVOIDANCE – Transfer on Death Deed with Named Beneficiary	**This law creates the revocable transfer on death (TOD) deed which allows a homeowner to transfer to a named beneficiary 1-4 residential real property upon the owner's death without a probate proceeding.** Existing law provides that a person may pass real property to a beneficiary at death by various methods including by will, intestate succession, trust, and titling the property in joint tenancy or community property with right of survivorship, among others. This law will, until January 1, 2021, create the revocable transfer on death deed which would allow the transfer of real property on the death

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	of its owner without a probate proceeding, according to specified rules. The deed has no effect until a person dies, and can be revoked at any time. This law applies only to: • Residential one to four properties, • Condominium units and • Single tract agricultural land (40 acres or less) improved with a single-family residence. The revocable TOD deed must be signed, dated and acknowledged before a notary public, and must be recorded within 60 days after execution. During the owner's life, the deed does not affect his or her ownership rights and, specifically, is considered part of the owner's estate for the purpose of Medi-Cal eligibility and reimbursement. There are three ways to revoke this deed: One, complete, have notarized and record a revocation form (the law creates a statutory form for this purpose); Two, create, have notarized, and record a new TOD; and Three, sell or give away the property, or transfer it to a trust, before your death and record the deed. A TOD cannot be revoked by will. The law may void a revocable TOD deed if, at the time of the owner's death, the property is titled in joint tenancy or as community property with right of survivorship. This law also establishes a process for contesting the transfer of real property by a revocable TOD deed. One remarkable aspect of this law is the list of statutory Frequently Asked Questions (FAQ) that must be part of the TOD deed. In other words, the TOD deed is not merely a single sheet of paper indicating transfer but also includes a 24-question FAQ on subsequent pages which provides a clear explanation of all facets of the TOD deed and other issues affecting transfer of real property upon death. Assembly Bill 139. This law permits the creation of a TOD deed as of September 15, 2015, but will only be effective if the transferor dies after January 1, 2016. The law sunsets on January 1, 2021. Codified as Family Code §§ 2337 and 2040; and Probate Code §§ 69, 250, 267,

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	279, 2580, 5000, 5302, 5600 et seq., 13111, 13206, and 13562.
TAX – Exemption from Additional Recording Fee	**This law clarifies an exemption from a $10 additional recording fee that counties may impose. The fee is used to help investigate and prosecute real estate fraud crimes.** Under current law, a county board of supervisors can impose an additional recording fee on certain real estate documents of up to $10 to fund the Real Estate Fraud Prosecution Trust Fund. The fund enhances the capacity of local police and prosecutors to deter, investigate and prosecute real estate fraud crimes. Under existing law, documents that are "recorded in connection with a transfer subject" to the tax are exempt from the fee. But this definition for exempted documents has not been consistently applied due to the vagueness of the quoted language. This new law clarifies that all documents related to the same transaction receive the exemption if they are 1) recorded with a declaration stating that the transfer is subject to the documentary transfer tax 2) recorded concurrently with a document subject to the documentary transfer tax 3) recorded within the same business day and 4) "related to the recording of a document subject to a documentary transfer tax…" C.A.R. was neutral on this measure. Assembly Bill 661. Codified as Government Code §27388. Effective date is January 1, 2016.
TAX – Fire Prevention Fee	**This law allows a seller of real property and a buyer to negotiate and apportion the payment of the fire prevention fee as a term of sale.** Currently, the State Board of Forestry and Fire Protection may levy a

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	fire prevention fee of up to $150 to be charged annually on each habitable structure on a parcel that is within a state responsibility area. The fee is charged to whoever owns the property on July 1 of the year for which the fee is due. This law permits the owner of a property, when selling the property, to negotiate as one of the terms of the sale the apportionment between the parties of liability for payment of the fee. However, payment of the total fire prevention fee liability remains the responsibility of the person who owns the habitable structure on July 1 of the year for which the fee is due. Of course, a buyer and seller may presently negotiate the apportionment of this fee. What then is the purpose of this new law? Presumably, the effect of this law is to facilitate the payment of the fee by the buyer directly to the Forestry Board through the fee billing process when the fee becomes due after close. Assembly Bill 301. Codified as Public Resources Code §§4213.1 and 4213.2. Effective date is January 1, 2016.
TAX – Private Transfer Fees	**Expands the current Private Transfer Fee (PFT) recordation requirement to include PFT's whose payment does not occur upon a change of ownership or that are not based on sales price. C.A.R sponsored legislation.** Private Transfer Fees (PTFs) are fees imposed typically by developers or homebuilders that require a homebuyer and any subsequent purchaser to pay a fee every time the property is re-sold. In essence it is a private tax. In 2007, C.A.R. successfully sponsored AB 980, which requires transparency and disclosure of new and existing PTFs by requiring the person or entity imposing the transfer fee to concurrently record against the property as a condition of payment, a separate document entitled, "Payment of Transfer Fee." However, new kinds of PTFs are now being used which are structured

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	so that they are not necessarily based on the sale price of the home or paid immediately upon transfer of the home. As such, buyers may be induced into buying a home without being fully apprised of PTFs. This new law expands the current PTF recordation requirement to include PTFs whose payment does not occur upon a change in ownership or that are not based on sales price. The law requires that PTFs be disclosed "as a result of transfer" rather than merely "upon transfer." Moreover, this law clarifies that these requirements apply even if the fee is not a flat fee or a percentage of the sale price but may encompass any fee no matter how calculated. For PTFs recorded prior to December 31, 2007, this law clarifies that the form of the disclosure must be in a single document and not merely incorporated by reference to other documents so that the information is up front and not buried in other documents. If such a fee is not separate from the CC&R's, then it must be re-recorded in a single document before December 31, 2016, otherwise it is unenforceable. Assembly Bill 807. Codified as Civil Code §§1098, 1098.5, and 1102.6e. Effective date is January 1, 2016.
Utilities – Liens on Real Property Imposed by Municipal Utility Districts	**Extends indefinitely existing law that allows a Municipal Utility District (MUD) to place liens on a property for unpaid water or sewer utility services provided to a tenant. However, a MUD cannot collect delinquent charges or penalties from a property owner accrued by a residential tenant in a nonmaster-metered building. This law does not apply to delinquent charges for electrical service.** This law applies to Municipal Utility Districts (MUDs) of which there are only five statewide: East Bay, Lassen, Sacramento, South Placer, and Southern San Joaquin. This law deletes the January 1, 2016 sunset date and extends indefinitely the authority for MUDs to impose a lien on residential

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	property for the nonpayment of charges for services rendered to a lessee, tenant, or subtenant for water or sewer service. It does not apply to delinquent fees or charges for the furnishing of electrical service. This law is also intended to retain the existing prohibition against a MUD from collecting delinquent charges or penalties from a property owner accrued by a residential tenant in a nonmaster-metered building. Lastly, this law does not make changes to any of the notice or hearing requirements that provide a public process for property owners. Senate Bill 188. Codified as Public Utilities Code §12811.1. Effective date is January 1, 2016.
WATER USE – Artificial Lawns **Effective Oct. 9, 2015**	**This law prohibits cities and counties from enacting or enforcing any ordinance or regulation that prohibits the installation of drought tolerant landscaping, synthetic grass or artificial turf on residential property.** This law states that a city or county cannot enact any ordinance or regulation, or enforce any existing ordinance or regulation, that prohibits the installation of drought tolerant landscaping, synthetic grass, or artificial turf on residential property. However, reasonable restrictions may be imposed on the type of drought tolerant landscaping, synthetic grass, or artificial turf that may be installed on residential property provided that those restrictions do not do any of the following: 1)Substantially increase the cost of installing drought tolerant landscaping, synthetic grass, or artificial turf. 2)Effectively prohibit the installation of drought tolerant landscaping, synthetic grass, or artificial turf. 3)Significantly impede the installation of drought tolerant landscaping, including, but not limited to, a requirement that a residential yard must be completely covered with living plant material. Assembly Bill 1164. Codified as Government Code § 53087.7. Effective date is October 9, 2015.

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WATER USE – Lawn Appearance	**This law prohibits a city or county from imposing a fine for a failure to water a lawn or having a brown lawn during a declared drought emergency.** The California Constitution requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable and that the waste or unreasonable use or unreasonable method of use of water be prevented. Existing law, the California Emergency Services Act, sets forth the emergency powers of the Governor under its provisions and empowers the Governor to proclaim a state of emergency for certain conditions, including drought. This law prohibits a city, county, or city and county from imposing a fine under any ordinance for a failure to water a lawn or having a brown lawn during a period for which the Governor has issued a proclamation of a state of emergency based on drought conditions. Assembly Bill 1. Codified as Government Code §8627.7. Effective date is January 1, 2016.