2020 New Laws

2020 New Laws Affecting REALTORS®

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For a quick overview on this topic, see: Quick Guide, **Miscellaneous Landlord Tenant Laws for 2020**

This chart summarizes new laws passed by the California Legislature that may affect REALTORS® in 2020. For the full text of a law, click onto the legislative number or go to http://leginfo.legislature.ca.gov/ for California laws. A legislative bill may be referenced in more than one section.

Topic	Description
Appraisers: Appraisers and home inspectors	**Home inspectors are prohibited from giving an opinion of valuation on a property.** **Except as required to comply with standards set forth in law or regulation, a real estate appraiser performing a real estate appraisal, shall not engage in the activity of a home inspector performing a home inspection.** Assembly Bill 1018 codified as business and Professions Code §§7196.1 and 7195.7. Effective January 1, 2020.
Arbitration agreements with Consumers and Employees	**This law provides that the drafting party of a consumer or employment related arbitration agreement is in material breach of the arbitration agreement if the drafting party fails to pay, as required by existing law, specified costs and fees associated with the arbitration proceeding. This law defines the word "employee" to include any person who is, was, or who claims to have been misclassified as an independent contractor or otherwise improperly placed into a category other than employee or applicant for employment.**

	This new law provides that the drafting party of an employment or consumer arbitration agreement who is required, either expressly or through application of state or federal law or the rules of the arbitration administrator, to pay certain fees and costs before the arbitration can proceed, is in material breach of the agreement if the fees are not paid within 30 days after the due date, and waives its right to compel arbitration pursuant to existing law. In the event of such a breach, an employee or consumer may generally withdraw the claim from arbitration and proceed in a court of appropriate jurisdiction, or compel arbitration in which the drafting party shall pay reasonable attorney's fees and costs related to the arbitration. Under this law “Consumer” means an individual who seeks, uses, or acquires, by purchase or lease, any goods or services for personal, family, or household purposes. Under this law, “employee” means any current employee, former employee, or applicant for employment. The term also includes any person who is, was, or claims to have been misclassified as an independent contractor or otherwise improperly placed into a category other than employee or applicant for employment. Senate Bill 707 is codified as Code of Civil Procedure 280, 1281.96, 1281.97, 1281.98, and 1281.99. Effective January 1, 2020.
Common Interest Developments: Religious items may be displayed on entry doors	**This law, with certain exceptions, prohibits property owners and common interest developments from enforcing or adopting restrictions that prohibit the display of religious items on entry doors or entry door frames of dwellings.** This law, with certain exceptions, prohibits a residential property owner from enforcing or adopting any restriction that prohibits the display of religious items on an entry door or entry door frame of a dwelling. The exceptions include religious displays that: (1)Threaten the public health or safety.

	(2)Hinder the opening or closing of any entry door. (3)Violate any federal, state, or local law. (4)Contain graphics, language or any display that is obscene or otherwise illegal. (5)Individually or in combination with any other religious item displayed or affixed on any entry door or door frame that has a total size greater than 36 by 12 square inches, provided it does not exceed the size of the door. This law also prohibits the governing documents of a common interest development from prohibiting the display of religious items on the entry door or entry door frame of a member's separate interest, subject to the exceptions stated above. The law provides an exception to this prohibition for maintenance, repair, or replacement of an entry door or door frame, as specified. If an association is performing maintenance, repair, or replacement of an entry door or door frame that serves a member's separate interest, the member may be required to remove a religious item during the time the work is being performed. After completion of the association's work, the member may again display or affix the religious item. The association shall provide individual notice to the member regarding the temporary removal of the religious item. "Religious item" means an item displayed because of sincerely held religious beliefs. Senate Bill 652 is codified Civil Code §§1940.45 and 4706. Effective January 1, 2020.
Consumer Privacy: Changes to the Consumer Privacy Protection Act and other privacy laws	**Various changes to the Consumer Privacy Protection Act ("CCPA") and other privacy laws.** **Exempts from the CCPA information collected from employees and independent contractors for one year.** Assembly Bill 25 exempts information collected from a natural person by a business in the course of the natural person acting as a job applicant to, an employee of, owner of, director of, officer of, medical staff member of, or contractor of that business from most provisions of the CCPA until January 1, 2021.

The exemption does not apply to the CCPA's private civil action provision and the obligation to inform the consumer as to the categories of personal information to be collected.

Broadens the public information exemption for personal information (PI). Assembly Bill 874 broadens the public information exemption as to what constitutes personal information. PI excludes information that is publicly available regardless of whether the PI is then used for a purpose which is "not compatible" with the purpose for which the data is maintained.

Creates new category and registration requirement for "data brokers." Assembly Bill 1202 creates the category of"data broker" which means a business, as defined in the CCPA, that knowingly collects and sells to third parties the personal information of a consumer with whom the business does not have a direct relationship. Data brokers will be required to register with the Attorney General.

Assembly Bill 1355 excludes consumer information that is de-identified or aggregate consumer information from PI definition.

This law excludes consumer information that is de-identified or aggregate consumer information from the definition of personal information. Also this law slightly changes language a business must use in disclosing to consumers that a consumer has the right to request the specific pieces of information and the categories of information the business has collected about that consumer as well as the fact that a consumer has the right to request that the business delete that information.

Rescinds requirement for a business that operates exclusively online and has a direct relationship with the consumer to provide multiple means for consumers to submit information requests. Assembly Bill 1564 alters existing law that required all businesses covered by the CCPA to provide two or more methods for consumers to submit information requests. Under the new law, a business thatthat operates exclusively online and has a direct relationship with a consumer from whom it collects personal information is only required to provide an email address for submitting requests for information. However, if the business

	maintains an internet website it must makethe internet website address available to consumers to submit requests for information. **Expands the type of data subject to the Information Practices Act of 1977**. In addition to social security numbers, driver's licenses and California identification cards, Assembly Bill 1130 adds as "personal information" tax identification numbers, passport numbers, military identification numbers, or other unique identification numbers issued on a government document commonly used to verify the identity of a specific individual.For this type of information, if held as computerized data, a business must implement and maintain reasonable security procedures and practices, and when a breach occurs, it is required to issue a specified security breach notification.
Disclosure: Disclosure and point-of-sale compliance re wildfire defensible space and vegetation management laws, and home hardening	**Requires delivery of a statutory disclosure re home hardening for homes in designated high fire areas built before 2010, and that seller list specified retrofits.** **Requires seller of property located in designated high fire areas to provide buyer with documentation stating that the property is in compliance with local law pertaining to defensible spaces or local vegetation management laws. If there is no such local law, the seller shall provide documentation of compliance with state law, assuming the seller obtained such documentation within six months prior to entering into the transaction. But if neither of the above, the seller and the buyer must enter into a written agreement in which the buyer agrees to obtain documentation of compliance with defensible space or a local vegetation management ordinance after close.** **These disclosure requirements will apply to any property in which the Transfer Disclosure Statement is required to be delivered. TDS exemptions and cancellation rights apply.** **Disclosures re Home Hardening**

Beginning January 1, 2020, if a seller, after completion of construction, has obtained a final inspection report regarding compliance with, among other things, home hardening laws (Gov't Code 51182 and 51189*), the seller shall provide to the buyer a copy of that report or information on where a copy of the report may be obtained.

Beginning January 1, 2021, this law requires for properties located in high or very high fire hazard severity zones for homes built before 2010, delivery of a notice to include the following three items:

1) A statutory disclosure that includes information on how to fire harden homes as follows:

> "This home is located in a high or very high fire hazard severity zone and this home was built before the implementation of the Wildfire Urban Interface building codes which help to fire harden a home. To better protect your home from wildfire, you might need to consider improvements. Information on fire hardening, including current building standards and information on minimum annual vegetation management standards to protect homes from wildfires, can be obtained on the internet website http://www.readyforwildfire.org."

2) Disclosure of a list of features that may make the home vulnerable to wildfire and flying embers if the seller is aware. The list includes, among other things, untreated wood shingles, combustible landscaping within five feet of the home, and single pane glass windows.

3) On or after July 1, 2025, a list of low-cost retrofits re home hardening (listed pursuant to Section 51189 of the Government Code*). The notice shall disclose which listed retrofits, if any, that have been completed during the time that the seller has owned the property.

Potential point of sale compliance requirements re defensible space or local vegetation management laws

Beginning July 1, 2021 seller of property in high or very high fire hazard zones shall provide documentation to the buyer stating that the property is in compliance with laws pertaining to state law defensible spaces (Public Resources Code 4291**) or local vegetation management ordinances, or in certain cases the buyer and seller will agree that the buyer is to obtain the documentation after close as follows

1. If there is a local ordinance requiring the seller to comply with state law governing defensible spaces (PRC 4291**) or a local vegetation management ordinance, the seller shall provide the buyer with: 1) a copy of the documentation of such compliance, and 2) information on the local agency from which a copy of that documentation may be obtained.

2. But If no such local ordinance exists, and the seller has obtained an inspection from a state, local or other government agency or qualified nonprofit which provides an inspection with documentation for the property, the seller shall provide the buyer with: 1) the documentation of the inspection if obtained within six months prior to entering into a transaction to sell the real property and 2) information on the local agency from which a copy of that documentation may be obtained.

3. If seller hasn't obtained documentation of compliance per 1 or 2 above, then the seller and buyer shall enter into a written agreement stating that the buyer agrees to: 1) obtain documentation of compliance per the local ordinance or 2) if there is no such local ordinance, the buyer shall, within one year, obtain documentation of compliance as long as there is a state, local or other government agency or qualified nonprofit which provides an inspection with documentation of compliance for the property.

This law also requires the California Office of Emergency Services (Cal OES) to enter into a joint powers agreement with the Department of Forestry and Fire Protection (Cal FIRE) to administer a comprehensive wildfire mitigation and assistance program to encourage cost-effective structure hardening and facilitate vegetation management, contingent upon appropriation by the Legislature.

TDS Applicability and Exemptions

Because these new disclosure requirements are within the Civil

Code Article (Article 1.5) governing delivery of the Transfer Disclosure Statement, they will apply only in those transaction where the TDS is required to be delivered. For example, the standard TDS exemptions such as REO, probate, bankruptcy and certain trusts sales will not require delivery of these disclosures.

TDS Cancellation Rights

The TDS three or five-day cancellation rights apply to these disclosures: three days if delivered personally or five days if delivery by mail or electronically.

Home Hardening and Defensible Space Laws

* Government Code 51189 outlines home hardening measures that increase the likelihood of a structure to withstand ignition, such as building design and construction requirements that use fire resistant building materials, and provide standards for reducing fire risks on structure projections, including, but not limited to, porches, decks, balconies and eaves, and structure openings, such as, to the attic, foundation, and eave vents, doors, and windows as well as a list of low-cost retrofits that provide for comprehensive site and structure fire risk reduction to protect structures from fires spreading from adjacent structures or vegetation.

** PRC 4291 and Gov't Code 51182 require a person who owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining a mountainous area, forest-covered lands, brush-covered lands, grass-covered lands, or land that is covered with flammable material or is in a very high fire hazard zone to maintain defensible space of 100 feet from each side and from the front and rear of the structure and among other things, remove portions of a tree that extend within 10 feet of a chimney; remove dead or dying wood from plants; or clear leaves and needles off of a roof; et cetera).

Assembly Bill 38 is codified as Civil Code 1102.6f and 1102.19; Public Resources Code 4123.7; and Article 16.5 of the Government Code. Effective date is January 1, 2020. But the effective dates of the disclosure requirements will be January 1, 2020; January 1,

	2021; July 1, 2021; and July 1, 2025; depending on the disclosure.
Employment: Arbitration agreements as condition of employment prohibited	**Prohibits employers from requiring employees or applicants for employment to waive a right, forum, or procedure for a violation of the Fair Employment and Housing Act or the Labor Code as a condition of employment or an employment-related benefit. Also prohibits employers from threatening, retaliating discriminating against, or terminating employees or applicants because they refused to waive any such right, forum, or procedure. Existing contracts for employment entered into, modified or extended on or after January 1, 2020 are exempt.** Assembly Bill 51 is codified as Government Code § 12953 and Labor Code § 432.6.
Employment: Independent contractor status of agents reconfirmed	**The right of real estate agents to be treated as independent contractors has been explicitly reconfirmed. The test for independent contractor status for real estate licenses is to be governed by Business & Professions Code 10032. If that code is not applicable, then the control test as stated in the *Borello* court decision would govern. The ABC test for employment status per the *Dynamex* decision is simply not applicable to real estate licensees.** This new law contains an explicit and comprehensive reconfirmation of the right of real estate agents to be treated as independent contractors. The new law recognizes and reinforces Business and Professions Code § 10032 which allows real estate licensees to be independent contractors for "statutory purposes" as long as they meet three conditions: 1) They hold a real estate license; 2) Substantially all of their remuneration is directly related to sales or other output rather than to the number of hours worked; and 3) The parties have a written contract stating that the individual will not be treated as an employee with respect to those services for state tax purposes. AB 5 also indicates that if the classification in the B&P Code is not applicable then question of independent contractor status would be

	governed by the *Borello* test (*S. G. Borello & Sons, Inc. v. Department of Industrial Relations* (1989) 48 Cal.3d 341 (Borello)) which is based on factors of control, instead of those established by *Dynamex (Dynamex Operations West, Inc. v. Superior Court of Los Angeles* (2018) 4 Cal.5th 903 (Dynamex)).However, even if the *Borello* test does apply, the duties of broker supervision and control under the real estate licensing law cannot be considered as factors. This law represents a flat rejection of the legal argument that obeying the real estate law of broker supervision and the requirement that a salesperson must work under only one broker results in an employee status. In this regard, as part of C.A.R.'s real estate clean-up legislation, which was signed into law last year, all references to "employing broker" and "employee" were removed from the B&P Code. Finally, AB 5 states definitively that the *Dynamex* decision does not apply to real estate licensees and adds that the law relating to real estate licensees applies retroactively to existing claims and actions to the maximum extent permitted by law. Assembly Bill 5 codified as Labor Code §§ 3351 and 2750.3, and Unemployment Insurance Code §§ 606.5 and 621. Effective January 1, 2020 but with retroactive effect to existing claims and actions.
Employment: Sexual harassment training – deadline extended until January 1, 2021 – Effective on 8/30/2019	**The sexual harassment training deadline required for employers with five or more "employees" has been postponed until January 1, 2021.** The deadline for employers with five or more employees (or persons who are contracted to regularly provide services) to have their own employees or supervisors undergo sexual harassment training has been extended to January 1, 2021. The new law specifically allows employers already offering compliant training in 2019 to delay refresher training until two years after the date of their training, rather than having to retake the training again before January 1, 2021. Senate Bill 778 is codified s Government Coded § 12950.1. Urgency legislation effective immediately.

Fire Mitigation: Best practices for developing resilience against wildfires by home hardening, defensive spaces and other measures.	**Specific requirement to develop best models for defensible space and additional standards for home hardening and construction materials to increase the resilience of communities.** Requires the Office of the State Fire Marshal to develop a model defensible space program that shall be made available for use by a city, county, or city and county in the enforcement of the defensible space provisions per 51182 of the Gov't Code and 4291 of the Public Resources Code. (Gov't Code 51182 and PRC 4291 require a person who owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining a mountainous area, forest-covered lands, brush-covered lands, grass-covered lands, or land that is covered with flammable material to among other thingsmaintain defensible space of 100 feet from each side and from the front and rear of the structure) Components of the program must include: (A)General guidelines for creating and maintaining defensible space around specified structures, including appropriate guidelines and definitions for vegetation management; (B)Suggested minimum qualifications needed for enforcement personnel; (C)Enforcement mechanisms for compliance with and maintenance of defensible space requirements, including, but not limited to, the following: (i)Site inspections; (ii)Procedures for notifying a property owner of a violation; (iii)Timelines for corrective action by a property owner and for reinspection; (iv)Citations requiring abatement of a violation and subsequent removal of a fire hazard within the defensible space boundaries; (v)Suggested administrative procedures that allow for appeal of the citation by the property owner. Senate Bill 190 codified as Government Code § 51189 and Health and Safety Code §§ 18931.7 and 13159.5. Effective January 1, 2020.

Fire Insurance: For total loss, insured is entitled to replacement cost less depreciation	**This law provides that the measure of cash recovery, less depreciation, for a structure or its contents lost under an "open" policy is the cost to repair, replace, or rebuild the structure or contents.** Existing law provides that the measure of indemnity in fire insurance under an open policy is the expense to replace the thing lost or injured in its condition at the time of the injury, with the expense computed as of the start of the fire. Existing law also provides that under an open policy that requires payment of actual cash value, the measure of the actual cash value recovery is the policy limit or the fair market value of the structure, whichever is less, in the case of a total loss to the structure. In the case of a partial loss to the structure or loss to its contents, the actual cash value recovery under existing law is the amount it would cost the insured to repair, rebuild, or replace the thing lost or injured less a fair and reasonable deduction for physical depreciation based upon its condition at the time of the injury or the policy limit, whichever is less. This new law deletes the provisions regarding the actual cash value of the claim of total loss to the structure and would instead require that the actual cash value of the claim, for either a total or partial loss to the structure or its contents, be the amount it would cost the insured to repair, rebuild, or replace the thing lost or injured less a fair and reasonable deduction for physical depreciation based upon its condition at the time of the injury or the policy limit, whichever is less. The bill would extend the restrictions that apply to a deduction for physical depreciation to a total loss to a structure. Assembly Bill 188 is codified as Insurance Code § 2051. Effective January 1, 2020.
Housing: Allows for construction and rental of Accessory Dwelling Units in HOAs	**Any provision in a CC&R that prohibits or unreasonably restricts the construction, use or rental of an accessory dwelling unit or junior accessory dwelling unit on a lot zoned for single-family residential use is void and unenforceable.** Prior law prohibits the governing document of a common interest development from prohibiting the rental or leasing of any separate interest in the common interest development, unless that governing

	document was effective prior to the date the owner acquired title to their separate interest. This new law makes void and unenforceable any covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument affecting the transfer or sale of any interest in a planned development, and any provision of a governing document, that effectively prohibits or unreasonably restricts the construction or use of an accessory dwelling unit or junior accessory dwelling unit on a lot zoned for single-family residential use that meets the certain minimum standards established for those units. However, this new law permits reasonable restrictions that do not unreasonably increase the cost to construct, effectively prohibit the construction of, or extinguish the ability to otherwise construct, an accessory dwelling unit or junior accessory dwelling unit consistent with those aforementioned minimum standards provisions. Assembly Bill 670 is codified as Civil Code §4751. Effective January 1, 2020. The Californians for Homeownership have prepared a summary sheet highlighting the most important provision of the new ADU related laws.
Housing: Streamlined approval process and removes barriers to construction for Accessory Dwelling Units	**Group of three laws removes impediments to ADU construction by restricting local jurisdictions' permitting criteria** The production of ADUs is recognized as an important strategy in the effort to reduce the overall cost of housing in California. Despite this, local jurisdictions continue to thwart their construction in a variety of ways. Some cities have rejected garages as existing, convertible structures. In others, like Santa Monica, converting a garage to an ADU triggers a requirement to replace the lost parking spaces somewhere else on the property.Other cities have required those who want to build ADUs to live on the property, which has made lenders wary of financing the projects because the owner-occupancy requirement is embodied in a permanent deed restriction. These three laws remove potential impediments to their construction in three ways: by limiting the criteria by which local jurisdictions can limit where ADUs are permitted; by clarifying that ADUs must be ministerially approved if constructed in any existing space; and

	by eliminating for five years the potential for local agencies to place owner occupancy requirements on the units. These bills reduce barriers to ADU approval and construction, which will increase production of these low-cost, energy-efficient units and add to California's affordable housing supply. • Assembly Bill68makes major changes to facilitate the development of more ADUs and address barriers to building.It expands the categories of ADUs that cities must approve without applying any local development standards to include an 800 square foot detached ADU. The bill also requires cities to allow "junior ADUs," which in some instances can be developed in addition to a conventional ADU. • Assembly Bill 881 removes impediments to ADU construction by restricting local jurisdictions' permitting criteria, clarifying that ADUs must receive streamlined approval if constructed in existing spaces and eliminating minimum lot size requirements. It also prohibits jurisdictions from establishing a maximum square footage requirement for an ADU that is less than 850 square feet, or 1,000 square feet if the ADU contains more than one bedroom. This will allow future ADUs in various cities to be a few hundred feet larger. • Senate Bill13eliminates local agencies' ability to require owner-occupancy for five years and eliminates impact fees for ADUs under 750 square feet.For larger ADUs, it creates a tiered fee structure based on size.The Billalso addresses other barriers by shorteningthe application approval timeframe, creating an avenue to get unpermitted ADUs up to code, and enhancing an enforcement mechanism allowing the state to ensure that localities are following ADU statutes. Effective January 1, 2020. The Californians for Homeownership have prepared a summary sheet highlighting the most important provision of the new ADU related laws.
Housing: Streamlines housing permitting and approval process	**Establishes the Housing Crisis Act of 2019, whichwill accelerate housing production in California by streamlining permitting and approval processes, ensuring no net loss in zoning capacity ("Down zoning") and limiting fees after projects are approved.**

	This law establishes the Housing Crisis Act of 2019, which, until January 1, 2025, places restrictions on certain types of development standards, amends the Housing Accountability Act (HAA), and makes changes to local approval processes and the Permit Streamlining Act. Among other things, it prohibits an affected city or county, with respect to land where housing is an allowable use, from enacting a development policy, standard, or condition that would have any of the following effects: i) "Down zoning" -- Changing the general plan land use designation, specific plan land use designation, or zoning of a parcel to a less intensive use or reducing the intensity of land use within an existing general plan land use designation, specific plan land use designation, or zoning district below what was allowed under the land use designation and zoning ordinances of the affected county or affected city as in effect January 1, 2018. Less intensive uses means reductions in height, density, floor area ratio, new or increased open space or lot size requirements, or new or increased setback requirements, minimum frontage requirements or maximum lot coverage limitations or anything that would lessen the intensity of housing; ii) Imposing a moratorium or similar restriction or limitation on housing development, including mixed-use development, within all or a portion of the jurisdiction, other than to specifically protect against an imminent threat to health and safety. An affected city or county cannot enforce a moratorium until HCD approves it; iii) Imposing or enforcing design review standards established after January 1, 2020, if the standards are not objective; iv) Limiting the number of land use approvals or permits necessary for the approval and construction of housing that will be issued or allocated within all or a portion of the affected city or county; v) Capping the number of housing units that can be approved or constructed either annually or for some other period of time; vi) Limiting the population of the affected city or county. Senate Bill 330 is codified as Government Code §§ 65589.5, 65940, 65943, 65950, 65905.5, 65913.10, and 65941.1, and Chapter 12 of the Government Code.
Housing: Declaration of State of Emergency: Building Standards for Solar	Effective January 1, 2020, solar is a required mandate in the construction of new homes. This law allows for an exemption to the solar mandate until January 1, 2023 in areas where the Governor has declared a state of emergency. This exemption will allow low-income homeowners to rebuild their homes with the requirement

	that was in effect at the time their home was originally constructed. Assembly Bill § 178 is codified as Public Resources Code 25402.13. Effective January 1, 2020. Supported by C.A.R.
Housing: CEQA: Community Plans	Under existing law, a community plan serves as a geographic footprint within the general plan, containing specific development policies within a geographic location and outlining measures to implement specific development policies. Due to the complex nature of CEQA, several community plans have not been updated in years due to fear that it may deem a proposed project noncompliant. This law seeks to bring greater certainty to developers by allowing updates to community plans without the threat of noncompliance based on the environment impact report, and will help with housing production. Assembly Bill 1515 is codified as Government Code, Article 8.2, commencing with § 65458. Effective January 1, 2020.Supported by C.A.R.
Housing: Transportation – Major Stops	This law redefines "major transit stop" under CEQA to include "bus rapid transit". The revised definition defines a "bus rapid transit" as having a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods. It allows more areas to qualify as "transit priority areas" which broadens the CEQA exemption for transit-based infill housing. Assembly Bill 1560 is codified as Public Resources Code § 21064.3 and 21060.2. Effective January 1, 2020. Supported by C.A.R.
Housing: Subdivision Maps Extending Expiration Dates	This law was in response to the 2018 Camp Fire. It allows the expiration dates on the tentative maps in Butte County to be extended up to 36 months and helps communities rebuild after the devastating fires that took place in Butte County. Senate Bill 249 is codified as Government Code § 6452.27. Effective September 27, 2019. Supported by C.A.R.
Insurance: 75-day notice of nonrenewal	**Requires insurers to provide at least a 75-day notice of a nonrenewal of a homeowner's policy (currently 45 days) and**

	raises the limit on a homeowner insurance claim covered by the California Insurance Guarantee Association (CIGA) to $1 million. This law also allows insurer who voluntarily writes policies for property in high fire hazard severity zone in the state responsibility area and very high fire hazard severity zone in local responsibility areas to be proportionately relieved of their responsibility to participate in the Fair Access to Insurance Requirements (FAIR) plan. For policies that expire on or after July 1, 2020, would require an insurer to deliver or mail the notice of nonrenewal to the named insured on or before 75 days prior to the policy expiration and, if the insurer fails to do so, would require the existing policy, with no change in its terms and conditions, to remain in effect for 75 days from the date that the notice of nonrenewal is delivered or mailed. With respect to a policy of residential property insurance, each claim for a loss under a different coverage category to be considered a separate covered claim. The limit for a covered claim for damage to, or loss of, a dwelling structure under a policy of residential property insurance is increased to $1,000,000 or the amount recoverable under the policy, whichever is less. Assembly Bill 1816 is codified as Insurance Code §§ 678, 1063.1 and 10094.2
Landlord/Tenant: Tenant allowing occupancy of property to person at risk of homelessness	**Creates a legal framework allowing a tenant, with the written approval of the owner/landlord, to take in a "person at risk of homelessness." It includes a number of protections for both a landlord and tenant, including the ability for the tenant to remove the person at risk of homelessness on short notice with the assistance of the police.** This law authorizes a tenant to temporarily permit the occupancy of their dwelling unit by a person who is at risk of homelessness regardless of the terms of the lease or rental agreement, with the written approval of the owner or landlord of the property, and subject to extension under certain circumstances. It authorizes an owner or landlord to adjust the rent payable under the lease during the time the person who is at risk of homelessness is occupying the dwelling unit, as compensation for the occupancy of that person, and would require the terms regarding the rent payable in those

	circumstances to be agreed to in writing by the owner or landlord and the tenant. If the landlord has served the tenant with a three-day notice to cure or quit the property pursuant to paragraph (3) of Section 1161 of the Code of Civil Procedure, then the person at risk of homelessness' right to occupy shall terminate 24 hours after the tenant provides notice in writing to the person at risk of homelessness that specifies the date and time by which the person at risk of homelessness must vacate the premises. Or, the person at risk of homelessness' right to occupy the premises may be terminated immediately, without notice, if that person has engaged in criminal conduct on the premises. Upon termination of the person at risk of homelessness' right to remain in the dwelling unit, the person at risk of homelessness may be removed from the premises pursuant to Section 602.3 of the Penal Code, as though the person at risk of homelessness were a lodger. This law establishes the rights and obligations of the person at risk of homelessness, the tenant, and the owner applicable under these circumstances. These conditions include making the tenant liable for the actions of the person at risk of homelessness to the extent those actions are subject to the terms of the lease or property agreement and requiring a written agreement between the parties. This law requires that the landlord give 7 days' notice to the tenant in order to evict a person at risk of homelessness from the unit, unless specified exceptions apply. But it gives the tenant an opportunity to cure any violations cited by the landlord for evicting the person at risk of homelessness. Sunsets in 2024. Senate Bill 1188 codified as Civil Code §1942.8. Effective January 1, 2020.
Landlord/Tenant: Reduced security deposit for service members	**Landlord may only collect one month security for unfurnished unit, or two months for furnished units, from a service member who resides on the property.** Prohibits a landlord from demanding or receiving security from a service member who rents residential property in which the service member will reside in an amount or value in excess of an amount equal to one months' rent, in the case of unfurnished residential

	property, or in excess of an amount equal to 2 months' rent, in the case of furnished residential property, as specified. It also prohibits a landlord from refusing to enter into a rental agreement for residential property with a prospective tenant who is a service member because this provision prohibits the landlord from demanding a greater amount of security. If the tenant has a history of poor credit or of causing damage to the rental property or its furnishings, the landlord may collect security deposit as normal. These rules also do not apply if the property is rented to a group of individuals and one or more of whom is not the service member's spouse, parent, domestic partner, or dependent. "Service member" means (1) A member of an active or reserve component of the Armed Forces who is ordered into active duty pursuant to federal law. Or (2) A member of the militia called or ordered into active state or federal service. Senate Bill 644 is codified as Civil Code 1950.5. Effective January 1, 2020.
Landlord/Tenant: Discrimination on the basis of source of income	**"Discrimination" on the basis of "source of income" has been expanded to include a refusal to rent to a tenant based on the tenant's receipt of federal, state or local housing subsidies including "Section 8** This law expands the definition of "source of income" in regard to housing discrimination to mean "income" paid to a housing owner or landlord on behalf of a tenant, including federal , state, or local public assistance, and federal, state, or local housing subsidies, including but not limited to, federal housing assistance vouchers issued under Section 8 of the US Housing Act of 1937. "Discrimination" includes: • refusal to sell, rent, or lease housing accommodations; • refusal to negotiate for the sale, rental, or lease of housing accommodations; • representation that a housing accommodation is not available for inspection, sale, or rental when that housing

	accommodation is in fact so available and; • any other denial or withholding of housing accommodations. "Discrimination" also includes: • provision of inferior terms, conditions, privileges, facilities, or services in connection with those housing accommodations; • harassment in connection with those housing accommodations; • the cancellation or termination of a sale or rental agreement; and • the provision of segregated or separated housing accommodations. Senate Bill 329 codified as Government Code §§12927 and 12955. Effective January 1, 2020.
Landlord/Tenant: **Discrimination on the basis of military or veteran status**	**Discrimination in housing on the basis of veteran or military status is now unlawful under the Fair Employment and Housing Act.** This law makes it illegal under the FEHA for an owner of any housing accommodation to discriminate on the basis of veteran or military status. An owner may not make any written or oral inquiry concerning veteran or military status, or publish or print any notice or advertisement indicating a preference based on military status. The law applies to financing as well as the sale or rental of housing including harassment or eviction. In addition, by defining a Veterans Affairs Supportive Housing (VASH) voucher as a source of income for purposes of the FEHA, this law prohibits landlords from discriminating against a tenant on the basis that the tenant pays part or all of the rent using a VASH voucher. "Discrimination" includes: • refusal to sell, rent, or lease housing accommodations; • refusal to negotiate for the sale, rental, or lease of housing accommodations;

	• representation that a housing accommodation is not available for inspection, sale, or rental when that housing accommodation is in fact so available and; • any other denial or withholding of housing accommodations. "Discrimination" also includes: • provision of inferior terms, conditions, privileges, facilities, or services in connection with those housing accommodations; • harassment in connection with those housing accommodations; • the cancellation or termination of a sale or rental agreement and; • the provision of segregated or separated housing accommodations Under FEHA "Military and veteran status" means a member or veteran of the United States Armed Forces, United States Armed Forces Reserve, the United States National Guard, and the California National Guard. "Veteran" is defined as "a person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable." Title 38 of the Code of Federal Regulations. Senate Bill 222 is codified as Government Code §§ 12920, 12921, 12927, 12930, 12931, 12955, 12955.8, 12956.1, and 12956.2.
Landlord/Tenant: Ellis Act	**Makes changes to the Ellis Act to: 1) clarify that owners may not pay prior tenants liquidated damages in lieu of offering them the opportunity to re-rent their former unit; and, 2) clarify that the date on which the accommodations are deemed to have been withdrawn from the rental market is the date on which the final tenancy among all tenants is terminated.** **Background** The Ellis Act only applies when an owner seeks to remove all the units within a building or all units on a property within a building containing three or fewer units from the market. The Act authorizes local governments to place restrictions on how property owners can "Ellis" a property and exit the rental property market. An owner can

	be required to give tenants 120 days' notice that the property is being withdrawn from the rental market. Tenants who are over 62 or disabled must receive one year's notice, provided they have lived in the accommodations for at least one year. A number of restrictions apply to situations where owners offer units for rent within certain time frames (two years, five years, and 10 years) after removing a property from the rental market pursuant to the Act. For example, owners are required to re-rent a unit at the rent control amount at the time the unit was withdrawn, if they offer it for rent within five years of filing to withdraw or withdrawing the property. (1) Existing law authorizes a public entity acting pursuant to the Ellis Act to require an owner who offers accommodations for rent or lease within a period not exceeding 10 years from the date on which they were withdrawn, as specified, to first offer the unit to the tenant or lessee displaced from that unit by the withdrawal, subject to certain requirements. If the owner fails to comply with this requirement, the owner is liable to a displaced tenant or lessee for punitive damages not to exceed 6 months’ rent. This law prohibits a payment of the above-described punitive damages from being construed to extinguish the owner’s obligation to offer the accommodations to a prior tenant or lessee, as described above. (2)Existing law qualifies the Ellis Act prohibition on compelling owners to offer or to continue to offer accommodations by, among other things, permitting a public entity to require an owner to provide notice that the owner has initiated actions to terminate tenancies and, in this situation, the date of withdrawal of accommodations would be 120 days from the delivery of the notice. Existing law extends the term for the withdrawal of accommodations, in this context, to one year if the tenant or lessee is 62 years of age or older, or disabled, and other conditions are met. This law, with regard to the withdrawal of accommodations and the extension of tenancies, as described above, requires the date of withdrawal for the accommodations as a whole to be the latest termination date among all tenants within the accommodations for purposes of calculating specified time periods. It makes conforming

	changes to clarify the application of these provisions with respect to accommodations with multiple units and with respect to requirements to give notice to public entities and tenants with extended tenancies. It also conform a statement of legislative intent relating to the Ellis Act to specify that it is not intended to permit an owner to return to the rental market with less than all of the accommodations, among other things. Assembly Bill 1399 is codified as Government Code §§ 7060.2, 7060.4, and 7060.7. Effective January 1, 2020.
Landlord/Tenant: $20 million budgeted toward legal services for eviction defense	**The budget provides $20 million for legal services for renters facing eviction** The "Budget Act of 2019" allocates $20 million to be distributed by the Judicial Council through the State Bar of California pursuant to qualified legal service projects and support centers to provide eviction defense or other tenant defense assistance in landlord-tenant rental disputes, including pre-eviction and eviction legal services, counseling, advice and consultation, mediation, training, renter education, and representation, and legal services improve habitability, increasing affordable housing, ensuring receipt of eligible income or benefits to improve housing stability, and homelessness prevention. Assembly Bill 74 is an act making appropriations for the support of the government of the State of California and for several public purposes in accordance with the provisions of Section 12 of Article IV of the Constitution of the State of California, relating to the state budget, to take effect immediately, budget bill.
Landlord/Tenant: Recycling Bins	Presently the law requires a business that generates 4 cubic yards or more of commercial solid waste or 8 cubic yards or more of organic waste per week to arrange for recycling services. However, A property owner of a multifamily residential dwelling may require tenants to source separate their recyclable materials to aid in compliance. **This new law requires a multi-family dwelling of five or more units, among other businesses, to provide customers with a recycling bin or container for a waste stream that is visible,**

	easily accessible, adjacent to each bin or container for trash other than that recyclable waste stream (except in restrooms) and clearly marked with educational signage. The Department of Resources Recycling and Recovery will, on or before July 1, 2020, develop model signage that commercial and organic waste generators may utilize to mark the recycling bins provided to customers. Assembly Bill 827 codified as Public Resources Cod 42649.1, 42649.2, 42649.8 ad 42649.81. Effective January 1, 2020.
Landlord/Tenant: Rent Increases above 10% requires 90-day notice	**The notice period for increasing rent above 10% in any 12-month period is 90 days. Previously, it was 60 days.** If a proposed rent increase for a tenant is greater than 10 percent of the rental amount charged to that tenant at any time during the 12 months before the effective date of the increase, either in and of itself or when combined with any other rent increases for the 12 months before the effective date of the increase, the notice shall be delivered at least 90 days before the effective date of the increase. The notice period for rent increases of 10% or less (combining all prior rent increases within 12-months before effective date of increase) remains 30 days. **For Increases that result from recertification:** However, if the proposed rent increase for a tenant is caused by a change in a tenant's income or family composition as determined by a recertification required by statute or regulation, the notice shall be delivered at least 30 days before the effective date of the increaseregardless of the percentage increase. Assembly Bill 1110 is codified as Civil Code 827. Effective January 1, 2020.

Landlord/Tenant: Statewide rent caps and just cause eviction	**Imposes statewide rent caps of 5% plus inflation and just cause eviction requirements on rental properties. Various exemptions apply including single family homes and condos (not owned by a corporation or REIT) and properties where a certificate of occupancy has been issued within the past 15 years.** **Rent Cap:** • Rent increases are capped at 5 percent plus inflation, or up to a hard cap of 10 percent, whichever is lower. • A landlord is permitted to increase the rent twice within any 12-month period but cannot increase the rent beyond the maximum rental rate. • All rent increases since**March 15, 2019**will count toward the rent cap, and if above the permissible rent cap, will have to be rolled back effective January 1, 2020. • Owners may retain any "overpayment" if roll back is required **Just Cause:** Just cause applies only to tenants who have been continuously and lawfully occupying the property for 12 months or more. **If an additional tenant is added before 24 months,** just cause will the apply only if: • All of the tenants have occupied the property continuously and lawfully for 12 months or more or • One or more of the tenants has continuously and lawfully occupied the property for 24 months or more. Landlords may only evict for "just cause." There is a list of 15 reasons. The just cause reasons are divided into two categories of "at fault" and "no fault." A landlord who evicts for a no fault reason will owe a relocation fee of one month's rent. There are **11 at fault reasons** as follows: 1. A default in the payment of rent 2. Nuisance 3. Use the property for an unlawful purpose 4. Waste 5. Refusal to allow entry 6. Breach of a material term of the lease after notice to cure 7. Refusal to sign new lease of similar terms and duration when tenant had a previous lease that terminated after January 1, 2020 8. Assigning or subletting in violation of the lease 9. Failure to vacate after termination after the employment of a tenant/employee was terminated

10. Criminal activity by the tenant on the property or common areas or any criminal threat involving “great bodily injury” whether made on or off the property directed at the agent or owner
11. When the tenant fails to deliver possession of the property after providing the owner their own termination notice or makes a written offer to surrender that is accepted in writing by the landlord.

    Additionally, there are **four no fault reasons** as follows:

12. Withdrawal of the property from the rental market
13. Compliance with a government order to vacate the property
14. Intent to demolish or to substantially remodel the property
15. If the owner, or their spouse, domestic partner, children, grandchildren, parents, or grandparent, decides to occupy the property. But only if a provision of the rental agreement permits such.

To evict for just cause, the reason must be stated on the termination notice, and it must be one of the 15 specified reasons.

Exemptions from both rent cap and just cause:

1. Residential property alienable separate from the title to any other dwelling unit (which includes single family properties and condos) if:

- Notice of the exemption is provided to the tenants (and after July 1, 2020, is provided in the rental agreement) and;
- The owner is not a REIT, a corporation, or an LLC where an owner is a corporation

2. New construction where certificate of occupancy was issued within the last 15 years

3. Owner occupied duplexes where the owner occupied the property at the beginning of the tenancy and continues to do so

4. Housing restricted by deed for persons and families of very low, low, or moderate income, as defined, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income;

5. Dormitories in connection with higher education for use and occupancy by students are exempt from rent cap; and dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12 inclusive are exempt from just cause;

6. Housing subject to a local rent control law that restricts rental increase to less than this state law (exemption from rent cap alone)

Exemption from just cause but not rent cap:

7. Owner occupied single-family properties renting no more than two bedrooms including Accessory Dwelling Units (“ADU”s) or junior accessory dwelling units;

8. Housing accommodations in which the tenant shares bathroom or kitchen facilities with the owner who maintains their principal residence at the residential real property;

9. Vacation rentals of 30 days or fewer

Relocation Fee

Whenever a tenancy is terminated based on a no-fault reason, relocation assistance must be paid in the amount of one month’s rent as of the time the termination notice was issued.

The owner has two options for how this amount is to be paid.

1. The relocation assistance amount may be provided as a direct payment to the tenant with 15 calendar days of serving the termination notice. In this case, the notice of termination must notify the tenant of the tenant’s right to relocation assistance. Or,
2. The owner may notify the tenant in writing that the payment of rent for the final month of the tenancy is waived, prior to it becoming due. In this case, the notice of termination must state the amount of rent waived and that no rent is due for the final month.

If the requirements of paying the relocation fee is not strictly complied with then the notice of termination will be rendered void.

Just Cause Preemption

A local just cause eviction ordinance will preempt this state law as long as it was adopted on or before September 1, 2019. This is true even if the local law is less protective than AB 1482. However, a later amendment to the ordinance may mean that AB 1482 applies, unless the amendment is “more protective.”

In order for a local just cause eviction law to be more protective it must meet three criteria: 1. The local law must be “consistent” with AB 1482. 2. The local law must provide higher relocation assistance or provide additional protections. 3. The local government has made a binding finding that their local ordinance is “more protective.”

A property cannot be subject to both the state and a local just cause ordinance, and a just cause ordinance adopted or amended after September 1, 2019, that is “less protective” is unenforceable.

Three Lease Provisions:

AB 1482 has three separate lease provisions which are to be added to any rental agreement or noticed to the tenant depending on which one and when it is being given.

1. **General information**. Tenants must be provided with a notice or lease provision in no less than 12-point type which provides the tenant with general information pertaining to their rights under AB 1482. This may be provided by notice prior to August 1, 2020 for any tenancy existing prior to July 1, 2020. For any tenancy commenced or renewed on or after July 1, 2020, as an addendum to the lease or rental agreement, or as a written notice signed by the tenant, with a copy provided to the tenant.
2. **Exemption for single-family property and condos**. To obtain the exemption for property alienable separate from title to any other dwelling unit (single family or condos) the following notice explaining the exemption and that the owner is not a corporation, REIT, or LLC with a member who is a corporation. Until the notice is provided, the owner is not eligible for the exemption. This statement can be provided as a notice until July 1, 2020, but after that date must be provided "in the rental agreement."
3. **Right of owner move-in**. For an owner to have the right to evict based upon owner move-in or close relative of the owner, this right must be agreed to or as an addition of a provision in the rental agreement for all leases entered into after July 1, 2020.

C.A.R. Addendum

CAR's new "Rent Cap and Just Cause Addendum" (Form RCJC) will be available in December pending approval of the Standard Forms Advisory Committee, This will simplify the notices by providing all of the required notices on the same document. As a conservative risk management policy, it is advised that the addendum be provided by January 1, 2020 (even though portions of it may not be required to be given at that time). For month to month tenants, the addendum should be incorporated into the rental agreement by providing the notice by a change in terms of tenancy. Use Form "Notice of Change in Terms of Tenancy" (Form CTT). If a tenant is on a lease, it may be provided as a stand-alone notice. After January 1, 2020, do not sign a new or renewed lease or rental agreement without the addendum.

Further Information

For more information see C.A.R.'s Q&A "Rent Cap and Just Cause Eviction Law."

Assembly Bill 1482 is codified as Civil Code §§1946.2, 1947.12 and

	1947.13. Effective January 1, 2020.
Landlord/Tenant: Religious items may be displayed on entry doors	**This law, with certain exceptions, prohibits a residential property owner and a common interest development from enforcing or adopting a restriction that prohibits the display of religious items on an entry door or entry door frame of a dwelling.** This law, with certain exceptions, prohibits a property owner of residential property from enforcing or adopting a restriction that prohibits the display of religious items on an entry door or entry door frame of a dwelling. The exceptions include religious displays that: (1)Threatens the public health or safety. (2)Hinders the opening or closing of any entry door. (3)Violates any federal, state, or local law. (4)Contains graphics, language or any display that is obscene or otherwise illegal. (5)Individually or in combination with any other religious item displayed or affixed on any entry door or door frame that has a total size greater than 36 by 12 square inches, provided it does not exceed the size of the door. This law also prohibits the governing documents of a common interest development from prohibiting the display of religious items on the entry door or entry door frame of a common interest development member's separate interest. The bill would provide an exception to this prohibition for maintenance, repair, or replacement of an entry door or door frame, as specified. However,if an association is performing maintenance, repair, or replacement of an entry door or door frame that serves a member's separate interest, the member may be required to remove a religious item during the time the work is being performed. After completion of the association's work, the member may again display or affix the religious item. The association shall provide individual notice to the member regarding the temporary removal of the religious item.

	"Religious item" means an item displayed because of sincerely held religious beliefs. Senate Bill 652 is codified Civil Code §§1940.45 and 4706. Effective January 1, 2020.
Landlord/Tenant: Extends indefinitely a law providing various protections to tenants in foreclosed property including 90-day notice to terminate a month to month tenancy	**A law which provides various protections to tenants in foreclosed upon property has been extended indefinitely. Specifically, this new law extends indefinitely the requirement that a landlord of a foreclosed property provide a month to month tenant with a 90-day notice of termination and that existing leases must generally be honored.** Existing law requires a tenant or subtenant in possession of a rental housing unit under a month-to-month lease at the time that property is sold in foreclosure to be provided 90 days' written notice to quit before the tenant or subtenant may be removed from the property. Existing law also generally provides tenants or subtenants holding possession of a rental housing unit under a fixed-term residential lease entered into before transfer of title at the foreclosure sale the right to possession until the end of the lease term. Existing law contains a sunset provision which would effectively repeal these tenant protections as of December 31, 2019. This new law deletes the sunset provision thereby extending the operation of these provision indefinitely. Senate Bill 18 is codified as Code of Civil Procedure § 1161b. Effective January 1, 2020.
Landlord/Tenant: Family daycare homes	**Requires large family daycare homes with up to 14 children to be treated as a residential use for purposes of all local ordinances. Clarifies that apartments may be used as family daycare homes.** Under prior law, a small family daycare home, which may provide

	care for up to 8 children, is considered a residential use of property for purposes of all local ordinances. Under prior law, a city or county could at their option classify a large family daycare home, which may provide care for up to 14 children, as residential use of the property or to provide a process for applying for a permit to use the property as a large family daycare home. This new law now requires a large family daycare home to be treated as a residential use of property for purposes of all local ordinances. This new law also clarifies that a family daycare home includes a detached single-family dwelling, a townhouse, a dwelling unit within a dwelling, or a dwelling unit within a covered multifamily dwelling. Thus, family daycare homes may operate in multi-family dwellings such as apartments. This new law strengthens legal protections for family daycare homes by prohibiting a property owner or manager from refusing to sell or rent, or refusing to negotiate for the sale or rental of, or otherwise making unavailable or denying a dwelling unit for residential use to a person because that person is a family daycare provider. It also makes void an attempt to deny, restrict, or encumber the conveyance, leasing, or mortgaging of real property for use or occupancy as a family daycare home and a restriction related to the use or occupancy of the property as a family daycare home. It further strengthens protections by clarifying that remedies under the Fair Employment and Housing Act are available to a family daycare home providers, family daycare home provider applicants, or persons who are claiming that any of these protections have been denied. Senate Bill 234 is codified as Health and Safety Code §§1596.72, 1596.73, 1596.78, 1597.30, 1597.45, 1597.54, 1597.41, 1597.42, 1597.455, 1597.40, 1597.46, and 1597.543. Effective January 1, 2020.
Lead Paint Abatement Immunity	**Grants immunity to landlords or agents who voluntarily abate lead paint hazards and provides that such efforts cannot be**

	considered evidence of uninhabitability pursuant to certain lead paint abatement programs. This law makes a property owner, or agent thereof, who participates in a program to abate lead-based paint created as a result of a judgment or settlement in any public nuisance or similar litigation, and all public entities, immune from liability in any lawsuit seeking to recover any cost associated with that abatement program. It prohibits participation in a lead paint abatement program from being considered as evidence that a property constitutes a nuisance, or is substandard or untenantable under Civil Code §1941.1 or Health and Safety Code §17920.3. Assembly Bill 206 is codified as Civil Code § 3494.5. Effective January 1, 2020.
Loans: Prohibits California Financing Law licensees from receiving certain charges on a consumer loan	**Prohibits California Financing Law (CFL) licensees from receiving charges on a consumer loan at a rate exceeding 36% per annum plus the Federal Funds Rate for loans with a principal amount from $2,500 to $10,000.** Assembly Bill 539 is codified as Financial Code §§22202, 22250, 22251, 22305, 22334, 22452, 22453, 22454, 22456, 22463, 22464, 22304.5 and 22307.5. Effective January 1, 2020.
Mobilehomes: Application process; rights of buyer and seller when selling a mobile home that will remain in the park; right of first refusal after disaster; and right to a companion	**Park Management must respond within 15 days to a seller and the prospective purchaser by providing application standards for the park where the mobilehome being sold is located and a list of necessary documentation. If buyer is rejected for financial reasons, they have a right to supply additional financial information which the park must consider. A park that fails to comply is liable for damages to the seller.** **Additionally, a homeowner has a first right of refusal when a park elects to rebuild after a disaster. A homeowner that lives alone has the right to designate one companion at a time to live with them free of charge, up to three a year.**

Application process of purchaser when selling mobilehome that will remain in the park

Current law authorizes park management to require approval of the purchaser of a mobilehome that will remain in the park and to require that the selling homeowner, or his or her agent, give notice of the sale to management before the close of the sale. Existing law prohibits management from withholding approval from a purchaser who has the financial ability to pay the rent and charges of the park, except as otherwise provided. Existing law requires management to consider the amount and source of the purchaser's gross monthly income or means of financial support when making this determination.

This new law requires a selling homeowner or their agent to provide notice to management of a sale of a mobilehome before the close of the sale. Management is required, upon receipt of that notice, to within 15 days provide a selling homeowner or prospective purchaser with the standards that management customarily utilizes to approve a tenancy application and a list of all documentation needed to determine if the prospective purchaser will qualify for tenancy in the park. Management is prohibited from withholding approval from a prospective purchaser of a mobilehome unless management reasonably determines that the purchaser will not comply with the rules and regulations of the park, the purchaser does not have the financial ability to pay the rent, estimated utilities, and other charges of the park, or the purchaser commits fraud, deceit, or concealment of material facts during the application process.

Under this new law, the purchaser is entitled to provide, and park management is required to consider, evidence of additional financial assets if an application is denied due to the inability to pay the rent, estimated utilities, and other charges, including savings accounts, certificates of deposit, stock portfolios, real property, and any other financial asset that can be liquidated or sold, when making that determination. It authorizes management to consider liabilities, as well as the additional financial assets, when determining whether the prospective purchaser has the financial ability to pay the rent, estimated utilities, and other charges.

This law now provides that management may be held liable to a selling homeowner for failing to comply with those provisions.

	First right of refusal if property is rebuilt after disaster The new law requires management to offer the previous homeowner a right of first refusal to a renewed tenancy in the park if the park is destroyed due to a fire or other natural disaster and management elects to rebuild the park in the same location. **Person who lives alone is Permitted to Designate Companions with No Fee** Current law provides that a homeowner may be charged a fee for an individual staying with the homeowner for more than 20 consecutive days or a total of 30 days in a calendar year. It prohibits park management from charging a fee to an individual who lives alone and shares their occupancy with one other person, designated as a companion, provided that only one individual may be designated as a companion within a calendar year This new law allows an individual to designate up to 3 companions in a calendar year, but no more than one companion at a time, unless otherwise authorized by management. Senate Bill 274 codified as Civil Code §§ 798.34, 798.74 and 798.62. Effective January 1, 2020.
Real Estate Law Cleanup: **Technical changes that confirm existing law regarding delivery of the TDS, NHD and AD** **C.A.R. Sponsored Law**	**This law clarifies and confirms existing law that delivery of the TDS and NHD is generally not required for leases of any duration, but the Agency Disclosure form is required for residential leases of more than one year.** **Confirms that there is no cancellation right for a buyer based upon delivery of the visual inspection when purchasing from an unrepresented seller.** This law clarifies that a buyer has no right to cancel based on receipt a visual inspection when the seller is unrepresented. However, if the seller is represented by an agent in the transaction then a cancellation can be based upon completion and delivery to the buyer or buyer's agent of the results of the seller's agent's visual inspection. This law confirms that the Transfer Disclosure Statement and

	Natural Hazard Disclosure Statement are not required to be delivered for a lease no matter how long the leasing period is. Except that, these documents must be provided for a lease option and for a ground lease coupled with improvements involving residential one to four property. This law confirms that the Agency Disclosure form is required to be delivered for any lease involving residential one to four property of more than one year's duration and for personal property mobile homes. This law creates a record keeping requirement for a Multiple Listing Service. Previously there was no such requirement. Now an MLS must retain and make accessible on its computer system, all listing and other information placed in the MLS by an agent or appraiser for no less than three years form the date the listing was placed. This law does not alter the obligations of a broker to retain documents for three years. Assembly Bill 892 is codified as Civil Code §§1088,1101.4, 1102, 1102.2, 1102.3,1102.155,1102.6, 1103.1, 2079,2079.13, and 2079.14. Effective January 1, 2020.This bill was sponsored by C.A.R.
Recording Fees: County may increase fee by $1	**Counties are authorized to increase their recording fees by $1 to defray cost of document storage.** Existing law requires the recorder of each county, upon payment of proper fees and taxes, to accept for recordation any instrument, paper, or notice that is authorized or required by law to be recorded, as specified. Existing law establishes a fee for recording documents with the county recorder at $10 for the first page and $3 for each additional page and authorizes a county recorder to assess additional specified fees, including a fee of $1 for each document filed in order to defray the cost of converting the county recorder's document storage system to micrographics. This new law, until January 1, 2026, would authorize the $1 fee to additionally be used for restoration and preservation of the county

	recorder's permanent archival microfilm, to implement and fund a county recorder archive program as determined by the county recorder, or to implement and maintain or utilize a trusted system for the permanent preservation of recorded document images. Assembly Bill 212 is codified as Government Code §§ 12168.7 and 27361.4. Effective January 1, 2020. Sunsets January 1, 2026.
Tax: 1031 exchanges partially conforms with federal law	**California tax law is now partially conformed to federal tax law limiting 1031 exchanges to exclude recognition of gain or loss for real property only.** In 2018 the federal Tax Cuts and Jobs Act limited 1031 exchanges to real property only. Previously a 1031 exchange, allowing for non-recognition of gain or loss on the exchange of property held for productive use in a trade or business or for investment, could be used for both real property and personal property. California has now conformed its tax law to federal law in regard to corporations by limiting the non-recognition of gain or loss for corporations to the exchange of real property only. For most individuals, however, California will continue to extend non-recognition of gain or loss for exchanges of both real and personal property. That part of Assembly Bill 91 relating to 1031 exchanges is codified as Revenue and Taxation Code §§ 18031.5 and 24941.5. These sections will apply to exchanges complete after January 10, 2019.
Tax: No conformity with Opportunity Zone tax benefits	**California did not identify Opportunity Zones (OZ) to mirror federal law which would have resulted in greater incentivization of real property investments in these areas.** Background: The 2017 federal tax changes established Opportunity Zones to increase investment in certain economically distressed areas. Generally, these are areas with relatively low median income and high levels of unemployment. In California, there are 879 census

	tracts which are identified as potential OZs. California has not made any conforming changes. Assembly Bill 91 which relates to tax conformity in general.
Tax: Exemptions from Reassessment: Narrow exclusion for certain parent-child transfers of property through a corporation	**Creates a property tax change in ownership exclusion in the case of a parent to child transfer of stock in a qualified corporation following the last surviving parent's death limited in scope to the parents' residence and the parcel of land upon which the home is located provided that among other things: 1) the residence has continuously served as the child's home, and 2) the property's assessed value does not exceed $1 million.** **The comments to the bill analysis are as follows:** *What would this bill do*? This bill allows qualified property to avoid reassessment to its current market value following the death of the last surviving parent in the case where the parents had transferred the ownership of their home into a corporation that they created between Proposition 13's roll back value date of March 1, 1975 and Proposition 58's parent-child change in ownership exclusion effective date of November 6, 1986. To qualify, the home and land must have an assessed value of one million dollars or less and have continuously served as the home of a child of the parents. **According to the Author:** AB 872 protects children living on a small family farm who become owners of the farm after the death of a parent from a property tax reassessment, under limited circumstances. This bill is narrowly drafted to address an inequity in California's complicated reassessment laws. This bill supports California's policy to help protect agricultural open space and the dwindling number of family farm homesteads in the state. This bill also supports the public policy to protect a person from being unable to remain in their home due to a Proposition 13 reassessment trigger to current market value. Assembly Bill 872 is codified as revenue and Taxation Code 62. Effective October 9, 2019.
Utilities: Costs for extension of water and sewer services	**This law requires the estimated reasonable costs of labor and materials for installation of facilities associated with a water or sewer connection to bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the water connection or sewer connection.**

	Under current law, municipalities are able to charge connection fees for water and sewer connection services that represent the "proportional benefit to the person or property being charged." This law clarifies that any utility connection fee must bear a fair or reasonable relationship to the payer's burdens on, or benefits received from, the utility connection. Senate Bill 646 codifies Government Code § 66013. Effective January 1, 2020.
Federal Laws and Regulations	
Appraisal requirements increases from $250,000 to $400,000 for certain home sales	**Certain home sales of $400,000 no longer require an appraisal as federal regulators increase the threshold at which residential home sales require an appraisal from $250,000 to $400,000. The rule will not apply to loans sold to or guaranteed to the VA, FHA, HUD, Fannie Mae or Freddie Mac. The final rule has yet to be published. But law will become effective January 1, 2020.** The FDIC, the Federal Reserve, and the Office of the Comptroller of the Currency (the Agencies) have jointly issued an amended rule (the Appraisal Rule) that increases the threshold for residential real estate transactions requiring an appraisal from $250,000 to $400,000. For transactions exempted by the $400,000 threshold, the Appraisal Rule requires an evaluation. The Appraisal Rule also incorporates the appraisal exemption for rural residential properties provided by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRCCPA) and requires evaluations for these exempt transactions. In addition, the Appraisal Rule requires appraisals for federally related transactions to be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). **Statement of Applicability to Institutions Under $1 Billion in Total Assets:** This Financial Institution Letter applies to all FDIC-supervised institutions. Here are the **Highlights** (in printable form):

	• Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI) requires the Agencies to adopt regulations prescribing standards for appraisals used in connection with federally related transactions within the jurisdiction of each agency, and that they be performed by certified or licensed appraisers. Title XI authorizes the Agencies to establish a threshold level below which an appraisal is not required. • The Appraisal Rule creates a new definition of, and a separate category for, residential real estate transactions and raises the threshold for requiring an appraisal for such transactions from $250,000 to $400,000. • For transactions exempt under the applicable thresholds, the Appraisal Rule requires an appropriate evaluation of the real property collateral that is consistent with safe and sound banking practices but does not need to be performed by a licensed or certified appraiser or meet the other Title XI appraisal standards. • The Appraisal Rule also incorporates the appraisal exemption for rural residential properties added to Title XI by Section 103 of EGRCCPA and requires evaluations for these transactions. • Finally, the Appraisal Rule requires appraisals for federally related transactions to be subject to appropriate review for compliance with the USPAP, pursuant to Title XI, as amended • The final rule becomes effective the first day after publication in the *Federal Register*, except for provisions related to appraisal review and the evaluation requirement related to the rural residential exemption, which become effective January 1, 2020. Final Rule for 12 CFR Part 34. **The final rule has yet to be published. Once published the rule will be effective,** except for provisions related to appraisal review and the evaluation requirement related to the rural residential exemption, which become effective January 1, 2020.
FHA spot approvals for individual condo units	**FHA Allows approvals for Individual Condo Units even if the condominium project is not FHA approved.** The Federal Housing Administration (FHA) published final regulations allowing certain individual condominium units to be eligible for FHA mortgage insurance even if the condominium project is not FHA approved. The policy will become effective October 15, 2019. Additionally, FHA's new condo rule and the new

Condominium Project Approval section of the Single-Family Housing Policy Handbook, provide a comprehensive revision to FHA condominium project approval policy.

FHA's new condominium policy is part of a broader Administration objective to reduce regulatory barriers that currently restrict affordable homeownership opportunities. FHA's new rule:

- Introduces a new single-unit approval process to make it easier for individual condominium units to be eligible for FHA-insured financing;
- Extends the recertification requirement for approved condominium projects from two to three years;
- Allows more mixed-use projects to be eligible for FHA insurance.

The vast majority (84 percent) of FHA-insured condo buyers have never owned a home before. While there are more than 150,000 condominium projects in the U.S., only 6.5 percent are approved to participate in FHA's mortgage insurance programs. As a result of FHA's new policy, it is estimated that 20,000 to 60,000 condominium units could become eligible for FHA-insured financing annually.

Single Family Policy Handbook Guidance

FHA's new Single-Family Handbook sections provide the additional requirements that lenders and other industry participants need in order to implement FHA's new policy, including requirements for single-unit approvals, minimum owner occupancy requirements, and commercial/non-residential space limits.

Single-Unit Approvals

As of October 15, FHA will insure mortgages for selected condominium units in projects that are not currently approved. An individual unit may be eligible for Single-Unit Approval under the following conditions:

- The individual condominium unit is located in a completed project that is not approved;
- For condominium projects with 10 or more units, no more than 10 percent of individual condo units can be FHA-insured; and projects with fewer than 10 units may have no more than two FHA-insured units.

Minimum Owner-Occupancy Requirements

FHA will require that approved condominium projects have a

	minimum of 50 percent of the units occupied by owners for most projects. **FHA Insurance Concentration in Condominium Projects** FHA will only insure up to 50 percent of the total number of units in an approved condominium project. **Commercial/Nonresidential Space Limits** FHA will require that the commercial/non-residential space within an approved condominium project not exceed 35 percent of the project's total floor area. Final Rule for 24 CFT Parts 203, 206 and 234. Effective August 15, 2019.
IRS finalizes 20% qualified business income deduction: 250 hour a year safe harbor for rental real estate owners	**Individuals or entities who own rental real estate directly or through a disregarded entity may treat it as a "business" for purposes of the QBI deduction. "Management of the real estate" is considered a "rental activity."** • Owners may claim a safe harbor if rental activities total at least 250 hours: ◦ Maintaining and repairing property; ◦ Collecting rent; ◦ Paying expenses; ◦ Verifying information in tenant applications; ◦ Purchase of materials; ◦ Advertising; Supervision of employees and independent contractors; and ◦ "Management of the real estate" • Rental activities may be performed by owners or by employees, agents and/or independent contractors of owners • Keep contemporaneous records, times reports, logs, etc… ◦ 1) Hours 2) Description 3) Dates of all services performed and 4) Who performed all services ◦ Separate books and records must be maintained for each "rental enterprise" • Triple net property is not eligible for this safe harbor • If an owner does not qualify for the 250 hour safe harbor it still may be possible to claim to be a "business" • In all cases, owners should be advised to speak with their accountants – It's complicated • Effective Date: The revenue procedure applies to taxable years ending after December 31, 2017. 26 CFR 1.199A-1: Trade or Business; Rev. Proc. 2019-38 was finalized on September 24, 2019. Effective date January 1, 2018.

VA loan limits eliminated	**VA to back loans that exceed conforming loan limits** This new law enables homebuyers using a VA loan to borrow abovethe 2019 limit of $484,350 for most counties, without any down payment. Loan limits are to be lifted for loans that are guaranteed or appraised on or after January 1, 2020, and that guidance for lenders would be coming ahead of this date, published on the VA home loan circular page of its website. The VA also clarified other changes that will go into effect as a result of the bill. In addition to alleviating limits for veterans looking to purchase a home, H.R. 299 temporarily increase rates for certain loans by 0.15-0.30%, the VA said. The slight bump in loan fees is intended to help finance health care costs for veterans who are suffering the effects of Agent Orange exposure as a result of their service. Additional changes to the VA's loan guaranty program include the elimination of funding fee differences for borrowers who are veterans versus those who are members of the Reserve. It also removes the loan limit for the Native American Direct Loan Program, exempts Purple Heart recipients from paying loan fees, and authorizes VA-designated appraisers to rely on third parties for appraisal-related information. The new law's passage comes after years of lobbying on behalf of numerous trade groups, including the **National Association of Realtors**, which alongside other housing industry trade groups worked to ensure veterans' health care benefits would be extended without a significant increase toVA loan fees. H.R 299 is codified as 28 USC §§ 1116A, 1116B and 1822. Effective January 1, 2020. Guidance to be published ahead of this date.

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