



The California legislature was busy this past session relative to new laws and regulations relating to Real Estate law. The following, in no particular order, are new laws to be aware of:

<p><b>Disclosures: Flippers must disclose recent repairs and renovations.</b></p> <p><b>(<a href="#">Assembly Bill 968</a> is enacted as California Civil Code § 1102.6h)</b></p>	<p>Effective for all transactions where the seller accepts an offer on or after July 1, 2024.</p> <p><b>"Flippers" of residential 1 to 4 properties must disclose recent repairs and renovations to the property in addition to all other existing disclosures. Applies to properties that are resold within 18 months of closing. Standard TDS categories, exemptions and cancellation rights apply.</b></p> <p>Applies to transactions if:</p> <p>Residential 1 to 4 units, Seller accepts an offer within 18 months from the date that title to the property was transferred to seller and Renovations or repairs were performed by a contractor with whom the seller entered into a contract.</p>
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	<p>Requires a seller to disclose to the buyer:</p> <p>Any room additions.  Structural modifications.  Other alterations.  Repairs.  A copy of any permits if obtained.</p> <p>(or if the seller contracted with a third party and was not provided with a copy of any permits, the seller may inform the buyer that the permits may be obtained through the third party and provide their contact information).</p> <p>These disclosures may alternatively be disclosed as a list as given by the contractor to the seller.</p> <p>Additionally, where the cost of labor and materials was \$500 or greater, the seller will disclose</p> <p>The name of each contractor.  The contact information of each contractor (as provided to the seller).</p> <ul style="list-style-type: none"> <li>• <b>When does this law go into effect?</b> This law applies to the sale of a residential 1 to 4 unit property where the seller accepts an offer from a buyer to purchase the property on or after July 1, 2024.</li> <li>• <b>TDS application, exemptions and cancellation rights:</b> This disclosure comes within the Transfer Disclosure Statement law. It applies in the same circumstances as the TDS; it has the same exemptions; and it is subject to the same cancellation rights as the TDS and TDS-related disclosures.</li> </ul>
<p><b>Small Claims limit increased from \$10,000 to \$12,500 for natural persons among other limit increases</b></p>	<p>Presently, the small claims court limit for a natural person is \$10,000 (if no more than two claims in one calendar year). This is now increased to \$12,500.</p> <p>For a non-natural person, the limit is presently \$5,000 (if no more than two claims in one calendar year). This is now raised to \$6,250.</p>

<p><b>(Senate Bill 71</b> is codified as Code of Civil Procedure §§ 116.220 and 116.221)</p>	<p>The threshold limits on a variety of other types of cases have also been raised.</p> <p>However, if a person, either a natural person or an entity, brings more than two claims in a calendar year then the threshold limit remains the same at \$2,500.</p> <p>As applied to small claims court, this law is <b>effective January 1, 2024.</b></p>
<p><b>Trespassing – “no trespass” letters may be kept on file for up to one year.</b></p> <p><b>Senate Bill 602</b> is codified as Penal Code 602)</p>	<p>Effective January 1, 2024, this bill <b>allows property owners to maintain a “no trespass” letter on file with local law enforcement for up to one year or for a time determined by local ordinance.</b></p> <p>Under current law, property owners experiencing problems with trespassers can submit a no trespass letter, commonly referred to as a 602 letter, to local law enforcement. These letters, once filed, remain in effect for 30 days, giving law enforcement the mandate to remove trespassers from the designated property.</p> <p>Senate Bill 602 modifies this procedure so that property owners will be able to keep their 602 letters active for up to a year or for a time as determined by local ordinance.</p> <p>Additionally, SB 602 allows no trespass letters to be submitted electronically but will require that all no trespass letters be notarized and on a form provided by law enforcement.</p> <p>According to the author, “SB 602 will help local governments deal with public nuisance and graffiti issues by extending the timeframe for Letters of Agency from 30 days up to 12 months based on local ordinances... The bill also will allow for electronic filing of these letters. Currently, in order for cities to complete such abatement, cities and their respective law enforcement agencies are required to obtain an updated letter every 30 days from property owners. It can be extremely difficult for local governments to obtain Letters of Agency in an expeditious manner from unresponsive absentee owners.”</p>

<p><b>Disclosures:</b>  <b>Environmental hazard booklet updated.</b></p> <p><b>(Assembly Bill 225</b> is codified as Business and Professions Code § 10084.2)</p>	<p><b>Updates the state’s Homeowners Guide to Environmental Hazards booklet to add, as resources permit, three new chapters related to wildfires, climate change, and sea level rise to provide consumers with valuable information regarding these risks.</b></p> <p>Risks associated with wildfires, climate change and sea level rise have increased over the last decade to the point where these risks pose a general hazard to most California property owners. Updating the Homeowners Guide to Environmental Hazards booklet to add three new chapters to the booklet provides consumers with valuable information regarding these risks. Based on previous updates made to the booklet, the benefit to buyers far outweighs the cost to update the booklet as the existing state statute permits industry to pay for the costs associated with the update.</p> <p>The update does not allocate any additional expenditures but will be updated as existing resources permit or as private resources are made available.</p> <p><b>When will the update be completed?</b> Since the booklet will be updated as existing resources permit or as private resources are made available, no prescribed time is indicated in the law.</p> <p>Effective date is January 1, 2024, but the law does not create a deadline for completing the update.</p>
<p><b>Disclosures: NHD Statement specifically identifies fire hazard severity zones for defensible space and fire hardening disclosures.</b></p> <p><b>(Assembly Bill 1280</b> is codified as Civil Code § 1103.2)</p>	<p>Effective January 1, 2024, this bill <b>expands the disclosures required by the Natural Hazard Disclosure Statement (NHD) to include High as well as Very High Fire Hazard Severity Zones (FHSZ) by explicitly highlighting three new subcategories of FHSZs. If the property is located in any of these zones, the defensible space and (for properties built before 2010) fire hardening disclosures would then be required.</b></p> <p><b>Simplifies the identification of high and very high FHSZs:</b> This law is sponsored by C.A.R. for the purpose of simplifying the identification of properties located in High or Very High Fire Hazard Severity Zones.</p> <p><b>Three new sub-categories added to the NHD Statement:</b> The Natural Hazard Disclosure Statement has been expanded to include three specific subcategories under the category of "HIGH or VERY HIGH FIRE HAZARD SEVERITY ZONE" which must be disclosed as follows:</p>

A HIGH or VERY HIGH FIRE HAZARD SEVERITY ZONE (FHSZ) as identified in the California Government Code or Article 9 (commencing with Section 4201) of Chapter 1 of Title 1 of the Government Code is subject to the maintenance requirements of Section 51182 of the Government Code.

Yes \_\_\_\_ No \_\_\_\_

High FHSZ in a state responsibility area \_\_\_\_

Very High FHSZ in a state responsibility area \_\_\_\_

Very High FHSZ in a local responsibility area \_\_\_\_

**Defensible Space and Fire Hardening Disclosures:** When the property is located in any three of these FHSZs, the yes box must be checked, and defensible space disclosures would be required. For properties built before 2010, the fire hardening disclosure and questionnaire would also be required when the yes box is checked. AB 1280 will allow an agent to view the NHD Statement, and easily make the determination that the property is or is not subject to defensible space and fire hardening disclosures. C.A.R. Form "Fire Hardening and Defensible Space Advisory, Disclosure and Addendum" (FHDS) may be used for this purpose.

**Expansion of the NHDS to include High Fire Severity Zones as well as differentiating between state and local responsibility areas:** The previous NHDS, which was last amended in 1998, before the current FHSZ models and maps were created, only required the disclosure of whether the property falls into a very high FHSZ, and does not distinguish between high or very high fire zones, or whether the property is in a State Responsibility Area or Local Responsibility Area. As different rules and obligations apply to high and very high FHSZs, as well as to SRA and LRA properties under either statewide mitigation rules or local rules, this law will provide potential property buyers with more information about their potential obligations and hazards than currently exists.

Other (AB 1345)	Allows for two-year listing agreements with yearly renewals to better address the concerns around locking some consumers into long-term listing agreements.
Other	<p>The last law I want to make you aware of has to do with balcony inspections. While the balcony inspections do not need to be completed until Jan. 1, 2025, this requirement is having a profound effect on the market, already affecting the ability of buyers to get financing and insurance when purchasing a condo.</p> <p>The balcony inspection requirements stem from two different laws: <a href="#">Senate Bill 721</a>, which was passed in 2018 and only applies to apartment buildings, and <a href="#">Senate Bill 326</a>, which was passed a year later and applies to condo associations. Balconies, elevated walkways and staircases that are built or supported with wood are covered by this requirement and must be inspected by Jan. 1 2025.</p>

Other notable legislation that did not pass:

SB 460 (Wahab) – which would have banned the use of criminal background checks in rental housing.
SB 466 (Wahab) – which would have eventually made residential properties subject to being under extreme rent control in rent control jurisdictions.
SB 395 (Wahab) – which would have established a rental notice registry at the Secretary of State’s office.
AB 770(Kalra) – which sought to eliminate the six bed limitation for residential care facilities located within a residential neighborhood. This would have reduced homeownership opportunities in favor of investor – operators within residential neighborhoods.
SB 584 (Limon) – which would have instituted a 15% tax on short-term rentals, which included renting out rooms within your home.
AB 331 (Bauer-Kahan) – which would have increased costs for lenders and housing providers.

Note: the above information was gleaned from California Association of Realtor® summaries dated December 15, 2023 (revised) and C.A.R. Legislative Tour



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