2026 New Laws

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This chart summarizes new laws passed by the California Legislature that may affect REALTORS® in 2026. For the full text of a law, click onto the bill link at the end of each summary or go to **http://leginfo.legislature.ca.gov/** for California laws.

Topic	Description
Anti-trust: Algorithmic Collusion	**Prohibits the use or distribution of a common pricing algorithm 1) as part of a contract, combination in the form of a trust, or conspiracy to restrain trade or commerce or 2) if the person coerces another person to set or adopt a recommended price or commercial term recommended by the common pricing algorithm for the same or similar products or services in the jurisdiction of this state.** **Provides, that in a complaint for a violation of the Cartwright Act, it is sufficient to contain factual allegations demonstrating that the existence of a contract, combination in the form of a trust, or conspiracy to restrain trade or commerce is plausible, and the complaint shall not be required to allege facts tending to exclude the possibility of independent action.** **Comments from the legislature's bill analysis:** **According to the bill analysis:** **What the law does:** This law adds a new section to the Cartwright Act

prohibiting the use or distribution of a common pricing algorithm if: 1) It is part of a contract, combination in the form of a trust, or conspiracy to restrain trade or commerce; or 2) The person coerces another person to set or adopt a recommended price or commercial term recommended by the common pricing algorithm for the same or similar products or services in the jurisdiction of this state.

A "common pricing algorithm" is defined as any methodology, including

- a computer, software, or other technology,
- used by two or more persons,
- that uses competitor data to recommend, align, stabilize, set, or otherwise influence a price or commercial term.

The law applies *regardless of whether the underlying data is public or private*, reflecting the understanding that even public data can enable collusion when processed similarly across competitors. [Note: When this bill was first introduced, it applied only to the use of “nonpublic” data. However, all references to nonpublic data were deleted from later versions of the bill].

It is structured to avoid interfering with ordinary or beneficial uses of pricing software. It targets only those situations where separate firms use shared algorithms, consistent with antitrust law's focus on preserving "independent centers of decision making." Businesses that develop or use their own proprietary pricing tools remain unaffected.

A key feature of the law is its reform of the pleading standard under the Cartwright Act. Under federal law, particularly after the Supreme Court's decision in Bell Atlantic Corp. v. Twombly, plaintiffs must allege facts that rule out independent conduct and show a "meeting of the minds"—a high burden that often leads to early dismissal, especially in algorithmic collusion cases. This law explicitly rejects that heightened standard. Instead, it clarifies that under California law, a plaintiff need only allege plausible facts showing a contract, combination, or conspiracy in restraint of trade. Courts may not require allegations that exclude the possibility of independent parallel conduct. This makes it easier for legitimate claims to survive a motion to dismiss and reach discovery, where further evidence can be obtained. The law preserves the strong remedies already available under the Cartwright Act. Available penalties under existing antitrust law include treble damages, injunctive relief, attorney's fees, and in some cases, criminal sanctions.

Arguments in Opposition:

[The bill analysis also includes “arguments in opposition.” Here is an excerpt.]

	"….pricing algorithms are, in fact, extremely common tools that enable businesses to save money, improving efficiency by avoiding manual pricing, reducing costs for consumers, and making prices far more responsive to changes in supply and demand - and they can do so without involving any anti-competitive conduct. In contrast, price collusion (or price fixing) is problematic and is clearly illegal under current federal and state laws. Indeed, existing antitrust laws prohibit competitors from colluding on price in any manner, whether through using a pricing algorithm or otherwise. In other words, whether a price-fixing conspiracy is hatched by salespeople conspiring or computers running algorithms, collusion is collusion and is already effectively covered by existing law…." "If enacted, AB 325's reliance on incredibly broad, ill-defined terms and ambiguous standards will invariably muddy the distinction between permissible pricing algorithms and price fixing, creating significant confusion for businesses. …., the law's definition of "pricing algorithm" is so overly broad and vague that it captures any algorithm that uses a computational process. **Comments: application to landlord/tenant** AB 325 broadens California's anti-trust laws to facilitate prosecution of claims involving algorithmic collusion. Although this law may impact a broad range of industries, in terms of real estate practice it could have specific application for property managers and landlords given that one of the most notable examples of such collision was the Department of Justice's case against the software company, RealPage. Starting in 2024, the DOJ investigated RealPage, and several large landlords, including Greystar and Camden Property Trust, for a potential price-fixing scheme using RealPage's rent-setting software, an arrangement legal experts call "algorithmic collusion" or a "housing cartel" which allegedly drove up rental prices.Despite closing its investigation into RealPage, the DOJ has focused its efforts on pursuing the landlords who used RealPage's software, as evidenced by a proposed settlement with Greystar Management Services LLC in August 2025. Other entities, including state attorneys general and private class-action plaintiffs, continue to litigate against RealPage and its landlord clients in federal courts. Assembly Bill 325 is codified as Business and Professions Code §§ 16729 and 16756.1. Effective January 1, 2026.
Advertising: Digitally-altered images	**A digitally-altered image used in an advertisement for the sale of real estate must include a statement that the image has been digitally altered**

and a link, URL, or QR code to the unaltered image. **The statement must be conspicuous, located adjacent to the image, and indicate that the unaltered image can be accessed through the link.**

If the advertisement is posted on an internet website over which the broker or salesperson has control, they may alternatively include the unaltered version of the image.

This law applies to images altered with photo editing software or AI, but does not apply when only common photo editing adjustments are made.

Requires that a digitally-altered image used in an advertisement or other promotional materials for the sale of real estate includes

1. a reasonably conspicuous statement located on or near the image stating that the image has been digitally altered.
2. a link to a publicly accessible internet website, URL, or QR code, in which the original image is clearly identified

   and

3. the statement must also indicate that the unaltered image can be accessed at the link, URL, or QR code.

If the digitally altered image is posted on a website controlled by a broker or sales agent, they may comply by either including the unaltered image in the posting, or by including a link, URL, or QR code, that clearly identifies the unaltered image.

“Digitally altered image” means:

- An image, created by or at the direction of the real estate broker or salesperson, or person acting on their behalf,
- Altered by photo editing software or artificial intelligence
- To add, remove, or change elements in the image,
- Including fixtures, furniture, appliances, flooring, walls, paint color, hardscape, landscape, facade, floor plans, and elements outside of, or visible from, the property, including, but not limited to, streetlights, utility poles, views through windows, and neighboring properties.

“Digitally altered image” does NOT include:

Images where only lighting, sharpening, white balance, color correction, angle, straightening, cropping, exposure, or other common photo editing adjustments are made that do not change the representation of the real property.

Does this law apply to leases? Only if the lease exceeds one year’s duration.

	Assembly Bill 723 is codified as Business and Professions Code § 10140.8. Effective January 1, 2026.
Balcony inspections deadlines	**If a building owner confirms the presence of asbestos during a balcony inspection and is unable to complete the inspection as a result, the owner will have an additional nine months to complete necessary asbestos abatement. After asbestos abatement, the owner will have no more than three months to complete the balcony inspection. This extension does not apply to common interest developments.** Existing law requires an inspection by January 1, 2026, of balconies, staircases and associated waterproofing elements (among other structures) for buildings with three or more multi-family dwelling units. Under this law, if the building owner confirms the presence of asbestos containing material (ACM) during the inspection process and is unable to complete the inspection as a result, the owner has: • **Nine months** to complete the necessary ACM abatement and • **Three months** after completion of the ACM abatement to complete the initial inspection. • The owner must retain records confirming the presence of ACM and its abatement for three years after completion of the inspection. Note: This extension does not extend the deadline for conducting the balcony inspection, which must be initiated and completed no later than January 1, 2026. Only if ACM is present, may the completion date of the inspection be extended. Note: This law amends H&S Code 17973 which specifically excludes common interest developments from its application. Assembly Bill 130 is codified as Health and Safety Code §§ 17973(d)(2). Effective June 30, 2025, passed as urgency legislation.
Contracts: Prohibition of unsolicited offers in	**Prohibits buyers from making unsolicited offers on residential property in fire-affected zip codes until January 1, 2027. Attestation to be recorded.**

fire-affected zip codes	Prohibits a person from making an unsolicited offer to purchase residential real property in fire-affected zip codes as follows: 90049, 90263, 90265, 90272, 90290, 90402, 91001, 91024, 91103, 91104, 91106, 91107, 91301, 91302 and 91320. • Prior to the transfer of title, in the purchase of residential real property in fire-affected zip codes, the buyer and seller must execute a written attestation affirming that the real property sales contract was not entered into as a result of an unsolicited offer. • The attestation must be recorded along with the deed. • The attestation creates a presumption that the accepted offer was solicited by the seller of the property unless there is clear and convincing evidence to the contrary. **Four-month right to cancel:** A seller shall have the right to cancel a purchase agreement entered into in violation of this law until four months after the date of execution of the contract. **What is an unsolicited offer?** An "unsolicited offer to purchase" means any offer to purchase a property made by any person by text message, email, telephone call, mail, or other means of communication, *unless:* At or before the time that the offer is made, there is public indication that the owner is willing to sell the property, including, but not limited to: • The property is listed for sale by the owner or their agent on a multiple listing service or on any publicly available marketing platform. Or • The owner placed a "for sale" sign on the property. Or • The owner advertised the property for sale in a print publication or a flyer posted in a public place. Or the offer was made prior to the enactment of this law. **Licensing violation and penalties:** An agent who makes an unsolicited on their own behalf or on behalf of another is subject to discipline by the Department of Real Estate. Additionally, violating this law is a misdemeanor punishable with fines of up to $1000 and up to six-month imprisonment and civil penalties up to $25,000. **When does this law go into effect?** This is an urgency bill and becomes "operative" on November 09, 2025 (30 days after the effective date of October 10, 2026). However, since the law defines an unsolicited offer as including offers made on or after the law was "enacted" (October 10, 2025), as a practical matter the law is in effect immediately.

	When does this law cease effect? This law sunsets on January 1, 2027. **Background:** On January 14, 2025, California Governor Gavin Newsom issued an Executive Order (# N-7-25) EO-N7-25 that made it illegal to make unsolicited, below fair market value offers to an owner of real property located in certain zip codes impacted by the January wildfires in Southern California. This executive order was subsequently extended by Executive Order N26-25 to July 1, 2025. However, it was not extended beyond July 1. On January 17, 2025, the Department of Real Estate, acting per the Governor's executive order, issued a consumer alert adding significant details as to what constituted an unsolicited offer. Please see our Quick Guide, "Prohibition on Making Unsolicited Offers for Property in Fire Emergency Zones" for more details. Assembly Bill 851 is codified as Civil Code §§ 2079.26 et seq. See above question "When does this law go into effect?" for effective date.
Defensible space: Ember-resistant zone within 5 feet of structure: Deadline for compliance	**The State Board of Forestry and Fire Protection is required to adopt regulations to implement defensible space requirements for an ember-resistant zone required within five feet of a structure ("Zone 0") in the state responsibility areas and a very high fire hazard severity zone in local responsibility areas.** **For a *new structure*, the defensible space requirements for an ember-resistant zone take effect immediately upon the updating of new regulations and guidance documents. For an *existing structure*, the defensible space requirements for an ember-resistant zone take effect three years after that date.** **New regulations for the defensible space requirements for an ember-resistant zone within 5 feet of a structure must be completed prior to December 31, 2025, followed by the guidance documents reflecting those new regulations, which must be completed within 1 year of issuance of the new regulations. The final "effective date" is not precisely known but would likely occur sometime in 2026.** Requires the State Board of Forestry and Fire Protection (Board) to adopt regulations to implement the Zone 0 defensible regulations, that is, an ember-resistant zone being required within 5 feet of the structure, in the State

Responsibility Area (SRA) and very high fire hazard severity zone (VHFHSZ) in the Local Responsibility Area (LRA), and authorizes the Board to adopt those regulations as emergency regulations.

Existing and new structures shall meet the same standard for the ember-resistant zone, but regulationsadopted by the Board pursuant to AB 1455shall allow the staging of work for existing structures to support implementation of the ember-resistant zone and address the costs of compliance.

The deadline for compliance is only after both the new regulations and the guidance documents have been updated.

Before the Zone 0 requirements are in effect, two requirements must be met. One, the Board is directed to update the regulations by December 31, 2025. Two, no later than one year after the Board adopts regulations, the board shall update the guidance documents to reflect the new regulations. This date is not known precisely but will likely occur sometime in 2026. For purposes of this summary, we refer to this date as the "effective date."

When the requirement takes effect:

- **For a new structure**, the requirement for an ember-resistant zone is on the effective date.
- **For an existing structure,** the requirement for an ember-resistant zone will take effect three years after the effective date.

Inspection requirements are not altered until funding is available

This law does not alter the existing rules regarding inspections – at the state level -- until the State Fire Marshall has determined that funding is available. Cal Fire cannot change defensible space inspection practices and forms or enforcement to implement the requirement for an ember-resistant zone until the State Fire Marshal makes a written finding, which the State Fire Marshal shall post on the department's internet website, that the Legislature has appropriated sufficient resources to do so.

Local agency has discretion to adopt alternative or more stringent standards: A local agency responsible for fire protection may designate, by ordinance, defensible space requirements based on regulations promulgated by the State Board of Forestry and Fire Protection and may authorize alternative practices to those in the State Board of Forestry and Fire Protection regulations, if the alternative practices provide for substantially similar practical effects as those stated in the State Board of Forestry and Fire Protection regulations. A local agency may also adopt an ordinance

designating defensible space requirements that are more stringent than the regulations adopted by the State Board of Forestry and Fire Protection.

Background: Presently, defensible space in California generally consists of two zones: Zone 1 extends from the structure out to 30 feet, and Zone 2 extends from the edge of Zone 1 to 100 feet from the structure. The closer the zones are to the structure, the less vegetation is allowed.

AB 3074 (2020) envisioned adding a new "Zone 0" to defensible space requirements. In Zone 0, property owners are required to remove flammable materials likely to be ignited by embers in the first five feet around a structure. The Board was required to write regulations establishing the standards for Zone 0 and update a guidebook to incorporate those new standards by January 1, 2023. But they failed to meet these deadlines.

In January 2025 the Palisades and Eaton Fires in Los Angeles City and County burned approximately 16,000 structures. At the time, the Zone 0 regulations and guidance documents had not yet been completed. The media drew attention to this delay, and Governor Newsom issued EO N-18-25, requiring the Board to finalize the regulations by the end of 2025. When the EO was issued on February 6, the Board was still holding public meetings to revise and refine the amendments.

As of September 2025, the California Board of Forestry and Fire Protection has published draft regulations for Zone 0 and is in the final stages of the formal rulemaking process, with public comment periods underway.

The intent of this law is to speed the adoption of regulations requiring an ember resistant zone within five feet of a structure through emergency procedures, if necessary, so that the December 31, 2025 deadline is met, and thereafter, facilitate the adoption of the updated guidance documents.

Comment: AB 1455 was initially drafted with the possibility of the compliance date being tied to the transfer of real property; however, the version of this bill ultimately signed into law omitted any reference to a transfer of real property as a triggering mechanism.

Assembly Bill 1455 is codified as Government Code §§ 51182 and 51182.4 and Public Resources Code § 4291. Effective October 13, 2025, as urgency legislation.

Disclosures re HOA balcony inspections	**Adds to the standard package of HOA disclosures the most recent balcony inspection report. Mandates that an HOA will make available for inspection all balcony inspection reports. Revises the requirements of the balcony inspection report to require a summary page indicating among other things the balconies identified as posing an immediate safety threat.** Existing law requires an HOA to obtain an inspection by January 1, 2025, of balconies, staircases and associated waterproofing elements (among other structures) ("balcony inspection report") for buildings with three or more multi-family dwelling units. This law makes the following changes: • The balcony inspection report (the most recent one) is added to the standard package of HOA disclosures that the HOA is bound to provide upon request of the seller. • Additionally, such reports shall be subject to member inspection during the time period in which the reports are required. The first inspection must be completed by January 1, 2025, and then every nine years thereafter. The reports must be maintained for two inspection cycles. • A balcony inspection report must include on the first page a summary as follows: (A)The date of inspection. (B)The total number of units in the condominium project. (C)The total number of units in the condominium project with exterior elevated elements. (D)The total number of exterior elevated elements in the condominium project. (E)The total number of exterior elevated elements inspected pursuant to subdivision (b). (F)As of the date of inspection in subparagraph (A), the total number of inspected exterior elevated elements identified as posing an immediate threat to the safety of the occupants, and the number of units impacted. (G)A certification that the inspector has conducted a visual inspection and evaluated a statistically significant sample of the exterior elevated elements within the condominium project. • Clarifies that the requirement to perform inspections of exterior elevated elements only applies to buildings containing three or more "*attached*" multifamily dwelling units. **What this law will accomplish per C.A.R.:**

	"Due to state-mandated requirements on balcony inspections for Homeowner Associations (HOAs), many lenders require compliance with the State's inspection mandates as a condition of loan approval. In some cases, repairs to balconies not connected to a sale have also been placed as a prerequisite for loan approval. Some of these requirements have caused transactions to break down, as HOA managers have failed to provide necessary copies of balcony inspection reports, nor conduct required inspections. Further, State law is also unclear as to whether HOAs are required to share inspection reports. SB 410 provides clarity in State law by requiring that HOAs provide copies of balcony inspection reports in the suite of documents they are required to provide to homeowners during the purchase of HOA managed properties. This will ensure that buyers will have the necessary information in order to meet loan requirements. It will further increase transparency on the condition of balconies and other exterior elements." Senate Bill 410 is codified as Civil Code §§ 4525, 4528, 5200 and 5551. Effective January 1, 2025.
Disclosures: Third hand smoke residue	**It is the sole responsibility of sellers to disclose actual knowledge of any residue from smoking tobacco or nicotine products in residential real estate sales, or any history of occupants smoking tobacco or nicotine products on the property.** **“Residue from smoking tobacco” means the chemical accumulation left behind from smoking tobacco or nicotine products. It accumulates in carpets, walls, and furniture, becomes embedded in building materials, and persists for years after smoking stops. “Smoking tobacco” includes the use of an electronic cigarette or vape device.** **The requirements of this law apply to any transaction in which a TDS is required. The Homeowner’s Guide to Environmental Hazards is to be updated.** **Disclosure of thirdhand smoke:** It is the sole responsibility of a seller of a residential 1 to -4 property (including personal property mobilehomes and manufactured homes) who has actual knowledge of the existence of any residue from smoking tobacco or nicotine products, or any history of occupants smoking tobacco or nicotine products on the property, to disclose that knowledge to the buyer in writing. **“Residue from smoking tobacco” (labeled “thirdhand smoke”) means** the chemical accumulation left behind from smoking tobacco or nicotine products.

	Such residue accumulates in carpets, walls, and furniture, becomes embedded in building materials, and persists for years after smoking stops. It may be indicated by the smell of tobacco smoke or by test results that indicate elevated levels of nicotine on surfaces or in dust. "Smoking tobacco or nicotine products" includes the use of an electronic cigarette or vape device. **To which transactions does this law apply?** This law creates a TDS-related disclosure which has the same application, exemptions and statutory cancellation rights as the TDS. This means that this disclosure is generally required in the sale of residential 1 to 4 real property including personal property mobilehomes and manufactured homes, and leases of more than one year. However, as with the TDS, there are numerous exemptions including but not limited to probate, REOs, bankruptcy, foreclosure and certain trusts. Additionally, this disclosure creates a right to cancel a purchase agreement which may be exercised by the buyer within three days of delivery if personally delivered or five days if delivered electronically. It is anticipated that the Seller Property Questionnaire (C.A.R. Form SPQ) will be updated. T**he Homeowners' Guide to Environmental Hazards is to be updated.** The responsibility for updating this guide is delegated to the Center for Tobacco and the Environment at San Diego State University which shall use existing center personnel and research resources, to the extent those resources are available. The update must adequately educate and inform consumers on all of the following: (A)Thirdhand smoke as a common environmental hazard that is located on, and affects, real property. (B)The significance of thirdhand smoke as a common environmental hazard and what can be done to mitigate this hazard. (C)Sources that can provide more information on thirdhand smoke as a common environmental hazard for the consumer. Assembly Bill 455 is codified as Business & Professions Code § 10084.2, Civil Code § 1102.6k, and Health and Safety Code § 25417.2. Effective January 1, 2026.
Fin CEN Reporting Anti-money laundering rule	**Starting March 1, 2026, any escrow or title company responsible for closing must submit reports to FinCEN if all of the following apply:**

- **Residential 1-4 real estate is purchased (incl. vacant land, depending on intended construction)**
- **The buyer is a legal entity or trust, and**
- **The transaction is all cash (or being financed with certain lenders)**

In that case the legal names, dates of birth, addresses, DBAS, citizenship and TINs of the buyers and sellers, and their entities, must be obtained and reported to FinCEN.Without this information provided, the escrow will not close.

A new C.A.R. Form FRR-PA will be a bundled addendum to various C.A.R. purchase contracts making compliance both a legal and a contractual obligation.

FEDERAL REPORTING OBLIGATION – The Residential Real Estate Rule.

Pursuant to rules issued by the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury, beginning March 1, 2026, the "reporting person" (typically the escrow or title company responsible for closing) is required to collect, and report to the Treasury, information about the buyer and seller where residential one to four real property is transferred to an entity buyer in an all-cash sale. FinCEN refers to this set of regulations as the "Residential Real Estate Rule" or "Residential Real Estate Reporting Rule."

Under what circumstances is reporting required?
The collection and reporting obligation applies if:

- The real property being purchased is one to four residential units, vacant land in which the buyer intends to build residential real property with one to four units, or a stock cooperative
- The buyer is a legal entity or trust and
- The buyer is making an "all-cash" purchase or financing the purchase through a bank or other institution that does not have an independent money laundering reporting obligation
- Exemptions – See list of exemptions below

Who is required to provide their information to the escrow or title?

The following is a non-exclusive list of the "persons" from whom the Reporting Person is required to collect information as well as the type of information to be collected.

- **Buyers:** Entity Buyers, Beneficial Owners of Entity Buyers, Signing

Parties of Entity Buyers, Trust Buyers, Entity Trustees of Trust Buyers, and Individual trustees and beneficial owners of Trust Buyers

- **Sellers:** Individual sellers, Entity sellers, Trust Sellers, Individual and entity trustees of Trust Sellers

What information must be collected?

- Legal names, dates of birth, dates of execution of trusts, addresses, dbas, citizenship (for trustees or beneficial owners of trust buyers) and taxpayer identification numbers ("TIN") and, if applicable, the account number and financial institution name from which payment is made.

Is C.A.R.'s Federal Reporting Requirement Purchase Addendum (Form FRR-PA) bundled with the C.A.R purchase agreements?

Yes. It is intended to be used with:

- Residential Purchase Agreement (C.A.R. Form RPA)
- New Construction Purchase Agreement (C.A.R. Form NCPA)
- Vacant Land Purchase Agreement, if the Property will be improved with a residential dwelling with one to four units (C.A.R. Form VLPA)
- Cooperative housing sales (Stock Cooperative Purchase Addendum, C.A.R. Form COOP-PA)
- Residential Income Purchase Agreement (C.A.R. Form RIPA), where the income property contains one to four units; or
- Residential Units Purchase Addendum (C.A.R. Form RU-PA), where the mixed-use property contains one to four residential units.

When must the buyer and seller deliver the required information per the terms of the FRR-PA?

- Buyer and seller shall, within 7 Days after receiving a request for FinCEN information from the escrow or title company for the transaction, deliver to the Reporting Person all necessary information to satisfy the reporting requirements.

What happens if the required information is not collected by the escrow or title company?

- The escrow or title company will not close escrow if the requested

information is not provided in full, regardless of whether due from Buyer or Seller or another person on their behalf.
- Any Buyer or Seller who fails to provide the requested information for themselves may be in breach of contract.
- Under the terms of the FRR-PA, if the escrow or title company requires information from a related third party such as an entity, beneficial owner, signing party, or trustee, and they notify the Buyer or Seller that the other party has failed to provide such information, the performing Buyer or Seller may cancel after first giving the non-performing Buyer or Seller a notice to perform.

When is the effective date of the residential real estate reporting rule?

March 1, 2026. The residential reporting rule will apply to all transfers where the closing takes place on or after March 1, 2026, regardless of when the purchase agreement was entered into.

Additionally, the FRR-PA allows that even for transactions that are scheduled to close prior to March 1, 2026, the escrow or title company may require the needed information from the buyer and seller for applicable transactions if there is a *possibility* that the transaction will close escrow on or after March 1, 2026.

Note: The original starting date was December 1, 2025. But FinCEN announced a postponement of this date until March 1, 2026.

What types of transactions are exempt from the residential real estate reporting rule?

The following transfers are not reportable:

1. A transfer for no consideration made by an individual, either alone or with their spouse, to a trust of which that individual, that individual's spouse, or both, are the settlors or grantors.
2. A transfer that is a grant, transfer, or revocation of an easement.
3. A transfer resulting from the death of an individual, whether pursuant to the terms of a will, the terms of a trust, the operation of law (such as transfers resulting from intestate succession, surviving joint owners, and transfer-on-death deeds), or by contractual provision (such as transfers resulting from beneficiary designations).
4. A transfer incident to divorce or dissolution of a marriage or civil union (such as transfers required by a divorce settlement agreement).
5. A transfer made to a bankruptcy estate.
6. A transfer supervised by a court in the United States.
7. A transfer to a qualified intermediary for the purposes of a like-kind exchange for purposes of Section 1031 of the Internal Revenue Code.
8. A transfer for which there is no reporting person.

	Note that this is not a comprehensive list of all transfers that are not reportable. **Reason for this rule:** "The Department of the Treasury has long recognized that the illicit use of residential real estate threatens U.S. economic and national security and can disadvantage those that seek to compete fairly in the U.S. real estate market. This reporting requirement is designed to increase transparency in the U.S. residential real estate sector and to combat and deter money laundering." "Although there are many legitimate reasons to use legal entities and trusts to own residential real property, illicit actors intent on laundering funds through residential real property often use entities and trusts to disguise their identities and make the proceeds of crime more difficult to identify. Illicit actors often favor non-financed transfers (including "all-cash" sales) of residential real estate to avoid scrutiny from financial institutions that have anti-money laundering and countering the financing of terrorism (AML/CFT) program and Suspicious Activity Report (SAR) filing requirements under the Bank Secrecy Act (BSA)." From the Financial Crimes Enforcement Network webpage. **Is there an FAQ that explains the details of the residential real estate reporting rule?** Yes. FinCEN makes available an FAQ called, "Residential Real Estate Frequently Asked Questions." The Residential Real Estate Reporting Rule is a federal regulation codified as 31 Code of Federal Regulations Part 1031.320, effective March 1, 2026.
HOA Fines	**HOA fines are limited to $100 per violation unless the violation relates to health or safety in common areas.** HOAs can no longer impose fines over $100 per violation unless the violations relate to adverse health or safety impacts on the common area or another association member's property.

	• Fines are capped at $100 per violation, unless the health or safety exception applies. • If the violation impacts health or safety, boards may impose fines above $100*only*if the board makes a written finding at an open meeting that the violation impacts health or safety. • Homeowners must be given the opportunity to cure the violation. If a homeowner cures the violation or provides proof of a financial commitment to cure the violation before the fine hearing, the board cannot impose a fine. • Notice of hearing results must be sent within 14 days (previously 15 days). • After the hearing, if the owner and board*do not agree*, the owner may request Internal Dispute Resolution (IDR). • If the owner and boarddo“agree,” both sides must sign a binding written agreement, which is judicially enforceable. **Comments:** AB 130 has been described as “poorly drafted legislation” by the Adams Sterling professional law corporation. Various criticisms have been leveled at the legislation. For example, it is thought that this law may undermine the ability of HOAs to enforce rules unless the violation relates to health or safety. Previously, the HOAs could impose a schedule of increasing fines for a violation which allowed HOAs to effectively discourage rule breaking. Also, there are numerous areas in which the new law is vague: for example, the term “health and safety” is undefined and appears to relate to property as opposed to people; absent in the law is any criteria to determine if a violation qualifies as a single violation or a repeated instance of an ongoing violation, or what it means for the owner and the board to “agree” after the hearing. Assembly Bill 130 is codified as Civil Code §§ 5850 and 5855. Effective June 30, 2025, passed as urgency legislation.
Housing: Private plan checker to expedite permitting	**Allows for a privately hired reviewer to perform a plan checking service if the city or county estimates that the time needed to review the plan will be more than 30 days or does not complete the plan-checking function within 30 days.** AB 253 aims to streamline the housing production process by addressing delays in the post-entitlement plan check phase. This law allows homeowners and developers of residential projects up to 10 units to hire a licensed third-party professional to review building plans for compliance with state laws and local ordinances if the local building department fails to complete its review within 30 days.

	Currently, post-entitlement permits—required before construction can begin—can take up to nine months for approval, creating a significant bottleneck that hinders housing production and impacts affordability. By providing an alternative review option, AB 253 eases the burden on overextended local building departments and accelerates project timelines, helping to increase housing supply and improve affordability. Assembly Bill 253 is codified as Health & Safety Code §§ 17951 and 17960.1. Urgency bill effective October 11, 2025.
Housing: Expands allowable use in areas adjacent to major transit hubs	**SB 79 streamlines housing development in areas adjacent to major transit hubs by designating them an allowable use provided they meet certain conditions. SB 79 will not affect most suburban neighborhoods.** *From C.A.R. Governmental Affairs:* This law is the latest incremental attempt by legislators and housing advocates to increase the state's supply of much needed housing. In practical terms the application of SB 79 will be limited only to those areas that are already experiencing high urban density and where concentrated public transit infrastructure is located.In short, it will not affect most suburban neighborhoods. For example, the law applies only to "urban transit counties", which are defined as those having more than 15 passenger rail stations.According to the online news source,**CalMatters**, the list includes just "eight highly urbanized counties--Los Angeles, San Diego, Orange, Santa Clara, Alameda, Sacramento, San Francisco and San Mateo." Within those counties, the law enables the development of multifamily housing up to nine stories within a quarter-mile radius of so-called "Tier 1" or "Major Transit Stops".These include heavy rail transit and very high frequency commuter rail.The law also tapers the height limit downwards as the distance from qualified transit stops increases.Toward that end, developments built within a half mile of these stops are only allowed up to six stories. Multi-family buildings within a quarter mile of so-called "Tier 2" stops can be constructed up to eight stories or up to five stories if they are located within a half mile.These stops exclude the larger, Tier 1 stops, and are limited to light rail transit, high-frequency commuter rail, and bus rapid transit.The latter will not apply to the ubiquitous corner bus stop.Instead, bus rapid transit stops are defined as "those serving full-time dedicated bus lanes or operation in a separate right-of-way dedicated for public transportation with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods." C.A.R. took a neutral position on SB 79 after its concerns were addressed and amendments were introduced to encourage developers to streamline the development of market rate ownership housing opportunities in dense urban environments.

	Senate Bill 79 is codified as Government Code §§ 65912.155 et seq. Effective January 1, 2026.
Insurance: Requires interest on unpaid insurance proceeds	Requires mortgage lenders that make loans secured by property containing one- to four-family residences pay two percent interest on any insurance proceeds following property damage or loss that is held by the mortgage lender. It 1. Applies to all funds held in a loss draft account and interest shall begin to accrue on the effective date of Civil Code Section 2954.85 (f). 2. Distinguishes tax and insurance proceeds, which are deposited into a non-interest-bearing escrow account, from hazard insurance proceeds that will be deposited into an interest-bearing loss draft account. Assembly Bill 493 is codified as Civil § 2954.85 and Financial Code § 50202. Urgency bill effective August 29, 2025.
Insurance: FAIR Plan	Establishes the FAIR Plan Stabilization Act, which authorizes the California Infrastructure and Economic Development Bank (IBank), upon the request of the California Fair Access to Insurance Requirements Plan (FAIR Plan), to issue bonds to finance the costs of claims, to increase liquidity and the claims-paying capacity of the FAIR Plan, and to refund bonds previously issued for that purpose. **According to the Author** "The FAIR Plan does not currently have statute allowing them to use the financial tools included in this measure. AB 226 increases the financial tools available to offset the increased exposure to the FAIR Plan. Through the financial tools that AB 226 establishes, it ensures the admitted market is better positioned to absorb the costs of an assessment in the case of a catastrophe by giving admitted insurers a much longer runway to pay off the debts of the FAIR Plan, and the FAIR Plan more options to try and avoid requesting an assessment." **Arguments in Support**

	According to California's Insurance Commissioner Ricardo Lara, "AB 226 would establish a critical funding buffer for the FAIR Plan with access to bonds, loans, and lines of credit to help prevent the financial burden of a catastrophic wildfire from spilling over into the broader insurance market, while also supporting the prompt payment of claims to FAIR Plan consumers in its aftermath. This measure helps strengthen the overall financial resilience of the FAIR Plan, enabling it to better prepare for and respond to catastrophic events, safeguard long-term solvency, and serve as a safety net ready to help when consumers need it most." Assembly Bill 226 is codified as Government Code § 63087.5 and Insurance Code § 10100.3. Urgency bill effective October 09, 2026.
Landlord/Tenant: Electronic return of security deposits	**Electronic return of security deposits is the default option when the initial deposit was made electronically, unless otherwise agreed to in writing. Upon termination of tenancy, the landlord must send notice of the right to receive the security electronically if paid electronically, unless otherwise agreed to in writing. However, return of itemization of deposit is via mail by default unless landlord and tenant agree to an address or email provided by the tenant.** **When there are multiple tenants, the security deposit will be returned by check made out to all tenants unless otherwise agreed to in writing.** **Electronic return of security deposit is the default option when the security was received electronically, unless otherwise agreed to in writing.** A landlord is generally required to return the security by personal delivery or by check made payable to the tenant. However, if the landlord receives the security or rental payments from the tenant electronically, the landlord is instead required to return the remainder of the security electronically (as designated by the tenant in writing), unless the landlord and tenant designate another method of return by written agreement. **Upon termination the landlord must provide notice of the right to receive the security electronically if paid electronically and there is no agreement in writing to the contrary.** Upon notice from either the landlord or tenant of either party's intention to terminate the tenancy, this law requires the landlord to notify the tenant in writing of the tenant's right to receive the security electronically. (assuming the security was paid electronically, and assuming that a mutual agreement designating another method for return of the deposit had not already been entered into).

	Return of itemization of deposit is via mail by default unless landlord and tenant agree to other addresses or email. By default, the itemization of the deposit is to be returned either personally or by first class mail. However, this law allows that the landlord and tenant may mutually agree to provide the itemized statement by either email to an email account provided by the tenant or mail by first-class mail, postage prepaid, to an address provided by the tenant. **When there are multiple tenants, security will be returned by check made out to all tenants unless otherwise agreed to in writing.** If multiple adult tenants reside in the unit, the landlord is required to return the remainder of the security by a check made payable to all adult tenants at the time the tenancy terminates, and provide the itemized statement by personal delivery or first-class mail, postage prepaid, to any one of the adult tenants chosen by the landlord, unless the landlord and all adult tenants choose a different method as specified below. **Other possible scenarios for mutual agreement for return of the security when there are multiple tenants allow for a variety of options.** If multiple adult tenants reside in the unit, the landlord may enter into a mutual written agreement between the landlord and all adult tenants, at the commencement of the tenancy or at any time during or after the tenancy, that specifies both of the following: 1.How any remaining portion of the security will be returned, including whether it will be returned to a specific adult tenant or divided among multiple tenants, with the allocation percentages. If any remaining portion of the security is to be returned to multiple adult tenants, the landlord may return the security by either a check by first-class mail, postage prepaid, or an electronic deposit to a bank account or other financial institution designated by each adult tenant, as specified in the written agreement. 2.For each adult tenant, whether the landlord will furnish the itemized statement by email or first-class mail, postage prepaid, along with a forwarding address or email account. **These provisions apply to the landlord's successor in interest as well. Special rules apply to a tenancy terminated based on domestic violence.** Assembly Bill 414 is codified as Civil Code § 1950.5. Effective January 1, 2026.
Landlord/Tenant:	

Remediation after disaster	**It is the duty of a landlord to undertake to remediate, as may be necessary, dilapidations such as removal of debris or the presence of smoke residue or ash, that arise as a result of the disaster.** **Duty to remediate**: It is the duty of a landlord to undertake one or both of the following, as may be necessary to remediate any dilapidations that arise as a result of a disaster. • Removal of debris caused by the disaster and • Mitigation of hazards arising from the disaster, including but not limited to, the presence of mold, smoke, smoke residue, smoke odor, ash, asbestos, or water damage. **Reasonable time to comply and notification:** The landlord must comply with the above within a reasonable time after the property sustains damage. If the tenant has provided the landlord with a postal or email address, the landlord shall notify the tenant in writing that the landlord has complied and that the tenant may view and, if requested, obtain copies of any environmental studies, testing, or reports conducted. **Presumed untenantable**: The presence of debris at a rental unit such as ash, sludge, or runoff, is presumed to render the rental unit untenantable pursuant the statutory habitability standards, unless a public health official has determined that the debris is not toxic. [Note: if the property is deemed untenantable under this provision, the tenant is entitled to various statutory remedies for the landlord's failure to maintain a habitable property]. **Landlord to follow cleaning protocols issued by government officials:** The landlord shall follow any and all cleaning protocols issued by government officials, including contracting with licensed remediation companies where required. **Right to return to the unit:** Unless lawfully terminated by either party, the tenancy shall remain in effect, and the tenant shall have the right to return to the rental unit at the same rental rate in effect immediately prior to the disaster as soon as it is safe and practicable. **No obligation to rebuild:** However, the landlord is not required to rebuild a residential rental property or any portion thereof that has sustained damage as a result of a disaster. **"Disaster" means** a natural or manmade emergency resulting from an

	earthquake, flood, fire, riot, storm, drought, plant or animal infestation or disease, pandemic or epidemic disease outbreak, or other natural or manmade disaster for which a state of emergency has been declared by the President of the United States or the Governor. **Return of advance rent if tenancy is terminated:** When the hiring of residential real property is terminated based on partial or total destruction of the premises, the landlord shall return to the tenant any advance rental payments made by the tenant that cover any period after the date of the termination within 21 days of the date of termination. Senate Bill 610 is codified as Civil Code §§ 798.64,1941.8 and 1941.9; Financial Code § 338 and Government Code § 65863.7. Effective January 1, 2026.
Landlord/Tenant: Internet service	**AB 1414 prohibits a landlord from requiring a tenant to use a particular internet service provider. Allows a tenant to deduct the cost of the internet subscription from rent if a landlord violates this provision. However, landlords may to continue to offer bulk internet billing arrangements while preserving tenants' ability to opt out if they do not want the service.** **Right for tenant to opt out:** Requires a landlord, for any tenancy commenced, renewed, or continuing on a month-to-month basis or other periodic basis, on or after January 1, 2026, to allow the tenant to opt out of any subscription from a third-party internet service provider for specified services (service for wired internet, cellular, or satellite service offered with tenancy). "Internet service provider" means a business that provides broadband Internet access service to an individual, corporation, government, or other customer in California. **Tenant's right to deduct from the rent:** Specifies that if the landlord or their agent violates this provision, the tenant may deduct the cost of the subscription from the rent. Prohibits a landlord, or their agent, from retaliating against a tenant for exercising their rights pursuant to this bill and consistent with theprovision on retaliatory eviction, CC 1942.5. Assembly Bill 1414 is codified as Civil Code Section 1942.8. Effective January 1, 2026.

Landlord/Tenant Safe maximum indoor temperature	**Declares that the established policy of the state is that all rental dwelling units must be able to maintain a safe maximum indoor temperature. Beginning January 1, 2027, various state agencies must "consider" this policy when revising or establishing regulations.** The established policy of California is that all residential dwelling units shall be able to attain and maintain a safe maximum indoor temperature. This law is intended to apply to residential tenancies of 30 days or more. All relevant state agencies, including but not limited to, the California Environmental Protection Agency, Department of Housing and Community Development, Office of Land Use and Climate Innovation, Public Utilities Commission, State Energy Resources Conservation and Development Commission, State Air Resources Board, State Department of Health Care Services, State Department of Public Health, and Strategic Growth Council shall consider the state policy: (1)When revising, adopting, or establishing policies, programs, and criteria, including grant criteria, that are relevant to achieving this state policy. (2)Beginning January 1, 2027, when revising, adopting, or establishing regulations that are relevant to achieving this state policy. **Comment:** This law "establishes" the policy of having a safe indoor maximum temperature but does not specify a precise temperature that would qualify as a safe indoor maximum temperature. Moreover, even though the law goes into effect on January 1, 2026, the requirement for agencies to consider this policy in revising their regulations does not begin until after January 1, 2027, and even then, those agencies are required only to "consider" the state policy. In terms of habitability, this law is codified as Health & Safety Code § 17914. Had it come within H&S C §§ 17920.3 or 17920.10, it would have been directly incorporated into the statutory habitability standards for which the standard tenant remedies would be available, such as rent withholding (Code of Civil Procedure § 1174.2), repair and deduct (Civil Code § 1942) or vacating the premises (Civil Code § 1942). Without that reference, a tenant's remedy for the landlord not maintaining a safe indoor maximum temperature would be based on the more nebulous claim of breach of warranty of habitability. Senate Bill 655 is codified as Health & Safety Code §§ 17914. Effective January 1, 2026.
Landlord/Tenant: Short term rentals during a state of emergency	Under current law a tenant who has remained in occupancy on a property for 30 days or more is typically entitled to the benefit of a formal court procedure

	such as the unlawful detainer process before they may be removed. Under this law, the resident of a lodging would not enjoy this legal right until the guest has resided in the lodging for 270 days, if the guest is residing in the lodging as a result of a disaster that substantially damaged, destroyed, or otherwise made uninhabitable their prior housing. This law sunsets on January 1, 2031. Assembly Bill 299 is codified as Civil Code § 1954.071. This is an urgency bill that takes effect on October 10, 2025.
Landlord/Tenant – stoves and refrigerators required as part of habitability	**Requires the landlord to provide both a stove and a refrigerator, maintained in good working order, as a condition of habitability. The tenant may choose to provide their own refrigerator by mutual agreement when the lease is signed.** For residential tenancies, the list of statutory habitability characteristics under Civil Code 1941.1 now includes: • A stove that is maintained in good working order and capable of safely generating heat for cooking purposes. • A refrigerator that is maintained in good working order and capable of safely storing food. • Neither the stove nor refrigerator can be subject to recall, and if the landlord receives notice of such, landlord must repair or replace the stove or refrigerator within 30 days. **The tenant may supply their own refrigerator.** A tenant and landlord may mutually agree when the lease is signed that the tenant chooses to provide and maintain their own refrigerator, if all of the following apply: 1. The lease contains a statement in substantially the following form: “Under state law, the landlord is required to provide a refrigerator in good working order in your unit. By checking this box, you acknowledge that you have asked to bring your own refrigerator and that you are responsible for keeping that refrigerator in working order.”

2. The lease provides that the tenant may, with 30 days written notice, inform the landlord that they no longer wish to keep their own refrigerator in the unit, and that at the end of the 30-day notice period, the landlord shall install a refrigerator in good working order in the unit.
3. A landlord shall not condition a tenancy upon the tenant providing their own refrigerator.
4. The landlord shall not be responsible for the maintenance of a refrigerator provided by the tenant.

Exemptions

The obligation to provide a stove and refrigerator does not apply to:

- Permanent supportive housing.
- A single-room occupancy unit that provides exclusive use living and sleeping space.
- A unit in a residential hotel.
- A dwelling within a housing facility that offers shared kitchen spaces

Effective date

The requirement to provide a refrigerator and stove applies to leases entered into, amended, or extended on or after January 1, 2026.

Comment: Does this law apply to month-to-month tenancies once rent is accepted after January 1, 2026? This law applies when a lease is entered into, amended, or extended on or after January 1, 2026. Month-to-month tenancies are deemed "renewed" on a periodic basis per Cal. Civ. Code § 1945. However, they are not typically characterized as "extended." The use of these words, "renewed" and "extended," in various Civil Code sections, such as §§ 1945, 1945.5, 1946, 1946.2 and 1947.6, indicate the Legislature's intention to ascribe to them distinct meanings. Therefore, the requirements of this law to provide a refrigerator and a stove which apply to a lease that is "extended" on or after January 1, 2026, would likely not apply to a month-to-month tenancy unless it was either amended, or it was newly created, on or after January 1, 2026.

When would the law apply to a month-to-month tenancy? If the month-to-month agreement was amended. For example, any change in terms of tenancy including an increase in rent would likely constitute an amendment necessitating compliance.

Comment: This law does not specify the size of the refrigerator. It only states that it must be capable of safely storing food.

	Assembly Bill 628 is codified as Civil Code § 1941.1. Effective January 1, 2026.
Landlord/Tenant: Unlawful Detainer: Interruption of Social Security benefits defense	**If a tenant cannot pay their rent due to an interruption in the payment of Social Security benefits, the tenant may assert an affirmative defense to an unlawful detainer based on non-payment of rent.** This law permits a tenant of residential real property, until January 20, 2029, to assert as an affirmative defense in an unlawful detainer action for nonpayment of rent that they experienced a loss of income due to an interruption in the payment of social security benefits do to the action or inaction of the federal government, when the tenant provides evidence to the satisfaction of the court that the benefits have been terminated, delayed, or reduced due to no fault of the tenant and the interruption in social security benefits prevented the tenant from paying the unpaid rents. Upon the tenant proving such social security hardship, a judge in an unlawful detainer must issue a stay of the proceedings until 14 days after the social security benefits are restored or after 6 months whichever is earlier. This law does not relieve the tenant of the obligation to pay their past due rent. Once the social security benefits have been restored, the tenant is obligated to either pay all past due rent or enter into a mutually agreed upon payment plan with the owner, after which the unlawful detainer case is dismissed. Assembly Bill 246 is codified as Civil Code § 1946.3. Effective January 1, 2026.
Licensees: email address is not public information	Existing law requires every real estate broker and salesperson licensee to provide their current email address to the Department of Real Estate. SB 774 specifies that a licensee's email address shall not be considered a public record subject to disclosure under the California Public Records Act and that information sent from an email account to a valid email address provided by the applicant or licensee is presumed to have been delivered to the email address provided. Provision of Senate Bill 774 relating to email privacy is codified as Business and Professions Code 10162. Effective January 1, 2026.
Mobilehomes: FAIR plan insurance	This law requires the FAIR Plan to include insurance for manufactured homes and mobilehomes under the same terms and conditions as basic property insurance sold for other residential dwellings. Senate Bill 525 is codified as Insurance Code 10091. Effective January 1, 2026.

Mortgage Forbearance for homeowners affected by the LA wildfires	**Requires a mortgage servicer to provide up to 12 months of forbearance to a borrower experiencing financial hardship due to the January 2025 Los Angeles wildfire disaster.** **Mortgage Forbearance** A borrower who is experiencing financial hardship that prevents the borrower from making timely payments on a residential mortgage loan due directly to the LA wildfire disaster may request forbearance. Upon a request by a borrower for forbearance, a mortgage servicer shall offer mortgage payment forbearance for a period of up to an initial 90 days, which shall be extended at the request of the borrower in 90-day increments, up to a maximum forbearance period of 12 months. Protects borrowers from late fees, penalties, extra interest, foreclosure proceedings, lump-sum repayments once forbearance periods end, and negative credit impacts. Requires mortgage servicers to: • Respond promptly (within 10 business days) to requests for forbearance. • Provide clear explanations for any denial, including citing the text of the specific investor guideline or contractual provision that is the basis for the denial of the borrower's forbearance request. • Allow borrowers to cure and resubmit applications if the denial is based on a correctable issue. • Notify borrowers of documentation requirements for extensions at least 30 days before the end of a forbearance period. • Directs the California Department of Financial Protection and Innovation (DFPI) to establish a website with guidelines, resources, and a borrower assistance hotline. Assembly Bill 238 is codified as Civil Code §§ 3273.20 et seq. This is an urgency bill effective September 22, 2025.
Service of Process: Substituted service	**Increases the procedural requirements for substituted service, requiring photographic documentation of service. Reduces requirements for vacating default judgments.** **Stricter procedures for substitute service:** Requires a party to show "reasonable diligence" by attempting personal delivery of the summons and

complaint, in good faith, on at least three occasions on three days at three different times and that at least one of the attempts must be made at the dwelling house or usual place of abode of the person to be served.

Photographs: Requires that proof of service of summons must include one or more photographs of the site of each effected or attempted service. Each photograph shall contain a readable stamp indicating the date, time, and global positioning system (GPS) coordinates of the service or attempted service, or declaration of process server if no GPS, cellular, or equivalent signal is available at the time and place of an effected or attempted service. If the site of the effected service is a dwelling place or abode, a photograph must show the door or entrance of the house, apartment or other dwelling place where service was effectuated. If the site of the effectuated service is a place of business, at least one of the photographs must show the door or entrance of the specific office or other place of business where service was effectuated.

Motion to vacate: Allows that a motion to vacate a default judgment that is void for lack of proper service may be brought at any time after entry of the judgment: If never served in accordance with the above requirements a party may serve and file a motion to set aside the default or default judgment and for leave to defend the action. The plaintiff shall have the burden to establish by a preponderance of the evidence that service of the summons and complaint was lawful. The presumption of validity of the service of the complaint and summons is rebutted when the party alleging nonservice proffers evidence that they were not lawfully served, or that a proof of service is void. The court is required to take evidence as to the lawfulness of the service of process and allows the court to conduct a hearing and permit oral testimony if requested by either party.

Specific provision changes the pleading requirements for an unlawful detainer: Requires the complaint for UD to include information describing the date, time, and location of effected service of the termination notice.

Background:

In California, substituted service is when legal documents are given to a competent adult at the person's home or work after at least three failed attempts at personal service. A copy of the documents must then be mailed to the person's address, and the server must file aDeclaration of Due Diligencewith the court explaining all service attempts.

Under current law substituted service is effected as follows:
Multiple attempts: The server must first try to serve the person directly multiple times, on different days and at different times, at all known addresses.
Delivery to another person: After failing to serve the person in person, the server can leave the documents with another adult (18 or older) who lives at or is in charge of the person's residence or place of business. The server must inform the person that they are receiving legal papers.
Mailing a copy: The server must then mail a second copy of the documents to the address where they were left.
Due diligence: The server must complete a Declaration of Due

Diligence form, detailing every attempt made to serve the person, including dates, times, and what happened.
Service completion: Service is considered complete 10 days after the mailing of the second copy.
Filing with the court: The server must provide you with the completed **Proof of Service** form and the **Declaration of Due Diligence** for you to file with the court.

According to the backers of this law: "fraudulent and improper service of process has particularly plagued debt collection and unlawful detainer cases, which compose about half of the civil docket in California's courts. This can result in default judgements that can devastate defendants who may have their wages garnished or face notices of imminent eviction over a lawsuit they were never notified of and proceeded without their participation or consent."

Arguments in opposition: The Riverside County Sherriff's Office opposes this bill:

Overbroad Scope

- Bill is not limited to Registered Process Servers.
- Sheriffs' Offices and even private individuals would be forced to comply.

Unrealistic Service Requirements

- Requires three separate service attempts on different days/times.
- Mandates at least one attempt at a "home address," even when the petitioner has not provided one.
- Sheriffs' Offices serve only at the address provided. We cannot verify or determine whether it is a "home address."

Costly & Inefficient

- Requires GPS-stamped photos attached to every proof of service.
- Would demand new cameras, printers, storage, and staff time.
- Proofs of service already carry a sworn deputy's signature under penalty of perjury.
- Deputies' body-worn cameras already provide geo-tagging and accountability.
- Publicly funded agencies cannot recoup these costs;

Diverts Deputies from Public Safety

- Deputies may be subpoenaed more frequently to defend proofs of service.
- Pulls sworn personnel away from patrol and core law enforcement duties.

Comment: Substituted service is often necessary to ensure that legal

	proceedings can continue when a defendant cannot be served in person, which often happens if they are actively avoiding service or are frequently absent. It provides a crucial alternative to personal service, allowing for the delivery of legal documents to a responsible adult at the defendant's home or workplace, and is typically followed by mailing a copy to that same address. Assembly Bill 747 is codified as Code of Civil Procedure 415.20, 415.45, 417.10, 417.40, 473, 473.2, 473.5, 585, and 1166. Effective January 1, 2026. However, most of the substantive provisions of this law will become operative only on January 1, 2027.

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