State of California

Statutes of Interest for County Treasurer - Tax Collectors
2020

BETTY T. YEE
California State Controller’s Office
December 1, 2020

SUBJECT: Statutes of Interest for County Treasurer-Tax Collectors

Dear Treasurer-Tax Collector and Staff:

I am pleased to present the 2020 Statutes of Interest for County Treasurer-Tax Collectors. This publication provides pertinent information on significant statutory code changes as a result of legislation enacted in 2020 that may impact your operations.

The booklet is divided into two sections: “Enacted Legislation,” which details the bills that have been signed by the Governor and “Section with Changes,” detailing amendments, repeals, and additions to code. Bold and italicized text indicates new language added to the code section. Strike-through text indicates language that has been deleted from the code section. Please be aware that most changes will take effect on January 1, 2021. Consequently, language will not be updated on the California Legislative Information’s website (www.leginfo.legislature.ca.gov), until January 2021.

You may view, save, or print this publication from the State Controller’s Office webpage at http://www.sco.ca.gov/pubs_guides.html.

If you have any questions, please contact the Tax Programs Unit by email at propertytax@sco.ca.gov.

Sincerely,

(Original signed by)

LACEY BAYSINGER
Supervisor
Tax Programs Unit
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Section I – Enacted Legislation

**AB 1525** Cannabis: financial institutions.
Chapter 270
Effective Date 1/1/2021

**Description:** This bill makes it no longer a state crime in California for a financial institution to engage in business-related activities with commercially licensed entities or individuals.

**Codes Affected:** An act to add Chapter 24 (commencing with Section 26260) to Division 10 of the Business and Professions Code, relating to cannabis.

**AB 1551** Property assessments: requirements and disclosures.
Chapter 156
Effective Date 1/1/2021

**Descriptions:** This bill prohibits prepayment penalties in connection with Property Assessed Clean Energy (PACE) assessments; prohibits PACE assessments on properties with reverse mortgages; requires an electronic copy of the disclosure to be provided to a homeowner who opts out of receiving a paper copy.

**Codes Affected:** An act to amend Section 22684 of the Financial Code, and to amend Sections 5898.17 and 5913 of the Streets and Highways Code, relating to property assessments.

**AB 1731** Unemployment insurance: work sharing plans.
Chapter 209
Effective Date 9/28/2020

**Descriptions:** This bill makes a number of changes to the existing work sharing program operated by the Employment Development Department (EDD) intended to increase use of the program by employers.

**Codes Affected:** An act to amend Section 1279.5 of, to add Section 1279.6 to, and to add and repeal Section 1279.7 of, the Unemployment Insurance Code, relating to unemployment insurance, and declaring the urgency thereof, to take effect immediately.
**AB 1864** Financial institutions: regulation: Department of Financial Protection and Innovation.
Chapter 157
Effective Date 1/1/2021

**Descriptions:** This bill renames the “Department of Business Oversight” as the “Department of Financial Protection and Innovation.” This bill contains the necessary changes to enact the California Consumer Financial Protection Law (CCFPL)

**Codes Affected:** An act to amend Sections 300, 320, 321, 326, and 351 of, to add Division 24 (commencing with Section 90000) to, and to repeal Section 371 of, the Financial Code, and to amend Section 11041 of the Government Code, relating to financial institutions.

**AB 1885** Debtor exemptions: homestead exemption.
Chapter 94
Effective Date 1/1/2021

**Descriptions:** The bill makes the homestead exemption the greater of $300,000 or the countywide median sale price of a single-family home in the calendar year prior to the year in which the judgement debtor claims the exemption, not to exceed $600,000.

**Codes Affected:** An act to amend Section 704.730 of the Code of Civil Procedure, relating to enforcement of judgments.

**AB 2013** Property taxation: new construction: damaged or destroyed property.
Chapter 124
Effective Date 1/1/2021

**Descriptions:** The bill allows owners of property substantially damaged in a Governor-declared disaster to reconstruct comparable improvements onsite with a return to the former improvement’s base year value. The bill gives property owners parity regardless of which path to recovery they choose: rebuild or move.

**Codes Affected:** An act to add Section 70.5 to the Revenue and Taxation Code, relating to taxation.
**AB 2463** Enforcement of money judgements: execution: homestead.
Chapter 218
Effective Date 1/1/2021

Descriptions: This bill prohibits a judgement creditor from forcing a judgement debtor to sell their principal place of residence to satisfy a consumer debt, unless the debt was secured by the residence or under other limited circumstances.

Codes Affected: An act to amend Sections 703.150 and 704.760 of, and to add Section 699.730 to, the Code of Civil Procedure, relating to civil actions.

**AB 2471** Senior citizens: rescission of contracts.
Chapter 158
Effective Date 1/1/2021

Descriptions: This bill extends the right to cancel certain consumer contracts for persons 65 years of age and older from three to five business days.

Codes Affected: An act to amend Sections 7150, 7159, and 7159.10 of the Business and Professions Code, to amend Sections 1689.5, 1689.6, 1689.7, 1689.13, 1689.20, 1689.21, and 1689.24 of the Civil Code, and to amend Sections 5898.16 and 5898.17 of the Streets and Highways Code, relating to contracts.

**AB 2559** California Financing Law: enforcement and penalties.
Chapter 160
Effective Date 1/1/2021

Descriptions: This bill authorizes the Commissioner of the Department of Business Oversight to require the attendance of witnesses to examine under oath all persons whose testimony is required for loans, assessment contracts, or business regulated by the California Financing Law. The bill allows the commissioner to categorize citations and fines as disciplinary actions.

Codes Affected: An act to amend Sections 22706, 22707.5 and 22712 of the Financial Code, relating to financial institutions.

Chapter 37
Effective Date 8/31/2020

Descriptions: This bill established a moratorium on evictions for non-payment of rent due to COVID-19 financial hardship.
Codes Affected: An act to amend Sections 1946.2, 1947.12, and 1947.13 of, to amend, repeal, and add Sections 798.56, 1942.5, 2924.15 of, to add Title 19 (commencing with Section 3273.01) to Part 4 of Division 3 of, and to add and repeal Section 789.4 of, the Civil Code, and to amend, repeal, and add Sections 1161 and 1161.2 of, to add Section 1161.2.5 to, to add and repeal Section 116.223 of, and to add and repeal Chapter 5 (commencing with Section 1179.01) of Title 3 of Part 3 of, the Code of Civil Procedure, relating to COVID-19 relief, and declaring the urgency thereof, to take effect immediately.

AB 3277 Parking penalties: collection.
Chapter 55
Effective Date 1/1/2021

Descriptions: This bill makes various changes to the law requiring processing agencies to provide indigent individuals the opportunity to set up a payment plan to pay parking tickets before a processing agency can use the Department of Motor vehicles to collect unpaid parking debt.

Codes Affected: An act to amend Section 40220 of the Vehicle Code, relating to parking penalties.

AB 3373 Property taxation: assessment appeals boards.
Chapter 57
Effective Date 1/1/2021

Descriptions: This bill authorizes the board of supervisors to create as many assessment appeals boards for the county as it deems necessary for the orderly and timely processing, hearing, and disposition of assessment appeals.

Codes Affected: An act to amend Section 1621 of the Revenue and Taxation Code, relating to taxation.

ACA 11 The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act.
Chapter 31
Effective Date 1/1/2021

Descriptions: This constitutional amendment allow age 55+ or disabled homeowners, and disaster-impacted homeowners, to move anywhere in California and take their Proposition 13 tax savings with them via a base year value transfer.
**Codes Affected:** A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Sections 2.1, 2.2, and 2.3 to Article XIII A thereof, relating to tax limitation.

**SB 364** Change in ownership: nonresidential active solar energy systems: initiative.  
Chapter 58  
Effective Date 9/9/2020

**Descriptions:** This bill changes the classification of nonresidential active solar energy systems from real property to personal property. Exempts nonresidential active solar energy systems constructed before January 1, 2025.

**Codes Affected:** An act to amend Section 73 of, to amend, repeal, and add Sections 105 and 106 of, and to add Chapter 4.5 (commencing with Section 83) to Part 0.5 of Division 1 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

**SB 908** Debt collectors: licensing and regulation: Debt Collection Licensing Act.  
Chapter 163  
Effective Date 1/1/2022

**Descriptions:** This bill creates a new licensing law applicable to debt collectors and debt buyers, administered by the Department of Business Oversight to ensure greater consumer protection through enhanced oversight.

**Codes Affected:** An act to amend Sections 1788.11 and 1788.52 of the Civil Code, and to add Division 25 (commencing with Section 100000) to the Financial Code, relating to debt collectors.

**SB 998** Local government: investments.  
Chapter 235  
Effective Date 1/1/2021

**Descriptions:** This bill increases the commercial paper limit for cities and special districts that have more than $100 million in investment assets from 25% to 40% the total surplus funds.

**Codes Affected:** An act to amend Section 6509.7 of, and to amend, repeal, and add Sections 53601 and 53601.6 of, the Government Code, relating to local government.
SB 1079 Residential property: foreclosure.
Chapter 2020
Effective Date 1/1/2021

Descriptions: This bill proposes a trio of provisions intended to mitigate against blight, vacancy, and the transfer of residential property ownership from owner occupants to corporate landlords in the event that California experiences a wave of foreclosures.

Codes Affected: An act to amend Section 2929.3 of, to amend, repeal, and add Sections 2924f, 2924g, and 2924h of, to add Section 2924n to, and to add and repeal Section 2924m of, the Civil Code, relating to real property.
SECTION II – Section with Changes

AB 1525, Chapter 270
Cannabis: financial institutions.
Effective Date 1/1/2021

SECTION 1.
Chapter 24 (commencing with Section 26260) is added to Division 10 of the Business and Professions Code, to read:

CHAPTER 24. Information Sharing with Financial Institutions
26260.
(a) An entity that receives deposits, extends credit, conducts fund transfers, transports cash or financial instruments, or provides other financial services does not commit a crime under any California law, including Chapter 10 (commencing with Section 186.9) of Title 7 of Part 1 of the Penal Code, solely by virtue of the fact that the person receiving the benefit of any of those services engages in commercial cannabis activity as a licensee pursuant to this division.

(b) (1) A person licensed to engage in commercial cannabis activity pursuant to this division may request in writing that a state or local licensing authority, state or local agency, or joint powers authority share the person’s application, license, and other regulatory and financial information with a financial institution of the person’s designation. The person shall include in that written request a waiver authorizing the transfer of that information and waiving any confidentiality or privilege that applies to that information.

(2) Notwithstanding any other law that might proscribe the disclosure of application, licensee, and other regulatory and financial information, upon receipt of a written request and waiver pursuant to paragraph (1), a state or local licensing authority, state or local agency, or joint powers authority may share application, licensee, and other regulatory and financial information with the financial institution designated by the licensee in that request for the purpose of facilitating the provision of financial services for that licensee.

(3) A person who provides a waiver may withdraw that waiver at any time. Upon receipt of the withdrawal, the state or local licensing authority, state or local agency, or joint powers authority shall cease to share application, licensee, or other regulatory or financial information with the financial institution.

(c) For purposes of this section, all of the following definitions apply:

(1) “Application, licensee, and other regulatory and financial information” includes, but is not limited to, information in the track and trace system established pursuant to Sections 26067 and 26068.

(2) “Entity” means a financial institution as defined in this section, an armored car service licensed by the Department of the California Highway Patrol pursuant to Section...
2510 of the Vehicle Code that has been contracted by a financial institution, or a person providing financial services to persons licensed to engage in commercial cannabis activity pursuant to this division.

(3) “Financial institutions” means a licensee defined in Section 185 of the Financial Code.

(4) “Firm” has the same meaning as in Section 5035.1.

(5) “Joint powers authority” is one formed pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(6) “State or local agency” has the same meaning as in Section 50001 of the Government Code.

(d) An individual or firm, that practices public accounting pursuant to Chapter 1 (commencing with Section 5000) of Division 3, does not commit a crime under California law solely for providing professional accounting services as specified to persons licensed to engage in commercial cannabis activity pursuant to this division.

(e) This section shall be construed to refer only to the disclosure of information by a state or local licensing authority, state or local agency, or joint powers authority reasonably necessary to facilitate the provision of financial services for the licensee making a request pursuant to this section. Nothing in this section shall be construed to authorize the disclosure of confidential or privileged information, nor waive a licensee’s rights to assert confidentiality or privilege, except to a financial institution as provided herein and except as reasonably necessary to facilitate the provision of financial services for the licensee making the request.

AB 1551, Chapter 156
Property assessments: requirements and disclosures.
Effective Date 1/1/2021

SECTION 1.
Section 22684 of the Financial Code is amended to read:

22684.
A program administrator shall not execute an assessment contract, and no work shall commence under a home improvement contract that is financed by that assessment contract nor shall that home improvement contract be executed unless the following criteria are satisfied:

(a) All property taxes for the property that will be subject to the assessment contract are current. The program administrator shall ask a property owner whether there has been no more than one late payment of property taxes on the property for the previous three years or since the current owner acquired the property, whichever period is shorter.
(b) The property that will be subject to the assessment contract has no recorded and outstanding involuntary liens in excess of one thousand dollars ($1,000).

(c) The property that will be subject to the assessment contract has no notices of default currently recorded that have not been rescinded.

(d) The property owner has not been a party to any bankruptcy proceedings within the last four years, except that the property owner may have been party to a bankruptcy proceeding that was discharged or dismissed between two and four years before the application date and the property owner has had no payments more than 30 days past due on any mortgage debt or nonmortgage debt, excluding medical debt, during the 12 months immediately preceding the application date.

(e) The property owner is current on all mortgage debt on the subject property and has no more than one late payment during the six months immediately preceding the application date and if the late payment did not exceed 30 days past due.

(f) The property that will be subject to the assessment contract is within the geographical boundaries of the applicable PACE program.

(g) The measures to be installed pursuant to the assessment contract are eligible under the terms of the applicable PACE program.

(h) The financing is for less than 15 percent of the value of the property, up to the first seven hundred thousand dollars ($700,000) inclusive of the existing assessments, and is for less than 10 percent of the remaining value of the property above seven hundred thousand dollars ($700,000).

(i) The total PACE assessments and the mortgage-related debt on the property subject to the PACE assessment will not exceed 97 percent of the market value of the property as established by the valuation required by Section 22685.

(j) The term of the assessment contract shall not exceed the estimated useful life of the measure to which the greatest portion of funds disbursed under the assessment contract is attributable. The program administrator shall determine useful life for purposes of this subdivision based upon credible third-party standards or certification criteria that have been established by appropriate government agencies or nationally recognized standards and testing organizations.

(k) The program administrator shall verify the existence of recorded PACE assessments and shall ask if the property owner has authorized additional PACE assessments on the same subject property that have not yet been recorded. The failure of a property owner to comply with this subdivision shall not invalidate an assessment contract or any obligations thereunder, notwithstanding if the combined amount of the PACE assessments exceed the criteria set forth in subdivision (h) or (i). The existence of a prior PACE assessment or a prior assessment contract shall not constitute evidence that the assessment contract under consideration is affordable or meets any other program requirements.

(l) The assessment contract does not contain a penalty for early repayment of an amount owed under the contract.
(m) The property that will be subject to the assessment contract is not subject to a reverse mortgage, as defined in Section 1923 of the Civil Code.

(n) The program administrator shall use commercially reasonable and available methods to verify the above.

SEC. 2.
Section 5898.17 of the Streets and Highways Code, as amended by Section 10 of Chapter 837 of the Statutes of 2018, is amended to read:

5898.17.
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed copy, unless the property owner agrees to an electronic copy. A property owner who opts out of receiving a printed paper copy of the disclosure shall be provided with an electronic copy in accordance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code). A sample of the disclosure set forth below shall be maintained on a public Internet Web site available to property owners.

(b) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4 for a residential property with four or fewer units.

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<td>Notice to Property Owner: You have the right to request that a hard. Existing law requires that a printed paper copy of this document be provided to you before and after reviewing and signing, unless you opt out, in writing, to that printed copy by signing a printed paper document. If you opt out of receiving a printed paper copy of this disclosure, an electronic copy will be provided to you. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes and will result in a lien on your property. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.</td>
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(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section
5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker's price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

SEC. 2.5.
Section 5898.17 of the Streets and Highways Code, as amended by Section 10 of Chapter 837 of the Statutes of 2018, is amended to read:

5898.17.
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed copy—paper copy in no smaller than 12-point type, unless the property owner agrees to an electronic copy—opts out of receiving a printed paper copy in writing by signing a printed paper document. A property owner who opts out of receiving a printed paper copy of the disclosure shall be provided with an electronic copy in accordance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code). A sample of the disclosure set forth below shall be maintained on a public Internet Web site—internet website available to property owners.

(b) (1) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4 for a residential property with four or fewer units.
**Financing Estimate and Disclosure**

Notice to Property Owner: You have the right to request that a hard. Existing law requires that a printer paper copy of this document be provided to you before and after reviewing and signing. reviewing and signing, unless you opt out, in writing, to that printed copy by signing a printed paper document. If you opt out of receiving a printed paper copy of this disclosure, an electronic copy will be provided to you. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes and will result in a lien on your property. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.

(2) References to “three” and “third” in the document set forth in paragraph (1) shall be changed to “five” and “fifth,” respectively, for a property owner who is a senior citizen.

(3) The five-day right to cancel added by the act that added paragraph (2) to this subdivision shall apply to a contractual assessment entered into on or after January 1, 2021.

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker’s price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) For purposes of this section, “senior citizen” means an individual who is 65 years of age or older.

(e) (f) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

**SEC. 3.**

Section 5898.17 of the Streets and Highways Code, as added by Section 11 of Chapter 837 of the Statutes of 2018, is amended to read:
5898.17.  
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed paper copy in no smaller than 12-point type, unless the property owner agrees to an electronic copy—opts out of receiving a printed paper copy in writing by signing a printed paper document. A property owner who opts out of receiving a printed paper copy of the disclosure shall be provided with an electronic copy in accordance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code). A sample of the disclosure set forth below shall be maintained on a public Internet Web site available to property owners.

(b) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3 for a residential property with four or fewer units.

**Financing Estimate and Disclosure**

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(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.
(2) A broker’s price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) This section shall become operative on January 1, 2029.

SEC. 3.5.
Section 5898.17 of the Streets and Highways Code, as added by Section 11 of Chapter 837 of the Statutes of 2018, is amended to read:

5898.17.
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed copy in no smaller than 12-point type, unless the property owner agrees to an electronic copy, or opts out of receiving a printed paper copy by signing a printed paper document. A property owner who opts out of receiving a printed paper copy of the disclosure shall be provided with an electronic copy in accordance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code). A sample of the disclosure set forth below shall be maintained on a public Internet Web site available to property owners.

(b) (1) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3 for a residential property with four or fewer units.

Financing Estimate and Disclosure

Notice to Property Owner: You have the right to request that a hard copy of this document be provided to you before and after reviewing and signing. You also have the right to receive a printed paper copy of this disclosure, an electronic copy will be provided to you. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes and will result in a lien on your property. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.
(2) References to “three” and “third” in the document set forth in paragraph (1) shall be changed to “five” and “fifth,” respectively, for a property owner who is a senior citizen.

(3) The five-day right to cancel added by the act that added paragraph (2) to this subdivision shall apply to a contractual assessment entered into on or after January 1, 2021.

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker’s price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) For purposes of this section, “senior citizen” means an individual who is 65 years of age or older.

(e) (f) This section shall become operative on January 1, 2029.

SEC. 4.
Section 5913 of the Streets and Highways Code, as amended by Chapter 837 of the Statutes of 2018, is amended to read:

5913.
(a) (1) Before a property owner executes an assessment contract the program administrator shall do the following:

(A) Make an oral confirmation that at least one owner of the property has a copy of the contract assessment documents required by paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or 5899.4, or Section 53328.1 of the Government Code, as applicable, with all the key terms completed, the financing estimate and disclosure form specified in Section 5898.17, and the right to cancel form specified in Section 5898.16, with hard copies available upon request.

(B) Make an oral confirmation of the key terms of the assessment contract, in plain language, with the property owner on the call or to a verified authorized representative
of the owner on the call and shall obtain acknowledgment from the property owner on the call to whom the oral confirmation is given.

(2) The oral confirmation required pursuant to paragraph (1) shall include, but is not limited to, all of the following information:

(A) The property owner on the call has the right to have other persons present for the call, and an inquiry as to whether the property owner would like to exercise the right to include anyone else on the call. This shall occur at the onset of the call, after the determination of the preferred language of communication.

(B) The property owner on the call is informed that they should review the assessment contract and financing estimate and disclosure form with all other owners of the property.

(C) The efficiency improvement being installed is being financed by a PACE assessment.

(D) The total estimated annual costs the property owner will have to pay under the assessment contract, including applicable fees.

(E) The total estimated average monthly amount of funds the property owner would have to save in order to pay the annual costs under the PACE assessment, including applicable fees.

(F) That the county annual secured property tax bill, which will include the installment of the PACE lien, will be mailed by the county tax collector no later than November 1 each year, and that if the lien is recorded after the fiscal year closes but before the bill is mailed, the first installment may not appear on the county tax bill until the following year.

(G) The term of the assessment contract.

(H) That payments on the assessment contract will be made through an additional annual assessment on the property and paid either directly to the county tax collector’s office as part of the total annual secured property tax bill, or through the property owner’s mortgage impound account, and that if the property owner pays his or her taxes through an impound account, the property owner should notify their mortgage lender to discuss adjusting his or her monthly mortgage payment by the estimated monthly cost of the PACE assessment.

(I) That the property will be subject to a lien during the term of the assessment contract and that the obligations under the assessment contract may be required to be paid in full before the property owner sells or refines the property.

(J) That the property owner has disclosed whether the property has received or is seeking additional PACE assessments and has disclosed all other PACE assessments or special taxes that are or about to be placed on the property, if known to and understood by the property owner.

(K) That any potential utility savings are not guaranteed, and will not reduce the assessment payments or total assessment amount.
(L) That the program administrator and contractor do not provide tax advice, and that
the property owner should seek professional tax advice if he or she the property
owner has questions regarding tax credits, tax deductibility, or of other tax impacts on
the PACE assessment or assessment contract.

(M) That if that property tax payment is delinquent within the fiscal year, the county tax
collector will assess a 10-percent penalty and may assess related costs, as required by
state law. A delinquent payment also subjects the property to foreclosure. If the
delinquent payment continues past June 30 of a given year and defaults, the county tax
collector will assess penalties at the rate of 1 ½ percent per month (18 percent per
year), and the property will continue to be subject to foreclosure and may become
subject to the county tax collector’s right to sell the property at auction.

(N) That the property owner has a three-business day right to cancel the assessment
contract pursuant to subdivision (b) of Section 5898.16, and that canceling the
assessment contract may also cancel the home improvement contract under Section
5940.

(O) That it is the responsibility of the property owner to contact the property owner’s
home insurance provider to determine whether the efficiency improvement to be
financed by the PACE assessment is covered by the property owner’s insurance plan.

(P) That the property owner may repay an amount owed pursuant to an assessment
contract before the date that amount is due under the contract without early repayment
penalty.

(b) The program administrator shall comply with the following when giving the oral
confirmation described in subdivision (a):

(1) The program administrator shall record the oral confirmation in an audio format in
accordance with applicable laws.

(2) The program administrator may not comply with the requirement in subdivision (a)
through the use of a prerecorded message, or other similar device or method.

(3) Recording of an oral confirmation shall be retained by the program administrator for
a period of at least five years from the time of the recording.

(c) The provisions of this section shall be in addition to the documents required to be
provided to the property owner under Sections 5898.16 and 5898.17.

(d) At the commencement of the oral confirmation, the program administrator shall ask if
the property owner on the call would prefer to communicate during the oral confirmation
primarily in a language other than English that is specified in Section 1632 of the Civil
Code. If the preferred language is supported by the program administrator, the oral
confirmation shall be given in that primary language, except where the property owner
on the call chooses to communicate through his or her the property owner’s own
interpreter. If the preferred language is not supported and an interpreter is not chosen
by the property owner on the call, the PACE assessment transaction shall not proceed.
For purposes of this subdivision, “his or her the property owner’s own interpreter”
means a person, who is not a minor, is able to speak fluently and read with full
understanding both the English language and any of the languages specified in Section 1632 of the Civil Code, and who is not employed by, and whose services are not made available through, the program administrator, the public agency, or the contractor.

(e) (1) Beginning on January 1, 2019, if the oral confirmation was conducted primarily in a language other than English that is specified in Section 1632 of the Civil Code, the program administrator shall deliver in writing the disclosures and contract or agreement required by law, including, but not limited to, the following:

(A) Assessment contract documents specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code.

(B) The financing estimate and disclosure form specified in Section 5898.17.

(C) The right to cancel form specified in Section 5898.16.

(2) Before the execution of any contract or agreement described in paragraph (1), the program administrator shall deliver a translation of the disclosures, contract, or agreement in the language in which the oral confirmation was conducted, that includes a translation of every term and condition in that contract or agreement.

(f) This section shall become operative on January 1, 2029. remain in effect only until January 1, 2029, and as of that date is repealed.

SEC. 5.
Section 5913 of the Streets and Highways Code, as added by Chapter 837 of the Statutes of 2018, is amended to read:

5913.
(a) (1) Before a property owner executes an assessment contract the program administrator shall do the following:

(A) Make an oral confirmation that at least one owner of the property has a copy of the contract assessment documents required by paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or Section 53328.1 of the Government Code, as applicable, with all the key terms completed, the financing estimate and disclosure form specified in Section 5898.17, and the right to cancel form specified in Section 5898.16, with hard copies available upon request.

(B) Make an oral confirmation of the key terms of the assessment contract, in plain language, with the property owner on the call or to a verified authorized representative of the owner on the call and shall obtain acknowledgment from the property owner on the call to whom the oral confirmation is given.

(2) The oral confirmation required pursuant to paragraph (1) shall include, but is not limited to, all the following information:

(A) The property owner on the call has the right to have other persons present for the call, and an inquiry as to whether the property owner would like to exercise the right to
include anyone else on the call. This shall occur at the onset of the call, after the determination of the preferred language of communication.

(B) The property owner on the call is informed that they should review the assessment contract and financing estimate and disclosure form with all other owners of the property.

(C) The efficiency improvement being installed is being financed by a PACE assessment.

(D) The total estimated annual costs the property owner will have to pay under the assessment contract, including applicable fees.

(E) The total estimated average monthly amount of funds the property owner would have to save in order to pay the annual costs under the PACE assessment, including applicable fees.

(F) That the county annual secured property tax bill, which will include the installment of the PACE lien, will be mailed by the county tax collector no later than November 1 each year, and that if the lien is recorded after the fiscal year closes but before the bill is mailed, the first installment may not appear on the county tax bill until the following year.

(G) The term of the assessment contract.

(H) That payments on the assessment contract will be made through an additional annual assessment on the property and paid either directly to the county tax collector’s office as part of the total annual secured property tax bill, or through the property owner’s mortgage impound account, and that if the property owner pays his or her taxes through an impound account he or she should notify their mortgage lender to discuss adjusting his or her monthly mortgage payment by the estimated monthly cost of the PACE assessment.

(I) That the property will be subject to a lien during the term of the assessment contract and that the obligations under the assessment contract may be required to be paid in full before the property owner sells or refinances the property.

(J) That the property owner has disclosed whether the property has received or is seeking additional PACE assessments and has disclosed all other PACE assessments or special taxes that are or are about to be placed on the property, if known to and understood by the property owner.

(K) That any potential utility savings are not guaranteed, and will not reduce the assessment payments or total assessment amount.

(L) That the program administrator and contractor do not provide tax advice, and that the property owner should seek professional tax advice if he or she the property owner has questions regarding tax credits, tax deductibility, or of other tax impacts on the PACE assessment or assessment contract.

(M) That if that property tax payment is delinquent within the fiscal year, the county tax collector will assess a 10-percent penalty and may assess related costs, as required by
state law. A delinquent payment also subjects the property to foreclosure. If the delinquent payment continues past June 30 of a given year and defaults, the county tax collector will assess penalties at the rate of 1 ½ percent per month (18 percent per year), and the property will continue to be subject to foreclosure and may become subject to the county tax collector’s right to sell the property at auction.

(N) That the property owner has a three-business day right to cancel the assessment contract pursuant to subdivision (b) of Section 5898.16, and that canceling the assessment contract may also cancel the home improvement contract under Section 5940.

(O) That it is the responsibility of the property owner to contact the property owner’s home insurance provider to determine whether the efficiency improvement to be financed by the PACE assessment is covered by the property owner’s insurance plan.

(P) That the property owner may repay an amount owed pursuant to an assessment contract prior to the date that amount is due under the contract without early repayment penalty.

(b) The program administrator shall comply with the following when giving the oral confirmation described in subdivision (a):

(1) The program administrator shall record the oral confirmation in an audio format in accordance with applicable laws.

(2) The program administrator may not comply with the requirement in subdivision (a) through the use of a prerecorded message, or other similar device or method.

(3) Recording of an oral confirmation shall be retained by the program administrator for a period of at least five years from the time of the recording.

(c) The provisions of this section shall be in addition to the documents required to be provided to the property owner under Sections 5898.16 and 5898.17.

(d) At the commencement of the oral confirmation, the program administrator shall ask if the property owner on the call would prefer to communicate during the oral confirmation primarily in a language other than English that is specified in Section 1632 of the Civil Code. If the preferred language is supported by the program administrator, the oral confirmation shall be given in that primary language, except where the property owner on the call chooses to communicate through his or her own interpreter. If the preferred language is not supported and an interpreter is not chosen by the property owner on the call, the PACE assessment transaction shall not proceed. For purposes of this subdivision, “his or her own interpreter” means a person, who is not a minor, is able to speak fluently and read with full understanding both the English language and any of the languages specified in Section 1632 of the Civil Code, and who is not employed by, and whose services are not made available through, the program administrator, the public agency, or the contractor.

(e) (1) Beginning on January 1, 2019, if the oral confirmation was conducted primarily in a language other than English that is specified in Section 1632 of the Civil Code, the
program administrator shall deliver in writing the disclosures and contract or agreement required by law, including, but not limited to, the following:

(A) Assessment contract documents specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code.

(B) The financing estimate and disclosure form specified in Section 5898.17.

(C) The right to cancel form specified in Section 5898.16.

(2) Before the execution of any contract or agreement described in paragraph (1), the program administrator shall deliver a translation of the disclosures, contract, or agreement in the language in which the oral confirmation was conducted, that includes a translation of every term and condition in that contract or agreement.

(f) This section shall become operative on January 1, 2029.

SEC. 6.
(a) Section 2.5 of this bill incorporates amendments to Section 5898.17 of the Streets and Highways Code, as amended by Section 10 of Chapter 837 of the Statutes of 2018, proposed by both this bill and Assembly Bill 2471. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2021, (2) each bill amends Section 5898.17 of the Streets and Highways Code, and (3) this bill is enacted after Assembly Bill 2471, in which case Section 2 of this bill shall not become operative.

(b) Section 3.5 of this bill incorporates amendments to Section 5898.17 of the Streets and Highways Code, as added by Section 11 of Chapter 837 of the Statutes of 2018, proposed by both this bill and Assembly Bill 2471. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2021, (2) each bill amends Section 5898.17 of the Streets and Highways Code, and (3) this bill is enacted after Assembly Bill 2471, in which case Section 3 of this bill shall not become operative.

AB 1771, Chapter 209
Unemployment insurance: work sharing plans.
Effective Date 9/28/2020

SECTION 1.
The Legislature finds and declares all of the following:

(a) More than 40,000,000 Americans have applied for unemployment benefits during the coronavirus pandemic and many businesses have laid off staff or shut down completely.

(b) Many economists believe that work sharing programs are much better options than laying off workers, as these programs keep workers in their jobs, let employers cut their hours, and provide for benefits that allow workers to backfill their lost wages.
(c) California has a work sharing program pursuant to which an employer may apply to participate as a temporary alternative to layoffs if the business’ production or services have been reduced. This program helps employers minimize or eliminate the need for layoffs in nearly all types of businesses and industries and allows employers to keep trained employees, quickly recover when business financial conditions improve, and avoid the cost of recruiting, hiring, and training new employees.

(d) With work sharing, both full- and part-time employees whose hours and wages have been reduced can receive unemployment compensation benefits, keep their current jobs, avoid financial hardships, and maintain health and retirement benefits.

(e) It is the intent of the Legislature to create an expedited process pursuant to which employers may apply to, and participate in, California’s work sharing program.

SEC. 2.
Section 1279.5 of the Unemployment Insurance Code, as added by Section 2 of Chapter 141 of the Statutes of 2013, is amended to read:

1279.5.
(a) As used in this section:

(1) “Affected unit” means a specified plant, department, shift, or other definable unit that includes two or more workers and not less than 10 percent of the employer’s regular permanent work force involved in the affected unit or units in each week, or in at least one week of a two-consecutive-week period, to which an approved work sharing plan applies.

(2) “Health and retirement benefits” means employer-provided health benefits and retirement benefits under a defined benefit pension plan, as defined in Section 414(j) of the Internal Revenue Code, or contributions under a defined contribution plan, as defined in Section 414(i) of the Internal Revenue Code, that are incidents of employment in addition to the cash remuneration earned.

(3) “Work sharing compensation” means the unemployment compensation benefits payable to employees in an affected unit under an approved work sharing plan, as distinguished from the unemployment compensation benefits otherwise payable under this part.

(4) “Work sharing plan” means a plan submitted by an employer, for approval by the director, under which the employer requests the payment of work sharing compensation to employees in an affected unit of the employer in lieu of layoffs.

(5) “Work sharing program” means the program described by this section.

(6) “Usual weekly hours of work” means the usual hours of work for full- or part-time employees in the affected unit when that unit is operating on its regular basis, not to exceed 40 hours and not including hours of overtime work.

(7) “Unemployment compensation” means the unemployment compensation benefits payable under this part other than work sharing compensation and includes amounts...
payable pursuant to an agreement under federal law providing for compensation, assistance, or allowances with respect to unemployment.

(a) (b) Notwithstanding Section 1252 or 1252.2 or any other provision of this part, for the purposes of this section an individual employee is “unemployed” in any week if the individual employee works less than his or her normal weekly hours of work for the individual’s regular employer, and the director finds that the regular employer has reduced or restricted the individual’s normal hours of work, or has rehired an individual previously laid off and reduced that individual’s normal hours of work from those previously worked, employee’s regular employer, as the result of a plan by the regular employer to, in lieu of layoff, reduce employment and stabilize the work force by a program of sharing the work remaining after a reduction in total hours of work and a corresponding reduction in wages of at least 10 percent. The application for approval of a plan shall require the employer to briefly describe the circumstances requiring the use of work sharing to avoid a layoff. Normal weekly hours of work means the number of hours in a week that the employee normally would work for the regular employer or 40 hours, whichever is less. The plan must involve the participation of at least two employees and include not less than 10 percent of the employer’s regular permanent work force involved in the affected work unit or units in each week, or in at least one week of a two-consecutive-week period. A plan the regular employer’s participation in a work sharing plan that meets the requirements of this section and has been approved by the director shall expire six months after the effective date of the plan. director, pursuant to which the employer, in lieu of layoff, reduces employment and stabilizes the workforce.

(c) Except as provided in Section 1279.7 an employer wishing to participate in the work sharing program, on and after July 1, 2014, shall submit a signed written work sharing plan to the director for approval. The director shall develop an application form to request approval of a work sharing plan and an approval process that meets the requirements of this section. The application shall include, but is not limited to, the following:

(1) The affected unit covered by the plan, including the number of full- or part-time employees in the unit, the percentage of employees in the affected unit covered by the plan, identification of each individual employee in the affected unit by name, social security number, and the employer’s unemployment tax account number and any other information required by the director to identify plan participants.

(2) A description of how employees in the affected unit will be notified of the employer’s participation in the work sharing plan if the application is approved, including how the employer will notify those employees in a collective bargaining unit as well as any employees in the affected unit who are not in a collective bargaining unit. If the employer does not intend to provide advance notice to employees in the affected unit, the employer shall explain in a statement in the application why it is not feasible to provide that notice.

(3) A requirement that the employer identify, in the application, the usual weekly hours of work for employees in the affected unit and the specific percentage by which their hours will be reduced during all weeks covered by the plan. The percentage of reduction
of usual weekly hours of work for which a work sharing plan may be approved shall not be less than 10 percent or more than 60 percent. If the plan includes any week for which the employer regularly does not provide work, including, but not limited to, incidences due to a holiday or plant closing, then that week shall be identified in the application.

(4) (A) Except as provided in subparagraph (B), certification by the employer, if the employer provides health and retirement benefits to any employee whose usual weekly hours of work are to be reduced under the plan, that the benefits will continue to be provided, to the extent permitted by federal law, to employees participating in the work sharing plan under the same terms and conditions as though the usual weekly hours of work of these employees had not been reduced or to the same extent as other employees not participating in the work sharing plan. For defined benefit retirement plans, to the extent permitted by federal law, the hours that are reduced under the work sharing plan shall be credited for purposes of participation, vesting, and accrual of benefits as though the usual weekly hours of work had not been reduced. The dollar amount of employer contributions to a defined contribution plan that are based on a percentage of compensation may be less due to the reduction in the employee’s compensation.

(B) If a reduction in health and retirement benefits is scheduled to occur during the duration of the plan and those reductions will be applied equally to employees who are not participating in the work sharing program, then the application shall so certify, and those benefits may be reduced for those employees who are participating in the work sharing plan.

(5) Certification by the employer that the aggregate reduction in work hours is in lieu of temporary or permanent layoffs, or both. The application shall include an estimate of the number of workers who would have been laid off in the absence of the work sharing plan.

(6) Agreement by the employer to do all of the following:

(A) Furnish reports to the director relating to the proper conduct of the plan.

(B) Allow the director or the director’s authorized representatives access to all records necessary to approve or disapprove the plan application.

(C) After approval of a plan, monitor and evaluate the plan.

(D) Follow any other directives the director deems necessary for the department to implement the plan and that are consistent with the requirements for plan applications.

(7) Certification by the employer that participation in the work sharing plan and its implementation is consistent with the employer’s obligations under applicable federal and state laws.

(8) The effective date and duration of the plan, which shall not be later than the end of the 12th full calendar month after the effective date.
(9) Any other provision added to the application by the director that the United States Secretary of Labor determines to be appropriate for purposes of a work sharing plan.

(d) The director shall approve or disapprove a work sharing plan in writing by the close of business no later than 10 working days from the date the completed plan is received and communicate the decision to the employer. A decision disapproving the plan shall clearly identify the reasons for the disapproval. Within 20 days, the employer may submit a request for review of the disapproved work sharing plan to the director’s work sharing administrator, whom the director shall designate for this purpose. After review, the work sharing administrator’s decision of approval or disapproval shall be final. If disapproved, the employer may submit a different work sharing plan for approval.

(e) The director shall work with the employer to determine the effective date of a work sharing plan, which shall be specified in the notice of approval to the employer. The plan shall expire on the date specified in the notice of approval, which shall be either the date at the end of the 12th full calendar month after its effective date or an earlier date mutually agreed upon by the employer and the director. However, if a work sharing plan is revoked by the director under subdivision (f) of this section, the plan shall terminate on the date specified in the director’s written order of revocation. An employer may terminate a work sharing plan at any time upon written notice to the director. An employer may submit an application to renew the work sharing plan not more than 10 days after a previously approved work sharing plan expires.

(f) The director may revoke approval of a work sharing plan for good cause at any time. The revocation order shall be in writing and shall specify the reasons for the revocation and the date the revocation is effective. The director may periodically review the operation of an employer’s work sharing plan to ensure that good cause does not exist for revocation of the approval of the plan. For purposes of these provisions, good cause includes, but is not limited to, failure to comply with the assurances given in the plan, unreasonable revision of productivity standards for the affected unit, conduct or occurrences tending to defeat the intent and effective operation of the work sharing plan, and violation of any criteria on which approval of the plan was based.

(g) An employer may request a modification of an approved plan by filing a written request to the director. The request shall identify the specific provisions proposed to be modified and provide an explanation of why the proposed modification is appropriate for the work sharing plan. The director shall approve or disapprove the proposed modification in writing by the close of business no later than 10 working days from the date the proposed modification is received and communicate the decision to the employer. The director, in the director’s discretion, may approve a request for modification of the plan based on conditions that have changed since the plan was approved, provided that the modification is consistent with and supports the purposes for which the plan was initially approved. A modification does not extend the expiration date of the original plan, and the director shall promptly notify the employer whether the plan modification has been approved and, if approved, the effective date of the modification, which shall not be earlier than the effective date of the original work sharing plan. An employer is not required to request approval of a plan modification from the director if the change is not substantial, but the employer shall promptly report,
in writing, every change to the plan to the director. The director may terminate an employer’s plan if the employer fails to meet this reporting requirement. If the director determines that the reported change is substantial, the director shall require the employer to request a modification to the plan.

(h) (1) An employee is eligible to receive work sharing compensation with respect to any week only if the employee is monetarily eligible for unemployment compensation, not otherwise disqualified for unemployment compensation, and both of the following are true:

(A) During the week, the employee is employed as a member of an affected unit under an approved work sharing plan, which was approved prior to that week, and the plan is in effect with respect to the week for which work sharing compensation is claimed.

(B) Notwithstanding any other provisions relating to availability for work and actively seeking work, the employee is available for the employee’s usual hours of work with the work sharing employer, which may include, for purposes of this section, participating in training to enhance job skills that is approved by the director, such as employer-sponsored training or training funded under the federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.).

(2) Notwithstanding any other provision of law, an employee covered by a work sharing plan is deemed unemployed in any week during the duration of that plan if the employee’s remuneration as an employee in an affected unit is reduced based on a reduction of the employee’s usual weekly hours of work under an approved work sharing plan.

(i) For the purposes of this section, an employee shall not be disqualified under subdivision (c) of Section 1253 for any week if both of the following conditions exist:

(1) The employee has not been absent from work without the approval of the regular employer.

(2) The employee accepted all work the regular employer made available to the individual during hours scheduled off due to the work sharing plan.

(b) (j) Except as otherwise provided in this section, each individual eligible under this chapter who is “unemployed” in any week shall be paid with respect to that week a weekly shared work unemployment compensation benefit amount equal to. The work sharing weekly compensation amount shall be the product of the regular weekly unemployment compensation amount for a week of total unemployment multiplied by the percentage of reduction of the individual’s wages resulting from an approved plan, rounded to the nearest 5 percent, multiplied by the individual’s weekly benefit amount, in the individual’s usual weekly hours of work.

(k) (1) Provisions applicable to unemployment compensation shall apply to employees in a work sharing plan to the extent that they are not inconsistent with work sharing program provisions. An employee who files an initial claim for work sharing compensation shall receive a monetary determination. An employee may be eligible for work sharing compensation or unemployment compensation, as appropriate, except
that an employee shall not be eligible for combined benefits in any benefit year in an amount more than the maximum entitlement established for regular unemployment compensation, nor shall an employee be paid work sharing benefits for more than 52 weeks under a work sharing plan.

(2) An employee who is not provided any work during a week by the work sharing employer, or any other employer, and who is otherwise eligible for unemployment compensation, shall be eligible for the amount of regular unemployment compensation to which the employee would otherwise be eligible.

(3) An employee who is not provided any work by the work sharing employer during a week, but who works for another employer and is otherwise eligible, may be paid unemployment compensation for that week subject to the disqualifying income and other provisions applicable to claims for regular unemployment compensation.

(4) The work sharing compensation paid to an employee shall be deducted from the maximum entitlement amount of regular unemployment compensation established for that employee’s benefit year.

(5) An employee who has received all of the work sharing compensation or combined unemployment compensation and work sharing compensation available in a benefit year shall be considered an exhaustee for purposes of extended benefits and, if otherwise eligible under those provisions, shall be eligible to receive extended benefits.

(c) (6) No individual employee who receives any benefits under this section during any benefit year shall receive any benefits pursuant to Section 1252 or 1252.2 as a partially unemployed individual with respect to any week during such a benefit year while in employment status with the regular employer who initiated the program of work sharing work plan under this section. No benefits under this section shall be payable on any type of extended claim.

(7) Sections 1253.5 and 1279 shall not apply to any individual eligible for any payment under this section.

(d) (l) Any amount payable under this section shall be reduced by the amount of any and all compensation payable for personal services, whether performed as an employee or an independent contractor or as a juror or as a witness, except compensation payable by the regular employer under a shared workplan. Work sharing compensation shall be charged to employers’ experience rating accounts in the same manner as unemployment compensation is charged under this part. Employers liable for payments in lieu of contributions shall have work sharing compensation attributed to service in their employ in the same manner as unemployment compensation is attributed.
The benefit payment under this section, if not a multiple of one dollar ($1), shall be increased to the next higher multiple of one dollar ($1).

Sections 1253.5 and 1279 shall not apply to any individual eligible for any payment under this section.

For the purposes of this section, an individual shall not be disqualified under subdivision (c) of Section 1253 for any week if both of the following conditions exist:

1. The individual has not been absent from work without the approval of the regular employer.
2. The individual accepted all work the regular employer made available to the individual during hours scheduled off due to the work sharing plan.

Except as otherwise provided by or inconsistent with this section, all provisions of this division and authorized regulations apply to benefits under this section. Authorized regulations may, to the extent permitted by federal law, make such distinctions and requirements as may be necessary in the procedures and provisions applicable to unemployed individuals to carry out the purposes of this section, including, but not limited to, regulations defining normal hours, days, workweek, and wages.

Employees shall not be eligible to receive any benefits under this section unless their employer agrees, in writing, and their bargaining agent pursuant to any applicable collective bargaining agreement agrees, in writing, to voluntarily participate in the shared work unemployment insurance benefit program created by this section.

Notwithstanding Section 1327, the department shall not be required to notify an employer of additional claims which result from an approved plan submitted by the employer under which benefits are not paid in each week.

The director may terminate a shared work plan for good cause if the plan is not being carried out according to its terms and intent.

This section shall apply to work sharing plans that become effective before July 1, 2014. No work sharing plan that becomes effective before July 1, 2014, shall be renewed. Any work sharing plan that is entered into on or after July 1, 2014, shall be subject to Section 1279.5 as added by Assembly Bill 1392 of the 2013–14 Regular Session.

SEC. 3.
Section 1279.6 is added to the Unemployment Insurance Code, to read:

1279.6. The department may collaborate with the Governor’s Office of Business and Economic Development and the California Infrastructure and Economic Development Bank to develop and implement strategic outreach to increase participation by employers in the
work sharing program described in Section 1279.5 and to provide information to employers about their ability to rehire former employees, based on federal guidance.

**SEC. 4.**
Section 1279.7 is added to the Unemployment Insurance Code, to read:

1279.7.
(a) Notwithstanding subdivision (c) of Section 1279.5, the director shall accept a work sharing plan application submitted electronically by an employer wishing to participate in, or renew participation in, the work sharing program. The department shall create a portal on its internet website for the provision and receipt of these applications.

(b) Work sharing plan applications submitted by eligible employers between September 15, 2020, and September 1, 2023, to participate in, or renew participation in, the work sharing program, upon approval by the director, shall be deemed approved for one year, unless a shorter plan is requested by the employer and approved by the director pursuant to subdivision (e) of Section 1279.5. The department shall mail to an eligible employer a claim packet for each participating employee within five business days following approval of the application. For an employer that submitted a work sharing plan application online, the department shall make online claim forms available to the approved employer for each participating employee within five business days following approval of the application. After the participating employer and employees complete and submit the documents in the claim packet, the department shall establish an unemployment insurance claim pursuant to applicable requirements. Participating employers and employees shall meet the required unemployment insurance claim filing and weekly certification requirements and employers shall be responsible for the completeness and integrity of each work sharing certification form issued to a participating employee.

(c) The provisions of this section shall be implemented consistently with the requirements of federal law.

(d) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2024, deletes or extends that date.

**SEC. 5.**
This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to encourage employers to utilize California’s work sharing program and provide an expedited, online method for the submission and approval of work sharing plan applications as soon as possible, it is necessary for this act to take immediate effect.
AB 1864, Chapter 157
Effective Date 1/1/2020

1. Section 300 of the Financial Code is amended to read:

300.
(a) In this section:
(1) “Business and industrial development corporation” means a corporation licensed under Division 15 (commencing with Section 31000).
(2) “Payment instrument” has the same meaning as set forth in Section 2003.
(3) “Stored Value” has the same meaning as set forth in subdivision (v) (x) of Section 2003.

(b) There is in the state government, in the Business, Consumer Services, and Housing Agency, a Department of Business Oversight, Financial Protection and Innovation, which has charge of the execution of, among other laws, the laws of this state relating to any of the following: (1) banks or trust companies or the banking or trust business; (2) savings associations or the savings association business; (3) credit unions or the credit union business; (4) persons who engage in the business of receiving money for transmission or such business; (5) issuers of stored value or such business; (6) issuers of payment instruments or the payment instrument business; (7) business and industrial development corporations or the business and industrial development corporation business; (8) insurance premium finance agencies or the insurance premium finance business; (9) persons offering or making any contract constituting bucketing; (10) persons offering or selling off-exchange commodities; (11) deferred deposit originators; (12) finance lenders and brokers; (13) residential mortgage lenders and servicers; (14) capital access companies; (15) check sellers, bill payers, and proraters; (16) securities issuers, broker-dealers, agents, investment advisers, and investment adviser representatives; (17) mortgage loan originators employed or supervised by finance lenders or residential mortgage lenders; (18) escrow agents; (19) franchisors; or, (20) persons holding securities as custodians on behalf of securities owners; (21) persons offering or providing consumer financial products or services in this state; and (22) PACE program administrators.

SEC. 2.
Section 320 of the Financial Code is amended to read:

320.
(a) The chief officer of the Department of Business Oversight, Financial Protection and Innovation is the Commissioner of Business Oversight, Financial Protection and Innovation. The Commissioner of Business Oversight, Financial Protection and Innovation is the head of the department with the authority and responsibility over all officers, employees, and activities in the department and, except as otherwise provided
in this code and the Corporations Code, is subject to the provisions of the Government Code relating to department heads.

(b) The Commissioner of Business Oversight, Financial Protection and Innovation shall employ legal counsel to act as the attorney for the commissioner in actions or proceedings brought by or against the commissioner under or pursuant to any law under the jurisdiction of the Division of Corporations, Department of Financial Protection and Innovation, or in which the commissioner joins or intervenes as to a matter within the jurisdiction of the Division of Corporations, Department of Financial Protection and Innovation, as a friend of the court or otherwise.

(c) The Commissioner of Business Oversight, Financial Protection and Innovation shall employ stenographic reporters to take and transcribe the testimony in any formal hearing or investigation before the commissioner or before a person authorized by the commissioner.

(d) Sections 11040, 11042, 11040 and 11043 11042 of the Government Code do not apply to the Division of Corporations, Department of Financial Protection and Innovation.

SEC. 3.
Section 321 of the Financial Code is amended to read:

321.
(a) In this section, “order” means any approval, consent, authorization, exemption, denial, prohibition, requirement, or other administrative action, applicable to a specific case.

(b) The upon the operative date of this section, as amended during the 2019–20 legislative session, the office of the Commissioner of Financial Institutions and Business Oversight and the Department of Business Oversight shall be renamed the office of the Commissioner of Financial Protection and Innovation and the Department of Financial Institutions are abolished. Protection and Innovation. All powers, duties, responsibilities, and functions of the Commissioner of Financial Institutions and Business Oversight and the Department of Business Oversight shall be the powers, duties, responsibilities, and functions of the Commissioner of Financial Protection and Innovation and the Department of Financial Institutions are transferred to the Protection and Innovation, respectively. The Commissioner of Financial Protection and Innovation and the Department of Financial Protection and Innovation shall retain all of the rights, property, debts, and liability of the Commissioner of Business Oversight and the Department of Business Oversight, respectively. The Commissioner of Business Oversight and the Department of Business Oversight succeed to all of the rights and property of the Commissioner of Financial Institutions and Department of Financial Institutions, respectively; the Commissioner of Business Oversight and the Department of Business Oversight are subject to all the debts and liabilities of the Commissioner of Financial Institutions and the Department of Financial Institutions, respectively, as if the Commissioner of Business Oversight and the Department of Business Oversight had incurred them. Any change of name shall not affect the validity of any action or proceeding by or against the Commissioner of
Financial Institutions Business Oversight or the Department of Financial Institutions may be prosecuted to judgment, which shall bind Business Oversight, or a predecessor commissioner or department, nor the validity of any permit, certificate, license, or any other action taken under the name of the Commissioner of Business Oversight or the Department of Business Oversight, respectively, or a predecessor commissioner or department. All agreements entered into with, and orders and regulations issued by, the Commissioner of Business Oversight or the Department of Business Oversight may be proceeded against or substituted in place. Oversight, or a predecessor commissioner or department, shall continue in effect as agreements, orders, and regulations of the Commissioner of Financial Institutions Protection and Innovation or the Department of Financial Institutions, respectively. Protection and Innovation. References in the California Constitution or in any statute or regulation to the Superintendent of Banks or the Commissioner of Financial Institutions or the Commissioner of Corporations or the Commissioner of Business Oversight or to the State Banking Department or the Department of Financial Institutions mean or the Commissioner Department of Business Oversight Corporations or the Department of Business Oversight, respectively. All agreements entered into with, and orders and regulations issued by, Oversight mean the Commissioner of Financial Institutions Protection and Innovation or the Department of Business Oversight, Protection and Innovation, respectively. The Commissioner of Corporations or the Department of Corporations are abolished. All powers, duties, responsibilities, and functions of the Commissioner of Corporations and the Department of Corporations are transferred to the Commissioner of Business Oversight and for the Department of Business Oversight, respectively. The Commissioner of Business Oversight and the Department of Business Oversight succeed to all of the rights and property of the Commissioner of Corporations and the Department of Corporations, respectively; the Commissioner of Business Oversight and the Department of Business Oversight are subject to all the debts and liabilities of the Division of Corporations shall remain in effect as confirmation by the Senate of the Commissioner and Senior Deputy Commissioner of Corporations and the Department of Corporations, respectively, as if the Commissioner of Business Oversight and the Department of Business Oversight had incurred them. Any action or proceeding by or against the Commissioner of Corporations or the Department of Corporations may be prosecuted to judgment, which shall bind the Commissioner of Business Oversight or the Department of Business Oversight, respectively, or the Commissioner of Business Oversight or the Department of Business Oversight may be proceeded against or substituted in place of the Commissioner of Corporations or the Department of Corporations, respectively.
References in the California Constitution or in any statute or regulation to the Commissioner of Corporations or the Department of Corporations mean the Commissioner of Business Oversight or the Department of Business Oversight, respectively. All agreements entered into with, and orders and regulations issued by, the Commissioner of Corporations or the Department of Corporations shall continue in effect as if the agreements were entered into with, and the orders and regulations were issued by, the Commissioner of Business Oversight or the Department of Business Oversight, respectively. *Financial Institutions to the renamed Department of Financial Protection and Innovation.*

SEC. 4.
Section 326 of the Financial Code is amended to read:

326.  
(a) The Commissioner of Business Oversight, *Financial Protection and Innovation* is responsible for the performance of all duties, the exercise of all powers and jurisdiction, and the assumption and discharge of all responsibilities vested by law in the department and the divisions thereunder. The commissioner has and may exercise all the powers necessary or convenient for the administration and enforcement of, among other laws, the laws described in Section 300. The commissioner may issue rules and regulations consistent with law as he or she may deem necessary or advisable in executing the powers, duties, and responsibilities of the department.

(b) In addition to the authority under subdivision (a), the commissioner may bring a civil action or other appropriate proceeding, pursuant to Section 5552 of Title 12 of the United States Code, to enforce the provisions of the Consumer Financial Protection Act of 2010 (12 U.S.C. Sec. 5481 et seq.), or regulations issued by the federal Consumer Financial Protection Bureau thereunder, with respect to an entity that is licensed, registered, or subject to oversight by the commissioner, and to secure remedies under provisions of the Consumer Financial Protection Act of 2010.

(c) Nothing in this section shall be construed to expand upon or limit the authority granted by Section 5552 of Title 12 of the United States Code (Section 1042 of Subtitle D of Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

SEC. 5.
Section 351 of the Financial Code is amended to read:

351.  
(a) The chief officer of the Division of Corporations and *Financial Institutions* is the Senior Deputy Commissioner of Business Oversight, *Financial Protection and Innovation* for the Division of Corporations. The Senior Deputy Commissioner of Business Oversight, *Financial Protection and Innovation* for the Division of Corporations shall, under the direction of the commissioner, administer the laws of this state that were, prior to July 1, 2013, under the charge of the Department of Corporations. The Senior Deputy Commissioner of Business Oversight for the Division of Corporations and *Financial Institutions* shall be appointed by the Governor, subject to Senate confirmation, and shall hold office at
the pleasure of the Governor. The Senior Deputy Commissioner of Business Oversight- Financial Protection and Innovation for the Division of Corporations and Financial Institutions shall receive an annual salary as fixed by the Governor.

(b) The chief officer of the Division of Consumer Financial Institutions Protection is the Senior Deputy Commissioner of Business Oversight- Financial Protection and Innovation for the Division of Consumer Financial Institutions. The Senior Deputy Commissioner of Business Oversight for the Division of Financial Institutions shall be appointed by the Governor, subject to Senate confirmation, and shall hold office at the pleasure of the Governor. The Senior Deputy Commissioner of Business Oversight- Financial Protection and Innovation for the Division of Consumer Financial Institutions Protection shall receive an annual salary as fixed by the Governor.

SEC. 6. Section 371 of the Financial Code is repealed.

371. (a) There is in the Department of Business Oversight, the Division of Corporations, under the direction of the Senior Deputy Commissioner of Business Oversight for the Division of Corporations. The senior deputy commissioner has charge of the execution of the laws of the state that were, prior to July 1, 2013, under the charge of the Department of Corporations.

(b) There is in the Department of Business Oversight, the Division of Financial Institutions under the direction of the Senior Deputy Commissioner for the Division of Financial Institutions. The senior deputy commissioner has charge of the execution of the laws of the state that were, prior to July 1, 2013, under the charge of the Department of Financial Institutions.

SEC. 7. Division 24 (commencing with Section 90000) is added to the Financial Code, to read:

DIVISION 24. California Consumer Financial Protection Law
CHAPTER 1. Findings and Purpose
90000. (a) The Legislature finds and declares all of the following:
(1) California consumers are vulnerable to abuse if the state lacks a dedicated financial services regulator with broad authority over providers of financial products and services. The lack of such a regulator has left consumers vulnerable to abuse and forced California businesses to compete with unscrupulous providers. The financial victimization of economically vulnerable consumers, including individuals who lack a safety net, not only harms the individual but also has a broader social and economic cost on all of California, and could lead to increased caseloads for social safety net programs. These problems become even more acute in times of crisis, including the global Covid-19 pandemic and economic fallout. Consequently, where feasible, the
Legislature should enact statutory measures to protect California residents from financial abuses in the marketplace for financial products and services.

(2) Robust consumer protections enable wealth building and promote a vibrant economy. They are especially important among various populations, including, but not limited to, military service members, seniors, students, and new Californians. Unfair, deceptive, or abusive practices in the provision of financial products and services undermine the public confidence that is essential to the continued functioning of the financial system and sound extensions of credit to consumers.

(3) Technological innovation offers great promise to the more effective and efficient provision of consumer financial products and services to the population of California and also poses risks to consumers and challenges to law enforcement in addressing those risks.

(4) It is the intent of the Legislature to enact the California Consumer Financial Protection Law to strengthen consumer protections by expanding the ability of the Department of Financial Protection and Innovation to improve accountability and transparency in the California financial system, provide consumer financial education, and protect consumers from abusive financial practices, while prioritizing the prevention of unethical businesses from harming the most vulnerable populations including military service members, seniors, students, low- and moderate-income individuals, and new Californians.

(b) The purpose of the California Consumer Financial Protection Law shall be to promote consumer welfare, fair competition, and wealth creation in this state by doing all of the following:

(1) Promoting nondiscriminatory access to responsible, affordable credit on terms that reasonably reflect consumers’ ability to repay.

(2) Promoting nondiscriminatory access to consumer financial products and services that are understandable and not unfair, deceptive, or abusive.

(3) Protecting consumers from discrimination and unfair, deceptive, and abusive acts and practices in connection with financial practices and services.

(4) Promoting nondiscriminatory consumer-protective innovation in consumer financial products and services.

CHAPTER 2. Short Title

CHAPTER 2.

90001.
This division shall be known, and may be cited, as the “California Consumer Financial Protection Law.”

CHAPTER 3. Exemptions

90002.
(a) This division shall not apply to a licensee, or an employee of a licensee, of any state agency other than the Department of Financial Protection and Innovation to the extent
that licensee or employee is acting under the authority of the other state agency’s license.

(b) This division shall not apply to a person or employee of that person to the extent that person or employee is acting under the authority of one of the following licenses, certificates, or charters issued by the Department of Financial Protection and Innovation:

(1) Any person licensed as an escrow agent under Division 6 (commencing with Section 17000) of the Financial Code.

(2) Any person licensed as a finance lender, broker, program administrator, or mortgage loan originator under Division 9 (commencing with Section 22000) of the Financial Code.

(3) Any person licensed as a broker-dealer or investment adviser under Division 1 (commencing with Section 25000) of Title 4 the Corporations Code.

(4) Any person licensed as a residential mortgage lender, a mortgage servicer, or a mortgage loan originator under Division 20 (commencing with Section 50000) of the Financial Code.

(5) Any person licensed as a check seller, bill payer, or prorater under Division 3 (commencing with Section 12000) of the Financial Code.

(6) Any person licensed as a capital access company under Division 3 (commencing with Section 28000) of Title 4 of the Corporations Code.

(7) Any person doing business under a license, charter, or certificate issued under the Financial Institutions Law, including Division 1 (commencing with Section 99), Division 1.1 (commencing with Section 1000), Division 1.2 (commencing with Section 2000), Division 1.6 (commencing with Section 4800), Division 2 (commencing with Section 5000), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), and Division 15 (commencing with Section 31000) of the Financial Code.

(c) This division shall not apply to a bank, bank holding company, trust company, savings and loan association, savings and loan holding company, credit union, or an organization subject to oversight of the Farm Credit Administration, when acting under the authority of a license, certificate, or charter under federal law or the laws of another state.

(d) This division applies to all other covered persons, as defined in subdivision (f) of Section 90005.

CHAPTER 4. Prohibited Acts

90003.

(a) It is unlawful for a covered person or service provider, as defined in subdivision (f) of Section 90005, to do any of the following:

(1) Engage, have engaged, or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to consumer financial products or services.
(2) Offer or provide to a consumer any financial product or service not in conformity with any consumer financial law or otherwise commit any act or omission in violation of a consumer financial law.

(3) Fail or refuse, as required by a consumer financial law or any rule or order issued by the department thereunder, to do any of the following:

(A) Permit the department access to or copying of records.

(B) Establish or maintain records.

(C) Make reports or provide information to the department.

(b) For any person who knowingly or recklessly provides substantial assistance to a covered person or service provider in violation of subdivision (a) or any rule or order issued thereunder, the provider of that substantial assistance shall be deemed to be in violation of that section to the same extent as the person to whom that assistance is provided.

(c) Notwithstanding subdivision (b), a person shall not be held to have violated paragraph (1) of subdivision (a) solely by virtue of providing or selling time or space to a covered person or service provider placing an advertisement.

90004.

(a) In addition to the prohibitions contained in Section 1102.5 of the Labor Code, a covered person or service provider shall not terminate or in any other way discriminate against, or cause to be terminated or discriminated against, any covered employee or any authorized representative of covered employees by reason of the fact that the employee or representative, whether at the initiative of the employee or in the ordinary course of the duties of the employee, or any person acting pursuant to a request of the employee, has either:

(1) Filed or instituted, or caused to be filed or instituted, any proceeding under any consumer financial law.

(2) Objected to, or refused to participate in, any activity, policy, practice, or assigned task that the employee or other such person reasonably believed to be in violation of any law, rule, order, standard, or prohibition, subject to the jurisdiction of, or enforceable by, the department.

(b) For the purposes of this section, the term “covered employee” means any individual performing tasks related to the offering or provision of a consumer financial product or service.

(c) (1) A person who believes that they have been terminated or otherwise discriminated against by any person in violation of subdivision (a) shall have all remedies available under Section 1102.5 of the Labor Code, subject to the restrictions set forth in that section and the implementing regulations.

(2) This subdivision does not restrict the remedies available under this law.
CHAPTER 5. Definitions

90005. The definitions in this section apply throughout this division, except as otherwise provided in this division or if the context clearly indicates otherwise:

(a) “Affiliate” means any person that controls, is controlled by, or is under common control with another person. For purposes of this definition, “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person.

(b) “Department” means the Department of Financial Protection and Innovation.

(c) “Consumer” means an individual or an agent, trustee, or representative acting on behalf of an individual or the estate, trust, or joint trust of an individual, however denominated.

(d) “Consumer financial law” means a federal or California law that directly and specifically regulates the manner, content, or terms and conditions of any financial transaction, or any account, product, or service related thereto, with respect to a consumer.

(e) “Consumer financial product or service” means either of the following:

1. A financial product or service that is delivered, offered, or provided for use by consumers primarily for personal, family, or household purposes.

2. A financial product or service as described in paragraph (11) of subdivision (k).

(f) “Covered person” means, to the extent not preempted by federal law, any of the following:

1. Any person that engages in offering or providing a consumer financial product or service to a resident of this state.

2. Any affiliate of a person described in this subdivision if the affiliate acts as a service provider to the person.

3. Any service provider to the extent that the person engages in the offering or provision of its own consumer financial product or service.

(g) “Credit” means the right granted by a person to another person to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment for those purchases.

(h) “Debt” means any obligation of a person to pay another person money regardless of whether the obligation is absolute or contingent, has been reduced to judgment, is fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured and includes any obligation that gives rise to right of an equitable remedy for breach of performance if the breach gives rise to a right to payment.

(i) “Deposit-taking activity” means any of the following:
(1) The acceptance of deposits, maintenance of deposit accounts, or the provision of services related to the acceptance of deposits or the maintenance of deposit accounts.

(2) The acceptance of funds, the provision of other services related to the acceptance of funds, or the maintenance of member share accounts by a credit union.

(3) The receipt of funds or the equivalent thereof, as the department may determine by rule or order, received or held by a covered person or an agent for a covered person for the purpose of facilitating a payment or transferring funds or value of funds between a consumer and a third party.

(j) “Commissioner” means the Commissioner of Financial Protection and Innovation.

(k) “Financial product or service” means:

(1) Extending credit and servicing extensions of credit, including acquiring, purchasing, selling, brokering extensions of credit, other than solely extending commercial credit to a person who originates consumer credit transactions.

(2) Extending or brokering leases of personal or real property that are the functional equivalent of purchase finance arrangements, if all of the following:

(A) The lease is on a nonoperating basis.

(B) The initial term of the lease is at least 90 days.

(C) In the case of a lease involving real property, at the inception of the initial lease, the transaction is intended to result in ownership of the leased property to be transferred to the lessee, subject to standards prescribed by the department.

(3) Providing real estate settlement services.

(4) Engaging in deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument for use by or on behalf of a consumer.

(5) Selling, providing, or issuing stored value or payment instruments, except that, in the case of a sale of, or transaction to reload, stored value, only if the seller exercises substantial control over the terms or conditions of the stored value provided to the consumer where, for purposes of this paragraph, both:

(A) A seller shall not be found to exercise substantial control over the terms or conditions of the stored value if the seller is not a party to the contract with the consumer for the stored value product, and another person is principally responsible for establishing the terms or conditions of the stored value.

(B) Advertising the nonfinancial goods or services of the seller on the stored value card or device is not in itself an exercise of substantial control over the terms or conditions.

(6) Providing check cashing, check collection, or check guaranty services.

(7) Providing payments or other financial data processing products or services to a consumer by any technological means, including processing or storing financial or
banking data for any payment instrument, or through any payment system or networks used for processing payment data, including payments made through an online banking system or mobile telecommunications network, except that a person shall not be deemed to be a covered person with respect to financial data processing solely because the person either:

(A) Is a merchant, retailer, or seller of any nonfinancial good or service who engages in financial data processing by transmitting or storing payment data about a consumer exclusively for purpose of initiating payment instructions by the consumer to pay that person for the purchase of, or to complete a commercial transaction for, the nonfinancial good or service sold directly by that person to the consumer.

(B) Provides access to a host server to a person for purposes of enabling that person to establish and maintain a website.

(8) Providing financial advisory services other than services relating to securities provided by a person regulated by the Securities Exchange Commission or a person regulated by a state securities commission, but only to the extent that such person acts in a regulated capacity, to consumers on individual financial matters or relating to proprietary financial products or services (other than by publishing any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation, including publishing market data, news, or data analytics or investment information or recommendations that are not tailored to the individual needs of a particular consumer) including both of the following:

(A) Providing credit counseling to any consumer.

(B) Providing services to assist a consumer with debt management or debt settlement, modifying the terms of any extension of credit, or avoiding foreclosure.

(9) Collecting, analyzing, maintaining, or providing consumer report information or other account information, including information relating to the credit history of consumers, used or expected to be used in connection with any decision regarding the offering or provision of a consumer financial product or service, except to the extent that:

(A) A person does any of the following:

(i) Collects, analyzes, or maintains information that relates solely to the transactions between a consumer and that person.

(ii) Provides information to an affiliate of the person, as described in subdivision (a).

(iii) Provides information that is used or expected to be used solely in any decision regarding the offering or provision of a product or service that is not a consumer financial product or service.

(B) The information described in clause (i) of subparagraph (A) is not used by the person or affiliate in connection with any decision regarding the offering or provision of a consumer financial product or service to the consumer, other than credit described in subparagraph (A) of paragraph (1) of subdivision (e) of Section 90006.

(10) Collecting debt related to any consumer financial product or service.
(11) Directly or indirectly brokering the offer or sale of a franchise in this state on behalf of another.

(12) Offering another financial product or service as may be defined by the department, by regulation, for purposes of this division, if the department finds that the financial product or service is either:

(A) Entered into or conducted as a subterfuge or with a purpose to evade any consumer financial law.

(B) Permissible for a bank or for a financial holding company to offer or to provide under any provision of law or regulation applicable to a bank or a financial holding company, and has, or likely will have, a material impact on consumers, excluding, however, solely from the department’s authority to define additional financial products and services under this subparagraph and not the exercise of any other authority it may have, the following activities provided to a covered person:

(i) Providing information products or services to a covered person for identity authentication.

(ii) Providing information products or services for fraud or identify theft detection, prevention, or investigation.

(iii) Providing document retrieval or delivery services.

(iv) Providing public records information retrieval.

(v) Providing information products or services for anti-money laundering activities.

(13) The term “financial product or service” does not include either of the following:

(A) Insurance, as defined in Section 22 of the Insurance Code, regulated by the Department of Insurance.

(B) The provision, by a person, of electronic data transmission, routing, intermediate or transient storage, or connections to a telecommunications system or network, not including a person that provides those electronic conduit services if, when providing those services, the person does any of the following:

(i) Selects or modifies the content of the electronic data.

(ii) Transmits, routes, stores, or provides connections for electronic data, including financial data, in a manner that the financial data is differentiated from other types of data of the same form that the person transmits, routes, or stores, or with respect to which, provides connections.

(iii) Is a payee, payor, correspondent, or similar party to a payment transaction with a consumer.

(l) “Payment instrument” means a check, draft, warrant, money order, traveler’s check, electronic instrument, or other instrument, payment of funds, or monetary value, other than currency.
(m) “Person” means an individual, corporation, business trust, estate, trust, partnership, proprietorship, syndicate, limited liability company, association, joint venture, government, governmental subdivision, agency or instrumentality, public corporation or joint stock company, or any other organization or legal or commercial entity.

(n) (1) “Service provider” means any person that provides a material service to a covered person in connection with the offering or provision by that covered person of a consumer financial product or service, including a person that either:

(A) Participates in designing, operating, or maintaining the consumer financial product or service.

(B) Processes transactions relating to the consumer financial product or service, other than unknowingly or incidentally transmitting or processing financial data in a manner that the data is undifferentiated from other types of data of the same form as the person transmits or processes.

(2) The term “service provider” does not include a person solely by virtue of that person offering or providing to a covered person either:

(A) A support service of a type provided to businesses generally or a similar ministerial service.

(B) Time or space for an advertisement for a consumer financial product or service through print, newspaper, or electronic media.

(o) (1) “Stored value” means funds or monetary value represented in any electronic format, whether or not specially encrypted, and stored or capable of storage on electronic media in such a way as to be retrievable and transferred electronically, and includes a prepaid debit card or product, or any other similar product, regardless of whether the amount of the funds or monetary value may be increased or reloaded.

(2) Notwithstanding paragraph (1), the term “stored value” does not include a special purpose card or certificate, which shall be defined for purposes of this paragraph as funds or monetary value represented in any electronic format, whether or not specially encrypted, that is all of the following:

(A) Issued by a merchant, retailer, or other seller of nonfinancial goods or services.

(B) Redeemable only for transactions with the merchant, retailer, or seller of nonfinancial goods or services or with an affiliate of such person, which affiliate itself is a merchant, retailer, or seller of nonfinancial goods or services.

(C) Issued in a specified amount that, except in the case of a card or product used solely for telephone services, may not be increased or reloaded.

(D) Purchased on a prepaid basis in exchange for payment.

(E) Honored upon presentation to the merchant, retailer, or seller of nonfinancial goods or services or an affiliate of such person, which affiliate itself is a merchant, retailer, or seller of nonfinancial goods or services, only for any nonfinancial goods or services
These definitions shall be interpreted consistently with the definitions in the Consumer Financial Protection Act of 2010 (12 U.S.C. Sec. 5481). Any inconsistency or ambiguity shall be resolved in favor of greater protections to the consumer and more expansive coverage.

CHAPTER 6. Administration

90006.

(a) The department shall regulate the offering and provision of consumer financial products or services under California consumer financial laws and shall exercise nonexclusive oversight and enforcement authority under California consumer financial laws. To the extent permissible under the federal consumer financial laws, the department shall exercise nonexclusive oversight and enforcement under the federal consumer financial laws.

(b) In addition to existing functions, powers, and duties, the department shall have all of the following functions, powers, and duties in carrying out its responsibilities under this law:

(1) To bring administrative and civil actions, and to prosecute those civil actions before state and federal courts.

(2) To hold hearings and issue publications, results of inquiries and research, and reports that may aid in effectuating the purposes of this law.

(3) To perform such other functions as may be authorized or required by law.

(c) Sections 11040 and 11042 of the Government Code do not apply to this law.

(d) (1) The department shall establish the Financial Technology Innovation Office.

(2) The commissioner may investigate, research, analyze, and report on markets for consumer financial products or services.

(3) The commissioner may develop and implement outreach and education programs to underserved consumers and communities.

(4) The commissioner may develop and implement initiatives to promote innovation, competition, and consumer access within financial services.

(e) Merchants, retailers, and other sellers of nonfinancial goods and services are excluded from the department’s authority, subject to the following conditions:

(1) The department may not exercise authority under this division as to the following:

(A) The bona fide extension of credit by a merchant, retailer, or seller of nonfinancial goods and services to a consumer for the acquisition of a nonfinancial good or service, provided that all of the following conditions are met:

(i) The credit extended does not significantly exceed the fair market value of the nonfinancial good or service provided.

(ii) The merchant, retailer, or seller does not sell or otherwise assign the debt, except as to the sale of delinquent debt for the purposes of collection.
(iii) The merchant, retailer, or seller of nonfinancial goods and services does not regularly extend credit, as defined under the federal Truth in Lending Act (15 U.S.C. Sec. 1601 et seq.) and regulations issued thereunder.

(B) The collection or sale of delinquent debt arising from credit described in clause (i).

(2) Nothing in paragraph (1) shall limit the department’s authority to the extent that the department finds the sale of the nonfinancial good or service is done as a subterfuge, so as to evade or circumvent the provisions of this title.

90007.
With respect to funds under this division:

(a) All moneys collected or received by the commissioner under this division shall be deposited with the State Treasurer to the credit of the Financial Protection Fund, which is hereby created. All moneys in the Financial Protection Fund shall be available, upon appropriation by the Legislature, to the commissioner for purposes of administering this division.

(b) The department may set and collect an annual registration fee for each entity required to register under subdivision (a) of Section 90009, which may be scaled based on the size or market participation of the entity. The annual registration fee shall be limited to the reasonable regulatory costs under this division incident to issuing registrations and performing investigations, inspections, examinations, audits, and supervisory activities; and the administrative enforcement and adjudication of this division with respect to registrants. The regulatory costs for the administrative enforcement of this division are for the purposes of protecting consumers against unfair, deceptive, or abusive acts or practices in connection with any transaction involving the provision of financial products and services in this state; protecting registrants against unfair competition; improving accountability and transparency; and ensuring equitable enforcement of consumer financial laws.

(1) The cost of every inspection and examination of a covered person conducted under the authority of this law shall be paid to the department by the covered person examined and the department may maintain an action for recovery of those costs in any court of competent jurisdiction. In determining the cost of any inspection or examination, the department may use the estimated average hourly cost, including overhead, for all persons performing inspections or examinations of licensees or other persons subject to this division for the fiscal year.

(2) Nothing in this subdivision shall alter or supersede the requirements for the cost of an examination conducted under the authority of any other law administered by the commissioner.

(c) (1) The commissioner shall use funds obtained by the commissioner through the enforcement of any of the laws administered by the commissioner, including moneys received through fines, penalties, settlements, judgements, or otherwise, for the administration of this division, whether those funds were received before or after the enactment of this division. This provision shall not be applicable to fines, penalties, settlements, or judgments received by any other agency unless the settlement,
judgment, or an agreement expressly allocates funds for the administration of this division.

(2) In addition to funds obtained through the enforcement of any of the laws administered by the commissioner, the commissioner may use funds for the administration of this division that are obtained, awarded, delegated, or otherwise attributed to the department through the enforcement of any other consumer, borrower, or investor protection law, regardless of whether the action is brought directly by the commissioner or by another agency or official.

(3) Funds designated as restitution or other ancillary relief to an injured person shall not be subject to this subdivision.

(d) The fees and assessments paid pursuant to this section are nonrefundable.

90008.

(a) The department shall, by rule, establish reasonable procedures to provide a timely response to consumers, in writing where appropriate, to complaints against, or inquiries concerning, a covered person.

(b) The department shall, by rule, require a covered person to provide a timely response, in writing where appropriate, to the department concerning a consumer complaint or inquiry, including all of the following:

(1) Steps that have been taken by the covered person to respond to the complaint or inquiry of the consumer.

(2) Responses received by the covered person from the consumer.

(3) Follow-up actions or planned follow-up actions by the covered person to respond to the complaint or inquiry of the consumer.

(c) Subdivisions (a) and (b) shall not apply to a covered person to the extent it is a consumer reporting agency, as defined by the Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(f)).

(d) With respect to the provision of information to consumers by covered persons, all of the following shall apply:

(1) A covered person shall, in a timely manner, comply with a consumer request for information in the control or possession of that covered person concerning the consumer financial product or service that the consumer obtained from that covered person, including supporting written documentation, concerning the account of the consumer.

(2) Notwithstanding paragraph (1), a covered person may not be required by this section to make available to the consumer any of the following information:

(A) Confidential commercial information, including an algorithm used to derive credit scores or other risk scores or predictors.
(B) Information collected by the covered person for the purpose of preventing fraud or money laundering, or detecting or making any report regarding other unlawful or potentially unlawful conduct.

(C) Information required to be kept confidential by any other provision of law.

(D) Nonpublic or confidential information, including confidential supervisory information.

(E) Information collected, received, maintained, disclosed, sold, or processed pursuant to the Fair Credit Reporting Act (15 U.S.C. Sec. 1681 et seq.), but only to the extent subdivision (b) is inconsistent with any provision of the Fair Credit Reporting Act, and then only to the extent of the inconsistency, or to the extent that subdivision (b) imposes a requirement that is otherwise prohibited under Section 1681t(b) of Title 15 of the United States Code.

(3) This subdivision shall not apply to a consumer credit reporting agency subject to Section 1785.10 of the Civil Code.

(e) The department shall promulgate regulations to implement subdivisions (a) and (b) before commencing an enforcement action against a covered person or service provider for a violation of those provisions.

90009.

(a) (1) The department may prescribe rules regarding registration requirements applicable to a covered person engaged in the business of offering or providing a consumer financial product or service, including requiring a filing be made under oath, and requiring the payment of registration fees. The department may require registration through the Nationwide Multistate Licensing System and Registry.

(2) Notwithstanding paragraph (1), the department shall not require the registration or the payment of a fee by any of the following:

(A) A covered person who is licensed by the department under another law and who is providing a financial product or service within the scope of that license.

(B) A covered person who is licensed or registered by another agency unless the covered person is offering or providing a financial product or service that is not regulated by the agency licensing or registering the covered person.

(C) A covered person who is licensed by the department or a federal agency who engages in deposit-taking activity unless the covered person is offering or providing a financial product or service that is not regulated by the agency licensing the covered person.

(b) The following procedures apply to the oversight of persons required to register under subdivision (a):

(1) The department may prescribe rules to facilitate oversight of covered persons and assessment and detection of risks to consumers.
(2) The department may require a covered person to generate, provide, or retain records for the purposes of facilitating oversight of those persons and assessing and detecting risks to consumers.

(3) The department may prescribe rules regarding a covered person to ensure that such persons are legitimate entities and are able to perform their obligations to consumers. Such requirements may include background checks for principals, officers, directors, or key personnel and bonding or other appropriate financial requirements.

(c) The department may prescribe rules applicable to any covered person or service provider identifying as unlawful, unfair, deceptive, or abusive acts or practices in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. Such rules shall consider the relative harm to the consumer, the frequency of the act or practice in question, and whether such act or practice is unintentional or stems from a technical, clerical, or nonmaterial error. Rules under this section may include requirements for the purpose of preventing those acts or practices.

(1) The department shall interpret “unfair” and “deceptive” consistent with Section 17200 of the Business and Professions Code and the case law thereunder.

(2) The department shall have no authority under this law to declare an act or practice abusive in connection with the provision of a consumer financial product or service, unless the act or practice either:

(A) Materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service.

(B) Takes unreasonable advantage regarding any of the following:

(i) A lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service.

(ii) The inability of the consumer to protect the interests of the consumer in selecting or using a consumer financial product or service.

(iii) The reasonable reliance by the consumer on a covered person to act in the interests of the consumer.

(3) The term “abusive” shall be interpreted consistent with Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (12 U.S.C. Sec. 5481). Any inconsistency shall be resolved in favor of greater protections to the consumer and more expansive coverage.

(d) The department may prescribe rules applicable to any covered person to ensure that the features of any consumer financial product or service, both initially and over the term of the product or service, are fully, accurately, and effectively disclosed to consumers in a manner that permits consumers to understand the costs, benefits, and risks associated with the product or service, in light of the facts and circumstances.

(e) The department, by regulation, may define unfair, deceptive, and abusive acts and practices in connection with the offering or provision of commercial financing, as defined
in subdivision (d) of Section 22800, or other offering or provision of financial products and services to small business recipients, nonprofits, and family farms. The rulemaking may also include data collection and reporting on the provision of commercial financing or other financial products and services.

(f) (1) In conducting any monitoring, regulatory or assessment activity, the department may gather information from time to time regarding the organization, business conduct, markets, and activities of any covered persons and service providers.

(2) The department may require any covered persons and service providers participating in consumer financial services markets to file with the department, under oath or otherwise, in the form and within a reasonable period of time as the department may prescribe by rule or order, annual or special reports, or answers in writing to specific questions, as necessary for the department to fulfill its monitoring, assessment, and reporting responsibilities.

(3) To clarify the applicability of state credit cost limitations, including rate and fee caps, to the offering and provision of consumer financial products and services by covered persons, the department may interpret and implement, including to prevent evasion thereof, all California credit cost provisions as to their applicability to consumer financial products and services. Nothing in this paragraph shall be construed to give the department authority to establish a usury limit applicable to an extension of credit offered or made by a covered person to a consumer, except as otherwise provided for by statute.

(g) If the department and another agency have joint authority, the department shall consult with that agency before promulgating regulations under such laws. The department shall conduct this consultation a minimum of 30 days before the issuance of a notice of proposed rulemaking and a minimum of 30 days before the issuance of any final rule. The commissioner may not amend or rescind any regulation promulgated by another department or agency.

(h) The department shall promulgate regulations to implement subdivisions (a), (b), and (d) before commencing an enforcement action against a covered person or service provider for a violation of these provisions.

90009.5.
(a) Notwithstanding paragraph (1) of subdivision (a) of Section 90009, the department shall promulgate rules regarding registration requirements applicable to a covered person no later than three years following the initiation of its second action to enforce a violation of this division by persons providing the same or substantially similar consumer financial product or service as the covered person.

(b) The regulation requiring a covered person to register with the department shall become inoperative on January 1, of the calendar year that is four years following the initial year of required registration unless the Legislature takes action to extend the registration or to incorporate the scope of the activity in which the covered person is authorized to engage into a new or existing licensing law. The Legislature shall conduct public hearings to obtain input on the desirability or feasibility of extending, revising, or
(c) The department shall submit to the appropriate committees of the Legislature on or before December 1 before the year a regulation described in subdivision (b) is set to become inoperative, a complete report of the department’s activities related to the covered persons required to be registered by the regulation covering the entire period since the initial year of required registration.

(d) At least once annually, prior to March 15, the commissioner shall appear before and present a report to the appropriate committees of the Legislature reviewing all of the activities conducted to implement this division during the prior year and summarizing, with specificity, all of the activities it intends to conduct during the upcoming year. This report shall include, but not be limited to, all of the following:

(1) A summary of all enforcement actions taken to implement this division during the prior year.

(2) A review of business models in use among covered persons that it studied during the prior year and a description of which business models in use among covered persons it plans to study during the upcoming year.

(3) A review of all regulations it proposed, or finalized, or on which it sought public feedback during the prior year and a description of all regulations it intends to propose, finalize, or on which it intends to seek public feedback during the upcoming year.

(4) A review of all of the activities in which it engaged during the prior year using authority contained in paragraph (1) of subdivision (d) of Section 90006 and a description of the activities in which it plans to engage during the upcoming year.

(5) A review of all outreach efforts it conducted during the prior year using authority contained in paragraph (2) of subdivision (d) of Section 90006 and a description of subject matter it plans to include and groups to which it plans to outreach during the upcoming year.

(6) A review of all activities it conducted during the prior year using authority contained in paragraph (3) of subdivision (d) of Section 90006 and a description of what activities it plans to conduct during the upcoming year.

(7) Any other topic deemed relevant by the commissioner or requested to be covered by a chair of the appropriate committee of the Legislature.

CHAPTER 7. Oversight

90010.

(a) This section shall apply to any covered person who meets any of the following conditions:

(1) Offers or provides origination, brokerage, or servicing of loans secured by real estate for use by consumers primarily for personal, family, or household purposes, or loan modification or foreclosure relief services in connection with those loans.
(2) Is a registrant of the department that is required to be registered by statute or by rule.

(3) The department has reasonable cause to determine, by order, after notice to the covered person that the covered person is offering or providing financial products or services.

(4) Is a service provider to a person described in paragraphs (1) to (3), inclusive.

(b) The department may require reports and conduct examinations on a periodic basis of persons described in subdivision (a) for purposes of all of the following:

(1) Assessing compliance with the requirements of consumer financial laws.

(2) Obtaining information about the activities and compliance systems or procedures of that person.

(3) Detecting and assessing risks to consumers, small business, and to markets for consumer financial products and services.

(c) This division shall not be construed to limit the authority of the commissioner to require reports from persons described in subdivision (a), as permitted under subdivision (b), regarding information owned or under the control of the person, regardless of whether the information is maintained, stored, or processed by another person.

CHAPTER 8. Enforcement Powers and Duties

90011. The commissioner and the department shall have all the investigatory and subpoena powers set forth in Sections 11180 to 11191, inclusive, of the Government Code and any subpoena may further require a person to:

(a) Produce documentary material for inspection and copying or reproduction in the form or medium requested by the department.

(b) File written reports or answers to questions.

90012. With respect to the enforcement powers of the commissioner and the department under this division, all of the following apply:

(a) The department may take any action authorized by this law against a covered person or service provider who engages, has engaged, or proposes to engage in unfair, deceptive, or abusive practices with respect to consumer financial products or services.

(b) Relief under this section may include, but is not limited to, any of the following:

(1) Rescission or reformation of contracts.

(2) Refund of moneys or return of real property.

(3) Restitution.
(4) Disgorgement or compensation for unjust enrichment, with any disgorged amounts returned to the affected consumers, to the extent practicable.

(5) Payment of damages or other monetary relief.

(6) Public notification regarding the violation, including the costs of notification.

(7) Limits on the activities or functions of the person.

(8) Monetary penalties, as set forth more fully in paragraph (1) of subdivision (c).

(c) In any civil or administrative action brought pursuant to this division, the following penalties shall apply:

(1) Any person that violates, through any act or omission, any provision of this division shall forfeit and pay a penalty pursuant to this subdivision.

(A) The penalty amounts are as follows:

(i) For any violation of this division, rule or final order, or condition imposed in writing by the department, a penalty may not exceed the greater of either five thousand dollars ($5,000) for each day during which the violation or failure to pay continues, or two thousand five hundred dollars ($2,500) for each act or omission in violation.

(ii) Notwithstanding clause (i), for any reckless violation by a person of this division, rule or final order, or condition imposed by the department, a penalty may not exceed the greater of twenty-five thousand dollars ($25,000) for each day during which the violation continues, or ten thousand dollars ($10,000) for each act or omission in violation.

(iii) Notwithstanding clause (i) or (ii), for any knowing violation, by a person of this division, rule or final order, or condition imposed by the department, a penalty may not exceed the lesser of 1 percent of the person’s total assets, one million dollars ($1,000,000) for each day during which the violation continues, or twenty-five thousand dollars ($25,000) for each act or omission in violation.

(B) In determining the amount of any penalty assessed under this division, the department shall take into account mitigating factors and the appropriateness of the penalty with respect to all of the following:

(i) The amount of financial resources of the person charged.

(ii) The good faith of the person charged.

(iii) The gravity of the violation.

(iv) The severity of the risks to or losses of the consumer, which may take into account the number of products or services sold or provided.

(v) The history of previous violations.

(vi) Other matters as justice may require.

(C) The department may compromise, modify, or remit any penalty that may be assessed or has already been assessed.
The department may bring a civil action in accordance with the following:

(a) If a person violates any provision of this division, rule or final order, or condition imposed in writing by the department, the department may bring an action in the name of the People of the State of California in the superior court to enjoin the acts or practices or to enforce compliance with this law or any rule or order herein under. Upon a proper showing, a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted and a receiver, monitor, conservator, or other designated fiduciary or officer of the court may be appointed for the defendant or the defendant’s assets, or any other ancillary relief may be granted as appropriate. A receiver, monitor, conservator, or other designated fiduciary or officer of the court appointed by the superior court pursuant to this section may, with the approval of the court, exercise any or all of the powers of the defendant’s officers, directors, partners, trustees, or persons who exercise similar powers and perform similar duties, including the filing of a petition for bankruptcy. No action at law or in equity may be maintained by any party against the commissioner, or a receiver, monitor, conservator, or other designated fiduciary or officer of the court, by reason of their exercising these powers or performing these duties pursuant to the order of, or with the approval of, the superior court.

(b) If the commissioner determines it is in the public interest, the commissioner may include in any action authorized by subdivision (a) a claim for ancillary relief, including, but not limited to, those listed in subdivision (b) of Section 90012 and a claim for penalties as stated in subdivision (c) of Section 90012. The court shall have jurisdiction to award additional relief.

(c) In any action brought by the department, the department may recover its costs in connection with prosecuting the action if the department is the prevailing party in the action.

(d) This section shall not be construed to authorize the imposition of exemplary or punitive damages.

The following limitations apply to actions brought under this division:

(a) Except as otherwise permitted by law or equity, including provisions under any consumer financial law, no civil action may be brought under this division more than four years after the date of discovery of the violation to which an action relates.

(b) In any action arising solely under a California or federal consumer financial law, both:

(1) The limitations period under that consumer financial law shall apply, and not the period under subdivision (a).

(2) The department may commence, defend, or intervene in the action in accordance with the requirements of that provision of law, as applicable.
90015.
(a) The department may conduct hearings and adjudication proceedings with respect to any person in order to ensure or enforce compliance with both of the following:

(1) The provisions of this division, including any rule, final order, or condition imposed by the department, under this division.

(2) Any other law that the department is authorized to enforce and any regulations or order prescribed thereunder, unless that law specifically limits the department from conducting a hearing or adjudication proceeding and only to the extent of that limitation.

(b) All hearings provided for in this division shall be conducted in accordance with the administrative adjudication provisions of the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner shall have all the powers granted therein.

(c) After notice and an opportunity to be heard, the commissioner may, by order, assess penalties under subdivision (c) of Section 90012.

(d) (1) If, in the opinion of the department, any person engages, has engaged, or proposes to engage in any activity prohibited by Section 90003 or 90004, or an activity, act, practice, or course of business that violates a law, rule, order, or any condition imposed in writing on the person by the department, the department may issue an order directing the person to desist and refrain from engaging in the activity, act, practice, or course of business.

(2) If that person fails to file a written request for a hearing within 30 days from the date of service of the order, the order shall be deemed a final order of the commissioner.

(e) If any person engages, has engaged, or proposes to engage in any activity prohibited by Section 90003 or 90004, or an activity, act, practice, or course of business that violates a law, rule, order, or any condition imposed in writing on the person by the department, with respect to consumer financial products, the department may include in any administrative action authorized under this section, a claim for ancillary relief as set forth in subdivision (b) of Section 90012. The court shall have jurisdiction to award additional relief.

(f) If, in the opinion of the department, any covered person or service provider is engaging, has engaged, or proposes to engage in an activity, act, practice, or course of business that violates a law, rule, order, or any condition imposed in writing on the person by the department, the department may, after notice and an opportunity for a hearing, suspend or revoke the license or registration of the covered person or service provider.

(g) After the exhaustion of the review procedures provided for in this section, the commissioner may apply to the appropriate superior court for an order compelling the cited licensee or person to comply with the orders of the commissioner.

(1) The application shall include a certified copy of the final order of the commissioner.
(2) Upon the filing of the application, the superior court shall set a date for a hearing for an order to show cause why judgment should not be entered, which shall be set not less than 30 calendar days from the date the application is filed.

(3) The commissioner shall serve a copy of the application and final order along with notice of the hearing to all entities or persons cited in the order against whom a civil judgment is sought not less than 15 calendar days before the date set for the hearing. Service of the application shall be pursuant to the methods specified by Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure for service of summons.

(4) The court shall consider the filing of a certified copy of the final order of the commissioner and the proof of service of the application and notice of the hearing on the persons or entities against whom the judgment is sought, a sufficient prima facie showing to warrant the issuance of the civil judgment and order at the hearing. The respondent bears the burden of showing by affirmative evidence at the hearing why the order of the commissioner is not final, or why the timely notice of application and hearing was not provided to avoid judgment being entered by the superior court. Any method of service authorized by laws under which the final order was issued, including those methods under Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code is considered valid service for the purposes of determining whether the order of the commissioner is final.

(5) The respondent shall not be allowed to raise any defenses or present any evidence at the hearing on the application that had been or could have been raised by the respondent at an administrative hearing to challenge the commissioner’s order, or in an appeal or writ from such proceedings.

(6) The judgment issued pursuant to paragraph (4) of this subdivision may be for injunctive relief or payment of ancillary relief or penalties. The judgment may be enforced by the court pursuant to the procedures authorized for any other civil judgment.

90016.
The commissioner shall not outsource or delegate enforcement authority under this division to a private attorney.

90017.
In regard to cooperation with the Attorney General, the following provisions apply:

(a) The department may enter into an agreement with the Attorney General with respect to civil actions by each agency.

(b) A provision of this division, any regulation or order made under the authority of this division, or any agreement under this subdivision shall not do any of the following:

(1) Limit the powers or authorities of the Attorney General, including, but not limited to, the Attorney General’s ability to prosecute violations of civil or criminal laws.
(2) Limit the rights of any consumer, or the obligations of any covered person or service provider, under the Unfair Competition Law, the False Advertising Law, or any consumer financial law.

(c) (1) If the department obtains evidence that a person has engaged in conduct that may constitute a violation of criminal law, the department shall transmit that evidence to the Attorney General.

(2) This subdivision shall not affect any other authority of the department to disclose information.

(d) (1) This section shall not be construed to limit the authority of the department under this division to cooperate with any regulatory or law enforcement body.

(2) The department shall notify other regulatory agencies that will be impacted by the department’s actions under this division.

(e) Nothing in this division shall limit the ability of any district attorney or any city attorney lawfully permitted pursuant to Section 17204 of the Business and Professions Code to bring actions or obtain relief pursuant to Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code. Remedies sought and obtained by district attorneys and city attorneys pursuant to Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code shall be cumulative to remedies set forth in this division.

CHAPTER 9. Annual Report
90018.
(a) The commissioner shall prepare and publish on the department’s internet website an annual report detailing actions taken during the prior year under this law.

(b) The report described in subdivision (a) shall include, but not be limited to, information on actions taken with respect to all of the following:

(1) Rulemaking, enforcement, oversight, consumer complaints and resolutions, education, and research.

(2) The activities of the Financial Technology Innovation Office.

(c) The report may include recommendations, including those intended to result in improved oversight, greater transparency, or increased availability of beneficial financial products and services in the marketplace.

CHAPTER 10. Miscellaneous
90019.
(a) The provisions of this division shall be liberally construed to effectuate its purposes.

(b) The provisions of this act are severable. If any provision of this division, or amendments to it, or regulations promulgated under it, or under such amendments, is held invalid, illegal, or unenforceable, then that invalidity, illegality, or unenforceability shall not affect other provisions, amendments, or regulations that can be given effect without the invalid, illegal, or unenforceable provision, amendment, or regulation. Any invalidity, illegality, or unenforceability shall be construed as narrowly as possible and
shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered and to the person or circumstances involved.

(c) To the extent that any provision of this division is preempted by federal law, the provision shall not apply and shall not be enforced solely as to the extent of the preemption and not as to other circumstances, persons, or applications.

SEC. 8.
Section 11041 of the Government Code is amended to read:

11041.
(a) Section 11042 does not apply to the Regents of the University of California, the Trustees of the California State University, Legal Division of the Department of Transportation, Division of Labor Standards Enforcement of the Department of Industrial Relations, Workers’ Compensation Appeals Board, Public Utilities Commission, State Compensation Insurance Fund, Legislative Counsel Bureau, Inheritance Tax Department, Secretary of State, State Lands Commission, Alcoholic Beverage Control Appeals Board (except when the board affirms the decision of the Department of Alcoholic Beverage Control), State Department of Education, and Department of Financial Protection and Innovation, and Treasurer with respect to bonds, nor to any other state agency which, by law enacted after Chapter 213 of the Statutes of 1933, is authorized to employ legal counsel.

(b) The Trustees of the California State University shall pay the cost of employing legal counsel from their existing resources.

SEC. 9.
The enforcement authority provided by this act shall be applicable only to acts or practices engaged in on or after the operative date of this act.

SEC. 10.
The Legislature finds and declares that Section 7 of this act, which adds Division 24 (commencing with Section 90000) to the Financial Code, imposes a limitation on the public’s right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

Financial records that include personal financial information and identity information must be protected against misuse. Therefore, it is in the health and safety of the people of California to preserve the confidentiality of this information.

SEC. 11.
No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within
the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

AB 1885, Chapter 94
Debtor exemptions: homestead exemption.
Effective Date 1/1/2021

SECTION 1.
Section 704.730 of the Code of Civil Procedure is amended to read:

704.730. (a) The amount of the homestead exemption is one the greater of the following:

(1) Seventy-five thousand dollars ($75,000) unless the judgment debtor or spouse of the judgment debtor who resides in the homestead is a person described in paragraph (2) or (3).

(2) One hundred thousand dollars ($100,000) if the judgment debtor or spouse of the judgment debtor who resides in the homestead is at the time of the attempted sale of the homestead a member of a family unit, and there is at least one member of the family unit who owns no interest in the homestead or whose only interest in the homestead is a community property interest with the judgment debtor.

(3) One hundred seventy-five thousand dollars ($175,000) if the judgment debtor or spouse of the judgment debtor who resides in the homestead is at the time of the attempted sale of the homestead any one of the following:

(A) A person 65 years of age or older.

(B) A person physically or mentally disabled who as a result of that disability is unable to engage in substantial gainful employment. There is a rebuttable presumption affecting the burden of proof that a person receiving disability insurance benefit payments under Title II or supplemental security income payments under Title XVI of the federal Social Security Act satisfies the requirements of this paragraph as to his or her inability to engage in substantial gainful employment.

(C) (1) A person 55 years of age or older with a gross annual income of not more than twenty-five thousand dollars ($25,000) or, if the judgment debtor is married, a gross annual income, including the gross annual income of the judgment debtor’s spouse, of not more than thirty-five thousand dollars ($35,000) and the sale is an involuntary sale. The countywide median sale price for a single-family home in the calendar year prior to the calendar year in which the judgment debtor claims the exemption, not to exceed six hundred thousand dollars ($600,000).

(2) Three hundred thousand dollars ($300,000).

(b) Notwithstanding any other provision of this section, the combined homestead exemptions of spouses on the same judgment shall not exceed the amount specified in
paragraph (2) or (3), whichever is applicable, of subdivision (a), regardless of whether the spouses are jointly obligated on the judgment and regardless of whether the homestead consists of community or separate property or both. Notwithstanding any other provision of this article, if both spouses are entitled to a homestead exemption, the exemption of proceeds of the homestead shall be apportioned between the spouses on the basis of their proportionate interests in the homestead. The amounts specified in this section shall adjust annually for inflation, beginning on January 1, 2022, based on the change in the annual California Consumer Price Index for All Urban Consumers for the prior fiscal year, published by the Department of Industrial Relations.

**AB 2013, Chapter 124**

Property taxation: new construction: damaged or destroyed property.
Effective Date 1/1/2021

**SECTION 1.**
Section 70.5 is added to the Revenue and Taxation Code, to read:

70.5.
(a) Notwithstanding Section 70, and pursuant to Section 2 of Article XIII A of the Constitution, the base year value of property that is substantially damaged or destroyed by a disaster, as declared by the Governor, may be applied to replacement property reconstructed on the site of the damaged or destroyed property within five years after the disaster as a replacement for the substantially damaged or destroyed property if that reconstructed property is comparable to the substantially damaged or destroyed property. A person who owns substantially damaged or destroyed property that receives property tax relief under this section shall not be eligible for property tax relief provided under Section 69.

(b) (1) The replacement base year value of the reconstructed property shall be determined in accordance with this section.

(2) The assessor shall use the following procedure in determining the appropriate base year value of the reconstructed property:

(A) If the full cash value of the reconstructed property does not exceed 120 percent of the full cash value of the property substantially damaged or destroyed, then the adjusted base year value of the property substantially damaged or destroyed shall apply to the reconstructed property as its base year value.

(B) If the full cash value of the reconstructed property exceeds 120 percent of the full cash value of the property substantially damaged or destroyed, then the amount of the full cash value over 120 percent of the full cash value of the property substantially damaged or destroyed shall be added to the adjusted base year value of the original property substantially damaged or destroyed. The sum of these amounts shall become the reconstructed property’s base year value.
(C) If the full cash value of the reconstructed property is less than the adjusted base year value of the original property substantially damaged or destroyed, then that lower value shall become the reconstructed property’s base year value.

(D) The full cash value of the property substantially damaged or destroyed shall be the amount of its full cash value immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.

(c) For purposes of this section:

(1) Property is substantially damaged or destroyed if the improvements sustain physical damage amounting to more than 50 percent of the improvements’ full cash value immediately prior to the disaster.

(2) Reconstructed property shall be considered comparable to the original property substantially damaged or destroyed if it is similar in size, utility, and function to the property which it replaces. For purposes of this paragraph:

(A) Property is similar in function if the reconstructed property is subject to similar governmental restrictions, such as zoning.

(B) (i) Both the size and utility of property are interrelated and associated with value. Property shall be considered similar in size and utility only to the extent that the reconstructed property is, or is intended to be, used in the same manner as the original property substantially damaged or destroyed and its full cash value does not exceed 120 percent of the full cash value of the original property substantially damaged or destroyed.

(ii) A reconstructed property or any portion of reconstructed property used or intended to be used for a purpose substantially different than the use made of the original property substantially damaged or destroyed shall to the extent of the dissimilar use be considered not similar in utility.

(iii) A reconstructed property or any portion of reconstructed property that satisfies the use requirement but has a full cash value that exceeds 120 percent of the full cash value of the original property substantially damaged or destroyed shall be considered, to the extent of the excess, not similar in utility and size.

(C) To the extent that reconstructed property or any portion of reconstructed property is not similar in function, size, and utility, the property or portion of that property shall be considered to be newly constructed.

(3) “Disaster” means a major misfortune or calamity in an area subsequently proclaimed by the Governor to be in a state of disaster as a result of that misfortune or calamity.

(d) Only the owner or owners of the property substantially damaged or destroyed, whether one or more individuals, partnerships, corporations, other legal entities, or a combination thereof, shall be eligible to receive property tax relief under this section. Relief under this section shall be granted to an owner or owners of substantially damaged or destroyed property who have reconstructed that property.
(e) This section shall apply to real property damaged or destroyed by misfortune or calamity on or after January 1, 2017.

SEC. 2.
The Legislature finds and declares that adding Section 70.5 to the Revenue and Taxation Code, as provided in this act, serves a public purpose and does not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution by providing necessary property tax relief to taxpayers whose property was damaged or destroyed by a destructive California wildfire.

SEC. 3.
If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 4.
Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

AB 2463, Chapter 218
Enforcement of money judgements: execution: homestead.
Effective Date 1/1/2021

SECTION 1.
Section 699.730 is added to the Code of Civil Procedure, to read:

699.730.
(a) Notwithstanding any other law, the principal place of residence of a judgment debtor is not subject to sale under execution of a judgment lien based on a consumer debt unless the debt was secured by the debtor’s principal place of residence at the time it was incurred. As used in this subdivision, “consumer debt” means debt incurred by an individual primarily for personal, family, or household purposes.

(b) Subdivision (a) does not apply to any of the following types of unpaid debts:

(1) Wages or employment benefits.
(2) Taxes.
(3) Child support.
(4) Spousal support.
(5) Fines and fees owed to governmental units.
(6) Tort judgments.
(7) (A) Debts, other than student loan debt, owed to a financial institution at the time of execution on the judgment lien, if both of the following requirements are met:

(i) The amount of the original judgment on which the lien is based, when entered, was greater than seventy-five thousand dollars ($75,000), as adjusted pursuant to Section 703.150.

(ii) The amount owed on the outstanding judgment at the time of execution on the judgment lien is greater than seventy-five thousand dollars ($75,000), as adjusted pursuant to Section 703.150.

(B) As used in this paragraph, the following terms have the following meanings:

(i) “Financial institution” means a financial institution, as defined in Section 680.200.

(ii) “Student loan debt” means debt based on any loan made to finance postsecondary education expenses, including tuition, fees, books, supplies, room and board, transportation, and personal expenses. Student loan debt includes debt based on a loan made to refinance a student loan, but does not include debt secured by the debtor’s principal place of residence at the time it was incurred.

SEC. 2.
Section 703.150 of the Code of Civil Procedure is amended to read:

703.150.
(a) On April 1, 2004, and at each three-year interval ending on April 1 thereafter, the dollar amounts of exemptions provided in subdivision (b) of Section 703.140 in effect immediately before that date shall be adjusted as provided in subdivision (d). (e).

(b) On April 1, 2007, and at each three-year interval ending on April 1 thereafter, the dollar amounts of exemptions provided in Article 3 (commencing with Section 704.010) in effect immediately before that date shall be adjusted as provided in subdivision (d). (e).

(c) On April 1, 2022, and at each three-year interval ending on April 1 thereafter, the dollar amount set forth in paragraph (7) of subdivision (b) of Section 699.730 in effect immediately before that date shall be adjusted as provided in subdivision (e).

(d) (e) On April 1, 2013, and at each three-year interval ending on April 1 thereafter, the Judicial Council shall submit to the Legislature the amount by which the dollar amounts of exemptions provided in subdivision (a) of Section 704.730 in effect immediately before that date may be increased as provided in subdivision (d). (e). Those increases shall not take effect unless they are approved by the Legislature.

(e) (d) The Judicial Council shall determine the amount of the adjustment based on the change in the annual California Consumer Price Index for All Urban Consumers, published by the Department of Industrial Relations, Division of Labor Statistics, for the most recent three-year period ending on December 31 preceding the adjustment, with each adjusted amount rounded to the nearest twenty-five dollars ($25).
(e) (f) Beginning April 1, 2004, the Judicial Council shall publish a list of the current dollar amounts of exemptions provided in subdivision (b) of Section 703.140 and in Article 3 (commencing with Section 704.010), and the dollar amount set forth in paragraph (7) of subdivision (b) of Section 699.730, together with the date of the next scheduled adjustment. In any year that the Legislature votes to increase the exemptions provided in subdivision (a) of Section 704.730, the Judicial Council shall publish a list of current dollar amounts of exemptions.

(f) (g) Adjustments made under subdivision (a) do not apply with respect to cases commenced before the date of the adjustment, subject to any contrary rule applicable under the federal Bankruptcy Code. The applicability of adjustments made under subdivisions (b), (c), and (d) is governed by Section 703.050.

SEC. 3.
Section 704.760 of the Code of Civil Procedure is amended to read:

704.760.
The judgment creditor’s application shall be made under oath, shall describe the dwelling, and shall contain all of the following:

(a) A statement whether or not the records of the county tax assessor indicate that there is a current homeowner’s exemption or disabled veteran’s exemption for the dwelling and the person or persons who claimed any such exemption.

(b) A statement, which may be based on information and belief, whether the dwelling is a homestead and the amount of the homestead exemption, if any, and a statement whether or not the records of the county recorder indicate that a homestead declaration under Article 5 (commencing with Section 704.910) that describes the dwelling has been recorded by the judgment debtor or the spouse of the judgment debtor.

(c) A statement of the amount of any liens or encumbrances on the dwelling, the name of each person having a lien or encumbrance on the dwelling, and the address of such person used by the county recorder for the return of the instrument creating such person’s lien or encumbrance after recording.

(d) A statement that the judgment is based on a consumer debt, as defined in subdivision (a) of Section 699.730, or that the judgment is not based on a consumer debt, and if the judgment is based on a consumer debt that was secured by the debtor’s principal place of residence at the time it was incurred or a statement indicating which of the exemptions listed in subdivision (b) of Section 699.730 are applicable. If the statement indicates that paragraph (7) of subdivision (b) is applicable, the statement shall also provide the dollar amount of the original judgment on which the lien is based. If there is more than one basis, the statement shall indicate all bases that are applicable.
AB 2471, Chapter 158
Senior citizens: rescission of contracts.
Effective Date 1/1/2021

SECTION 1.
Section 7150 of the Business and Professions Code is amended to read:

7150. (a) “Person” as used in this article is limited to natural persons, notwithstanding the definition of person in Section 7025.

(b) “Senior citizen” means an individual who is 65 years of age or older.

SEC. 2.
Section 7159 of the Business and Professions Code is amended to read:

7159. (a) (1) This section identifies the projects for which a home improvement contract is required, outlines the contract requirements, and lists the items that shall be included in the contract, or may be provided as an attachment.

(2) This section does not apply to service and repair contracts that are subject to Section 7159.10, if the contract for the applicable services complies with Sections 7159.10 to 7159.14, inclusive.

(3) This section does not apply to the sale, installation, and servicing of a fire alarm sold in conjunction with an alarm system, as defined in Section 7590.1, if all costs attributable to making the fire alarm system operable, including sale and installation costs, do not exceed five hundred dollars ($500), and the licensee complies with the requirements set forth in Section 7159.9.

(4) This section does not apply to any costs associated with monitoring a burglar or fire alarm system.

(5) Failure by the licensee, his or her agent or salesperson, or by a person subject to be licensed under this chapter, to provide the specified information, notices, and disclosures in the contract, or to otherwise fail to comply with any provision of this section, is cause for discipline.

(b) For purposes of this section, “home improvement contract” means an agreement, whether oral or written, or contained in one or more documents, between a contractor and an owner or between a contractor and a tenant, regardless of the number of residence or dwelling units contained in the building in which the tenant resides, if the work is to be performed in, to, or upon the residence or dwelling unit of the tenant, for the performance of a home improvement, as defined in Section 7151, and includes all labor, services, and materials to be furnished and performed thereunder, if the aggregate contract price specified in one or more improvement contracts, including all labor, services, and materials to be furnished by the contractor, exceeds five hundred dollars ($500). “Home improvement contract” also means an agreement, whether oral or
written, or contained in one or more documents, between a salesperson, whether or not
he or she is a home improvement salesperson, and an owner or a tenant,
regardless of the number of residence or dwelling units contained in the building in
which the tenant resides, which provides for the sale, installation, or furnishing of home
improvement goods or services.

(c) In addition to the specific requirements listed under this section, every home
improvement contract and any person subject to licensure under this chapter or his or
her agent or salesperson shall comply with all of the following:

(1) The writing shall be legible.

(2) Any printed form shall be readable. Unless a larger typeface is specified in this
article, text in any printed form shall be in at least 10-point typeface and the headings
shall be in at least 10-point boldface type.

(3) (A) Before any work is started, the contractor shall give the buyer a copy of the
contract signed and dated by both the contractor and the buyer. The buyer’s receipt of
the copy of the contract initiates the buyer’s rights to cancel the contract pursuant to
Sections 1689.5 to 1689.14, inclusive, of the Civil Code.

(B) The contract shall contain on the first page, in a typeface no smaller than that
generally used in the body of the document, both of the following:

(i) The date the buyer signed the contract.

(ii) The name and address of the contractor to which the applicable “Notice of
Cancellation” is to be mailed, immediately preceded by a statement advising the buyer
that the “Notice of Cancellation” may be sent to the contractor at the address noted on
the contract.

(4) The contract shall include a statement that, upon satisfactory payment being made
for any portion of the work performed, the contractor, prior to any further payment being
made, shall furnish to the person contracting for the home improvement or swimming
pool work a full and unconditional release from any potential lien claimant claim or
mechanics lien authorized pursuant to Sections 8400 and 8404 of the Civil Code for that
portion of the work for which payment has been made.

(5) A change-order form for changes or extra work shall be incorporated into the
contract and shall become part of the contract only if it is in writing and signed by the
parties prior to the commencement of any work covered by a change order.

(6) The contract shall contain, in close proximity to the signatures of the owner and
contractor, a notice stating that the owner or tenant has the right to require the
contractor to have a performance and payment bond.

(7) If the contract provides for a contractor to furnish joint control, the contractor shall
not have any financial or other interest in the joint control.

(8) The provisions of this section are not exclusive and do not relieve the contractor
from compliance with any other applicable provision of law.
(d) A home improvement contract and any changes to the contract shall be in writing and signed by the parties to the contract prior to the commencement of work covered by the contract or an applicable change order and, except as provided in paragraph (8) of subdivision (a) of Section 7159.5, shall include or comply with all of the following:

(1) The name, business address, and license number of the contractor.

(2) If applicable, the name and registration number of the home improvement salesperson that solicited or negotiated the contract.

(3) The following heading on the contract form that identifies the type of contract in at least 10-point boldface type: “Home Improvement.”

(4) The following statement in at least 12-point boldface type: “You are entitled to a completely filled in copy of this agreement, signed by both you and the contractor, before any work may be started.”


(6) If a finance charge will be charged, the heading: “Finance Charge,” followed by the amount in dollars and cents. The finance charge is to be set out separately from the contract amount.

(7) The heading: “Description of the Project and Description of the Significant Materials to be Used and Equipment to be Installed,” followed by a description of the project and a description of the significant materials to be used and equipment to be installed. For swimming pools, the project description required under this paragraph also shall include a plan and scale drawing showing the shape, size, dimensions, and the construction and equipment specifications.

(8) If a downpayment will be charged, the details of the downpayment shall be expressed in substantially the following form, and shall include the text of the notice as specified in subparagraph (C):

(A) The heading: “Downpayment.”

(B) A space where the actual downpayment appears.

(C) The following statement in at least 12-point boldface type:

“THE DOWNPAYMENT MAY NOT EXCEED $1,000 OR 10 PERCENT OF THE CONTRACT PRICE, WHICHEVER IS LESS.”

(9) If payments, other than the downpayment, are to be made before the project is completed, the details of these payments, known as progress payments, shall be expressed in substantially the following form, and shall include the text of the statement as specified in subparagraph (C):
(A) A schedule of progress payments shall be preceded by the heading: “Schedule of Progress Payments.”

(B) Each progress payment shall be stated in dollars and cents and specifically reference the amount of work or services to be performed and materials and equipment to be supplied.

(C) The section of the contract reserved for the progress payments shall include the following statement in at least 12-point boldface type:

“The schedule of progress payments must specifically describe each phase of work, including the type and amount of work or services scheduled to be supplied in each phase, along with the amount of each proposed progress payment. IT IS AGAINST THE LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR WORK NOT YET COMPLETED, OR FOR MATERIALS NOT YET DELIVERED. HOWEVER, A CONTRACTOR MAY REQUIRE A DOWNPAYMENT.”

(10) The contract shall address the commencement of work to be performed in substantially the following form:

(A) A statement that describes what constitutes substantial commencement of work under the contract.

(B) The heading: “Approximate Start Date.”

(C) The approximate date on which work will be commenced.

(11) The estimated completion date of the work shall be referenced in the contract in substantially the following form:

(A) The heading: “Approximate Completion Date.”

(B) The approximate date of completion.

(12) If applicable, the heading: “List of Documents to be Incorporated into the Contract,” followed by the list of documents incorporated into the contract.

(13) The heading: “Note About Extra Work and Change Orders,” followed by the following statement:

“Extra Work and Change Orders become part of the contract once the order is prepared in writing and signed by the parties prior to the commencement of work covered by the new change order. The order must describe the scope of the extra work or change, the cost to be added or subtracted from the contract, and the effect the order will have on the schedule of progress payments.”

(e) Except as provided in paragraph (8) of subdivision (a) of Section 7159.5, all of the following notices shall be provided to the owner as part of the contract form as specified
or, if otherwise authorized under this subdivision, may be provided as an attachment to the contract:

(1) A notice concerning commercial general liability insurance. This notice may be provided as an attachment to the contract if the contract includes the following statement: “A notice concerning commercial general liability insurance is attached to this contract.” The notice shall include the heading “Commercial General Liability Insurance (CGL),” followed by whichever of the following statements is both relevant and correct:

(A) “(The name on the license or 'This contractor') does not carry commercial general liability insurance.”

(B) “(The name on the license or 'This contractor') carries commercial general liability insurance written by (the insurance company). You may call (the insurance company) at ____________ to check the contractor’s insurance coverage.”

(C) “(The name on the license or 'This contractor') is self-insured.”

(D) “(The name on the license or 'This contractor') is a limited liability company that carries liability insurance or maintains other security as required by law. You may call (the insurance company or trust company or bank) at ____ to check on the contractor’s insurance coverage or security.”

(2) A notice concerning workers’ compensation insurance. This notice may be provided as an attachment to the contract if the contract includes the statement: “A notice concerning workers’ compensation insurance is attached to this contract.” The notice shall include the heading “Workers’ Compensation Insurance” followed by whichever of the following statements is correct:

(A) “(The name on the license or 'This contractor') has no employees and is exempt from workers’ compensation requirements.”

(B) “(The name on the license or 'This contractor') carries workers’ compensation insurance for all employees.”

(3) A notice that provides the buyer with the following information about the performance of extra or change-order work:

(A) A statement that the buyer may not require a contractor to perform extra or change-order work without providing written authorization prior to the commencement of work covered by the new change order.

(B) A statement informing the buyer that extra work or a change order is not enforceable against a buyer unless the change order also identifies all of the following in writing prior to the commencement of work covered by the new change order:

(i) The scope of work encompassed by the order.

(ii) The amount to be added or subtracted from the contract.

(iii) The effect the order will make in the progress payments or the completion date.
(C) A statement informing the buyer that the contractor’s failure to comply with the requirements of this paragraph does not preclude the recovery of compensation for work performed based upon legal or equitable remedies designed to prevent unjust enrichment.

(4) A notice with the heading “Mechanics Lien Warning” written as follows:

“MECHANICS LIEN WARNING:

Anyone who helps improve your property, but who is not paid, may record what is called a mechanics lien on your property. A mechanics lien is a claim, like a mortgage or home equity loan, made against your property and recorded with the county recorder.

Even if you pay your contractor in full, unpaid subcontractors, suppliers, and laborers who helped to improve your property may record mechanics liens and sue you in court to foreclose the lien. If a court finds the lien is valid, you could be forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit.

To preserve their right to record a lien, each subcontractor and material supplier must provide you with a document called a ‘Preliminary Notice.’ This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if they are not paid.

BE CAREFUL. The Preliminary Notice can be sent up to 20 days after the subcontractor starts work or the supplier provides material. This can be a big problem if you pay your contractor before you have received the Preliminary Notices.

You will not get Preliminary Notices from your prime contractor or from laborers who work on your project. The law assumes that you already know they are improving your property.

PROTECT YOURSELF FROM LIENS. You can protect yourself from liens by getting a list from your contractor of all the subcontractors and material suppliers that work on your project. Find out from your contractor when these subcontractors started work and when these suppliers delivered goods or materials. Then wait 20 days, paying attention to the Preliminary Notices you receive.

PAY WITH JOINT CHECKS. One way to protect yourself is to pay with a joint check. When your contractor tells you it is time to pay for the work of a subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the contractor and the subcontractor or material supplier.

For other ways to prevent liens, visit CSLB’s internet website at www.cslb.ca.gov or call CSLB at 800-321-CSLB (2752).

REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING A LIEN PLACED ON YOUR HOME. This can mean that you may have to pay twice, or face the forced sale of your home to pay what you owe.”
(5) The following notice shall be provided in at least 12-point typeface:

“Information about the Contractors’ State License Board (CSLB): CSLB is the state consumer protection agency that licenses and regulates construction contractors.

Contact CSLB for information about the licensed contractor you are considering, including information about disclosable complaints, disciplinary actions, and civil judgments that are reported to CSLB.

Use only licensed contractors. If you file a complaint against a licensed contractor within the legal deadline (usually four years), CSLB has authority to investigate the complaint. If you use an unlicensed contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in civil court, and you may be liable for damages arising out of any injuries to the unlicensed contractor or the unlicensed contractor’s employees.

For more information:
Visit CSLB’s internet website at www.cslb.ca.gov
Call CSLB at 800-321-CSLB (2752)
Write CSLB at P.O. Box 26000, Sacramento, CA 95826.”

(6) (A) The notice set forth in subparagraph (B) and entitled “Three-Day Right to Cancel,” or entitled “Five-Day Right to Cancel” for contracts with a senior citizen, shall be provided to the buyer unless the contract is:

(i) Negotiated at the contractor’s place of business.

(ii) Subject to the “Seven-Day Right to Cancel,” as set forth in paragraph (7).

(iii) Subject to licensure under the Alarm Company Act (Chapter 11.6 (commencing with Section 7590)), provided the alarm company licensee complies with Sections 1689.5, 1689.6, and 1689.7 of the Civil Code, as applicable.

(B) (i) “Three-Day Right to Cancel

You, the buyer, have the right to cancel this contract within three business days. You may cancel by emailing, mailing, faxing, or delivering a written notice to the contractor at the contractor’s place of business by midnight of the third business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received them, goods delivered to you under this contract or sale. Or, you may, if you wish, comply with
the contractor’s instructions on how to return the goods at the contractor’s expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract.”

(ii) References to “three” and “third” in the notice set forth in clause (i) shall be changed to “five” and “fifth,” respectively, for a buyer who is a senior citizen.

(C) The “Three-Day Right to Cancel” notice required by this paragraph shall comply with all of the following:

(i) The text of the notice is at least 12-point boldface type.

(ii) The notice is in immediate proximity to a space reserved for the owner’s signature.

(iii) The owner acknowledges receipt of the notice by signing and dating the notice form in the signature space.

(iv) The notice is written in the same language, e.g., Spanish, as that principally used in any oral sales presentation.

(v) The notice may be attached to the contract if the contract includes, in at least 12-point boldface type, a checkbox with one of the following statements, as applicable:

(vi) (I) The notice may be attached to the contract if the contract includes, in at least 12-point boldface type, a checkbox with the following statement: For a contract with a senior citizen: “The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a ‘Notice of the Three-Day Five-Day Right to Cancel.’”

(ii) For all other contracts: “The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a ‘Notice of the Three-Day Right to Cancel.’”

(vi) (I) The notice shall be accompanied by a completed form in duplicate, captioned “Notice of Cancellation,” which also shall be attached to the agreement or offer to purchase and be easily detachable, and which shall contain the following statement written in the same language, e.g., Spanish, as used in the contract:

“You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or
sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract."

(II) The reference to “three” in the statement set forth in subclause (I) shall be changed to “five” for a buyer who is a senior citizen.

(7) (A) The following notice entitled “Seven-Day Right to Cancel” shall be provided to the buyer for any contract that is written for the repair or restoration of residential premises damaged by any sudden or catastrophic event for which a state of emergency has been declared by the President of the United States or the Governor, or for which a local emergency has been declared by the executive officer or governing body of any city, county, or city and county:

“Seven-Day Right to Cancel

You, the buyer, have the right to cancel this contract within seven business days. You may cancel by emailing, mailing, faxing, or delivering a written notice to the contractor at the contractor’s place of business by midnight of the seventh business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received them, goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor’s instructions on how to return the goods at the contractor’s expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

(B) The “Seven-Day Right to Cancel” notice required by this subdivision shall comply with all of the following:

(i) The text of the notice is at least 12-point boldface type.

(ii) The notice is in immediate proximity to a space reserved for the owner’s signature.

(iii) The owner acknowledges receipt of the notice by signing and dating the notice form in the signature space.
(iv) The notice is written in the same language, e.g., Spanish, as that principally used in any oral sales presentation.

(v) The notice may be attached to the contract if the contract includes, in at least 12-point boldface type, a checkbox with the following statement: “The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a ‘Notice of the Seven-Day Right to Cancel.’ ”

(vi) The notice shall be accompanied by a completed form in duplicate, captioned “Notice of Cancellation,” which shall also be attached to the agreement or offer to purchase and be easily detachable, and which shall contain the following statement written in the same language, e.g., Spanish, as used in the contract:

“You may cancel this transaction, without any penalty or obligation, within seven business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.”

(f) The five-day right to cancel added by the act that amended paragraph (6) of subdivision (e) shall apply to contracts entered into on or after January 1, 2021.

SEC. 3.
Section 7159.10 of the Business and Professions Code is amended to read:

7159.10.
(a) (1) “Service and repair contract” means an agreement between a contractor or salesperson for a contractor, whether a general contractor or a specialty contractor, who is licensed or subject to be licensed pursuant to this chapter with regard to the transaction, and a homeowner or a tenant, for the performance of a home improvement as defined in Section 7151, that conforms to the following requirements:

(A) The contract amount is seven hundred fifty dollars ($750) or less.

(B) The prospective buyer initiated contact with the contractor to request the work.
(C) The contractor does not sell the buyer goods or services beyond those reasonably necessary to take care of the particular problem that caused the buyer to contact the contractor.

(D) No payment is due, or accepted by the contractor, until the work is completed.

(2) As used in this subdivision, “the work is completed” means that all of the conditions that caused the buyer to contact the contractor for service and repairs have been fully corrected and, if applicable, the building department has accepted and approved the corrective work.

(b) For any contract written pursuant to subdivision (a) or otherwise presented to the buyer as a service and repair contract, unless all of the conforming requirements for service and repair contracts specified in subdivision (a) are met, the contract requirements for home improvements set forth in subdivisions (c), (d), and (e) of Section 7159 shall be applicable, including any rights to rescind the contract as set forth in Section 1689.6 or 1689.7 of the Civil Code, regardless of the aggregate contract price.

(c) If all of the requirements of subdivision (a) are met, only those notices and other requirements set forth in this section are applicable to the contract.

(d) Every service and repair contract described in subdivision (a) shall include, or otherwise comply with, all of the following:

(1) The contract, any changes to the contract, and any attachments shall be in writing and signed or acknowledged by the parties as set forth in this section, and shall be written in the same language (for example Spanish) as principally used in the oral sales presentation.

(2) The writing shall be legible.

(3) Any printed form shall be readable. Unless a larger typeface is specified in this article, the text shall be in at least 10-point typeface and the headings shall be in at least 10-point boldface type.

(4) Before any work is started, the contractor shall give the buyer a copy of the contract signed and dated by the buyer and by the contractor or the contractor’s representative.

(5) The name, business address, and license number of the contractor.

(6) The date the contract was signed.

(7) A notice concerning commercial general liability insurance. This notice may be provided as an attachment to the contract if the contract includes the statement, “A notice concerning commercial general liability insurance is attached to this contract.” The notice shall include the heading “Commercial General Liability Insurance (CGL)” followed by whichever of the following statements is both relevant and correct:

(A) “(The name on the license or ‘This contractor’) does not carry commercial general liability insurance.”
(B) “(The name on the license or ‘This contractor’) carries commercial general liability insurance written by (the insurance company). You may call the (insurance company) at _____ to check the contractor’s insurance coverage.”

(C) “(The name on the license or ‘This contractor’) is self-insured.”

(D) “(The name on the license or ‘This contractor’) is a limited liability company that carries liability insurance or maintains other security as required by law. You may call (the insurance company or trust company or bank) at _____ to check on the contractor’s insurance coverage or security.”

(8) A notice concerning workers’ compensation insurance. This notice may be provided as an attachment to the contract if the contract includes the statement “A notice concerning workers’ compensation insurance is attached to this contract.” The notice shall include the heading “Workers’ Compensation Insurance” followed by whichever of the following statements is both relevant and correct:

(A) “(The name on the license or ‘This contractor’) has no employees and is exempt from workers’ compensation requirements.”

(B) “(The name on the license or ‘This contractor’) carries workers’ compensation insurance for all employees.”

(e) Every service and repair contract described in subdivision (a) shall provide the following information, notices, and disclosures in the contract:

(1) Notice of the type of contract in at least 10-point boldface type: “Service and Repair.”

(2) A notice in at least 12-point boldface type, signed and dated by the buyer: “Notice to the Buyer: The law requires that service and repair contracts must meet all of the following requirements:

(A) The price must be no more than seven hundred and fifty dollars ($750).

(B) You, the buyer, must have initiated contact with the contractor to request the work.

(C) The contractor must not sell you goods or services beyond those reasonably necessary to take care of the particular problem that caused you to contact the contractor.

(D) No payment is due and the contractor may not accept any payment until the work is completed.”

(3) The notice in at least 12-point boldface type: “Notice to the Buyer: You are entitled to a completely filled in and signed copy of this agreement before any work may be started.”

(4) If applicable, the heading “List of Documents to be Incorporated into the Contract,” followed by the list of documents to be incorporated into the contract.

(5) Where the contract is a fixed contract amount, the heading: “Contract Price” followed by the amount of the contract in dollars and cents.
(6) If a finance charge will be charged, the heading: “Finance Charge” followed by the amount in dollars and cents. The finance charge is to be set out separately from the contract amount.

(7) Where the contract is estimated by a time and materials formula, the heading “Estimated Contract Price” followed by the estimated contract amount in dollars and cents. The contract must disclose the set rate and the estimated cost of materials. The contract must also disclose how time will be computed, for example, in increments of quarter hours, half hours, or hours, and the statement: “The actual contract amount of a time and materials contract may not exceed the estimated contract amount without written authorization from the buyer.”

(8) The heading: “Description of the Project and Materials to be Used and Equipment to be Installed” followed by a description of the project and materials to be used and equipment to be installed.

(9) The statement: “The law requires that the contractor offer you any parts that were replaced during the service call. If you do not want the parts, initial the checkbox labeled ‘OK for contractor to take replaced parts.’”

(10) A checkbox labeled “OK for contractor to take replaced parts.”

(11) If a service charge is charged, the heading “Amount of Service Charge” followed by the service charge, and the statement “You may be charged only one service charge, including any trip charge or inspection fee.”

(12) (A) (i) The contract, or an attachment to the contract as specified under subparagraph (C) of this paragraph, must include, in immediate proximity to the space reserved for the buyer’s signature, the following statement, in at least 12-point boldface type, which shall be dated and signed by the buyer:

“YOUR RIGHTS TO CANCEL BEFORE WORK BEGINS

(A) You, the buyer, have the right to cancel this contract until:

1. You receive a copy of this contract signed and dated by you and the contractor; and

2. The contractor starts work.

(B) However, even if the work has begun you, the buyer, may still cancel the contract for any of the reasons specified in items 1 through 4 of this paragraph. If any of these reasons occur, you may cancel the contract within three business days of signing the contract for normal service and repairs, or within seven business days of signing a contract to repair or correct conditions resulting from any sudden or catastrophic event for which a state of emergency has been declared by the President of the United States or the Governor, or for which a local emergency has been declared by the executive officer or governing body of any city, county, or city and county:

1. You may cancel the contract if the price, including all labor and materials, is more than seven hundred fifty dollars ($750).
2. You may cancel the contract if you did not initiate the contact with the contractor to request the work.

3. You may cancel the contract if the contractor sold you goods or services beyond those reasonably necessary to take care of the particular problem that caused you to contact the contractor.

4. You may cancel the contract if the payment was due or the contractor accepted any money before the work was complete.

(C) If any of these reasons for canceling occurred, you may cancel the contract as specified under paragraph (B) above by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor’s place of business within three business days or, if applicable, seven business days of the date you received a signed and dated copy of this contract. Include your name, your address, and the date you received a signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract. Or, you may, if you wish, comply with the contractor’s instructions on how to return the goods at the contractor’s expense and risk. If you make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract.”

(ii) References to “three” in the statement set forth in clause (i) shall be changed to “five” for a buyer who is a senior citizen.

(iii) The five-day right to cancel added by the act that added clause (ii) to this subparagraph shall apply to contracts entered into on or after January 1, 2021.

(B) This paragraph does not apply to home improvement contracts entered into by a person who holds an alarm company operator’s license issued pursuant to Chapter 11.6 (commencing with Section 7590), provided the person complies with Sections 1689.5, 1689.6, and 1689.7 of the Civil Code, as applicable.

(C) The notice required in this paragraph may be incorporated as an attachment to the contract if the contract includes a checkbox and whichever statement is relevant in at least 12-point boldface type:

(i) “The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a ‘Notice of Your Right to Cancel.’ ”

(ii) “The law requires that the contractor give you a notice explaining your right to cancel contracts for the repair or restoration of residential premises damaged by a disaster. Initial the checkbox if the contractor has given you a ‘Notice of Your Right to Cancel.’ ”

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(f) A bona fide service repairperson employed by a licensed contractor or subcontractor hired by a licensed contractor may enter into a service and repair contract on behalf of that contractor.

(g) The provisions of this section are not exclusive and do not relieve the contractor from compliance with any other applicable provision of law.

SEC. 4.
Section 1689.5 of the Civil Code is amended to read:

1689.5.
As used in Sections 1689.6 to 1689.11, inclusive, and in Section 1689.14, all of the following definitions apply:

(a) “Home solicitation contract or offer” means any contract, whether single or multiple, or any offer which is subject to approval, for the sale, lease, or rental of goods or services or both, made at other than appropriate trade premises in an amount of twenty-five dollars ($25) or more, including any interest or service charges. “Home solicitation contract” does not include any contract under which the buyer has the right to rescind pursuant to Title 1, Chapter 2, Section 125 of the Federal Consumer Credit Protection Act (P.L. 90-321) and the regulations promulgated pursuant thereto.

(b) “Appropriate trade premises,” means premises where either the owner or seller normally carries on a business, or where goods are normally offered or exposed for sale in the course of a business carried on at those premises.

(c) “Goods” means tangible chattels bought for use primarily for personal, family, or household purposes, including certificates or coupons exchangeable for these goods, and including goods that, at the time of the sale or subsequently, are to be so affixed to real property as to become a part of the real property whether or not severable therefrom, but does not include any vehicle required to be registered under the Vehicle Code, nor any goods sold with this vehicle if sold under a contract governed by Section 2982, and does not include any mobilehome, as defined in Section 18008 of the Health and Safety Code, nor any goods sold with this mobilehome if either are sold under a contract subject to Section 18036.5 of the Health and Safety Code.

(d) “Services” means work, labor and services, including, but not limited to, services furnished in connection with the repair, restoration, alteration, or improvement of residential premises, or services furnished in connection with the sale or repair of goods as defined in Section 1802.1, and courses of instruction, regardless of the purpose for which they are taken, but does not include the services of attorneys, real estate brokers and salesmen, securities dealers or investment counselors, physicians, optometrists, or dentists, nor financial services offered by banks, savings institutions, credit unions, industrial loan companies, personal property brokers, consumer finance lenders, or commercial finance lenders, organized pursuant to state or federal law, that are not connected with the sale of goods or services, as defined herein, nor the sale of insurance that is not connected with the sale of goods or services as defined herein, nor services in connection with the sale or installation of mobilehomes or of goods sold with a mobilehome if either are sold or installed under a contract subject to Section 18036.5.
of the Health and Safety Code, nor services for which the tariffs, rates, charges, costs, or expenses, including in each instance the time sale price, is required by law to be filed with and approved by the federal government or any official, department, division, commission, or agency of the United States or of the state.


(f) This section shall become operative on January 1, 2006. “Senior citizen” means an individual who is 65 years of age or older.

SEC. 5.
Section 1689.6 of the Civil Code is amended to read:

1689.6.
(a) (1) Except for a contract written pursuant to Section 7151.2 or 7159.10 of the Business and Professions Code, in addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract or offer until midnight of the third business day, or until midnight of the fifth business day if the buyer is a senior citizen, after the day on which the buyer signs an agreement or offer to purchase which complies with Section 1689.7.

(2) In addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code until midnight of the third business day, or until midnight of the fifth business day if the buyer is a senior citizen, after the buyer receives a signed and dated copy of the contract or offer to purchase that complies with Section 1689.7 of this code.

(3) (A) In addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract or offer to purchase written pursuant to Section 7159.10 of the Business and Professions Code, until the buyer receives a signed and dated copy of a service and repair contract that complies with the contract requirements specified in Section 7159.10 of the Business and Professions Code and the work commences.

(B) For any contract written pursuant to Section 7159.10 of the Business and Professions Code, or otherwise presented to the buyer as a service and repair contract, unless all of the conforming requirements listed under subdivision (a) of that section are met, the requirements set forth under Section 7159 of the Business and Professions Code shall be applicable, regardless of the aggregate contract price, including the right to cancel as set forth under this section.

(4) The five-day right to cancel added by the act that amended paragraphs (1) and (2) shall apply to contracts entered into, or offers to purchase conveyed, on or after January 1, 2021.

(b) In addition to any other right to revoke an offer, any buyer has the right to cancel a home solicitation contract or offer for the purchase of a personal emergency response unit until midnight of the seventh business day after the day on which the buyer signs an
agreement or offer to purchase which complies with Section 1689.7. This subdivision shall not apply to a personal emergency response unit installed with, and as part of, a home security alarm system subject to the Alarm Company Act (Chapter 11.6 (commencing with Section 7590) of Division 3 of the Business and Professions Code) which has two or more stationary protective devices used to enunciate an intrusion or fire and is installed by an alarm company operator operating under a current license issued pursuant to the Alarm Company Act, which shall instead be subject to subdivision (a).

(c) In addition to any other right to revoke an offer, a buyer has the right to cancel a home solicitation contract or offer for the repair or restoration of residential premises damaged by a disaster that was not void pursuant to Section 1689.14, until midnight of the seventh business day after the buyer signs and dates the contract unless the provisions of Section 1689.15 are applicable.

(d) Cancellation occurs when the buyer gives written notice of cancellation to the seller at the address specified in the agreement or offer.

(e) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid.

(f) Notice of cancellation given by the buyer need not take the particular form as provided with the contract or offer to purchase and, however expressed, is effective if it indicates the intention of the buyer not to be bound by the home solicitation contract or offer.

(g) “Personal emergency response unit,” for purposes of this section, means an in-home radio transmitter device or two-way radio device generally, but not exclusively, worn on a neckchain, wrist strap, or clipped to clothing, and connected to a telephone line through which a monitoring station is alerted of an emergency and emergency assistance is summoned.

SEC. 6.
Section 1689.7 of the Civil Code is amended to read:

1689.7.
(a) (1) Except for contracts written pursuant to Sections 7151.2 and 7159.10 of the Business and Professions Code, in a home solicitation contract or offer, the buyer’s agreement or offer to purchase shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation, shall be dated, shall be signed by the buyer, and except as provided in paragraph (2), shall contain in immediate proximity to the space reserved for the buyer’s signature, a conspicuous statement in a size equal to at least 10-point boldface type, as follows: “You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”
(A) For a buyer who is a senior citizen: “You, the buyer, may cancel this transaction at any time prior to midnight of the fifth business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(B) For all other buyers: “You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(2) The statement required pursuant to this subdivision for a home solicitation contract or offer for the purchase of a personal emergency response unit, as defined in Section 1689.6, that is not installed with and as part of a home security alarm system subject to the Alarm Company Act (Chapter 11.6 (commencing with Section 7590) of Division 3 of the Business and Professions Code) that has two or more stationary protective devices used to enunciate an intrusion or fire and is installed by an alarm company operator operating under a current license issued pursuant to the Alarm Company Act, is as follows: “You, the buyer, may cancel this transaction at any time prior to midnight of the seventh business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(3) Except for contracts written pursuant to Sections 7151.2 and 7159.10 of the Business and Professions Code, the statement required pursuant to this subdivision for the repair or restoration of residential premises damaged by a disaster pursuant to subdivision (c) of Section 1689.6 is as follows: “You, the buyer, may cancel this transaction at any time prior to midnight of the seventh business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(4) (A) A home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation. The contract, or an attachment to the contract that is subject to Section 7159 of the Business and Professions Code shall include in immediate proximity to the space reserved for the buyer’s signature, the following statement in a size equal to at least 12-point boldface type, which shall be dated and signed by the buyer:

You, the buyer, have the right to cancel this contract within three business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor’s place of business by midnight of the third business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice. If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor’s instructions on how to return the goods at the contractor’s expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep
them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract.”

(B) References to “three” and “third” in the statement set forth in subparagraph (A) shall be changed to “five” and “fifth,” respectively, for a buyer who is a senior citizen.

(b) The agreement or offer to purchase shall contain on the first page, in a type size no smaller than that generally used in the body of the document, the following: (1) the name and address of the seller to which the notice is to be mailed, and (2) the date the buyer signed the agreement or offer to purchase.

(c) (1) Except for contracts written pursuant to Sections 7151.2 and 7159.10 of the Business and Professions Code, or except as provided in subdivision (d), the agreement or offer to purchase shall be accompanied by a completed form in duplicate, captioned “Notice of Cancellation” which shall be attached to the agreement or offer to purchase and be easily detachable, and which shall contain in type of at least 10-point the following statement written in the same language, e.g., Spanish, as used in the contract:

“You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.”

(2) The reference to “three” in the statement set forth in paragraph (1) shall be changed to “five” for a buyer who is a senior citizen.

(d) Any agreement or offer to purchase a personal emergency response unit, as defined in Section 1689.6, which is not installed with and as part of a home security alarm system subject to the Alarm Company Act which has two or more stationary protective devices used to enunciate an intrusion or fire and is installed by an alarm company operator operating under a current license issued pursuant to the Alarm Company Act, shall be subject to the requirements of subdivision (c), and shall be accompanied by the “Notice of Cancellation” required by subdivision (c), except that the first paragraph of that notice shall be deleted and replaced with the following paragraph:
You may cancel this transaction, without any penalty or obligation, within seven business days from the above date.

(e) A home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code for the repair or restoration of residential premises damaged by a disaster that is subject to subdivision (c) of Section 1689.6, shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation. The contract, or an attachment to the contract that is subject to Section 7159 of the Business and Professions Code shall include, in immediate proximity to the space reserved for the buyer's signature, the following statement in a size equal to at least 12-point boldface type, which shall be signed and dated by the buyer:

You, the buyer, have the right to cancel this contract within seven business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the seventh business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received it, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

(f) The seller shall provide the buyer with a copy of the contract or offer to purchase and the attached notice of cancellation, and shall inform the buyer orally of the buyer's right to cancel and the requirement that cancellation be in writing, at the time the home solicitation contract or offer is executed.

(g) Until the seller has complied with this section the buyer may cancel the home solicitation contract or offer.

(h) “Contract or sale” as used in subdivision (c) means “home solicitation contract or offer” as defined by Section 1689.5.

(i) The five-day right to cancel added by the act that added subparagraph (A) to paragraph (1) and subparagraph (B) to paragraph (3) of subdivision (a), and paragraph (2) to subdivision (c) shall apply to contracts, or offers to purchase conveyed, entered into, on or after January 1, 2021.
SEC. 7.
Section 1689.13 of the Civil Code is amended to read:

1689.13.
Sections 1689.5, 1689.6, 1689.7, 1689.10, 1689.12, and 1689.14 do not apply to a contract that meets all of the following requirements:

(a) The contract is initiated by the buyer or his or her agent or insurance representative.

(b) The contract is executed in connection with making of emergency or immediately necessary repairs that are necessary for the immediate protection of persons or real or personal property.

(c) (1) The buyer gives the seller a separate statement that is dated and signed that describes the situation that requires immediate remedy, and expressly acknowledges and waives the right to cancel the sale within three, five, or seven business days, whichever applies.

(d) (2) This section shall become operative on January 1, 2006. The waiver of the five-day right to cancel added by the act that amended paragraph (1) shall apply to contracts entered into, or offers to purchase conveyed, on or after January 1, 2021.

SEC. 8.
Section 1689.20 of the Civil Code is amended to read:

1689.20.
(a) (1) In addition to any other right to revoke an offer, the buyer has the right to cancel a seminar sales solicitation contract or offer until midnight of the third business day, or until midnight of the fifth business day if the buyer is a senior citizen, after the day on which the buyer signs an agreement or offer to purchase which complies with Section 1689.21.

(2) The five-day right to cancel added by the act that amended paragraph (1) shall apply to contracts entered into, or offers to purchase conveyed, on or after January 1, 2021.

(b) Cancellation occurs when the buyer gives written notice of cancellation to the seller at the address specified in the agreement or offer.

(c) Notice of cancellation, if given by mail, is effective when deposited in the mail properly addressed with postage prepaid.

(d) Notice of cancellation given by the buyer need not take the particular form as provided with the contract or offer to purchase and, however expressed, is effective if it indicates the intention of the buyer not to be bound by the seminar sales solicitation contract or offer.
SEC. 9.
Section 1689.21 of the Civil Code is amended to read:

1689.21.
(a) In a seminar sales solicitation contract or offer, the buyer’s agreement or offer to purchase shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation, shall be dated, signed by the buyer, and shall contain in immediate proximity to the space reserved for the buyer’s signature, a conspicuous statement in a size equal to at least 10-point bold type, as follows: “You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(1) For a buyer who is a senior citizen: “You, the buyer, may cancel this transaction at any time prior to midnight of the fifth business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(2) For all other buyers: “You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(b) The agreement or offer to purchase shall contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

(1) The name and address of the seller to which the notice is to be mailed.

(2) The date the buyer signed the agreement or offer to purchase.

(c) (1) The agreement or offer to purchase shall be accompanied by a completed form in duplicate, captioned “Notice of Cancellation,” which shall be attached to the agreement or offer to purchase and be easily detachable, and which shall contain in type of at least 10-point, the following statement written in the same language, e.g., Spanish, as used in the contract:

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the
seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to

(2) The reference to “three” in the statement set forth in paragraph (1) shall be changed to “five” for a buyer who is a senior citizen.

(d) The seller shall provide the buyer with a copy of the contract or offer to purchase and the attached notice of cancellation, and shall inform the buyer orally of his or her right to cancel at the time the seminar sales solicitation contract or offer is executed.

(e) Until the seller has complied with this section, the buyer may cancel the seminar sales solicitation contract or offer.

(f) “Contract or sale” as used in subdivision (c), means “seminar sales solicitation contract or offer” as defined by Section 1689.24.

(g) The five-day right to cancel added by the act that added paragraph (1) to subdivision (a) and added paragraph (2) to subdivision (c) shall apply to contracts entered into or offers to purchase conveyed on or after January 1, 2021.

SEC. 10.
Section 1689.24 of the Civil Code is amended to read:

1689.24.
As used in Sections 1689.20 to 1689.23, inclusive:

(a) “Seminar sales solicitation contract or offer” means any contract, whether single or multiple, or any offer which is subject to approval, for the sale, lease, or rental of goods or services or both, made using selling techniques in a seminar setting in an amount of twenty-five dollars ($25) or more, including any interest or service charges. “Seminar sales solicitation contract” does not include any contract under which the buyer has the right to rescind pursuant to Title 1, Chapter 2, Section 125 of the Federal Consumer Credit Protection Act (Public Law 90-321 and the regulations promulgated pursuant thereto or any contract which contains a written and dated statement signed by the prospective buyer stating that the negotiation between the parties was initiated by the prospective buyer.

(b) “Seminar setting” means premises other than the residence of the buyer.

(c) “Goods” means tangible chattels bought for use primarily for personal, family, or household purposes, including certificates or coupons exchangeable for these goods, and including goods which, at the time of the sale or subsequently, are to be so affixed to real property as to become a part of the real property whether or not severable therefrom, but does not include any vehicle required to be registered under the Vehicle Code, nor any goods sold with a vehicle if sold under a contract governed by Section 2982, and does not include any mobilehome, as defined in Section 18008 of the Health Code.
and Safety Code, nor any goods sold with a mobilehome if either are sold under a contract subject to Section 18036.5 of the Health and Safety Code.

(d) “Services” means work, labor and services, including, but not limited to, services furnished in connection with the repair, alteration, or improvement of residential premises, or services furnished in connection with the sale or repair of goods as defined in Section 1802.1, and courses of instruction, regardless of the purpose for which they are taken, but does not include the services of attorneys, real estate brokers and salesmen, securities dealers or investment counselors, physicians, optometrists, or dentists, nor financial services offered by banks, savings institutions, credit unions, industrial loan companies, personal property brokers, consumer finance lenders, or commercial finance lenders, organized pursuant to state or federal law, which are not connected with the sale of goods or services, as defined herein, nor the sale of insurance which is not connected with the sale of goods or services as defined herein, nor services in connection with the sale or installation of mobilehomes or of goods sold with a mobilehome if either are sold or installed under a contract subject to Section 18036.5 of the Health and Safety Code, nor services for which the tariffs, rates, charges, costs, or expenses, including in each instance the time sale price, is required by law to be filed with and approved by the federal government or any official, department, division, commission, or agency of the United States or of the State of California.


(f) “Senior citizen” means an individual who is 65 years of age or older.

SEC. 11.
Section 5898.16 of the Streets and Highways Code, as amended by Section 8 of Chapter 837 of the Statutes of 2018, is amended to read:

5898.16.
(a) A public agency shall not permit a property owner to participate in any program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4 if any of the following apply:

1. The property owner’s participation would result in the total amount of the annual property taxes and assessments exceeding 5 percent of the property’s market value, as determined at the time of approval of the property owner’s contractual assessment.

2. The property does not comply with the conditions specified in paragraphs (1) to (5), inclusive, and paragraph (8), and, in addition, for properties with energy efficiency improvements specified under Section 5898.20 of this code and paragraph (7) of subdivision (a) of Section 26063 of the Public Resources Code.

(b) A public agency shall not permit the property owner to participate in any program established pursuant to this chapter for the purposes specified in paragraph (2) of
subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4 unless the
property owner is given the right to cancel the contractual assessment without penalty
or obligation, consistent with the following:

(1) (A) The property owner shall receive the right to cancel document set forth below or
a substantially similar document that displays the same information in a substantially
similar format. The document shall be provided to the property owner as a printed copy
unless the property owner agrees to an electronic copy.

(B) References to “third” in the notice to cancel document set forth in subparagraph (A)
shall be changed to “fifth” for a property owner who is a senior citizen.

(C) The five-day right to cancel added by the act that added subparagraph (B) to this
paragraph shall apply to a contractual assessment entered into on or after January 1,
2021.

(2) The property owner is deemed to have given notice of cancellation at the moment
that the property owner sends the notice by mail, email, or fax or at the moment that the
property owner otherwise delivers the notice, as applicable.

c) This section only applies to a property owner who seeks to participate in a program
established pursuant to this chapter for the purposes specified in paragraph (2) of
subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4 for a residential
property with four or fewer units.

d) For the purposes of this section, “property owner” shall include all owners of
record. The following definitions apply:

(1) “Property owner” shall include all owners of record.

(2) “Senior citizen” means an individual who is 65 years of age or older.

e) This section shall remain in effect only until January 1, 2029, and as of that date is
repealed.

SEC. 12.
Section 5898.16 of the Streets and Highways Code, as added by Section 9 of Chapter
837 of the Statutes of 2018, is amended to read:

5898.16.
(a) A public agency shall not permit a property owner to participate in any program
established pursuant to this chapter for the purposes specified in paragraph (2) of
subdivision (a) of Section 5898.20 or Section 5899 or 5899.3 if any of the following
apply:

(1) The property owner’s participation would result in the total amount of the annual
property taxes and assessments exceeding 5 percent of the property’s market value, as
determined at the time of approval of the property owner’s contractual assessment.

(2) The property does not comply with the conditions specified in paragraphs (1) to (5),
inclusive, and paragraph (8), and, in addition, for properties with energy efficiency
improvements specified under Section 5898.20 of this code and paragraph (7) of subdivision (a) of Section 26063 of the Public Resources Code.

(b) A public agency shall not permit the property owner to participate in any program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3 unless the property owner is given the right to cancel the contractual assessment without penalty or obligation, consistent with the following:

(1) **(A)** The property owner shall receive the right to cancel document set forth below or a substantially similar document that displays the same information in a substantially similar format. The document shall be provided to the property owner as a printed copy unless the property owner agrees to an electronic copy.

**(B)** References to “third” in the notice to cancel document set forth in subparagraph (A) shall be changed to “fifth” for a property owner who is a senior citizen.

**(C)** The five-day right to cancel added by the act that added subparagraph (B) to this paragraph shall apply to a contractual assessment entered into on or after January 1, 2021.

(2) The property owner is deemed to have given notice of cancellation at the moment that the property owner sends the notice by mail, email, or fax or at the moment that the property owner otherwise delivers the notice, as applicable.

(c) This section only applies to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3 for a residential property with four or fewer units.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(1) “Property owner” shall include all owners of record.

(2) “Senior citizen” means an individual who is 65 years of age or older.

(e) This section shall become operative on January 1, 2029.

SEC. 13.
Section 5898.17 of the Streets and Highways Code, as amended by Section 10 of Chapter 837 of the Statutes of 2018, is amended to read:

**5898.17.**
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed copy unless the property owner agrees to
an electronic copy. A sample of the disclosure set forth below shall be maintained on a public internet website available to property owners.

(b) (1) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4 for a residential property with four or fewer units.

(2) References to “three” and “third” in the document set forth in paragraph (1) shall be changed to “five” and “fifth,” respectively, for a property owner who is a senior citizen.

(3) The five-day right to cancel added by the act that added paragraph (2) to this subdivision shall apply to a contractual assessment entered into on or after January 1, 2021.

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker’s price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) For purposes of this section, “senior citizen” means an individual who is 65 years of age or older.

(f) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

SEC. 13.5.
Section 5898.17 of the Streets and Highways Code, as amended by Section 10 of Chapter 837 of the Statutes of 2018, is amended to read:

5898.17.
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of
subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed copy, unless the property owner agrees to an electronic copy—opts out of receiving a printed paper copy in writing by signing a printed paper document. A property owner who opts out of receiving a printed paper copy of the disclosure shall be provided with an electronic copy in accordance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code). A sample of the disclosure set forth below shall be maintained on a public Internet Web-site—internet website available to property owners.

(b) (1) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4 for a residential property with four or fewer units.

<table>
<thead>
<tr>
<th>Financing Estimate and Disclosure</th>
</tr>
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<tbody>
<tr>
<td>Notice to Property Owner: You have the right to request that a hard copy of this document be provided to you before and after reviewing and signing, unless you opt out, in writing, to that printed copy by signing a printed paper document. If you opt out of receiving a printed paper copy of this disclosure, an electronic copy will be provided to you. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes and will result in a lien on your property. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.</td>
</tr>
</tbody>
</table>

(2) References to “three” and “third” in the document set forth in paragraph (1) shall be changed to “five” and “fifth,” respectively, for a property owner who is a senior citizen.

(3) The five-day right to cancel added by the act that added paragraph (2) to this subdivision shall apply to a contractual assessment entered into on or after January 1, 2021.

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899, 5899.3, or 5899.4, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.
(2) A broker’s price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) For purposes of this section, “senior citizen” means an individual who is 65 years of age or older.

(f) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

SEC. 14.
Section 5898.17 of the Streets and Highways Code, as added by Section 11 of Chapter 837 of the Statutes of 2018, is amended to read:

5898.17.
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed copy unless the property owner agrees to an electronic copy. A sample of the disclosure set forth below shall be maintained on a public Internet website available to property owners.

(b) (1) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3 for a residential property with four or fewer units.

(2) References to “three” and “third” in the document set forth in paragraph (1) shall be changed to “five” and “fifth,” respectively, for a property owner who is a senior citizen.

(3) The five-day right to cancel added by the act that added paragraph (2) to this subdivision shall apply to a contractual assessment entered into on or after January 1, 2021.

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:
(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker's price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) For purposes of this section, “senior citizen” means an individual who is 65 years of age or older.

(e) (f) This section shall become operative on January 1, 2029.

SEC. 14.5.
Section 5898.17 of the Streets and Highways Code, as added by Section 11 of Chapter 837 of the Statutes of 2018, is amended to read:

5898.17.
(a) The disclosure set forth below, or a substantially equivalent document that displays the same information in a substantially similar format, shall be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment described in this chapter for purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code. The disclosure shall be provided to the property owner as a printed paper copy in no smaller than 12-point type, unless the property owner agrees to an electronic copy. A property owner who opts out of receiving a printed paper copy in writing by signing a printed paper document. A property owner who opts out of receiving a printed paper copy of the disclosure shall be provided with an electronic copy in accordance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code). A sample of the disclosure set forth below shall be maintained on a public Internet Website available to property owners.

(b) (1) This section only applies to disclosure to a property owner who seeks to participate in a program established pursuant to this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3 for a residential property with four or fewer units.
Notice to Property Owner: You have the right to request that a hard copy of this document be provided to you before and after reviewing and signing, unless you opt out, in writing, to that printed copy by signing a printed paper document. If you opt out of receiving a printed paper copy of this disclosure, an electronic copy will be provided to you. The financing arrangement described below will result in an assessment against your property which will be collected along with your property taxes and will result in a lien on your property. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney.

(2) References to “three” and “third” in the document set forth in paragraph (1) shall be changed to “five” and “fifth,” respectively, for a property owner who is a senior citizen.

(3) The five-day right to cancel added by the act that added paragraph (2) to this subdivision shall apply to a contractual assessment entered into on or after January 1, 2021.

(c) A public agency or other party to a voluntary contractual assessment described in this chapter for the purposes specified in paragraph (2) of subdivision (a) of Section 5898.20 or Section 5899 or 5899.3, or a special tax described in Section 53328.1 of the Government Code shall not make any monetary or percentage representations of increased value to a property owner regarding the effect the financed improvements will have on the market value of the property unless that public agency or other party derives its estimates of the market value using one of the following:

(1) An automated valuation model, which is a computerized property valuation system that is used to derive a real property value.

(2) A broker’s price opinion conducted by a real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

(3) An appraisal conducted by a state licensed real estate appraiser licensed pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code.

(d) For the purposes of this section, “property owner” shall include all owners of record.

(e) For purposes of this section, “senior citizen” means an individual who is 65 years of age or older.

(e) (f) This section shall become operative on January 1, 2029.
operative if (1) both bills are enacted and become effective on or before January 1, 2021, (2) each bill amends Section 5898.17 of the Streets and Highways Code, and (3) this bill is enacted after Assembly Bill No. 1551, in which case Section 13 of this bill shall not become operative.

(b) Section 14.5 of this bill incorporates amendments to Section 5898.17 of the Streets and Highways Code, as added by Section 11 of Chapter 837 of the Statutes of 2018, proposed by both this bill and Assembly Bill No. 1551. That section shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2021, (2) each bill amends Section 5898.17 of the Streets and Highways Code, and (3) this bill is enacted after Assembly Bill No. 1551, in which case Section 14 of this bill shall not become operative.

AB 2559, Chapter 160
California Financing Law: enforcement and penalties.
Effective Date 1/1/2021

1. Section 22706 of the Financial Code is amended to read:

22706.  
(a) The commissioner may require the attendance of witnesses and examine under oath all persons whose testimony he or she requires relative to loans, assessment contracts, or business-relates to activities and businesses regulated by this division or to the subject matter of any examination, investigation, or hearing.

(b) This section shall become operative on January 1, 2019.

SEC. 2.  
Section 22707.5 of the Financial Code is amended to read:

22707.5.  
(a) If, upon inspection, examination, or investigation, the commissioner has cause to believe that a licensee or other person is violating any provision of this division or any rule or order thereunder, the commissioner or his or her designee, may issue a citation to the licensee or person in writing, describing with particularity the basis of the citation. Each citation may contain an order to correct the violation or violations identified and provide a reasonable time period or periods by which the violation or violations must be corrected. In addition, each citation may assess an administrative fine not to exceed two thousand five hundred dollars ($2,500) that shall be deposited in the State Corporations Fund. In assessing a fine, the commissioner shall give due consideration to the appropriateness of the amount of the fine with respect to factors including the gravity of the violation, the good faith of the person or licensees cited, and the history of previous violations. In addition, the commissioner may include a claim for ancillary relief. The ancillary relief may include, but not be limited to, refunds, restitution or disgorgement, or damages on behalf of the persons injured by the act or practice
constituting the subject matter of the action. A citation issued or a fine assessed pursuant to this section, while constituting punishment for a violation of law, shall be in lieu of other administrative discipline by the commissioner for the offense or offenses cited, and the citation and fine payment thereof by a licensee shall not be reported as disciplinary action taken by the commissioner. cited.

(b) Notwithstanding subdivision (a), nothing in this section shall prevent the commissioner from issuing an order to desist and refrain from engaging in a specific business or activity or activities, or an order to suspend all business operations to a person or licensee who is engaged in or who has engaged in continued or repeated violations of this division. In any of these circumstances, the sanctions authorized under this section shall be separate from, and in addition to, all other administrative, civil, or criminal remedies.

(c) If, within 30 days from the receipt of the citation, the licensee or person cited fails to notify the department that they intend to request a hearing as described in subdivision (d), the citation shall be deemed final.

(d) Any hearing under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) After the exhaustion of the review procedures provided for in this section, the commissioner may apply to the appropriate superior court for a judgment in the amount of the administrative fine and an order compelling the cited licensee or person to comply with the order of the commissioner. The application, which shall include a certified copy of the final order of the commissioner, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

(1) The application shall include a certified copy of the final order of the commissioner.

(2) Upon the filing of the application, the superior court shall set a date for a hearing for an order to show cause why judgment should not be entered, which shall be set not less than 60 calendar days from the date the application is filed.

(3) The commissioner shall serve a copy of the application and order along with notice of the hearing to all entities or persons cited in the order against whom a civil judgment is sought not less than 15 calendar days before the date set for the hearing. Service of the application shall be pursuant to the methods specified by Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure for service of summons.

(4) The court shall consider the filing of a certified copy of the final order of the commissioner and the proof of service of the application and notice of the hearing on the persons or entities against whom the judgment is sought, a sufficient prima facie showing to warrant the issuance of the civil judgment at the hearing. The respondent then has the burden of showing by affirmative evidence at the hearing why the order of the commissioner is not final, or why the timely notice of application and hearing was not provided to avoid judgment being entered. Any method of service authorized by laws under which the order was issued is considered valid service for the purposes of
determining whether the order is final. Absent this showing by the respondent, the superior court shall issue a final civil judgment compelling compliance with the order.

(5) The judgment issued pursuant to paragraph (4) may be for injunctive relief or payment of ancillary relief or penalties. The judgment may be enforced by the court pursuant to the procedures authorized for any other civil judgment.

(6) This subdivision shall not be construed to limit judicial review of any order of the commissioner in accordance with the law.

SEC. 3.
Section 22712 of the Financial Code is amended to read:

22712.
(a) Whenever, in the opinion of the commissioner, any person is engaged in business as a finance lender, broker, program administrator, or a mortgage loan originator, as defined in this division, without a license from the commissioner, or any licensee violates any provision of this division, any provision of an order, or any regulation adopted pursuant to this division, the commissioner may order that person or licensee to desist and to refrain from engaging in the business or further continuing that violation. In addition, the commissioner may include a claim for ancillary relief. The ancillary relief may include, but not be limited to, refunds, restitution or disgorgement, or damages on behalf of the persons injured by the act or practice constituting the subject matter of the action. If, within 30 days after the order is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded. For purposes of this section, “licensee” includes a mortgage loan originator.

(b) Notwithstanding subdivision (a), if, after an investigation, the commissioner has reasonable grounds to believe that a person is conducting business in an unsafe or injurious manner, the commissioner shall, by written order addressed to that person, direct the discontinuance of the unsafe or injurious practices. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 22717.

(c) This section shall become operative on January 1, 2019.

SEC. 4.
No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.
AB 3088, Chapter 37
Effective Date 8/31/2020

SECTION 1.
This act shall be known, and may be cited, as the Tenant, Homeowner, and Small Landlord Relief and Stabilization Act of 2020.

SEC. 2.
The Legislature finds and declares all of the following:

(a) On March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency in response to the COVID-19 pandemic. Measures necessary to contain the spread of COVID-19 have brought about widespread economic and societal disruption, placing the state in unprecedented circumstances.

(b) At the end of 2019, California already faced a housing affordability crisis. United States Census data showed that a majority of California tenant households qualified as “rent-burdened,” meaning that 30 percent or more of their income was used to pay rent. Over one-quarter of California tenant households were “severely rent-burdened,” meaning that they were spending over one-half of their income on rent alone.

(c) Millions of Californians are unexpectedly, and through no fault of their own, facing new public health requirements and unable to work and cover many basic expenses, creating tremendous uncertainty for California tenants, small landlords, and homeowners. While the Judicial Council’s Emergency Rule 1, effective April 6, 2020, temporarily halted evictions and stabilized housing for distressed Californians in furtherance of public health goals, the Judicial Council voted on August 14, 2020, to extend these protections through September 1, 2020, to allow the Legislature time to act before the end of the 2019-20 Legislative Session.

(d) There are strong indications that large numbers of California tenants will soon face eviction from their homes based on an inability to pay the rent or other financial obligations. Even if tenants are eventually able to pay their rent, small landlords will continue to face challenges covering their expenses, including mortgage payments in the ensuing months, placing them at risk of default and broader destabilization of the economy.

(e) There are strong indications that many homeowners will also lose their homes to foreclosure. While temporary forbearance is available to homeowners with federally backed mortgages pursuant to the CARES Act, and while some other lenders have voluntarily agreed to provide borrowers with additional time to pay, not all mortgages are covered.

(f) Stabilizing the housing situation for tenants and landlords is to the mutual benefit of both groups and will help the state address the pandemic, protect public health, and set the stage for recovery. It is, therefore, the intent of the Legislature and the State of
California to establish through statute a framework for all impacted parties to negotiate and avoid as many evictions and foreclosures as possible.

(g) This bill shall not relieve tenants, homeowners, or landlords of their financial and contractual obligations, but rather it seeks to forestall massive social and public health harm by preventing unpaid rental debt from serving as a cause of action for eviction or foreclosure during this historic and unforeseeable period and from unduly burdening the recovery through negative credit reporting. This framework for temporary emergency relief for financially distressed tenants, homeowners, and small landlords seeks to help stabilize Californians through the state of emergency in protection of their health and without the loss of their homes and property.

SEC. 3.
Section 789.4 is added to the Civil Code, to read:

789.4. (a) In addition to the damages provided in subdivision (c) of Section 789.3 of the Civil Code, a landlord who violates Section 789.3 of the Civil Code, if the tenant has provided a declaration of COVID-19 financial distress pursuant to Section 1179.03 of the Code of Civil Procedure, shall be liable for damages in an amount that is at least one thousand dollars ($1,000) but not more than two thousand five hundred dollars ($2,500), as determined by the trier of fact.

(b) This section shall remain in effect until February 1, 2021, and as of that date is repealed.

SEC. 4.
Section 798.56 of the Civil Code is amended to read:

798.56. A tenancy shall be terminated by the management only for one or more of the following reasons:

(a) Failure of the homeowner or resident to comply with a local ordinance or state law or regulation relating to mobilehomes within a reasonable time after the homeowner receives a notice of noncompliance from the appropriate governmental agency.

(b) Conduct by the homeowner or resident, upon the park premises, that constitutes a substantial annoyance to other homeowners or residents.

(c) (1) Conviction of the homeowner or resident for prostitution, for a violation of subdivision (d) of Section 243, paragraph (2) of subdivision (a), or subdivision (b), of Section 245, Section 288, or Section 451, of the Penal Code, or a felony controlled substance offense, if the act resulting in the conviction was committed anywhere on the premises of the mobilehome park, including, but not limited to, within the homeowner’s mobilehome.

(2) However, the tenancy may not be terminated for the reason specified in this subdivision if the person convicted of the offense has permanently vacated, and does not subsequently reoccupy, the mobilehome.
(d) Failure of the homeowner or resident to comply with a reasonable rule or regulation of the park that is part of the rental agreement or any amendment thereto.

No act or omission of the homeowner or resident shall constitute a failure to comply with a reasonable rule or regulation unless and until the management has given the homeowner written notice of the alleged rule or regulation violation and the homeowner or resident has failed to adhere to the rule or regulation within seven days. However, if a homeowner has been given a written notice of an alleged violation of the same rule or regulation on three or more occasions within a 12-month period after the homeowner or resident has violated that rule or regulation, no written notice shall be required for a subsequent violation of the same rule or regulation.

Nothing in this subdivision shall relieve the management from its obligation to demonstrate that a rule or regulation has in fact been violated.

(e) (1) Except as provided for in the COVID-19 Tenant Relief Act of 2020 (Chapter 5 (commencing with Section 1179.01) of Title 3 of Part 3 of the Code of Civil Procedure), nonpayment of rent, utility charges, or reasonable incidental service charges; provided that the amount due has been unpaid for a period of at least five days from its due date, and provided that the homeowner shall be given a three-day written notice subsequent to that five-day period to pay the amount due or to vacate the tenancy. For purposes of this subdivision, the five-day period does not include the date the payment is due. The three-day written notice shall be given to the homeowner in the manner prescribed by Section 1162 of the Code of Civil Procedure. A copy of this notice shall be sent to the persons or entities specified in subdivision (b) of Section 798.55 within 10 days after notice is delivered to the homeowner. If the homeowner cures the default, the notice need not be sent. The notice may be given at the same time as the 60 days' notice required for termination of the tenancy. A three-day notice given pursuant to this subdivision shall contain the following provisions printed in at least 12-point boldface type at the top of the notice, with the appropriate number written in the blank: “Warning: This notice is the (insert number) three-day notice for nonpayment of rent, utility charges, or other reasonable incidental services that has been served upon you in the last 12 months. Pursuant to Civil Code Section 798.56 (e) (5), if you have been given a three-day notice to either pay rent, utility charges, or other reasonable incidental services or to vacate your tenancy on three or more occasions within a 12-month period, management is not required to give you a further three-day period to pay rent or vacate the tenancy before your tenancy can be terminated.”

(2) Payment by the homeowner prior to the expiration of the three-day notice period shall cure a default under this subdivision. If the homeowner does not pay prior to the expiration of the three-day notice period, the homeowner shall remain liable for all payments due up until the time the tenancy is vacated.

(3) Payment by the legal owner, as defined in Section 18005.8 of the Health and Safety Code, any junior lienholder, as defined in Section 18005.3 of the Health and Safety Code, or the registered owner, as defined in Section 18009.5 of the Health and Safety Code, if other than the homeowner, on behalf of the homeowner prior to the expiration of 30 calendar days following the mailing of the notice to the legal owner, each junior
lienholder, and the registered owner provided in subdivision (b) of Section 798.55, shall

cure a default under this subdivision with respect to that payment.

(4) Cure of a default of rent, utility charges, or reasonable incidental service charges by

the legal owner, any junior lienholder, or the registered owner, if other than the

homeowner, as provided by this subdivision, may not be exercised more than twice

during a 12-month period.

(5) If a homeowner has been given a three-day notice to pay the amount due or to

vacate the tenancy on three or more occasions within the preceding 12-month period

and each notice includes the provisions specified in paragraph (1), no written three-day

notice shall be required in the case of a subsequent nonpayment of rent, utility charges,

or reasonable incidental service charges.

In that event, the management shall give written notice to the homeowner in the manner

prescribed by Section 1162 of the Code of Civil Procedure to remove the mobilehome

from the park within a period of not less than 60 days, which period shall be specified in

the notice. A copy of this notice shall be sent to the legal owner, each junior lienholder,

and the registered owner of the mobilehome, if other than the homeowner, as specified

in paragraph (b) of Section 798.55, by certified or registered mail, return receipt

requested, within 10 days after notice is sent to the homeowner.

(6) When a copy of the 60 days’ notice described in paragraph (5) is sent to the legal

owner, each junior lienholder, and the registered owner of the mobilehome, if other than

the homeowner, the default may be cured by any of them on behalf of the homeowner

prior to the expiration of 30 calendar days following the mailing of the notice, if all of the

following conditions exist:

(A) A copy of a three-day notice sent pursuant to subdivision (b) of Section 798.55 to a

homeowner for the nonpayment of rent, utility charges, or reasonable incidental service

charges was not sent to the legal owner, junior lienholder, or registered owner, of the

mobilehome, if other than the homeowner, during the preceding 12-month period.

(B) The legal owner, junior lienholder, or registered owner of the mobilehome, if other

than the homeowner, has not previously cured a default of the homeowner during the

preceding 12-month period.

(C) The legal owner, junior lienholder or registered owner, if other than the homeowner,

is not a financial institution or mobilehome dealer.

If the default is cured by the legal owner, junior lienholder, or registered owner within the

30-day period, the notice to remove the mobilehome from the park described in

paragraph (5) shall be rescinded.

(f) Condemnation of the park.

(g) Change of use of the park or any portion thereof, provided:

(1) The management gives the homeowners at least 15 days’ written notice that the

management will be appearing before a local governmental board, commission, or body

to request permits for a change of use of the mobilehome park.
(2) After all required permits requesting a change of use have been approved by the local governmental board, commission, or body, the management shall give the homeowners six months’ or more written notice of termination of tenancy.

If the change of use requires no local governmental permits, then notice shall be given 12 months or more prior to the management’s determination that a change of use will occur. The management in the notice shall disclose and describe in detail the nature of the change of use.

(3) The management gives each proposed homeowner written notice thereof prior to the inception of the homeowner’s tenancy that the management is requesting a change of use before local governmental bodies or that a change of use request has been granted.

(4) The notice requirements for termination of tenancy set forth in Sections 798.56 and 798.57 shall be followed if the proposed change actually occurs.

(5) A notice of a proposed change of use given prior to January 1, 1980, that conforms to the requirements in effect at that time shall be valid. The requirements for a notice of a proposed change of use imposed by this subdivision shall be governed by the law in effect at the time the notice was given.

(h) The report required pursuant to subdivisions (b) and (i) of Section 65863.7 of the Government Code shall be given to the homeowners or residents at the same time that notice is required pursuant to subdivision (g) of this section.

(i) For purposes of this section, “financial institution” means a state or national bank, state or federal savings and loan association or credit union, or similar organization, and mobilehome dealer as defined in Section 18002.6 of the Health and Safety Code or any other organization that, as part of its usual course of business, originates, owns, or provides loan servicing for loans secured by a mobilehome.

(j) This section remain in effect until February 1, 2025, and as of that date is repealed.

SEC. 5.
Section 798.56 is added to the Civil Code, to read:

798.56.
A tenancy shall be terminated by the management only for one or more of the following reasons:

(a) Failure of the homeowner or resident to comply with a local ordinance or state law or regulation relating to mobilehomes within a reasonable time after the homeowner receives a notice of noncompliance from the appropriate governmental agency.

(b) Conduct by the homeowner or resident, upon the park premises, that constitutes a substantial annoyance to other homeowners or residents.

(c) (1) Conviction of the homeowner or resident for prostitution, for a violation of subdivision (d) of Section 243, paragraph (2) of subdivision (a), or subdivision (b), of Section 245, Section 288, or Section 451, of the Penal Code, or a felony controlled
substance offense, if the act resulting in the conviction was committed anywhere on the premises of the mobilehome park, including, but not limited to, within the homeowner’s mobilehome.

(2) However, the tenancy may not be terminated for the reason specified in this subdivision if the person convicted of the offense has permanently vacated, and does not subsequently reoccupy, the mobilehome.

(d) Failure of the homeowner or resident to comply with a reasonable rule or regulation of the park that is part of the rental agreement or any amendment thereto.

No act or omission of the homeowner or resident shall constitute a failure to comply with a reasonable rule or regulation unless and until the management has given the homeowner written notice of the alleged rule or regulation violation and the homeowner or resident has failed to adhere to the rule or regulation within seven days. However, if a homeowner has been given a written notice of an alleged violation of the same rule or regulation on three or more occasions within a 12-month period after the homeowner or resident has violated that rule or regulation, no written notice shall be required for a subsequent violation of the same rule or regulation.

Nothing in this subdivision shall relieve the management from its obligation to demonstrate that a rule or regulation has in fact been violated.

(e) (1) Nonpayment of rent, utility charges, or reasonable incidental service charges; provided that the amount due has been unpaid for a period of at least five days from its due date, and provided that the homeowner shall be given a three-day written notice subsequent to that five-day period to pay the amount due or to vacate the tenancy. For purposes of this subdivision, the five-day period does not include the date the payment is due. The three-day written notice shall be given to the homeowner in the manner prescribed by Section 1162 of the Code of Civil Procedure. A copy of this notice shall be sent to the persons or entities specified in subdivision (b) of Section 798.55 within 10 days after notice is delivered to the homeowner. If the homeowner cures the default, the notice need not be sent. The notice may be given at the same time as the 60 days’ notice required for termination of the tenancy. A three-day notice given pursuant to this subdivision shall contain the following provisions printed in at least 12-point boldface type at the top of the notice, with the appropriate number written in the blank:

“Warning: This notice is the (insert number) three-day notice for nonpayment of rent, utility charges, or other reasonable incidental services that has been served upon you in the last 12 months. Pursuant to Civil Code Section 798.56 (e) (5), if you have been given a three-day notice to either pay rent, utility charges, or other reasonable incidental services or to vacate your tenancy on three or more occasions within a 12-month period, management is not required to give you a further three-day period to pay rent or vacate the tenancy before your tenancy can be terminated.”

(2) Payment by the homeowner prior to the expiration of the three-day notice period shall cure a default under this subdivision. If the homeowner does not pay prior to the expiration of the three-day notice period, the homeowner shall remain liable for all payments due up until the time the tenancy is vacated.
(3) Payment by the legal owner, as defined in Section 18005.8 of the Health and Safety Code, any junior lienholder, as defined in Section 18005.3 of the Health and Safety Code, or the registered owner, as defined in Section 18009.5 of the Health and Safety Code, if other than the homeowner, on behalf of the homeowner prior to the expiration of 30 calendar days following the mailing of the notice to the legal owner, each junior lienholder, and the registered owner provided in subdivision (b) of Section 798.55, shall cure a default under this subdivision with respect to that payment.

(4) Cure of a default of rent, utility charges, or reasonable incidental service charges by the legal owner, any junior lienholder, or the registered owner, if other than the homeowner, as provided by this subdivision, may not be exercised more than twice during a 12-month period.

(5) If a homeowner has been given a three-day notice to pay the amount due or to vacate the tenancy on three or more occasions within the preceding 12-month period and each notice includes the provisions specified in paragraph (1), no written three-day notice shall be required in the case of a subsequent nonpayment of rent, utility charges, or reasonable incidental service charges.

In that event, the management shall give written notice to the homeowner in the manner prescribed by Section 1162 of the Code of Civil Procedure to remove the mobilehome from the park within a period of not less than 60 days, which period shall be specified in the notice. A copy of this notice shall be sent to the legal owner, each junior lienholder, and the registered owner of the mobilehome, if other than the homeowner, as specified in paragraph (b) of Section 798.55, by certified or registered mail, return receipt requested, within 10 days after notice is sent to the homeowner.

(6) When a copy of the 60 days’ notice described in paragraph (5) is sent to the legal owner, each junior lienholder, and the registered owner of the mobilehome, if other than the homeowner, the default may be cured by any of them on behalf of the homeowner prior to the expiration of 30 calendar days following the mailing of the notice, if all of the following conditions exist:

(A) A copy of a three-day notice sent pursuant to subdivision (b) of Section 798.55 to a homeowner for the nonpayment of rent, utility charges, or reasonable incidental service charges was not sent to the legal owner, junior lienholder, or registered owner, of the mobilehome, if other than the homeowner, during the preceding 12-month period.

(B) The legal owner, junior lienholder, or registered owner of the mobilehome, if other than the homeowner, has not previously cured a default of the homeowner during the preceding 12-month period.

(C) The legal owner, junior lienholder or registered owner, if other than the homeowner, is not a financial institution or mobilehome dealer.

If the default is cured by the legal owner, junior lienholder, or registered owner within the 30-day period, the notice to remove the mobilehome from the park described in paragraph (5) shall be rescinded.

(f) Condemnation of the park.
(g) Change of use of the park or any portion thereof, provided:

(1) The management gives the homeowners at least 15 days’ written notice that the management will be appearing before a local governmental board, commission, or body to request permits for a change of use of the mobilehome park.

(2) After all required permits requesting a change of use have been approved by the local governmental board, commission, or body, the management shall give the homeowners six months’ or more written notice of termination of tenancy.

If the change of use requires no local governmental permits, then notice shall be given 12 months or more prior to the management’s determination that a change of use will occur. The management in the notice shall disclose and describe in detail the nature of the change of use.

(3) The management gives each proposed homeowner written notice thereof prior to the inception of the homeowner’s tenancy that the management is requesting a change of use before local governmental bodies or that a change of use request has been granted.

(4) The notice requirements for termination of tenancy set forth in Sections 798.56 and 798.57 shall be followed if the proposed change actually occurs.

(5) A notice of a proposed change of use given prior to January 1, 1980, that conforms to the requirements in effect at that time shall be valid. The requirements for a notice of a proposed change of use imposed by this subdivision shall be governed by the law in effect at the time the notice was given.

(h) The report required pursuant to subdivisions (b) and (i) of Section 65863.7 of the Government Code shall be given to the homeowners or residents at the same time that notice is required pursuant to subdivision (g) of this section.

(i) For purposes of this section, “financial institution” means a state or national bank, state or federal savings and loan association or credit union, or similar organization, and mobilehome dealer as defined in Section 18002.6 of the Health and Safety Code or any other organization that, as part of its usual course of business, originates, owns, or provides loan servicing for loans secured by a mobilehome.

(j) This section shall become operative on February 1, 2025.

SEC. 6.
Section 1942.5 of the Civil Code is amended to read:

1942.5.
(a) If the lessor retaliates against the lessee because of the exercise by the lessee of the lessee’s rights under this chapter or because of the lessee’s complaint to an appropriate agency as to tenantability of a dwelling, and if the lessee of a dwelling is not in default as to the payment of rent, the lessor may not recover possession of a dwelling in any action or proceeding, cause the lessee to quit involuntarily, increase the rent, or decrease any services within 180 days of any of the following:
(1) After the date upon which the lessee, in good faith, has given notice pursuant to Section 1942, has provided notice of a suspected bed bug infestation, or has made an oral complaint to the lessor regarding tenantability.

(2) After the date upon which the lessee, in good faith, has filed a written complaint, or an oral complaint which is registered or otherwise recorded in writing, with an appropriate agency, of which the lessor has notice, for the purpose of obtaining correction of a condition relating to tenantability.

(3) After the date of an inspection or issuance of a citation, resulting from a complaint described in paragraph (2) of which the lessor did not have notice.

(4) After the filing of appropriate documents commencing a judicial or arbitration proceeding involving the issue of tenantability.

(5) After entry of judgment or the signing of an arbitration award, if any, when in the judicial proceeding or arbitration the issue of tenantability is determined adversely to the lessor.

In each instance, the 180-day period shall run from the latest applicable date referred to in paragraphs (1) to (5), inclusive.

(b) A lessee may not invoke subdivision (a) more than once in any 12-month period.

(c) To report, or to threaten to report, the lessee or individuals known to the landlord to be associated with the lessee to immigration authorities is a form of retaliatory conduct prohibited under subdivision (a). This subdivision shall in no way limit the definition of retaliatory conduct prohibited under this section.

(d) Notwithstanding subdivision (a), it is unlawful for a lessor to increase rent, decrease services, cause a lessee to quit involuntarily, bring an action to recover possession, or threaten to do any of those acts, for the purpose of retaliating against the lessee because the lessee has lawfully organized or participated in a lessees’ association or an organization advocating lessees’ rights or has lawfully and peaceably exercised any rights under the law. It is also unlawful for a lessor to bring an action for unlawful detainer based on a cause of action other than nonpayment of COVID-19 rental debt, as defined in Section 1179.02 of the Code of Civil Procedure, for the purpose of retaliating against the lessee because the lessee has a COVID-19 rental debt. In an action brought by or against the lessee pursuant to this subdivision, the lessee shall bear the burden of producing evidence that the lessor’s conduct was, in fact, retaliatory.

(e) To report, or to threaten to report, the lessee or individuals known to the landlord to be associated with the lessee to immigration authorities is a form of retaliatory conduct prohibited under subdivision (d). This subdivision shall in no way limit the definition of retaliatory conduct prohibited under this section.

(f) This section does not limit in any way the exercise by the lessor of the lessor’s rights under any lease or agreement or any law pertaining to the hiring of property or the lessor’s right to do any of the acts described in subdivision (a) or (d) for any lawful cause. Any waiver by a lessee of the lessee’s rights under this section is void as contrary to public policy.
(g) Notwithstanding subdivisions (a) to (f), inclusive, a lessor may recover possession of a dwelling and do any of the other acts described in subdivision (a) within the period or periods prescribed therein, or within subdivision (d), if the notice of termination, rent increase, or other act, and any pleading or statement of issues in an arbitration, if any, states the ground upon which the lessor, in good faith, seeks to recover possession, increase rent, or do any of the other acts described in subdivision (a) or (d). If the statement is controverted, the lessor shall establish its truth at the trial or other hearing.

(h) Any lessor or agent of a lessor who violates this section shall be liable to the lessee in a civil action for all of the following:

1. The actual damages sustained by the lessee.

2. Punitive damages in an amount of not less than one hundred dollars ($100) nor more than two thousand dollars ($2,000) for each retaliatory act where the lessor or agent has been guilty of fraud, oppression, or malice with respect to that act.

(i) In any action brought for damages for retaliatory eviction, the court shall award reasonable attorney’s fees to the prevailing party if either party requests attorney’s fees upon the initiation of the action.

(j) The remedies provided by this section shall be in addition to any other remedies provided by statutory or decisional law.

(k) A lessor does not violate subdivision (c) or (e) by complying with any legal obligation under any federal government program that provides for rent limitations or rental assistance to a qualified tenant.

(l) This section shall remain in effect until February 1, 2021, and as of that date is repealed.

**SEC. 7.**

Section 1942.5 is added to the Civil Code, to read:

1942.5.  
(a) If the lessor retaliates against the lessee because of the exercise by the lessee of the lessee’s rights under this chapter or because of the lessee’s complaint to an appropriate agency as to tenantability of a dwelling, and if the lessee of a dwelling is not in default as to the payment of rent, the lessor may not recover possession of a dwelling in any action or proceeding, cause the lessee to quit involuntarily, increase the rent, or decrease any services within 180 days of any of the following:

1. After the date upon which the lessee, in good faith, has given notice pursuant to Section 1942, has provided notice of a suspected bed bug infestation, or has made an oral complaint to the lessor regarding tenantability.

2. After the date upon which the lessee, in good faith, has filed a written complaint, or an oral complaint which is registered or otherwise recorded in writing, with an appropriate agency, of which the lessor has notice, for the purpose of obtaining correction of a condition relating to tenantability.
(3) After the date of an inspection or issuance of a citation, resulting from a complaint described in paragraph (2) of which the lessor did not have notice.

(4) After the filing of appropriate documents commencing a judicial or arbitration proceeding involving the issue of tenantability.

(5) After entry of judgment or the signing of an arbitration award, if any, when in the judicial proceeding or arbitration the issue of tenantability is determined adversely to the lessor.

In each instance, the 180-day period shall run from the latest applicable date referred to in paragraphs (1) to (5), inclusive.

(b) A lessee may not invoke subdivision (a) more than once in any 12-month period.

(c) To report, or to threaten to report, the lessee or individuals known to the landlord to be associated with the lessee to immigration authorities is a form of retaliatory conduct prohibited under subdivision (a). This subdivision shall in no way limit the definition of retaliatory conduct prohibited under this section.

(d) Notwithstanding subdivision (a), it is unlawful for a lessor to increase rent, decrease services, cause a lessee to quit involuntarily, bring an action to recover possession, or threaten to do any of those acts, for the purpose of retaliating against the lessee because the lessee has lawfully organized or participated in a lessees’ association or an organization advocating lessees’ rights or has lawfully and peaceably exercised any rights under the law. In an action brought by or against the lessee pursuant to this subdivision, the lessee shall bear the burden of producing evidence that the lessor’s conduct was, in fact, retaliatory.

(e) To report, or to threaten to report, the lessee or individuals known to the landlord to be associated with the lessee to immigration authorities is a form of retaliatory conduct prohibited under subdivision (d). This subdivision shall in no way limit the definition of retaliatory conduct prohibited under this section.

(f) This section does not limit in any way the exercise by the lessor of the lessor’s rights under any lease or agreement or any law pertaining to the hiring of property or the lessor’s right to do any of the acts described in subdivision (a) or (d) for any lawful cause. Any waiver by a lessee of the lessee’s rights under this section is void as contrary to public policy.

(g) Notwithstanding subdivisions (a) to (f), inclusive, a lessor may recover possession of a dwelling and do any of the other acts described in subdivision (a) within the period or periods prescribed therein, or within subdivision (d), if the notice of termination, rent increase, or other act, and any pleading or statement of issues in an arbitration, if any, states the ground upon which the lessor, in good faith, seeks to recover possession, increase rent, or do any of the other acts described in subdivision (a) or (d). If the statement is controverted, the lessor shall establish its truth at the trial or other hearing.

(h) Any lessor or agent of a lessor who violates this section shall be liable to the lessee in a civil action for all of the following:
(1) The actual damages sustained by the lessee.

(2) Punitive damages in an amount of not less than one hundred dollars ($100) nor more than two thousand dollars ($2,000) for each retaliatory act where the lessor or agent has been guilty of fraud, oppression, or malice with respect to that act.

(i) In any action brought for damages for retaliatory eviction, the court shall award reasonable attorney’s fees to the prevailing party if either party requests attorney’s fees upon the initiation of the action.

(j) The remedies provided by this section shall be in addition to any other remedies provided by statutory or decisional law.

(k) A lessor does not violate subdivision (c) or (e) by complying with any legal obligation under any federal government program that provides for rent limitations or rental assistance to a qualified tenant.

(l) This section shall become operative on February 1, 2021.

SEC. 8.
Section 1946.2 of the Civil Code is amended to read:

1946.2.
(a) Notwithstanding any other law, after a tenant has continuously and lawfully occupied a residential real property for 12 months, the owner of the residential real property shall not terminate the tenancy without just cause, which shall be stated in the written notice to terminate tenancy. If any additional adult tenants are added to the lease before an existing tenant has continuously and lawfully occupied the residential real property for 24 months, then this subdivision shall only apply if either of the following are satisfied:

(1) All of the tenants have continuously and lawfully occupied the residential real property for 12 months or more.

(2) One or more tenants have continuously and lawfully occupied the residential real property for 24 months or more.

(b) For purposes of this section, “just cause” includes either of the following:

(1) At-fault just cause, which is any of the following:

(A) Default in the payment of rent.

(B) A breach of a material term of the lease, as described in paragraph (3) of Section 1161 of the Code of Civil Procedure, including, but not limited to, violation of a provision of the lease after being issued a written notice to correct the violation.

(C) Maintaining, committing, or permitting the maintenance or commission of a nuisance as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.

(D) Committing waste as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
(E) The tenant had a written lease that terminated on or after January 1, 2020, and after a written request or demand from the owner, the tenant has refused to execute a written extension or renewal of the lease for an additional term of similar duration with similar provisions, provided that those terms do not violate this section or any other provision of law.

(F) Criminal activity by the tenant on the residential real property, including any common areas, or any criminal activity or criminal threat, as defined in subdivision (a) of Section 422 of the Penal Code, on or off the residential real property, that is directed at any owner or agent of the owner of the residential real property.

(G) Assigning or subletting the premises in violation of the tenant's lease, as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.

(H) The tenant’s refusal to allow the owner to enter the residential real property as authorized by Sections 1101.5 and 1954 of this code, and Sections 13113.7 and 17926.1 of the Health and Safety Code.

(I) Using the premises for an unlawful purpose as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.

(J) The employee, agent, or licensee's failure to vacate after their termination as an employee, agent, or a licensee as described in paragraph (1) of Section 1161 of the Code of Civil Procedure.

(K) When the tenant fails to deliver possession of the residential real property after providing the owner written notice as provided in Section 1946 of the tenant's intention to terminate the hiring of the real property, or makes a written offer to surrender that is accepted in writing by the landlord, but fails to deliver possession at the time specified in that written notice as described in paragraph (5) of Section 1161 of the Code of Civil Procedure.

(2) No-fault just cause, which includes any of the following:

(A) (i) Intent to occupy the residential real property by the owner or their spouse, domestic partner, children, grandchildren, parents, or grandparents.

(ii) For leases entered into on or after July 1, 2020, clause (i) shall apply only if the tenant agrees, in writing, to the termination, or if a provision of the lease allows the owner to terminate the lease if the owner, or their spouse, domestic partner, children, grandchildren, parents, or grandparents, unilaterally decides to occupy the residential real property. Addition of a provision allowing the owner to terminate the lease as described in this clause to a new or renewed rental agreement or fixed-term lease constitutes a similar provision for the purposes of subparagraph (E) of paragraph (1).

(B) Withdrawal of the residential real property from the rental market.

(C) (i) The owner complying with any of the following:

(I) An order issued by a government agency or court relating to habitability that necessitates vacating the residential real property.
(II) An order issued by a government agency or court to vacate the residential real property.

(III) A local ordinance that necessitates vacating the residential real property.

(ii) If it is determined by any government agency or court that the tenant is at fault for the condition or conditions triggering the order or need to vacate under clause (i), the tenant shall not be entitled to relocation assistance as outlined in paragraph (3) of subdivision (d).

(D) (i) Intent to demolish or to substantially remodel the residential real property.

(ii) For purposes of this subparagraph, “substantially remodel” means the replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a governmental agency, or the abatement of hazardous materials, including lead-based paint, mold, or asbestos, in accordance with applicable federal, state, and local laws, that cannot be reasonably accomplished in a safe manner with the tenant in place and that requires the tenant to vacate the residential real property for at least 30 days. Cosmetic improvements alone, including painting, decorating, and minor repairs, or other work that can be performed safely without having the residential real property vacated, do not qualify as substantial rehabilitation.

(c) Before an owner of residential real property issues a notice to terminate a tenancy for just cause that is a curable lease violation, the owner shall first give notice of the violation to the tenant with an opportunity to cure the violation pursuant to paragraph (3) of Section 1161 of the Code of Civil Procedure. If the violation is not cured within the time period set forth in the notice, a three-day notice to quit without an opportunity to cure may thereafter be served to terminate the tenancy.

(d) (1) For a tenancy for which just cause is required to terminate the tenancy under subdivision (a), if an owner of residential real property issues a termination notice based on a no-fault just cause described in paragraph (2) of subdivision (b), the owner shall, regardless of the tenant’s income, at the owner’s option, do one of the following:

(A) Assist the tenant to relocate by providing a direct payment to the tenant as described in paragraph (3).

(B) Waive in writing the payment of rent for the final month of the tenancy, prior to the rent becoming due.

(2) If an owner issues a notice to terminate a tenancy for no-fault just cause, the owner shall notify the tenant of the tenant’s right to relocation assistance or rent waiver pursuant to this section. If the owner elects to waive the rent for the final month of the tenancy as provided in subparagraph (B) of paragraph (1), the notice shall state the amount of rent waived and that no rent is due for the final month of the tenancy.

(3) (A) The amount of relocation assistance or rent waiver shall be equal to one month of the tenant’s rent that was in effect when the owner issued the notice to terminate the tenancy. Any relocation assistance shall be provided within 15 calendar days of service of the notice.
(B) If a tenant fails to vacate after the expiration of the notice to terminate the tenancy, the actual amount of any relocation assistance or rent waiver provided pursuant to this subdivision shall be recoverable as damages in an action to recover possession.

(C) The relocation assistance or rent waiver required by this subdivision shall be credited against any other relocation assistance required by any other law.

(4) An owner’s failure to strictly comply with this subdivision shall render the notice of termination void.

(e) This section shall not apply to the following types of residential real properties or residential circumstances:

(1) Transient and tourist hotel occupancy as defined in subdivision (b) of Section 1940.

(2) Housing accommodations in a nonprofit hospital, religious facility, extended care facility, licensed residential care facility for the elderly, as defined in Section 1569.2 of the Health and Safety Code, or an adult residential facility, as defined in Chapter 6 of Division 6 of Title 22 of the Manual of Policies and Procedures published by the State Department of Social Services.

(3) Dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12, inclusive, school.

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

(5) Single-family owner-occupied residences, including a residence in which the owner-occupant rents or leases no more than two units or bedrooms, including, but not limited to, an accessory dwelling unit or a junior accessory dwelling unit.

(6) A property containing two separate dwelling units within a single structure in which the owner occupied one of the units as the owner’s principal place of residence at the beginning of the tenancy, so long as the owner continues in occupancy, and neither unit is an accessory dwelling unit or a junior accessory dwelling unit.

(7) Housing that has been issued a certificate of occupancy within the previous 15 years.

(8) Residential real property that is alienable separate from the title to any other dwelling unit, provided that both of the following apply:

(A) The owner is not any of the following:

(i) A real estate investment trust, as defined in Section 856 of the Internal Revenue Code.

(ii) A corporation.

(iii) A limited liability company in which at least one member is a corporation.

(B) (i) The tenants have been provided written notice that the residential property is exempt from this section using the following statement:
“This property is not subject to the rent limits imposed by Section 1947.12 of the Civil Code and is not subject to the just cause requirements of Section 1946.2 of the Civil Code. This property meets the requirements of Sections 1947.12 (d)(5) and 1946.2 (e)(8) of the Civil Code and the owner is not any of the following: (1) a real estate investment trust, as defined by Section 856 of the Internal Revenue Code; (2) a corporation; or (3) a limited liability company in which at least one member is a corporation.”

(ii) For a tenancy existing before July 1, 2020, the notice required under clause (i) may, but is not required to, be provided in the rental agreement.

(iii) For any tenancy commenced or renewed on or after July 1, 2020, the notice required under clause (i) must be provided in the rental agreement.

(iv) Addition of a provision containing the notice required under clause (i) to any new or renewed rental agreement or fixed-term lease constitutes a similar provision for the purposes of subparagraph (E) of paragraph (1) of subdivision (b).

(9) Housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code or comparable federal statutes.

(f) An owner of residential real property subject to this section shall provide notice to the tenant as follows:

(1) 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) For a tenancy existing prior to July 1, 2020, by written notice to the tenant no later than August 1, 2020, or as an addendum to the lease or rental agreement.

(3) The notification or lease provision shall be in no less than 12-point type, and shall include the following:

“California law limits the amount your rent can be increased. See Section 1947.12 of the Civil Code for more information. California law also provides that after all of the tenants have continuously and lawfully occupied the property for 12 months or more or at least one of the tenants has continuously and lawfully occupied the property for 24 months or more, a landlord must provide a statement of cause in any notice to terminate a tenancy. See Section 1946.2 of the Civil Code for more information.”

The provision of the notice shall be subject to Section 1632.

(g) (1) This section does not apply to the following residential real property:
(A) Residential real property subject to a local ordinance requiring just cause for termination of a residential tenancy adopted on or before September 1, 2019, in which case the local ordinance shall apply.

(B) Residential real property subject to a local ordinance requiring just cause for termination of a residential tenancy adopted or amended after September 1, 2019, that is more protective than this section, in which case the local ordinance shall apply. For purposes of this subparagraph, an ordinance is “more protective” if it meets all of the following criteria:

(i) The just cause for termination of a residential tenancy under the local ordinance is consistent with this section.

(ii) The ordinance further limits the reasons for termination of a residential tenancy, provides for higher relocation assistance amounts, or provides additional tenant protections that are not prohibited by any other provision of law.

(iii) The local government has made a binding finding within their local ordinance that the ordinance is more protective than the provisions of this section.

(2) A residential real property shall not be subject to both a local ordinance requiring just cause for termination of a residential tenancy and this section.

(3) A local ordinance adopted after September 1, 2019, that is less protective than this section shall not be enforced unless this section is repealed.

(h) Any waiver of the rights under this section shall be void as contrary to public policy.

(i) For the purposes of this section, the following definitions shall apply:

(1) “Owner” and “residential real property” have the same meaning as those terms are defined in Section 1954.51.

(2) “Tenancy” means the lawful occupation of residential real property and includes a lease or sublease.

(j) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 9.
Section 1947.12 of the Civil Code is amended to read:

1947.12.
(a) (1) Subject to subdivision (b), an owner of residential real property shall not, over the course of any 12-month period, increase the gross rental rate for a dwelling or a unit more than 5 percent plus the percentage change in the cost of living, or 10 percent, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time during the 12 months prior to the effective date of the increase. In determining the lowest gross rental amount pursuant to this section, any rent discounts, incentives, concessions, or credits offered by the owner of such unit of residential real property and accepted by the tenant shall be excluded. The gross per-month rental rate and any owner-offered discounts, incentives, concessions, or credits shall be separately listed.
and identified in the lease or rental agreement or any amendments to an existing lease or rental agreement.

(2) If the same tenant remains in occupancy of a unit of residential real property over any 12-month period, the gross rental rate for the unit of residential real property shall not be increased in more than two increments over that 12-month period, subject to the other restrictions of this subdivision governing gross rental rate increase.

(b) For a new tenancy in which no tenant from the prior tenancy remains in lawful possession of the residential real property, the owner may establish the initial rental rate not subject to subdivision (a). Subdivision (a) is only applicable to subsequent increases after that initial rental rate has been established.

(c) A tenant of residential real property subject to this section shall not enter into a sublease that results in a total rent for the premises that exceeds the allowable rental rate authorized by subdivision (a). Nothing in this subdivision authorizes a tenant to sublet or assign the tenant’s interest where otherwise prohibited.

(d) This section shall not apply to the following residential real properties:

(1) Housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code or comparable federal statutes.

(2) Dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12, inclusive, school.

(3) Housing subject to rent or price control through a public entity’s valid exercise of its police power consistent with Chapter 2.7 (commencing with Section 1954.50) that restricts annual increases in the rental rate to an amount less than that provided in subdivision (a).

(4) Housing that has been issued a certificate of occupancy within the previous 15 years.

(5) Residential real property that is alienable separate from the title to any other dwelling unit, provided that both of the following apply:

(A) The owner is not any of the following:

(i) A real estate investment trust, as defined in Section 856 of the Internal Revenue Code.

(ii) A corporation.

(iii) A limited liability company in which at least one member is a corporation.

(B) The tenants have been provided written notice that the residential real property is exempt from this section using the following statement:
“This property is not subject to the rent limits imposed by Section 1947.12 of the Civil Code and is not subject to the just cause requirements of Section 1946.2 of the Civil Code. This property meets the requirements of Sections 1947.12 (d)(5) and 1946.2 (e)(8) of the Civil Code and the owner is not any of the following: (1) a real estate investment trust, as defined by Section 856 of the Internal Revenue Code; (2) a corporation; or (3) a limited liability company in which at least one member is a corporation.”

(ii) For a tenancy existing before July 1, 2020, the notice required under clause (i) may, but is not required to, be provided in the rental agreement.

(iii) For a tenancy commenced or renewed on or after July 1, 2020, the notice required under clause (i) must be provided in the rental agreement.

(iv) Addition of a provision containing the notice required under clause (i) to any new or renewed rental agreement or fixed-term lease constitutes a similar provision for the purposes of subparagraph (E) of paragraph (1) of subdivision (b) of Section 1946.2.

(6) A property containing two separate dwelling units within a single structure in which the owner occupied one of the units as the owner’s principal place of residence at the beginning of the tenancy, so long as the owner continues in occupancy, and neither unit is an accessory dwelling unit or a junior accessory dwelling unit.

(e) An owner shall provide notice of any increase in the rental rate, pursuant to subdivision (a), to each tenant in accordance with Section 827.

(f) (1) On or before January 1, 2030, the Legislative Analyst’s Office shall report to the Legislature regarding the effectiveness of this section and Section 1947.13. The report shall include, but not be limited to, the impact of the rental rate cap pursuant to subdivision (a) on the housing market within the state.

(2) The report required by paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

(g) For the purposes of this section, the following definitions shall apply:

(1) “Consumer Price Index for All Urban Consumers for All Items” means the following:

(A) The Consumer Price Index for All Urban Consumers for All Items (CPI-U) for the metropolitan area in which the property is located, as published by the United States Bureau of Labor Statistics, which are as follows:

(i) The CPI-U for the Los Angeles-Long Beach-Anaheim metropolitan area covering the Counties of Los Angeles and Orange.

(ii) The CPI-U for the Riverside-San Bernardo-Ontario metropolitan area covering the Counties of Riverside and San Bernardino.

(iii) The CPI-U for the San Diego-Carlsbad metropolitan area covering the County of San Diego.

(v) Any successor metropolitan area index to any of the indexes listed in clauses (i) to (iv), inclusive.

(B) If the United States Bureau of Labor Statistics does not publish a CPI-U for the metropolitan area in which the property is located, the California Consumer Price Index for All Urban Consumers for All Items as published by the Department of Industrial Relations.

(C) On or after January 1, 2021, if the United States Bureau of Labor Statistics publishes a CPI-U index for one or more metropolitan areas not listed in subparagraph (A), that CPI-U index shall apply in those areas with respect to rent increases that take effect on or after August 1 of the calendar year in which the 12-month change in that CPI-U, as described in subparagraph (B) of paragraph (3), is first published.

(2) “Owner” and “residential real property” shall have the same meaning as those terms are defined in Section 1954.51.

(3) (A) “Percentage change in the cost of living” means the percentage change, computed pursuant to subparagraph (B), in the applicable, as determined pursuant to paragraph (1), Consumer Price Index for All Urban Consumers for All Items.

(B) (i) For rent increases that take effect before August 1 of any calendar year, the following shall apply:

(I) The percentage change shall be the percentage change in the amount published for April of the immediately preceding calendar year and April of the year before that.

(II) If there is not an amount published in April for the applicable geographic area, the percentage change shall be the percentage change in the amount published for March of the immediately preceding calendar year and March of the year before that.

(ii) For rent increases that take effect on or after August 1 of any calendar year, the following shall apply:

(I) The percentage change shall be the percentage change in the amount published for April of that calendar year and April of the immediately preceding calendar year.

(II) If there is not an amount published in April for the applicable geographic area, the percentage change shall be the percentage change in the amount published for March of that calendar year and March of the immediately preceding calendar year.

(iii) The percentage change shall be rounded to the nearest one-tenth of 1 percent.

(4) “Tenancy” means the lawful occupation of residential real property and includes a lease or sublease.

(h) (1) This section shall apply to all rent increases subject to subdivision (a) occurring on or after March 15, 2019.
(2) In the event that an owner has increased the rent by more than the amount permissible under subdivision (a) between March 15, 2019, and January 1, 2020, both of the following shall apply:

(A) The applicable rent on January 1, 2020, shall be the rent as of March 15, 2019, plus the maximum permissible increase under subdivision (a).

(B) An owner shall not be liable to the tenant for any corresponding rent overpayment.

(3) An owner of residential real property subject to subdivision (a) who increased the rental rate on that residential real property on or after March 15, 2019, but prior to January 1, 2020, by an amount less than the rental rate increase permitted by subdivision (a) shall be allowed to increase the rental rate twice, as provided in paragraph (2) of subdivision (a), within 12 months of March 15, 2019, but in no event shall that rental rate increase exceed the maximum rental rate increase permitted by subdivision (a).

(i) Any waiver of the rights under this section shall be void as contrary to public policy.

(j) This section shall remain in effect until January 1, 2030, and as of that date is repealed.

(k) (1) The Legislature finds and declares that the unique circumstances of the current housing crisis require a statewide response to address rent gouging by establishing statewide limitations on gross rental rate increases.

(2) It is the intent of the Legislature that this section should apply only for the limited time needed to address the current statewide housing crisis, as described in paragraph (1). This section is not intended to expand or limit the authority of local governments to establish local policies regulating rents consistent with Chapter 2.7 (commencing with Section 1954.50), nor is it a statement regarding the appropriate, allowable rental rate increase when a local government adopts a policy regulating rent that is otherwise consistent with Chapter 2.7 (commencing with Section 1954.50).

(3) Nothing in this section authorizes a local government to establish limitations on any rental rate increases not otherwise permissible under Chapter 2.7 (commencing with Section 1954.50), or affects the existing authority of a local government to adopt or maintain rent controls or price controls consistent with that chapter.

SEC. 10.
Section 1947.13 of the Civil Code is amended to read:

(a) Notwithstanding subdivision (a) of Section 1947.12, upon the expiration of rental restrictions, the following shall apply:

(1) The owner of an assisted housing development who demonstrates, under penalty of perjury, compliance with all applicable provisions of Sections 65863.10, 65863.11, and 65863.13 of the Government Code and any other applicable federal, state, or local law or regulation may establish the initial unassisted rental rate for units in the applicable
housing development. Any subsequent rent increase in the development shall be subject to Section 1947.12.

(2) The owner of a deed-restricted affordable housing unit or an affordable housing unit subject to a regulatory restriction contained in an agreement with a government agency limiting rental rates that is not within an assisted housing development may, subject to any applicable federal, state, or local law or regulation, establish the initial rental rate for the unit upon the expiration of the restriction. Any subsequent rent increase for the unit shall be subject to Section 1947.12.

(b) For purposes of this section:

(1) “Assisted housing development” has the same meaning as defined in paragraph (3) of subdivision (a) of Section 65863.10 of the Government Code.

(2) “Expiration of rental restrictions” has the same meaning as defined in paragraph (5) of subdivision (a) of Section 65863.10 of the Government Code.

(c) This section shall remain in effect until January 1, 2030, and as of that date is repealed.

(d) Any waiver of the rights under this section shall be void as contrary to public policy.

(e) This section shall not be construed to preempt any local law.

SEC. 11.
Section 2924.15 of the Civil Code is amended to read:

2924.15.
(a) Unless otherwise provided, paragraph (5) of subdivision (a) of Section 2924, and Sections 2923.5, 2923.55, 2923.6, 2923.7, 2924.9, 2924.10, 2924.11, and 2924.18 shall apply only to a first lien mortgage or deed of trust that meets either of the following criteria:

(1) (A) The first lien mortgage or deed of trust is secured by owner-occupied residential real property containing no more than four dwelling units.

(B) For purposes of this paragraph, “owner-occupied” means that the property is the principal residence of the borrower and is security for a loan made for personal, family, or household purposes.

(2) The first lien mortgage or deed of trust is secured by residential real property that is occupied by a tenant, contains no more than four dwelling units, and meets all of the conditions described in subparagraph (B).

(A) For the purposes of this paragraph:

(i) “Applicable lease” means a lease entered pursuant to an arm’s length transaction before, and in effect on, March 4, 2020.
(ii) “Arm’s length transaction” means a lease entered into in good faith and for valuable consideration that reflects the fair market value in the open market between informed and willing parties.

(iii) “Occupied by a tenant” means that the property is the principal residence of a tenant.

(B) To meet the conditions of this subdivision, a first lien mortgage or deed of trust shall have all of the following characteristics:

(i) The property is owned by an individual who owns no more than three residential real properties, or by one or more individuals who together own no more than three residential real properties, each of which contains no more than four dwelling units.

(ii) The property is occupied by a tenant pursuant to an applicable lease.

(iii) A tenant occupying the property is unable to pay rent due to a reduction in income resulting from the novel coronavirus.

(C) Relief shall be available pursuant to subdivision (a) of Section 2924 and Sections 2923.5, 2923.55, 2923.6, 2923.7, 2924.9, 2924.10, 2924.11, and 2924.18 for so long as the property remains occupied by a tenant pursuant to a lease entered in an arm’s length transaction.

(b) This section shall remain in effect until January 1, 2023, and as of that date is repealed.

SEC. 12.
Section 2924.15 is added to the Civil Code, to read:

2924.15.
(a) Unless otherwise provided, paragraph (5) of subdivision (a) of Section 2924 and Sections 2923.5, 2923.55, 2923.6, 2923.7, 2924.9, 2924.10, 2924.11, and 2924.18 shall apply only to a first lien mortgage or deed of trust that is secured by owner-occupied residential real property containing no more than four dwelling units.

(b) As used in this section, “owner-occupied” means that the property is the principal residence of the borrower and is security for a loan made for personal, family, or household purposes.

(c) This section shall become operative on January 1, 2023.

SEC. 13.
Title 19 (commencing with Section 3273.01) is added to Part 4 of Division 3 of the Civil Code, to read:

TITLE 19. COVID-19 Small Landlord and Homeowner Relief Act
CHAPTER 1. Title and Definitions
3273.01.
This title is known, and may be cited, as the “COVID-19 Small Landlord and Homeowner Relief Act of 2020.”
For purposes of this title:

(a) (1) “Borrower” means any of the following:

(A) A natural person who is a mortgagor or trustor or a confirmed successor in interest, as defined in Section 1024.31 of Title 12 of the Code of Federal Regulations.

(B) An entity other than a natural person only if the secured property contains no more than four dwelling units and is currently occupied by one or more residential tenants.

(2) “Borrower” shall not include an individual who has surrendered the secured property as evidenced by either a letter confirming the surrender or delivery of the keys to the property to the mortgagee, trustee, beneficiary, or authorized agent.

(3) Unless the property securing the mortgage contains one or more deed-restricted affordable housing units or one or more affordable housing units subject to a regulatory restriction limiting rental rates that is contained in an agreement with a government agency, the following mortgagors shall not be considered a “borrower”:

(A) A real estate investment trust, as defined in Section 856 of the Internal Revenue Code.

(B) A corporation.

(C) A limited liability company in which at least one member is a corporation.

(4) “Borrower” shall also mean a person who holds a power of attorney for a borrower described in paragraph (1).

(b) “Effective time period” means the time period between the operational date of this title and April 1, 2021.

(c) (1) “Mortgage servicer” or “lienholder” means a person or entity who directly services a loan or who is responsible for interacting with the borrower, managing the loan account on a daily basis, including collecting and crediting periodic loan payments, managing any escrow account, or enforcing the note and security instrument, either as the current owner of the promissory note or as the current owner’s authorized agent.

(2) “Mortgage servicer” or “lienholder” also means a subservicing agent to a master servicer by contract.

(3) “Mortgage servicer” shall not include a trustee, or a trustee’s authorized agent, acting under a power of sale pursuant to a deed of trust.

(a) The provisions of this title apply to a mortgage or deed of trust that is secured by residential property containing no more than four dwelling units, including individual units of condominiums or cooperatives, and that was outstanding as of the enactment date of this title.

(b) The provisions of this title shall apply to a depository institution chartered under federal or state law, a person covered by the licensing requirements of Division 9
(commencing with Section 22000) or Division 20 (commencing with Section 50000) of the Financial Code, or a person licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code.

CHAPTER 2. Mortgages

3273.10. 
(a) If a mortgage servicer denies a forbearance request made during the effective time period, the mortgage servicer shall provide written notice to the borrower that sets forth the specific reason or reasons that forbearance was not provided, if both of the following conditions are met:

(1) The borrower was current on payment as of February 1, 2020.

(2) The borrower is experiencing a financial hardship that prevents the borrower from making timely payments on the mortgage obligation due, directly or indirectly, to the COVID-19 emergency.

(b) If the written notice in subdivision (a) cites any defect in the borrower's request, including an incomplete application or missing information, that is curable, the mortgage servicer shall do all of the following:

(1) Specifically identify any curable defect in the written notice.

(2) Provide 21 days from the mailing date of the written notice for the borrower to cure any identified defect.

(3) Accept receipt of the borrower’s revised request for forbearance before the aforementioned 21-day period lapses.

(4) Respond to the borrower’s revised request within five business days of receipt of the revised request.

(c) If a mortgage servicer denies a forbearance request, the declaration required by subdivision (b) of Section 2923.5 shall include the written notice together with a statement as to whether forbearance was or was not subsequently provided.

(d) A mortgage servicer, mortgagee, or beneficiary of the deed of trust, or an authorized agent thereof, who, with respect to a borrower of a federally backed mortgage, complies with the relevant provisions regarding forbearance in Section 4022 of the federal Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) (Public Law 116-136), including any amendments or revisions to those provisions, shall be deemed to be in compliance with this section. A mortgage servicer of a nonfederally backed mortgage that provides forbearance that is consistent with the requirements of the CARES Act for federally backed mortgages shall be deemed to be in compliance with this section.

3273.11. 
(a) A mortgage servicer shall comply with applicable federal guidance regarding borrower options following a COVID-19 related forbearance.

(b) Any mortgage servicer, mortgagee, or beneficiary of the deed of trust, or authorized agent thereof, who, with respect to a borrower of a federally backed loan, complies with the guidance to mortgagees regarding borrower options following a COVID-19-related
forbearance provided by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal Housing Administration of the United States Department of Housing and Urban Development, the United States Department of Veterans Affairs, or the Rural Development division of the United States Department of Agriculture, including any amendments, updates, or revisions to that guidance, shall be deemed to be in compliance with this section.

(c) With respect to a nonfederally backed loan, any mortgage servicer, mortgagee, or beneficiary of the deed of trust, or authorized agent thereof, who, regarding borrower options following a COVID-19 related forbearance, reviews a customer for a solution that is consistent with the guidance to servicers, mortgagees, or beneficiaries provided by Fannie Mae, Freddie Mac, the Federal Housing Administration of the Department of Housing and Urban Development, the Department of Veterans Affairs, or the Rural Development division of the Department of Agriculture, including any amendments, updates or revisions to such guidance, shall be deemed to be in compliance with this section.

3273.12.
It is the intent of the Legislature that a mortgage servicer offer a borrower a postforbearance loss mitigation option that is consistent with the mortgage servicer’s contractual or other authority.

3273.14.
A mortgage servicer shall communicate about forbearance and postforbearance options described in this article in the borrower’s preferred language when the mortgage servicer regularly communicates with any borrower in that language.

3273.15.
(a) A borrower who is harmed by a material violation of this title may bring an action to obtain injunctive relief, damages, restitution, and any other remedy to redress the violation.

(b) A court may award a prevailing borrower reasonable attorney’s fees and costs in any action based on any violation of this title in which injunctive relief against a sale, including a temporary restraining order, is granted. A court may award a prevailing borrower reasonable attorney’s fees and costs in an action for a violation of this article in which relief is granted but injunctive relief against a sale is not granted.

(c) The rights, remedies, and procedures provided to borrowers by this section are in addition to and independent of any other rights, remedies, or procedures under any other law. This section shall not be construed to alter, limit, or negate any other rights, remedies, or procedures provided to borrowers by law.

3273.16.
Any waiver by a borrower of the provisions of this article is contrary to public policy and shall be void.
SEC. 14.
Section 116.223 is added to the Code of Civil Procedure, to read:

116.223.
(a) The Legislature hereby finds and declares as follows:

(1) There is anticipated to be an unprecedented number of claims arising out of nonpayment of residential rent that occurred between March 1, 2020, and January 31, 2021, related to the COVID-19 pandemic.

(2) These disputes are of special importance to the parties and of significant social and economic consequence collectively as the people of the State of California grapple with the health, economic, and social impacts of the COVID-19 pandemic.

(3) It is essential that the parties have access to a judicial forum to resolve these disputes expeditiously, inexpensively, and fairly.

(4) It is the intent of the Legislature that landlords of residential real property and their tenants have the option to litigate disputes regarding rent which is unpaid for the time period between March 1, 2020, and January 31, 2021, in the small claims court. It is the intent of the Legislature that the jurisdictional limits of the small claims court not apply to these disputes over COVID-19 rental debt.

(b) (1) Notwithstanding paragraph (1) of subdivision (a) Section 116.220, Section 116.221, or any other law, the small claims court has jurisdiction in any action for recovery of COVID-19 rental debt, as defined in Section 1179.02, and any defenses thereto, regardless of the amount demanded.

(2) In an action described in paragraph (1), the court shall reduce the damages awarded for any amount of COVID-19 rental debt sought by payments made to the landlord to satisfy the COVID-19 rental debt, including payments by the tenant, rental assistance programs, or another third party pursuant to paragraph (3) of subdivision (a) of Section 1947.3 of the Civil Code.

(3) An action to recover COVID-19 rental debt, as defined in Section 1179.02, brought pursuant to this subdivision shall not be commenced before March 1, 2021.

(c) Any claim for recovery of COVID-19 rental debt, as defined in Section 1179.02, shall not be subject to Section 116.231, notwithstanding the fact that a landlord of residential rental property may have brought two or more small claims actions in which the amount demanded exceeded two thousand five hundred dollars ($2,500) in any calendar year.

(d) This section shall remain in effect until February 1, 2025, and as of that date is repealed.
SEC. 15.
Section 1161 of the Code of Civil Procedure is amended to read:

1161.
A tenant of real property, for a term less than life, or the executor or administrator of the tenant’s estate heretofore qualified and now acting or hereafter to be qualified and act, is guilty of unlawful detainer:

1. When the tenant continues in possession, in person or by subtenant, of the property, or any part thereof, after the expiration of the term for which it is let to the tenant; provided the expiration is of a nondefault nature however brought about without the permission of the landlord, or the successor in estate of the landlord, if applicable; including the case where the person to be removed became the occupant of the premises as a servant, employee, agent, or licensee and the relation of master and servant, or employer and employee, or principal and agent, or licensor and licensee, has been lawfully terminated or the time fixed for occupancy by the agreement between the parties has expired; but nothing in this subdivision shall be construed as preventing the removal of the occupant in any other lawful manner; but in case of a tenancy at will, it shall first be terminated by notice, as prescribed in the Civil Code.

2. When the tenant continues in possession, in person or by subtenant, without the permission of the landlord, or the successor in estate of the landlord, if applicable, after default in the payment of rent, pursuant to the lease or agreement under which the property is held, and three days’ notice, excluding Saturdays and Sundays and other judicial holidays, in writing, requiring its payment, stating the amount that is due, the name, telephone number, and address of the person to whom the rent payment shall be made, and, if payment may be made personally, the usual days and hours that person will be available to receive the payment (provided that, if the address does not allow for personal delivery, then it shall be conclusively presumed that upon the mailing of any rent or notice to the owner by the tenant to the name and address provided, the notice or rent is deemed received by the owner on the date posted, if the tenant can show proof of mailing to the name and address provided by the owner), or the number of an account in a financial institution into which the rental payment may be made, and the name and street address of the institution (provided that the institution is located within five miles of the rental property), or if an electronic funds transfer procedure has been previously established, that payment may be made pursuant to that procedure, or possession of the property, shall have been served upon the tenant and if there is a subtenant in actual occupation of the premises, also upon the subtenant.

The notice may be served at any time within one year after the rent becomes due. In all cases of tenancy upon agricultural lands, if the tenant has held over and retained possession for more than 60 days after the expiration of the term without any demand of possession or notice to quit by the landlord or the successor in estate of the landlord, if applicable, the tenant shall be deemed to be holding by permission of the landlord or successor in estate of the landlord, if applicable, and shall be entitled to hold under the terms of the lease for another full year, and shall not be guilty of an unlawful detainer during that year, and the holding over for that period shall be taken and construed as a consent on the part of a tenant to hold for another year.
An unlawful detainer action under this paragraph shall be subject to the COVID-19 Tenant Relief Act of 2020 (Chapter 5 (commencing with Section 1179.01)) if the default in the payment of rent is based upon the COVID-19 rental debt.

3. When the tenant continues in possession, in person or by subtenant, after a neglect or failure to perform other conditions or covenants of the lease or agreement under which the property is held, including any covenant not to assign or sublet, than the one for the payment of rent, and three days’ notice, excluding Saturdays and Sundays and other judicial holidays, in writing, requiring the performance of those conditions or covenants, or the possession of the property, shall have been served upon the tenant, and if there is a subtenant in actual occupation of the premises, also, upon the subtenant. Within three days, excluding Saturdays and Sundays and other judicial holidays, after the service of the notice, the tenant, or any subtenant in actual occupation of the premises, or any mortgagee of the term, or other person interested in its continuance, may perform the conditions or covenants of the lease or pay the stipulated rent, as the case may be, and thereby save the lease from forfeiture; provided, if the conditions and covenants of the lease, violated by the lessee, cannot afterward be performed, then no notice, as last prescribed herein, need be given to the lessee or the subtenant, demanding the performance of the violated conditions or covenants of the lease.

A tenant may take proceedings, similar to those prescribed in this chapter, to obtain possession of the premises let to a subtenant or held by a servant, employee, agent, or licensee, in case of that person’s unlawful detention of the premises underlet to or held by that person.

An unlawful detainer action under this paragraph shall be subject to the COVID-19 Tenant Relief Act of 2020 (Chapter 5 (commencing with Section 1179.01)) if the neglect or failure to perform other conditions or covenants of the lease or agreement is based upon the COVID-19 rental debt.

4. Any tenant, subtenant, or executor or administrator of that person’s estate heretofore qualified and now acting, or hereafter to be qualified and act, assigning or subletting or committing waste upon the demised premises, contrary to the conditions or covenants of the lease, or maintaining, committing, or permitting the maintenance or commission of a nuisance upon the demised premises or using the premises for an unlawful purpose, thereby terminates the lease, and the landlord, or the landlord’s successor in estate, shall upon service of three days’ notice to quit upon the person or persons in possession, be entitled to restitution of possession of the demised premises under this chapter. For purposes of this subdivision, a person who commits or maintains a public nuisance as described in Section 3482.8 of the Civil Code, or who commits an offense described in subdivision (c) of Section 3485 of the Civil Code, or subdivision (c) of Section 3486 of the Civil Code, or uses the premises to further the purpose of that offense shall be deemed to have committed a nuisance upon the premises.

5. When the tenant gives written notice as provided in Section 1946 of the Civil Code of the tenant’s intention to terminate the hiring of the real property, or makes a written offer to surrender which is accepted in writing by the landlord, but fails to deliver possession
at the time specified in that written notice, without the permission of the landlord, or the successor in estate of the landlord, if applicable.

6. As used in this section:

“COVID-19 rental debt” has the same meaning as defined in Section 1179.02.

“Tenant” includes any person who hires real property except those persons whose occupancy is described in subdivision (b) of Section 1940 of the Civil Code.

7. This section shall remain in effect until February 1, 2025, and as of that date is repealed.

SEC. 16.
Section 1161 is added to the Code of Civil Procedure, to read:

1161.
A tenant of real property, for a term less than life, or the executor or administrator of the tenant’s estate heretofore qualified and now acting or hereafter to be qualified and act, is guilty of unlawful detainer:

1. When the tenant continues in possession, in person or by subtenant, of the property, or any part thereof, after the expiration of the term for which it is let to the tenant; provided the expiration is of a nondefault nature however brought about without the permission of the landlord, or the successor in estate of the landlord, if applicable; including the case where the person to be removed became the occupant of the premises as a servant, employee, agent, or licensee and the relation of master and servant, or employer and employee, or principal and agent, or licensor and licensee, has been lawfully terminated or the time fixed for occupancy by the agreement between the parties has expired; but nothing in this subdivision shall be construed as preventing the removal of the occupant in any other lawful manner; but in case of a tenancy at will, it shall first be terminated by notice, as prescribed in the Civil Code.

2. When the tenant continues in possession, in person or by subtenant, without the permission of the landlord, or the successor in estate of the landlord, if applicable, after default in the payment of rent, pursuant to the lease or agreement under which the property is held, and three days’ notice, excluding Saturdays and Sundays and other judicial holidays, in writing, requiring its payment, stating the amount that is due, the name, telephone number, and address of the person to whom the rent payment shall be made, and, if payment may be made personally, the usual days and hours that person will be available to receive the payment (provided that, if the address does not allow for personal delivery, then it shall be conclusively presumed that upon the mailing of any rent or notice to the owner by the tenant to the name and address provided, the notice or rent is deemed received by the owner on the date posted, if the tenant can show proof of mailing to the name and address provided by the owner), or the number of an account in a financial institution into which the rental payment may be made, and the name and street address of the institution (provided that the institution is located within five miles of the rental property), or if an electronic funds transfer procedure has been previously established, that payment may be made pursuant to that procedure, or
possession of the property, shall have been served upon the tenant and if there is a
subtenant in actual occupation of the premises, also upon the subtenant.

The notice may be served at any time within one year after the rent becomes due. In all
cases of tenancy upon agricultural lands, if the tenant has held over and retained
possession for more than 60 days after the expiration of the term without any demand of
possession or notice to quit by the landlord or the successor in estate of the landlord, if
applicable, the tenant shall be deemed to be holding by permission of the landlord or
successor in estate of the landlord, if applicable, and shall be entitled to hold under the
terms of the lease for another full year, and shall not be guilty of an unlawful detainer
during that year, and the holding over for that period shall be taken and construed as a
consent on the part of a tenant to hold for another year.

3. When the tenant continues in possession, in person or by subtenant, after a neglect
or failure to perform other conditions or covenants of the lease or agreement under
which the property is held, including any covenant not to assign or sublet, than the one
for the payment of rent, and three days’ notice, excluding Saturdays and Sundays and
other judicial holidays, in writing, requiring the performance of those conditions or
covenants, or the possession of the property, shall have been served upon the tenant,
and if there is a subtenant in actual occupation of the premises, also, upon the
subtenant. Within three days, excluding Saturdays and Sundays and other judicial
holidays, after the service of the notice, the tenant, or any subtenant in actual
occupation of the premises, or any mortgagee of the term, or other person interested in
its continuance, may perform the conditions or covenants of the lease or pay the
stipulated rent, as the case may be, and thereby save the lease from forfeiture;
provided, if the conditions and covenants of the lease, violated by the lessee, cannot
afterward be performed, then no notice, as last prescribed herein, need be given to the
lessee or the subtenant, demanding the performance of the violated conditions or
covenants of the lease.

A tenant may take proceedings, similar to those prescribed in this chapter, to obtain
possession of the premises let to a subtenant or held by a servant, employee, agent, or
licensee, in case of that person’s unlawful detention of the premises underlet to or held
by that person.

4. Any tenant, subtenant, or executor or administrator of that person’s estate heretofore
qualified and now acting, or hereafter to be qualified and act, assigning or subletting or
committing waste upon the demised premises, contrary to the conditions or covenants
of the lease, or maintaining, committing, or permitting the maintenance or commission
of a nuisance upon the demised premises or using the premises for an unlawful
purpose, thereby terminates the lease, and the landlord, or the landlord’s successor in
estate, shall upon service of three days’ notice to quit upon the person or persons in
possession, be entitled to restitution of possession of the demised premises under this
chapter. For purposes of this subdivision, a person who commits or maintains a public
nuisance as described in Section 3482.8 of the Civil Code, or who commits an offense
described in subdivision (c) of Section 3485 of the Civil Code, or subdivision (c) of
Section 3486 of the Civil Code, or uses the premises to further the purpose of that
offense shall be deemed to have committed a nuisance upon the premises.
5. When the tenant gives written notice as provided in Section 1946 of the Civil Code of the tenant’s intention to terminate the hiring of the real property, or makes a written offer to surrender which is accepted in writing by the landlord, but fails to deliver possession at the time specified in that written notice, without the permission of the landlord, or the successor in estate of the landlord, if applicable.

6. As used in this section, “tenant” includes any person who hires real property except those persons whose occupancy is described in subdivision (b) of Section 1940 of the Civil Code.

7. This section shall become operative on February 1, 2025.

SEC. 17.
Section 1161.2 of the Code of Civil Procedure is amended to read:

1161.2.
(a) (1) The clerk shall allow access to limited civil case records filed under this chapter, including the court file, index, and register of actions, only as follows:

(A) To a party to the action, including a party’s attorney.

(B) To a person who provides the clerk with the names of at least one plaintiff and one defendant and the address of the premises, including the apartment or unit number, if any.

(C) To a resident of the premises who provides the clerk with the name of one of the parties or the case number and shows proof of residency.

(D) To a person by order of the court, which may be granted ex parte, on a showing of good cause.

(E) Except as provided in subparagraph (G), to any person by order of the court if judgment is entered for the plaintiff after trial more than 60 days since the filing of the complaint. The court shall issue the order upon issuing judgment for the plaintiff.

(F) Except as provided in subparagraph (G), to any other person 60 days after the complaint has been filed if the plaintiff prevails in the action and the action is based on an alleged default in the payment of rent.

(G) (i) In the case of a complaint involving residential property based on Section 1161a as indicated in the caption of the complaint, as required in subdivision (c) of Section 1166, to any other person, if 60 days have elapsed since the complaint was filed with the court, and, as of that date, judgment against all defendants has been entered for the plaintiff.

(ii) Subparagraphs (E) and (F) shall not apply if the plaintiff filed the action between March 4, 2020, and January 31, 2021, and the action is based on an alleged default in the payment of rent.
(2) This section shall not be construed to prohibit the court from issuing an order that bars access to the court record in an action filed under this chapter if the parties to the action so stipulate.

(b) (1) For purposes of this section, “good cause” includes, but is not limited to, both of the following:

(A) The gathering of newsworthy facts by a person described in Section 1070 of the Evidence Code.

(B) The gathering of evidence by a party to an unlawful detainer action solely for the purpose of making a request for judicial notice pursuant to subdivision (d) of Section 452 of the Evidence Code.

(2) It is the intent of the Legislature that a simple procedure be established to request the ex parte order described in subparagraph (D) of paragraph (1) of subdivision (a).

(c) Upon the filing of a case so restricted, the court clerk shall mail notice to each defendant named in the action. The notice shall be mailed to the address provided in the complaint. The notice shall contain a statement that an unlawful detainer complaint (eviction action) has been filed naming that party as a defendant, and that access to the court file will be delayed for 60 days except to a party, an attorney for one of the parties, or any other person who (1) provides to the clerk the names of at least one plaintiff and one defendant in the action and provides to the clerk the address, including any applicable apartment, unit, or space number, of the subject premises, or (2) provides to the clerk the name of one of the parties in the action or the case number and can establish through proper identification that the person lives at the subject premises. The notice shall also contain a statement that access to the court index, register of actions, or other records is not permitted until 60 days after the complaint is filed, except pursuant to an order upon a showing of good cause for access. The notice shall contain on its face the following information:

(1) The name and telephone number of the county bar association.

(2) The name and telephone number of any entity that requests inclusion on the notice and demonstrates to the satisfaction of the court that it has been certified by the State Bar of California as a lawyer referral service and maintains a panel of attorneys qualified in the practice of landlord-tenant law pursuant to the minimum standards for a lawyer referral service established by the State Bar of California and Section 6155 of the Business and Professions Code.

(3) The following statement:

“The State Bar of California certifies lawyer referral services in California and publishes a list of certified lawyer referral services organized by county. To locate a lawyer referral service in your county, go to the State Bar’s internet website at www.calbar.ca.gov or call 1-866-442-2529.”
(4) The name and telephone number of an office or offices funded by the federal Legal Services Corporation or qualified legal services projects that receive funds distributed pursuant to Section 6216 of the Business and Professions Code that provide legal services to low-income persons in the county in which the action is filed. The notice shall state that these telephone numbers may be called for legal advice regarding the case. The notice shall be issued between 24 and 48 hours of the filing of the complaint, excluding weekends and holidays. One copy of the notice shall be addressed to “all occupants” and mailed separately to the subject premises. The notice shall not constitute service of the summons and complaint.

(d) Notwithstanding any other law, the court shall charge an additional fee of fifteen dollars ($15) for filing a first appearance by the plaintiff. This fee shall be added to the uniform filing fee for actions filed under this chapter.

(e) This section does not apply to a case that seeks to terminate a mobilehome park tenancy if the statement of the character of the proceeding in the caption of the complaint clearly indicates that the complaint seeks termination of a mobilehome park tenancy.

(f) This section does not alter any provision of the Evidence Code.

(g) This section shall remain in effect until February 1, 2021, and as of that date is repealed.

SEC. 18.
Section 1161.2 is added to the Code of Civil Procedure, to read:

1161.2.
(a) (1) The clerk shall allow access to limited civil case records filed under this chapter, including the court file, index, and register of actions, only as follows:

(A) To a party to the action, including a party’s attorney.

(B) To a person who provides the clerk with the names of at least one plaintiff and one defendant and the address of the premises, including the apartment or unit number, if any.

(C) To a resident of the premises who provides the clerk with the name of one of the parties or the case number and shows proof of residency.

(D) To a person by order of the court, which may be granted ex parte, on a showing of good cause.

(E) To any person by order of the court if judgment is entered for the plaintiff after trial more than 60 days since the filing of the complaint. The court shall issue the order upon issuing judgment for the plaintiff.

(F) Except as provided in subparagraph (G), to any other person 60 days after the complaint has been filed if the plaintiff prevails in the action within 60 days of the filing of the complaint, in which case the clerk shall allow access to any court records in the action. If a default or default judgment is set aside more than 60 days after the
complaint has been filed, this section shall apply as if the complaint had been filed on the date the default or default judgment is set aside.

(G) In the case of a complaint involving residential property based on Section 1161a as indicated in the caption of the complaint, as required in subdivision (c) of Section 1166, to any other person, if 60 days have elapsed since the complaint was filed with the court, and, as of that date, judgment against all defendants has been entered for the plaintiff, after a trial.

(2) This section shall not be construed to prohibit the court from issuing an order that bars access to the court record in an action filed under this chapter if the parties to the action so stipulate.

(b) (1) For purposes of this section, “good cause” includes, but is not limited to, both of the following:

(A) The gathering of newsworthy facts by a person described in Section 1070 of the Evidence Code.

(B) The gathering of evidence by a party to an unlawful detainer action solely for the purpose of making a request for judicial notice pursuant to subdivision (d) of Section 452 of the Evidence Code.

(2) It is the intent of the Legislature that a simple procedure be established to request the ex parte order described in subparagraph (D) of paragraph (1) of subdivision (a).

(c) Upon the filing of a case so restricted, the court clerk shall mail notice to each defendant named in the action. The notice shall be mailed to the address provided in the complaint. The notice shall contain a statement that an unlawful detainer complaint (eviction action) has been filed naming that party as a defendant, and that access to the court file will be delayed for 60 days except to a party, an attorney for one of the parties, or any other person who (1) provides to the clerk the names of at least one plaintiff and one defendant in the action and provides to the clerk the address, including any applicable apartment, unit, or space number, of the subject premises, or (2) provides to the clerk the name of one of the parties in the action or the case number and can establish through proper identification that the person lives at the subject premises. The notice shall also contain a statement that access to the court index, register of actions, or other records is not permitted until 60 days after the complaint is filed, except pursuant to an order upon a showing of good cause for access. The notice shall contain on its face the following information:

(1) The name and telephone number of the county bar association.

(2) The name and telephone number of any entity that requests inclusion on the notice and demonstrates to the satisfaction of the court that it has been certified by the State Bar of California as a lawyer referral service and maintains a panel of attorneys qualified in the practice of landlord-tenant law pursuant to the minimum standards for a lawyer referral service established by the State Bar of California and Section 6155 of the Business and Professions Code.
(3) The following statement:

“The State Bar of California certifies lawyer referral services in California and publishes a list of certified lawyer referral services organized by county. To locate a lawyer referral service in your county, go to the State Bar’s internet website at www.calbar.ca.gov or call 1-866-442-2529.”

(4) The name and telephone number of an office or offices funded by the federal Legal Services Corporation or qualified legal services projects that receive funds distributed pursuant to Section 6216 of the Business and Professions Code that provide legal services to low-income persons in the county in which the action is filed. The notice shall state that these telephone numbers may be called for legal advice regarding the case. The notice shall be issued between 24 and 48 hours of the filing of the complaint, excluding weekends and holidays. One copy of the notice shall be addressed to “all occupants” and mailed separately to the subject premises. The notice shall not constitute service of the summons and complaint.

(d) Notwithstanding any other law, the court shall charge an additional fee of fifteen dollars ($15) for filing a first appearance by the plaintiff. This fee shall be added to the uniform filing fee for actions filed under this chapter.

(e) This section does not apply to a case that seeks to terminate a mobilehome park tenancy if the statement of the character of the proceeding in the caption of the complaint clearly indicates that the complaint seeks termination of a mobilehome park tenancy.

(f) This section does not alter any provision of the Evidence Code.

(g) This section shall become operative on February 1, 2021.

SEC. 19.
Section 1161.2.5 is added to the Code of Civil Procedure, to read:

1161.2.5.
(a) (1) Except as provided in Section 1161.2, the clerk shall allow access to civil case records for actions seeking recovery of COVID-19 rental debt, as defined in Section 1179.02, including the court file, index, and register of actions, only as follows:

(A) To a party to the action, including a party’s attorney.

(B) To a person who provides the clerk with the names of at least one plaintiff and one defendant.

(C) To a resident of the premises for which the COVID-19 rental debt is owed who provides the clerk with the name of one of the parties or the case number and shows proof of residency.

(D) To a person by order of the court, which may be granted ex parte, on a showing of good cause.

(2) To give the court notice that access to the records in an action is limited, any complaint or responsive pleading in a case subject to this section shall include on either
the first page of the pleading or a cover page, the phrase “ACTION FOR RECOVERY OF COVID-19 RENTAL DEBT AS DEFINED UNDER SECTION 1179.02” in bold, capital letters, in 12 point or larger font.

(b) (1) For purposes of this section, “good cause” includes, but is not limited to, both of the following:

(A) The gathering of newsworthy facts by a person described in Section 1070 of the Evidence Code.

(B) The gathering of evidence by a party to a civil action solely for the purpose of making a request for judicial notice pursuant to subdivision (d) of Section 452 of the Evidence Code.

(2) It is the intent of the Legislature that a simple procedure be established to request the ex parte order described in subparagraph (D) of paragraph (1) of subdivision (a).

(c) This section does not alter any provision of the Evidence Code.

(d) This section shall remain in effect until February 1, 2021, and as of that date is repealed.

SEC. 20.
Chapter 5 (commencing with Section 1179.01) is added to Title 3 of Part 3 of the Code of Civil Procedure, to read:

CHAPTER 5. COVID-19 Tenant Relief Act of 2020

1179.01. This chapter is known, and may be cited, as the COVID-19 Tenant Relief Act of 2020.

1179.01.5. (a) It is the intent of the Legislature that the Judicial Council and the courts have adequate time to prepare to implement the new procedures resulting from this chapter, including educating and training judicial officers and staff.

(b) Notwithstanding any other law, before October 5, 2020, a court shall not do any of the following:

(1) Issue a summons on a complaint for unlawful detainer in any action that seeks possession of residential real property and that is based, in whole or in part, on nonpayment of rent or other charges.

(2) Enter a default or a default judgment for restitution in an unlawful detainer action that seeks possession of residential real property and that is based, in whole or in part, on nonpayment of rent or other charges.

(c) (1) A plaintiff in an unlawful detainer action shall file a cover sheet in the form specified in paragraph (2) that indicates both of the following:

(A) Whether the action seeks possession of residential real property.
(B) If the action seeks possession of residential real property, whether the action is based, in whole or part, on an alleged default in payment of rent or other charges.

(2) The cover sheet specified in paragraph (1) shall be in the following form:

“UNLAWFUL DETAINER SUPPLEMENTAL COVER SHEET

1. This action seeks possession of real property that is:
   a. [ ] Residential
   b. [ ] Commercial

2. (Complete only if paragraph 1(a) is checked) This action is based, in whole or in part, on an alleged default in payment of rent or other charges.
   a. [ ] Yes
   b. [ ] No

Date:__________________
________________________________________________________
________________________________________________________

Type Or Print Name Signature Of Party Or Attorney For Party”

(3) The cover sheet required by this subdivision shall be in addition to any civil case cover sheet or other form required by law, the California Rules of Court, or a local court rule.

(4) The Judicial Council may develop a form for mandatory use that includes the information in paragraph (2).

(d) This section does not prevent a court from issuing a summons or entering default in an unlawful detainer action that seeks possession of residential real property and that is not based, in whole or in part, on nonpayment of rent or other charges.

1179.02.
For purposes of this chapter:
(a) “Covered time period” means the time period between March 1, 2020, and January 31, 2021.

(b) “COVID-19-related financial distress” means any of the following:
(1) Loss of income caused by the COVID-19 pandemic.
(2) Increased out-of-pocket expenses directly related to performing essential work during the COVID-19 pandemic.
(3) Increased expenses directly related to the health impact of the COVID-19 pandemic.
(4) Childcare responsibilities or responsibilities to care for an elderly, disabled, or sick family member directly related to the COVID-19 pandemic that limit a tenant’s ability to earn income.
(5) Increased costs for childcare or attending to an elderly, disabled, or sick family member directly related to the COVID-19 pandemic.

(6) Other circumstances related to the COVID-19 pandemic that have reduced a tenant’s income or increased a tenant’s expenses.

(c) “COVID-19 rental debt” means unpaid rent or any other unpaid financial obligation of a tenant under the tenancy that came due during the covered time period.

(d) “Declaration of COVID-19-related financial distress” means the following written statement:

I am currently unable to pay my rent or other financial obligations under the lease in full because of one or more of the following:


2. Increased out-of-pocket expenses directly related to performing essential work during the COVID-19 pandemic.

3. Increased expenses directly related to health impacts of the COVID-19 pandemic.

4. Childcare responsibilities or responsibilities to care for an elderly, disabled, or sick family member directly related to the COVID-19 pandemic that limit my ability to earn income.

5. Increased costs for childcare or attending to an elderly, disabled, or sick family member directly related to the COVID-19 pandemic.

6. Other circumstances related to the COVID-19 pandemic that have reduced my income or increased my expenses.

Any public assistance, including unemployment insurance, pandemic unemployment assistance, state disability insurance (SDI), or paid family leave, that I have received since the start of the COVID-19 pandemic does not fully make up for my loss of income and/or increased expenses.

Signed under penalty of perjury:

Dated:

(e) “Landlord” includes all of the following or the agent of any of the following:

(1) An owner of residential real property.

(2) An owner of a residential rental unit.

(3) An owner of a mobilehome park.

(4) An owner of a mobilehome park space or lot.

(f) “Protected time period” means the time period between March 1, 2020, and August 31, 2020.
(g) “Rental payment” means rent or any other financial obligation of a tenant under the tenancy.

(h) “Tenant” means any natural person who hires real property except any of the following:

(1) Tenants of commercial property, as defined in subdivision (c) of Section 1162 of the Civil Code.

(2) Those persons whose occupancy is described in subdivision (b) of Section 1940 of the Civil Code.

(i) “Transition time period” means the time period between September 1, 2020, and January 31, 2021.

1179.02.5.
(a) For purposes of this section:

(1) (A) “High-income tenant” means a tenant with an annual household income of 130 percent of the median income, as published by the Department of Housing and Community Development in the Official State Income Limits for 2020, for the county in which the residential rental property is located.

(B) For purposes of this paragraph, all lawful occupants of the residential rental unit, including minor children, shall be considered in determining household size.

(C) “High-income tenant” shall not include a tenant with a household income of less than one hundred thousand dollars ($100,000).

(2) “Proof of income” means any of the following:

(A) A tax return.

(B) A W-2.

(C) A written statement from a tenant’s employer that specifies the tenant’s income.

(D) Pay stubs.

(E) Documentation showing regular distributions from a trust, annuity, 401k, pension, or other financial instrument.

(F) Documentation of court-ordered payments, including, but not limited to, spousal support or child support.

(G) Documentation from a government agency showing receipt of public assistance benefits, including, but not limited to, social security, unemployment insurance, disability insurance, or paid family leave.

(H) A written statement signed by the tenant that states the tenant’s income, including, but not limited to, a rental application.
(b) (1) This section shall apply only if the landlord has proof of income in the landlord’s possession before the service of the notice showing that the tenant is a high-income tenant.

(2) This section does not do any of the following:

(A) Authorize a landlord to demand proof of income from the tenant.

(B) Require the tenant to provide proof of income for the purposes of determining whether the tenant is a high-income tenant.

(C) (i) Entitle a landlord to obtain, or authorize a landlord to attempt to obtain, confidential financial records from a tenant’s employer, a government agency, financial institution, or any other source.

(ii) Confidential information described in clause (i) shall not constitute valid proof of income unless it was lawfully obtained by the landlord with the tenant’s consent during the tenant screening process.

(3) Paragraph (2) does not alter a party’s rights under Title 4 (commencing with Section 2016.010), Chapter 4 (commencing with Section 708.010) of Title 9, or any other law.

(c) A landlord may require a high-income tenant that is served a notice pursuant to subdivision (b) or (c) of Section 1179.03 to submit, in addition to and together with a declaration of COVID-19-related financial distress, documentation supporting the claim that the tenant has suffered COVID-19-related financial distress. Any form of objectively verifiable documentation that demonstrates the COVID-19-related financial distress the tenant has experienced is sufficient to satisfy the requirements of this subdivision, including the proof of income, as defined in subparagraphs (A) to (G), inclusive, of paragraph (2) of subdivision (a), a letter from an employer, or an unemployment insurance record.

(d) A high-income tenant is required to comply with the requirements of subdivision (c) only if the landlord has included the following language on the notice served pursuant to subdivision (b) or (c) of Section 1179.03 in at least 12-point font:

“Proof of income on file with your landlord indicates that your household makes at least 130 percent of the median income for the county where the rental property is located, as published by the Department of Housing and Community Development in the Official State Income Limits for 2020. As a result, if you claim that you are unable to pay the amount demanded by this notice because you have suffered COVID-19-related financial distress, you are required to submit to your landlord documentation supporting your claim together with the completed declaration of COVID-19-related financial distress provided with this notice. If you fail to submit this documentation together with your declaration of COVID-19-related financial distress, and you do not either pay the amount demanded in this notice or deliver possession of the premises back to your landlord as required by this notice, you will not be covered by the eviction protections enacted by the California Legislature as a result of the COVID-19 pandemic, and your landlord can begin eviction proceedings against you as soon as this 15-day notice expires.”
(e) A high-income tenant that fails to comply with subdivision (c) shall not be subject to the protections of subdivision (g) of Section 1179.03.

(f) (1) A landlord shall be required to plead compliance with this section in any unlawful detainer action based upon a notice that alleges that the tenant is a high-income tenant. If that allegation is contested, the landlord shall be required to submit to the court the proof of income upon which the landlord relied at the trial or other hearing, and the tenant shall be entitled to submit rebuttal evidence.

(2) If the court in an unlawful detainer action based upon a notice that alleges that the tenant is a high-income tenant determines that at the time the notice was served the landlord did not have proof of income establishing that the tenant is a high-income tenant, the court shall award attorney’s fees to the prevailing tenant.

1179.03.

(a) (1) Any notice that demands payment of COVID-19 rental debt served pursuant to subdivision (e) of Section 798.56 of the Civil Code or paragraph (2) or (3) of Section 1161 shall be modified as required by this section. A notice which does not meet the requirements of this section, regardless of when the notice was issued, shall not be sufficient to establish a cause of action for unlawful detainer or a basis for default judgment.

(2) Any case based solely on a notice that demands payment of COVID-19 rental debt served pursuant to subdivision (e) of Section 798.56 of the Civil Code or paragraph (2) or (3) of Section 1161 may be dismissed if the notice does not meet the requirements of this section, regardless of when the notice was issued.

(3) Notwithstanding paragraphs (1) and (2), this section shall have no effect if the landlord lawfully regained possession of the property or obtained a judgment for possession of the property before the operative date of this section.

(b) If the notice demands payment of rent that came due during the protected time period, as defined in Section 1179.02, the notice shall comply with all of the following:

(1) The time period in which the tenant may pay the amount due or deliver possession of the property shall be no shorter than 15 days, excluding Saturdays, Sundays, and other judicial holidays.

(2) The notice shall set forth the amount of rent demanded and the date each amount became due.

(3) The notice shall advise the tenant that the tenant cannot be evicted for failure to comply with the notice if the tenant delivers a signed declaration of COVID-19-related financial distress to the landlord on or before the date that the notice to pay rent or quit or notice to perform covenants or quit expires, by any of the methods specified in subdivision (f).

(4) The notice shall include the following text in at least 12-point font:

“NOTICE FROM THE STATE OF CALIFORNIA: If you are unable to pay the amount demanded in this notice, and have decreased income or increased expenses due to
COVID-19, your landlord will not be able to evict you for this missed payment if you sign and deliver the declaration form included with your notice to your landlord within 15 days, excluding Saturdays, Sundays, and other judicial holidays, but you will still owe this money to your landlord. If you do not sign and deliver the declaration within this time period, you may lose the eviction protections available to you. You must return this form to be protected. You should keep a copy or picture of the signed form for your records.

You will still owe this money to your landlord and can be sued for the money, but you cannot be evicted from your home if you comply with these requirements. You should keep careful track of what you have paid and any amount you still owe to protect your rights and avoid future disputes. Failure to respond to this notice may result in an unlawful detainer action (eviction) being filed against you.

For information about legal resources that may be available to you, visit lawhelpca.org."

(c) If the notice demands payment of rent that came due during the transition time period, as defined in Section 1179.02, the notice shall comply with all of the following:

(1) The time period in which the tenant may pay the amount due or deliver possession of the property shall be no shorter than 15 days, excluding Saturdays, Sundays, and other judicial holidays.

(2) The notice shall set forth the amount of rent demanded and the date each amount became due.

(3) The notice shall advise the tenant that the tenant will not be evicted for failure to comply with the notice, except as allowed by this chapter, if the tenant delivers a signed declaration of COVID-19-related financial distress to the landlord on or before the date the notice to pay rent or quit or notice to perform covenants or quit expires, by any of the methods specified in subdivision (f).

(4) The notice shall include the following text in at least 12-point font:

“NOTICE FROM THE STATE OF CALIFORNIA: If you are unable to pay the amount demanded in this notice, and have decreased income or increased expenses due to COVID-19, you may sign and deliver the declaration form included with your notice to your landlord within 15 days, excluding Saturdays, Sundays, and other judicial holidays, and your landlord will not be able to evict you for this missed payment so long as you make the minimum payment (see below). You will still owe this money to your landlord. You should keep a copy or picture of the signed form for your records.

If you provide the declaration form to your landlord as described above AND, on or before January 31, 2021, you pay an amount that equals at least 25 percent of each rental payment that came due or will come due during the period between September 1, 2020, and January 31, 2021, that you were unable to pay as a result of decreased income or increased expenses due to COVID-19, your landlord cannot evict you. Your landlord may require you to submit a new declaration form for each rental payment that you do not pay that comes due between September 1, 2020, and January 31, 2021.
For example, if you provided a declaration form to your landlord regarding your decreased income or increased expenses due to COVID-19 that prevented you from making your rental payment in September and October of 2020, your landlord could not evict you if, on or before January 31, 2021, you made a payment equal to 25 percent of September’s and October’s rental payment (i.e., half a month’s rent). If you were unable to pay any of the rental payments that came due between September 1, 2020, and January 31, 2021, and you provided your landlord with the declarations in response to each 15-day notice your landlord sent to you during that time period, your landlord could not evict you if, on or before January 31, 2021, you paid your landlord an amount equal to 25 percent of all the rental payments due from September through January (i.e., one and a quarter month’s rent).

You will still owe the full amount of the rent to your landlord, but you cannot be evicted from your home if you comply with these requirements. You should keep careful track of what you have paid and any amount you still owe to protect your rights and avoid future disputes. Failure to respond to this notice may result in an unlawful detainer action (eviction) being filed against you.

For information about legal resources that may be available to you, visit lawhelpca.org."

(d) An unsigned copy of a declaration of COVID-19-related financial distress shall accompany each notice delivered to a tenant to which subdivision (b) or (c) is applicable. If the landlord was required, pursuant to Section 1632 of the Civil Code, to provide a translation of the rental contract or agreement in the language in which the contract or agreement was negotiated, the landlord shall also provide the unsigned copy of a declaration of COVID-19-related financial distress to the tenant in the language in which the contract or agreement was negotiated. The Department of Real Estate shall make available an official translation of the text required by paragraph (4) of subdivision (b) and paragraph (4) of subdivision (c) in the languages specified in Section 1632 of the Civil Code by no later than September 15, 2020.

(e) If a tenant owes a COVID-19 rental debt to which both subdivisions (b) and (c) apply, the landlord shall serve two separate notices that comply with subdivisions (b) and (c), respectively.

(f) A tenant may deliver the declaration of COVID-19-related financial distress to the landlord by any of the following methods:

(1) In person, if the landlord indicates in the notice an address at which the declaration may be delivered in person.

(2) By electronic transmission, if the landlord indicates an email address in the notice to which the declaration may be delivered.

(3) Through United States mail to the address indicated by the landlord in the notice. If the landlord does not provide an address pursuant to subparagraph (1), then it shall be conclusively presumed that upon the mailing of the declaration by the tenant to the address provided by the landlord, the declaration is deemed received by the landlord on the date posted, if the tenant can show proof of mailing to the address provided by the landlord.
(4) Through any of the same methods that the tenant can use to deliver the payment pursuant to the notice if delivery of the declaration by that method is possible.

(g) Except as provided in Section 1179.02.5, the following shall apply to a tenant who, within 15 days of service of the notice specified in subdivision (b) or (c), excluding Saturdays, Sundays, and other judicial holidays, demanding payment of COVID-19 rental debt delivers a declaration of COVID-19-related financial distress to the landlord by any of the methods provided in subdivision (f):

(1) With respect to a notice served pursuant to subdivision (b), the tenant shall not then or thereafter be deemed to be in default with regard to that COVID-19 rental debt for purposes of subdivision (e) of Section 798.56 of the Civil Code or paragraphs (2) and (3) of Section 1161.

(2) With respect to a notice served pursuant to subdivision (c), the following shall apply:

(A) Except as provided by subparagraph (B), the landlord may not initiate an unlawful detainer action before February 1, 2021.

(B) A tenant shall not be guilty of unlawful detainer, now or in the future, based upon nonpayment of COVID-19 rental debt that came due during the transition period if, on or before January 31, 2021, the tenant tenders one or more payments that, when taken together, are of an amount equal to or not less than 25 percent of each transition period rental payment demanded in one or more notices served pursuant to subsection (c) and for which the tenant complied with this subdivision by timely delivering a declaration of COVID-19-related financial distress to the landlord.

(h) (1) (A) Within the time prescribed in Section 1167, a tenant shall be permitted to file a signed declaration of COVID-19-related financial distress with the court.

(B) If the tenant files a signed declaration of COVID-19-related financial distress with the court pursuant to this subdivision, the court shall dismiss the case, pursuant to paragraph (2), if the court finds, after a noticed hearing on the matter, that the tenant’s failure to return a declaration of COVID-19-related financial distress within the time required by subdivision (g) was the result of mistake, inadvertence, surprise, or excusable neglect, as those terms have been interpreted under subdivision (b) of Section 473.

(C) The noticed hearing required by this paragraph shall be held with not less than five days’ notice and not more than 10 days’ notice, to be given by the court, and may be held separately or in conjunction with any regularly noticed hearing in the case, other than a trial.

(2) If the court dismisses the case pursuant to paragraph (1), that dismissal shall be without prejudice as follows:

(A) If the case was based in whole or in part upon a notice served pursuant to subdivision (b), the court shall dismiss any cause of action based on the notice served pursuant to subdivision (b).
(B) Before February 1, 2021, if the case is based in whole or in part on a notice served pursuant to subdivision (c), the court shall dismiss any cause of action based on the notice served pursuant to subdivision (c).

(C) On or after February 1, 2021, if the case is based in whole or in part on a notice served pursuant to subdivision (c), the court shall dismiss any cause of action based upon the notice served pursuant to subdivision (c) if the tenant, within five days of the court’s order to do so, makes the payment required by subparagraph (B) of paragraph (1) of subdivision (g), provided that if the fifth day falls on a Saturday, Sunday, or judicial holiday the last day to pay shall be extended to the next court day.

(3) If the court dismisses the case pursuant to this subdivision, the tenant shall not be considered the prevailing party for purposes of Section 1032, any attorney’s fee provision appearing in contract or statute, or any other law.

(i) Notwithstanding any other law, a notice which is served pursuant to subdivision (b) or (c) that complies with the requirements of this chapter and subdivision (e) of Section 798.56 of the Civil Code or paragraphs (2) and (3) of Section 1161, as applicable, need not include specific language required by any ordinance, resolution, regulation, or administrative action adopted by a city, county, or city and county.

1179.03.5.

(a) Before February 1, 2021, a court may not find a tenant guilty of an unlawful detainer unless it finds that one of the following applies:

(1) The tenant was guilty of the unlawful detainer before March 1, 2020.

(2) In response to service of a notice demanding payment of COVID-19 rental debt pursuant to subdivision (e) of Section 798.56 of the Civil Code or paragraph (2) or (3) of Section 1161, the tenant failed to comply with the requirements of Section 1179.03.

(3) (A) The unlawful detainer arises because of a termination of tenancy for any of the following:

(i) An at-fault just cause, as defined in paragraph (1) of subdivision (b) of Section 1946.2 of the Civil Code.

(ii) (I) A no-fault just cause, as defined in paragraph (2) of subdivision (b) of Section 1946.2 of the Civil Code, other than intent to demolish or to substantially remodel the residential real property, as defined in subparagraph (D) of paragraph (2) of subdivision (b) of Section 1946.2.

(II) Notwithstanding subclause (I), termination of a tenancy based on intent to demolish or to substantially remodel the residential real property shall be permitted if necessary to maintain compliance with the requirements of Section 1941.1 of the Civil Code, Section 17920.3 or 17920.10 of the Health and Safety Code, or any other applicable law governing the habitability of residential rental units.

(iii) The owner of the property has entered into a contract for the sale of that property with a buyer who intends to occupy the property, and all the requirements of paragraph (8) of subdivision (e) of Section 1946.2 of the Civil Code have been satisfied.
(B) In an action under this paragraph, other than an action to which paragraph (2) also applies, the landlord shall be precluded from recovering COVID-19 rental debt in connection with any award of damages.

(b) (1) This section does not require a landlord to assist the tenant to relocate through the payment of relocation costs if the landlord would not otherwise be required to do so pursuant to Section 1946.2 of the Civil Code or any other law.

(2) A landlord who is required to assist the tenant to relocate pursuant to Section 1946.2 of the Civil Code or any other law, may offset the tenant’s COVID-19 rental debt against their obligation to assist the tenant to relocate.

1179.04.
(a) On or before September 30, 2020, a landlord shall provide, in at least 12-point font, the following notice to tenants who, as of September 1, 2020, have not paid one or more rental payments that came due during the protected time period:

“NOTICE FROM THE STATE OF CALIFORNIA: The California Legislature has enacted the COVID-19 Tenant Relief Act of 2020 which protects renters who have experienced COVID-19-related financial distress from being evicted for failing to make rental payments due between March 1, 2020, and January 31, 2021.

“COVID-19-related financial distress” means any of the following:

2. Increased out-of-pocket expenses directly related to performing essential work during the COVID-19 pandemic.
3. Increased expenses directly related to the health impact of the COVID-19 pandemic.
4. Childcare responsibilities or responsibilities to care for an elderly, disabled, or sick family member directly related to the COVID-19 pandemic that limit your ability to earn income.
5. Increased costs for childcare or attending to an elderly, disabled, or sick family member directly related to the COVID-19 pandemic.
6. Other circumstances related to the COVID-19 pandemic that have reduced your income or increased your expenses.

This law gives you the following protections:

1. If you failed to make rental payments due between March 1, 2020, and August 31, 2020, because you had decreased income or increased expenses due to the COVID-19 pandemic, as described above, you cannot be evicted based on this nonpayment.

2. If you are unable to pay rental payments that come due between September 1, 2020, and January 31, 2021, because of decreased income or increased expenses due to the COVID-19 pandemic, as described above, you cannot be evicted if you pay 25 percent of the rental payments missed during that time period on or before January 31, 2021.
You must provide, to your landlord, a declaration under penalty of perjury of your COVID-19-related financial distress attesting to the decreased income or increased expenses due to the COVID-19 pandemic to be protected by the eviction limitations described above. Before your landlord can seek to evict you for failing to make a payment that came due between March 1, 2020, and January 31, 2021, your landlord will be required to give you a 15-day notice that informs you of the amounts owed and includes a blank declaration form you can use to comply with this requirement.

If your landlord has proof of income on file which indicates that your household makes at least 130 percent of the median income for the county where the rental property is located, as published by the Department of Housing and Community Development in the Official State Income Limits for 2020, your landlord may also require you to provide documentation which shows that you have experienced a decrease in income or increase in expenses due to the COVID-19 pandemic. Your landlord must tell you in the 15-day notice whether your landlord is requiring that documentation. Any form of objectively verifiable documentation that demonstrates the financial impact you have experienced is sufficient, including a letter from your employer, an unemployment insurance record, or medical bills, and may be provided to satisfy the documentation requirement.

It is very important you do not ignore a 15-day notice to pay rent or quit or a notice to perform covenants or quit from your landlord. If you are served with a 15-day notice and do not provide the declaration form to your landlord before the 15-day notice expires, you could be evicted. You could also be evicted beginning February 1, 2021, if you owe rental payments due between September 1, 2020, and January 31, 2021, and you do not pay an amount equal to at least 25 percent of the payments missed for that time period.

For information about legal resources that may be available to you, visit lawhelpca.org.”

(b) The landlord may provide the notice required by subdivision (a) in the manner prescribed by Section 1162 or by mail.

(c) (1) A landlord may not serve a notice pursuant to subdivision (b) or (c) of Section 1179.03 before the landlord has provided the notice required by subdivision (a).

(2) The notice required by subdivision (a) may be provided to a tenant concurrently with a notice pursuant to subdivision (b) or (c) of Section 1179.03 that is served on or before September 30, 2020.

1179.05.
(a) Any ordinance, resolution, regulation, or administrative action adopted by a city, county, or city and county in response to the COVID-19 pandemic to protect tenants from eviction is subject to all of the following:

(1) Any extension, expansion, renewal, reenactment, or new adoption of a measure, however delineated, that occurs between August 19, 2020, and January 31, 2021, shall have no effect before February 1, 2021.
(2) Any provision which allows a tenant a specified period of time in which to repay COVID-19 rental debt shall be subject to all of the following:

(A) If the provision in effect on August 19, 2020, required the repayment period to commence on a specific date on or before March 1, 2021, any extension of that date made after August 19, 2020, shall have no effect.

(B) If the provision in effect on August 19, 2020, required the repayment period to commence on a specific date after March 1, 2021, or conditioned commencement of the repayment period on the termination of a proclamation of state of emergency or local emergency, the repayment period is deemed to begin on March 1, 2021.

(C) The specified period of time during which a tenant is permitted to repay COVID-19 rental debt may not extend beyond the period that was in effect on August 19, 2020. In addition, a provision may not permit a tenant a period of time that extends beyond March 31, 2022, to repay COVID-19 rental debt.

(b) This section does not alter a city, county, or city and county’s authority to extend, expand, renew, reenact, or newly adopt an ordinance that requires just cause for termination of a residential tenancy or amend existing ordinances that require just cause for termination of a residential tenancy, consistent with subdivision (g) of Section 1946.2, provided that a provision enacted or amended after August 19, 2020, shall not apply to rental payments that came due between March 1, 2020, and January 31, 2021.

(c) The one-year limitation provided in subdivision (2) of Section 1161 is tolled during any time period that a landlord is or was prohibited by any ordinance, resolution, regulation, or administrative action adopted by a city, county, or city and county in response to the COVID-19 pandemic to protect tenants from eviction based on nonpayment of rental payments from serving a notice that demands payment of COVID-19 rental debt pursuant to subdivision (e) of Section 798.56 of the Civil Code or paragraph (2) of Section 1161.

(d) It is the intent of the Legislature that this section be applied retroactively to August 19, 2020.

(e) The Legislature finds and declares that this section addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section applies to all cities, including charter cities.

(f) It is the intent of the Legislature that the purpose of this section is to protect individuals negatively impacted by the COVID-19 pandemic, and that this section does not provide the Legislature’s understanding of the legal validity on any specific ordinance, resolution, regulation, or administrative action adopted by a city, county, or city and county in response to the COVID-19 pandemic to protect tenants from eviction.

1179.06.

Any provision of a stipulation, settlement agreement, or other agreement entered into on or after the effective date of this chapter, including a lease agreement, that purports
to waive the provisions of this chapter is prohibited and is void as contrary to public policy.

1179.07. This chapter shall remain in effect until February 1, 2025, and as of that date is repealed.

SEC. 21. (a) The Business, Consumer Services and Housing Agency shall, in consultation with the Department of Finance, engage with residential tenants, landlords, property owners, deed restricted affordable housing providers, and financial sector stakeholders about strategies and approaches to direct potential future federal stimulus funding to most effectively and efficiently provide relief to distressed tenants, landlords, and property owners, including exploring strategies to create access to liquidity in partnership with financial institutions or other financial assistance. Subject to availability of funds and other budget considerations, and only upon appropriation by the Legislature, these strategies should inform implementation of the funds. In creating these strategies, special focus shall be given to low-income tenants, small property owners, and affordable housing providers who have suffered direct financial hardship as a result of the COVID-19 pandemic.

(b) For the purposes of this section, “future federal stimulus funding” does not include funding identified in the 2020 Budget Act.

SEC. 22. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 23. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 24. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

To avert economic and social harm by providing a structure for temporary relief to financially distressed tenants, homeowners, and small landlords during the public health emergency, and to ensure that landlords and tenants are able to calculate the maximum allowable rental rate increase within a 12-month period at the earliest possible time, it is necessary that this act take effect immediately.
SECTION 1.
Section 40220 of the Vehicle Code is amended to read:

40220.
(a) Except as otherwise provided in Sections 40220.5, 40221, and 40222, the processing agency may proceed under one of the following options in order to collect an unpaid parking penalty and related service fees:

(1) (A) File an itemization of unpaid parking penalties and related service fees with the department for collection with the registration of the vehicle pursuant to Section 4760. For unpaid parking penalties issued on and after July 1, 2018, and related service fees, the processing agency shall not file an itemization with the department unless all of the following conditions have been satisfied:

(i) The processing agency provides a payment plan option for indigent persons that, at a minimum, does all of the following:

(I) Allows payment of unpaid parking penalties and related service fees in monthly installments of no more than twenty-five dollars ($25) for total amounts due that are three hundred dollars ($300) or less. The amount of late fees and penalty assessments waived pursuant to subclause (II) shall not be counted in calculating that total amount of three hundred dollars ($300) or less. Unpaid parking penalties and fees shall be paid off within 18 months. There shall be no prepayment penalty for paying off the balance prior to the payment period expiring.

(II) Waives all late fees and penalty assessments, exclusive of any state surcharges described in Sections 70372, 76000, and 76000.3 of the Government Code, if an indigent person enrolls in the payment plan. Waived late fees and penalty assessments may be reinstated if the person falls out of compliance with the payment plan.

(III) Limits the processing fee to participate in a payment plan to five dollars ($5) or less for indigent persons. The processing fee for an indigent person may be added to the payment plan amount, at the discretion of the indigent person. If a processing agency offers a payment plan option to persons who are not indigent, limits the processing fee to participate in the payment plan to twenty-five dollars ($25) or less.

(IV) Allows a person a period of 60 calendar days from the issuance of a notice of parking violation or 10 days after the administrative hearing determination, whichever is later, to file a request to participate in a payment plan.

(ii) The processing agency includes the information described in subclauses (I) and (II) in the notice of parking violation, and includes both in the notice of parking violation and on its public internet website, a web page link and telephone number to more information on the payment program. The linked internet web page shall include - is readily accessible in a prominent location
on the parking citation payment section of the agency’s internet website and includes all of the following information:

(I) The availability of an installment payment plan and the timeframe in which to apply.

(II) The person’s right to request an indigency determination and the timeframe in which the person must apply.

(III) Clear language about how the person can request an indigency determination and what that determination will entail.

(IV) Documents needed by the processing agency to make an indigency determination.

(iii) The person fails to enroll in the payment plan within the time specified in the notice or is not eligible for the payment plan because the person is not indigent.

(B) The processing agency shall allow a person who falls out of compliance with the payment plan a one-time extension of 45 calendar days from the date the payment plan becomes delinquent to resume payments before the processing agency files an itemization of unpaid parking penalties and related service fees with the department pursuant to subparagraph (A).

(C) The processing agency shall rescind the filing of an itemization of unpaid parking penalties and related service fees with the department for an indigent person, for one time only, if the registered owner or lessee enrolls in a payment plan and pays a late fee of no more than five dollars ($5).

(D) (i) Each California State University and community college district governing board shall adopt a parking citation payment plan for persons with multiple unpaid parking citations. A parking citation payment policy adopted under this subparagraph shall include, but not be limited to, all of the following requirements:

(I) Late fees shall be placed in abeyance while the payment plan is in place and the person adheres to its terms, and shall be waived once the payment plan is completed.

(II) Once the payment plan is in place and the person adheres to its terms, an itemization of unpaid parking penalties and service fees as described in subparagraph (A) shall not be filed with the department.

(III) Each California State University and community college district campus shall post the parking citation payment policy on its internet website for students’ awareness and access.

(ii) A California State University or community college district governing board that fails to implement a parking citation payment plan pursuant to clause (i) shall implement the payment plan as provided in subparagraphs (A) to (C), inclusive, and subdivision (c).

(2) (A) If more than four hundred dollars ($400) in unpaid penalties and fees have been accrued by a person or registered owner, proof thereof may be filed with the court and shall have the same effect as a civil judgment. Execution may be levied and other measures may be taken for the collection of the judgment as are authorized for the collection of an unpaid civil judgment entered against a defendant in an action on a
debtor. The court may assess costs against a judgment debtor to be paid upon satisfaction of the judgment. The processing agency shall send a notice by first-class mail to the person or registered owner indicating that a judgment shall be entered for the unpaid penalties, fees, and costs and that, after 21 calendar days from the date of the mailing of the notice, the judgment shall have the same effect as an entry of judgment against a judgment debtor. The person or registered owner shall also be notified at that time that execution may be levied against their assets, liens may be placed against their property, their wages may be garnished, and other steps may be taken to satisfy the judgment. If a judgment is rendered for the processing agency, the processing agency may contract with a collection agency to collect the amount of the judgment.

(B) Notwithstanding any other law, the processing agency shall pay the established first paper civil filing fee at the time an entry of civil judgment is requested.

(3) If the registration of the vehicle has not been renewed for 60 days beyond the renewal date, and the citation has not been collected by the department pursuant to Section 4760, file proof of unpaid penalties and fees with the court with the same effect as a civil judgment as provided in paragraph (2).

(b) This section does not apply to a registered owner of a vehicle if the citation was issued prior to the registered owner taking possession of the vehicle, and the department has notified the processing agency pursuant to Section 4764.

(c) (1) For purposes of paragraph (1) of subdivision (a), a person is “indigent” if any of the following conditions is met:

(A) The person meets the income criteria set forth in subdivision (b) of Section 68632 of the Government Code.

(B) The person receives public benefits from a program listed in subdivision (a) of Section 68632 of the Government Code.

(2) The person may demonstrate that the person is indigent by providing either of the following information, as applicable:

(A) Proof of income from a pay stub or another form of proof of earnings, such as a bank statement, that shows that the person meets the income criteria set forth in subdivision (b) of Section 68632 of the Government Code, subject to review and approval by the processing agency or its designee. The processing agency or its designee shall not unreasonably withhold its approval.

(B) Proof of receipt of benefits under the programs described in subparagraph (B) of paragraph (1), including, but not limited to, an electronic benefits transfer card or another card, subject to review and approval by the processing agency. The processing agency or its designee shall not unreasonably withhold its approval.

(3) If a defendant’s indigent status is found to have been willfully fraudulent, the defendant’s penalties and fees reduction shall be overturned and the full amount of penalties and fees shall be restored.
AB 3373, Chapter 57
Property taxation: assessment appeals boards.
Effective Date 1/1/2021

SECTION 1.
Section 1621 of the Revenue and Taxation Code is amended to read:

1621.
(a) The board of supervisors may create as many assessment appeals boards within any county as it deems necessary for the orderly and timely processing, hearing, and disposition of assessment appeals. An assessment appeals board shall be designated by number in the ordinance providing for its creation.

(b) This section shall become operative on January 1, 2005.

ACA 11, Chapter 11
The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act.

First—

This measure shall be known, and may be cited, as the Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act.

Second—

That Section 2.1 is added to Article XIII A thereof, to read:

SEC. 2.1.
(a) Limitation on Property Tax Increases on Primary Residences for Seniors, the Severely Disabled, Wildfire and Natural Disaster Victims, and Families. It is the intent of the Legislature in proposing, and the people in adopting, this section to do both of the following:

(1) Limit property tax increases on primary residences by removing unfair location restrictions on homeowners who are severely disabled, victims of wildfires or other natural disasters, or seniors over 55 years of age that need to move closer to family or medical care, downsize, find a home that better fits their needs, or replace a damaged home and limit damage from wildfires on homes through dedicated funding for fire protection and emergency response.

(2) Limit property tax increases on family homes used as a primary residence by protecting the right of parents and grandparents to pass on their family home to their children and grandchildren for continued use as a primary residence, while eliminating unfair tax loopholes used by East Coast investors, celebrities, wealthy non-California
residents, and trust fund heirs to avoid paying a fair share of property taxes on vacation homes, income properties, and beachfront rentals they own in California.

(b) Property Tax Fairness for Seniors, the Severely Disabled, and Victims of Wildfire and Natural Disasters. Notwithstanding any other provision of this Constitution or any other law, beginning on and after April 1, 2021, the following shall apply:

(1) Subject to applicable procedures and definitions as provided by statute, an owner of a primary residence who is over 55 years of age, severely disabled, or a victim of a wildfire or natural disaster may transfer the taxable value of their primary residence to a replacement primary residence located anywhere in this state, regardless of the location or value of the replacement primary residence, that is purchased or newly constructed as that person’s principal residence within two years of the sale of the original primary residence.

(2) For purposes of this subdivision:

(A) For any transfer of taxable value to a replacement primary residence of equal or lesser value than the original primary residence, the taxable value of the replacement primary residence shall be deemed to be the taxable value of the original primary residence.

(B) For any transfer of taxable value to a replacement primary residence of greater value than the original primary residence, the taxable value of the replacement primary residence shall be calculated by adding the difference between the full cash value of the original primary residence and the full cash value of the replacement primary residence to the taxable value of the original primary residence.

(3) An owner of a primary residence who is over 55 years of age or severely disabled shall not be allowed to transfer the taxable value of a primary residence more than three times pursuant to this subdivision.

(4) Any person who seeks to transfer the taxable value of their primary residence pursuant to this subdivision shall file an application with the assessor of the county in which the replacement primary residence is located. The application shall, at minimum, include information comparable to that identified in paragraph (1) of subdivision (f) of Section 69.5 of the Revenue and Taxation Code, as that section read on January 1, 2020.

(c) Property Tax Fairness for Family Homes. Notwithstanding any other provision of this Constitution or any other law, beginning on and after February 16, 2021, the following shall apply:

(1) For purposes of subdivision (a) of Section 2, the terms “purchased” and “change in ownership” do not include the purchase or transfer of a family home of the transferor in the case of a transfer between parents and their children, as defined by the Legislature, if the property continues as the family home of the transferee. This subdivision shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree. The new taxable value of the family home of the transferee shall be the sum of both of the following:
(A) The taxable value of the family home, subject to adjustment as authorized by subdivision (b) of Section 2, determined as of the date immediately prior to the date of the purchase by, or transfer to, the transferee.

(B) The applicable of the following amounts:

(i) If the assessed value of the family home upon purchase by, or transfer to, the transferee is less than the sum of the taxable value described in subparagraph (A) plus one million dollars ($1,000,000), then zero dollars ($0).

(ii) If the assessed value of the family home upon purchase by, or transfer to, the transferee is equal to or more than the sum of the taxable value described in subparagraph (A) plus one million dollars ($1,000,000), an amount equal to the assessed value of the family home upon purchase by, or transfer to, the transferee, minus the sum of the taxable value described in subparagraph (A) and one million dollars ($1,000,000).

(2) Paragraph (1) shall also apply to a purchase or transfer of the family home between grandparents and their grandchildren if all of the parents of those grandchildren, who qualify as children of the grandparents, are deceased as of the date of the purchase or transfer.

(3) Paragraphs (1) and (2) shall also apply to the purchase or transfer of a family farm. For purposes of this paragraph, any reference to a “family home” in paragraph (1) or (2) shall be deemed to instead refer to a “family farm.”

(4) Beginning on February 16, 2023, and every other February 16 thereafter, the State Board of Equalization shall adjust the one million dollar ($1,000,000) amount described in paragraph (1) for inflation to reflect the percentage change in the House Price Index for California for the prior calendar year, as determined by the Federal Housing Finance Agency. The State Board of Equalization shall calculate and publish the adjustments required by this paragraph.

(5) (A) Subject to subparagraph (B), in order to receive the property tax benefit provided by this section for the purchase or transfer of a family home, the transferee shall claim the homeowner’s exemption or disabled veteran’s exemption at the time of the purchase or transfer of the family home.

(B) A transferee who fails to claim the homeowner’s exemption or disabled veteran’s exemption at the time of the purchase or transfer of the family home may receive the property tax benefit provided by this section by claiming the homeowner’s exemption or disabled veteran’s exemption within one year of the purchase or transfer of the family home and shall be entitled to a refund of taxes previously owed or paid between the date of the transfer and the date the transferee claims the homeowner’s exemption or disabled veteran’s exemption.

(d) Subdivision (h) of Section 2 shall apply to any purchase or transfer that occurs on or before February 15, 2021, but shall not apply to any purchase or transfer occurring after that date. Subdivision (h) of Section 2 shall be inoperative as of February 16, 2021.
(e) For purposes of this section:

(1) “Disabled veteran’s exemption” means the exemption authorized by subdivision (a) of Section 4 of Article XIII.

(2) “Family farm” means any real property which is under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity, as that term is defined in Section 51201 of the Government Code as that section read on January 1, 2020.

(3) “Family home” has the same meaning as “principal residence,” as that term is used in subdivision (k) of Section 3 of Article XIII.

(4) “Full cash value” has the same meaning as defined in subdivision (a) of Section 2.

(5) “Homeowner’s exemption” means the exemption provided by subdivision (k) of Section 3 of Article XIII.

(6) “Natural disaster” means the existence, as declared by the Governor, of conditions of disaster or extreme peril to the safety of persons or property within the affected area caused by conditions such as fire, flood, drought, storm, mudslide, earthquake, civil disorder, foreign invasion, or volcanic eruption.

(7) “Primary residence” means a residence eligible for either of the following:

(A) The homeowner’s exemption.

(B) The disabled veteran’s exemption.

(8) “Principal residence” as used in subdivision (b) has the same meaning as that term is used in subdivision (a) of Section 2.

(9) “Replacement primary residence” has the same meaning as “replacement dwelling,” as that term is defined in subdivision (a) of Section 2.

(10) “Taxable value” means the base year value determined in accordance with subdivision (a) of Section 2 plus any adjustment authorized by subdivision (b) of Section 2.

(11) “Victim of a wildfire or natural disaster” means the owner of a primary residence that has been substantially damaged as a result of a wildfire or natural disaster that amounts to more than 50 percent of the improvement value of the primary residence immediately before the wildfire or natural disaster. For purposes of this paragraph, “damage” includes a diminution in the value of the primary residence as a result of restricted access caused by the wildfire or natural disaster.

(12) “Wildfire” has the same meaning as defined in subdivision (j) of Section 51177 of the Government Code, as that section read on January 1, 2020.

Third—

That Section 2.2 is added to Article XIII A thereof, to read:
SEC. 2.2.
(a) Protection of Fire Services, Emergency Response, and County Services. It is the intent of the Legislature in proposing, and the people in adopting, this section and Section 2.3 to do both of the following:

(1) Dedicate revenue for fire protection and emergency response, address inequities in underfunded fire districts, ensure all communities are protected from wildfires, and safeguard the lives of millions of Californians.

(2) Protect county revenues and other vital local services.

(b) (1) The California Fire Response Fund is hereby created within the State Treasury.

(2) The County Revenue Protection Fund is hereby created within the State Treasury. Moneys in the County Revenue Protection Fund are continuously appropriated, without regard to fiscal year, for the purpose of reimbursing eligible local agencies that incur a negative gain, and paying the administrative costs of the California Department of Tax and Fee Administration, in accordance with Section 2.3. Moneys in the fund shall only be expended as provided in Section 2.3.

(c) For purposes of the calculations required by Section 8 of Article XVI, moneys in the California Fire Response Fund and the County Revenue Protection Fund shall be deemed to be General Fund revenues which may be appropriated pursuant to Article XIII B.

(d) The Director of Finance shall do the following, as applicable:

(1) On or before September 1, 2022, and on or before each subsequent September 1 through September 1, 2027, calculate the additional revenues and savings that accrued to the state from the implementation of Section 2.1, including, but not limited to, any increase in state income tax revenues and net savings to the state arising from any reduction in the state’s funding obligation under Section 8 of Article XVI, during the immediately preceding fiscal year ending on June 30. In making the calculation required by this paragraph, the Director of Finance shall use actual data or best available estimates where actual data is not available. The calculation shall be final and shall not be adjusted for any subsequent changes in the underlying data. The Director of Finance shall certify the results of the calculation to the Legislature and the Controller no later than September 1 of each year.

(2) On or before September 1, 2028, and each subsequent September 1 thereafter, calculate the additional revenues and savings that accrued to the state from the implementation of Section 2.1, including, but not limited to, any increase in state income tax revenues and net savings to the state arising from any reduction in the state’s funding obligation under Section 8 of Article XVI during the immediately preceding fiscal year ending on June 30 by multiplying the amount from the immediately preceding fiscal year ending on June 30 by the rate of increase in property tax revenues allocated to local agencies in that fiscal year. In making the calculation required by this paragraph, the Director of Finance shall use actual data or best available estimates where actual data is not available. The calculation shall be final and shall not be adjusted for any subsequent changes in the underlying data. The Director of Finance shall certify the results of the
calculation to the Legislature and the Controller no later than September 1 of each fiscal year.

(e) No later than September 15, 2022, and each subsequent September 15 thereafter, the Controller shall do both of the following:

(1) Transfer from the General Fund to the California Fire Response Fund an amount equal to 75 percent of the amount calculated by the Director of Finance pursuant to subdivision (d) for the applicable year.

(2) Transfer from the General Fund to the County Revenue Protection Fund an amount equal to 15 percent of the amount calculated by the Director of Finance pursuant to subdivision (d) for the applicable year. Moneys transferred to the County Revenue Protection Fund pursuant to this paragraph shall be used to reimburse eligible local agencies with a negative gain, as provided in Section 2.3.

(f) Moneys in the California Fire Response Fund shall be appropriated by the Legislature in each fiscal year exclusively for the purposes of this section and, except as otherwise provided in subdivision (g), shall not be appropriated for any other purpose. Moneys in the California Fire Response Fund may be used upon appropriation without regard to fiscal year and shall be used to expand fire suppression staffing, as set forth in paragraphs (1) to (4), inclusive, and not to supplant existing state or local funds utilized for those purposes.

(1) Twenty percent of the moneys in the California Fire Response Fund shall be appropriated to the Department of Forestry and Fire Protection to fund fire suppression staffing.

(2) Eighty percent of the moneys in the California Fire Response Fund shall be deposited in the Special District Fire Response Fund, which is hereby created as a subaccount within the California Fire Response Fund, and appropriated to special districts that provide fire protection services in accordance with the following criteria:

(A) Fifty percent of the amount described in this paragraph shall be used to fund fire suppression staffing in underfunded special districts that provide fire protection services, were formed after July 1, 1978, and employ full-time or full-time-equivalent station-based personnel who are immediately available to comprise at least 50 percent of an initial full alarm assignment.

(B) Twenty-five percent of the amount described in this paragraph shall be used to fund fire suppression staffing in special districts that provide fire protection services, were formed before July 1, 1978, are underfunded due to a disproportionately low share of property tax revenue and an increase in service level demands since July 1, 1978, and employ full-time or full-time-equivalent station-based personnel who are immediately available to comprise at least 50 percent of an initial full alarm assignment.

(C) Twenty-five percent of the amount described in this paragraph shall be used to fund fire suppression staffing in underfunded special districts that provide fire protection services and employ full-time or full-time-equivalent station-based personnel who are
immediately available to comprise at least 30 percent but less than 50 percent of an initial full alarm assignment.

(3) In determining whether a special district that provides fire protection services is underfunded for purposes of paragraph (2), the Legislature shall take into account the following factors, in order of priority:

(A) The degree to which the special district’s property tax revenue is insufficient to sustain adequate fire suppression, as measured against the population density, size of the service area, and number of taxpayers within the boundaries of the special district.

(B) Whether the special district, upon formation, received a property tax allocation in accordance with Chapter 282 of the Statutes of 1979.

(C) Geographic diversity.

(4) The allocation of moneys to a special district that qualifies pursuant to paragraph (2) shall be in the form of grants, with a term of not less than 10 years, in order to ensure that the special district can engage in responsible budgeting and sustain adequate fire suppression services over the long term.

(g) Notwithstanding subdivision (f), if in any fiscal year after the first fiscal year for which moneys are transferred from the General Fund to the California Fire Response Fund pursuant to this section the amount transferred exceeds the amount transferred in the previous fiscal year by more than 10 percent, the Controller shall not transfer the amount in excess of that 10 percent, which shall be available for appropriation from the General Fund for any purpose.

Fourth—

That Section 2.3 is added to Article XIII A thereof, to read:

SEC. 2.3.

(a) Each county shall annually, no later than the date specified by the California Department of Tax and Fee Administration by regulations adopted pursuant to this section, determine the gain for the county and for each local agency in the county resulting from implementation of Section 2.1 by adding the following amounts:

(1) The revenue increase resulting from the sale and reassessment of original primary residences for outbound intercounty transfers pursuant to subdivision (b) of Section 2.1.

(2) The revenue decrease, which shall be expressed as a negative number, resulting from the transfer of taxable values of original primary residences located in other counties to replacement primary residences located within the county for inbound intercounty transfers pursuant to subdivision (b) of Section 2.1.

(3) The revenue increase resulting from subdivision (c) of Section 2.1.

(b) A county or any local agency in the county that has a positive gain determined pursuant to subdivision (a) shall not be eligible to receive reimbursement from the County Revenue Protection Fund. A county or any local agency in the county that has a negative
gain determined pursuant to subdivision (a) shall be deemed to be an eligible local agency entitled to a reimbursement from the County Revenue Protection Fund.

(c) The California Department of Tax and Fee Administration shall determine each eligible local agency’s aggregate gain every three years, based on the amounts determined pursuant to subdivision (a) for each of those three years, and provide reimbursement to each eligible local agency with a negative gain from the moneys in the County Revenue Protection Fund equal to that amount. If there are insufficient moneys in that fund to cover the total amount of reimbursements under this section, the California Department of Tax and Fee Administration shall allocate a pro rata share of the moneys in the fund to each eligible local agency based on the amount of the eligible local agency’s reimbursement relative to the total amount of reimbursements under this section.

(d) At the end of each three-year period described in subdivision (c), after the California Department of Tax and Fee Administration has reimbursed each eligible local agency that has experienced a negative gain during that three-year period, the Controller shall transfer the remaining balance, if any, in the County Revenue Protection Fund to the General Fund, to be available for appropriation for any purpose.

(e) The California Department of Tax and Fee Administration shall promulgate regulations to implement this section pursuant to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), as may be amended from time to time by the Legislature, or any successor to those provisions.

(f) For purposes of this section and Section 2.2, an “eligible local agency” is a county, a city, a city and county, a special district, or a school district as determined pursuant to subdivision (o) of Section 42238.02 of the Education Code as it read on January 8, 2020, that has a negative gain as determined pursuant to this section.

SB 364, Chapter 58
Change in ownership: nonresidential active solar energy systems: initiative.
Effective Date 1/1/2021

SECTION 1.

Section 73 of the Revenue and Taxation Code is amended to read:

73.

(a) Pursuant to the authority granted to the Legislature pursuant to paragraph (1) of subdivision (c) of Section 2 of Article XIII A of the California Constitution, the term “newly constructed,” as used in subdivision (a) of Section 2 of Article XIII A of the California Constitution, does not include the construction or addition of any active solar energy system, as defined in subdivision (b).

(b) (1) “Active solar energy system” means a system that, upon completion of the construction of a system as part of a new property or the addition of a system to an
existing property, uses solar devices, which are thermally isolated from living space or any other area where the energy is used, to provide for the collection, storage, or distribution of solar energy.

(2) “Active solar energy system” does not include solar swimming pool heaters or hot tub heaters.

(3) Active solar energy systems may be used for any of the following:

(A) Domestic, recreational, therapeutic, or service water heating.

(B) Space conditioning.

(C) Production of electricity.

(D) Process heat.

(E) Solar mechanical energy.

(c) For purposes of this section, “occupy or use” has the same meaning as defined in Section 75.12.

(d) (1) (A) The Legislature finds and declares that the definition of spare parts in this paragraph is declarative of the intent of the Legislature, in prior statutory enactments of this section that excluded active solar energy systems from the term “newly constructed,” as used in the California Constitution, thereby creating a tax appraisal exclusion.

(B) An active solar energy system that uses solar energy in the production of electricity includes storage devices, power conditioning equipment, transfer equipment, and parts related to the functioning of those items. In general, the use of solar energy in the production of electricity involves the transformation of sunlight into electricity through the use of devices such as solar cells or other solar collecting equipment. However, an active solar energy system used in the production of electricity includes only equipment used up to, but not including, the stage of conveyance or use of the electricity. For the purpose of this paragraph, the term “parts” includes spare parts that are owned by the owner of, or the maintenance contractor for, an active solar energy system that uses solar energy in the production of electricity and which spare parts were specifically purchased, designed, or fabricated by or for that owner or maintenance contractor for installation in an active solar energy system that uses solar energy in the production of electricity, thereby including those parts in the tax appraisal exclusion created by this section.

(2) An active solar energy system that uses solar energy in the production of electricity also includes pipes and ducts that are used exclusively to carry energy derived from solar energy. Pipes and ducts that are used to carry both energy derived from solar energy and from energy derived from other sources are active solar energy system property only to the extent of 75 percent of their full cash value.

(3) An active solar energy system that uses solar energy in the production of electricity does not include auxiliary equipment, such as furnaces and hot water heaters, that use a source of power other than solar energy to provide usable energy. An active solar energy system that uses solar energy in the production of electricity does include equipment, such as ducts and hot water tanks, that is utilized by both auxiliary equipment and solar
energy equipment, that is, dual use equipment. That equipment is active solar energy system property only to the extent of 75 percent of its full cash value.

(e) (1) Notwithstanding any other law, for purposes of this section, “the construction or addition of any active solar energy system” includes the construction of an active solar energy system incorporated by the owner-builder in the initial construction of a new building that the owner-builder does not intend to occupy or use. The exclusion from “newly constructed” provided by this subdivision applies to the initial purchaser who purchased the new building from the owner-builder, but only if the owner-builder did not receive an exclusion under this section for the same active solar energy system and only if the initial purchaser purchased the new building prior to that building becoming subject to reassessment to the owner-builder, as described in subdivision (d) of Section 75.12. The assessor shall administer this subdivision in the following manner:

(A) The initial purchaser of the building shall file a claim with the assessor and provide to the assessor any documents necessary to identify the value attributable to the active solar energy system included in the purchase price of the new building. The claim shall also identify the amount of any rebate for the active solar energy system provided to either the owner-builder or the initial purchaser by the Public Utilities Commission, the State Energy Resources Conservation and Development Commission, an electrical corporation, a local publicly owned electric utility, or any other agency of the State of California.

(B) The assessor shall evaluate the claim and determine the portion of the purchase price that is attributable to the active solar energy system. The assessor shall then reduce the new base year value established as a result of the change in ownership of the new building by an amount equal to the difference between the following two amounts:

(i) That portion of the value of the new building attributable to the active solar energy system.

(ii) The total amount of all rebates, if any, described in subparagraph (A) that were provided to either the owner-builder or the initial purchaser.

(C) The extension of the new construction exclusion to the initial purchaser of a newly constructed new building shall remain in effect only until there is a subsequent change in ownership of the new building.

(2) The State Board of Equalization, in consultation with the California Assessors’ Association, shall prescribe the manner, documentation, and form for claiming the new construction exclusion required by this subdivision.

(f) Notwithstanding any other law, the exclusion from new construction provided by this section shall remain in effect only until there is a subsequent change in ownership.

(g) This section applies to property tax lien dates for the 1999–2000 fiscal year to the 2023–24 fiscal year, inclusive.

(h) The amendments made to this section by the act that added this subdivision apply beginning with the lien date for the 2008–09 fiscal year.
(i) (1) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

(2) Active energy solar systems that qualify for an exclusion under this section prior to January 1, 2025, shall continue to be excluded on and after January 1, 2025, until there is a subsequent change in ownership.

(j) On and after the operative date of Chapter 4.5 (commencing with Section 83), this section shall no longer apply to nonresidential active solar energy systems, as defined in Section 85.

SEC. 2.

Chapter 4.5 (commencing with Section 83) is added to Part 0.5 of Division 1 of the Revenue and Taxation Code, to read:

CHAPTER 4.5. Implementation of Article XIII A For Nonresidential Active Solar Energy Systems

83. The Legislature finds and declares that it is the intent of the Legislature, in enacting this chapter, to ensure active solar energy systems that would have been exempt from taxation because of the new construction exclusion continue to be exempt from taxation until there is a subsequent change in ownership of the active solar energy system.

83.5. For purposes of Article XIII A of the California Constitution, all of the following apply:

(a) Notwithstanding Section 105, “improvements” do not include nonresidential active solar energy systems.

(b) Notwithstanding Section 106, “personal property” includes nonresidential active solar energy systems.

(c) “Real property” includes improvements, as defined in Section 105, but does not include personal property, as defined in Section 106.

84. For purposes of this chapter, “residential property” means real property used as residential property, including both single-family and multiunit structures, and the land on which those structures are constructed or placed.

85. (a) (1) “Nonresidential active solar energy system” means a system that uses solar devices to provide for the collection, storage, or distribution of solar energy, and that is not constructed or installed in or on residential property.

(2) “Nonresidential active solar energy system” does not include solar swimming pool heaters or hot tub heaters.

(b) Nonresidential active solar energy systems may be used for any of the following:

(1) Recreational, therapeutic, or service water heating.
(2) Space conditioning.

(3) Production of electricity.

(4) Process heat.

(5) Solar mechanical energy.

(c) A nonresidential active solar energy system that uses solar energy in the production of electricity includes storage devices, power conditioning equipment, transfer equipment, and parts related to the functioning of those items. In general, the use of solar energy in the production of electricity involves the transformation of sunlight into electricity through the use of devices such as solar cells or other solar collecting equipment. However, a nonresidential active solar energy system used in the production of electricity includes only equipment used up to, but not including, the stage of conveyance or use of the electricity. For the purpose of this section, the term “parts” includes spare parts that are owned by the owner of, or the maintenance contractor for, a nonresidential active solar energy system that uses solar energy in the production of electricity and which spare parts were specifically purchased, designed, or fabricated by or for that owner or maintenance contractor for installation in a nonresidential active solar energy system that uses solar energy in the production of electricity, thereby including those parts in the tax exemption created by this chapter.

(d) A nonresidential active solar energy system that uses solar energy in the production of electricity also includes pipes and ducts that are used exclusively to carry energy derived from solar energy. Pipes and ducts that are used to carry both energy derived from solar energy and from energy derived from other sources are nonresidential active solar energy system property only to the extent of 75 percent of their fair market value.

(e) A nonresidential active solar energy system that uses solar energy in the production of electricity does not include auxiliary equipment, such as furnaces and hot water heaters, that use a source of power other than solar energy to provide usable energy. A nonresidential active solar energy system that uses solar energy in the production of electricity does include equipment, such as ducts and hot water tanks, that is utilized by both auxiliary equipment and solar energy equipment, that is, dual-use equipment. That equipment is nonresidential active solar energy system property only to the extent of 75 percent of its fair market value.

86.

(a) (1) Subject to paragraph (2), a nonresidential active solar energy system constructed or installed prior to January 1, 2025, shall be exempt from taxation until there is a subsequent change in ownership of the nonresidential active solar energy system.

(2) The exemption described in paragraph (1) applies to a nonresidential active solar energy system constructed or installed prior to the date this chapter becomes operative only if that system would have been excluded, on the date this chapter becomes operative, from the term “newly constructed,” as described in Section 73, had the system been real property instead of personal property and had Section 73 been applicable to nonresidential active solar energy systems.
(3) No nonresidential active solar energy systems constructed or installed on or after January 1, 2025, shall be exempt from taxation pursuant to this subdivision.

(b) Nonresidential active solar energy systems that qualify for the exemption from taxation pursuant to paragraph (1) of subdivision (a) shall continue to be exempt therefrom on and after January 1, 2025, until there is a subsequent change in ownership.

(c) A change in ownership shall be deemed to have occurred for purposes of this section if the transaction would have constituted a change in ownership under Chapter 2 (commencing with Section 60) had the nonresidential active solar energy system been real property instead of personal property.

87.
(a) The provisions of this chapter are to be construed liberally so as to effectuate their intent, policy, and purposes.

(b) The provisions of this chapter are severable. If any provision of this chapter or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

88.
(a) This chapter shall become operative on the date that an initiative measure adding Section 2.5 to Article XIII A of the California Constitution at the November 3, 2020, statewide general election takes effect pursuant to subdivision (a) of Section 10 of Article II of the California Constitution.

(b) If a majority of the voters do not approve the initiative measure adding Section 2.5 to Article XIII A of the California Constitution at the November 3, 2020, statewide general election, then this chapter shall remain inoperative until January 1, 2021, and as of that date is repealed.

SEC. 3.

Section 105 of the Revenue and Taxation Code is amended to read:

105.
(a) “Improvements” includes both of the following:

(1) All buildings, structures, fixtures, and fences erected on or affixed to the land.

(2) All fruit, nut-bearing, or ornamental trees and vines, not of natural growth, and not exempt from taxation, except date palms under eight years of age.

(b) This section shall be in effect until the date Chapter 4.5 (commencing with Section 83) of Part 0.5 goes into effect pursuant to subdivision (a) of Section 88, and as of that date is repealed.

SEC. 4.
Section 105 is added to the Revenue and Taxation Code, to read:

105.  
(a) Except as provided in Section 83.5, “improvements” includes both of the following:
(1) All buildings, structures, fixtures, and fences erected on or affixed to the land.
(2) All fruit, nut-bearing, or ornamental trees and vines, not of natural growth, and not exempt from taxation, except date palms under eight years of age.
(b) This section shall go into effect on the date Chapter 4.5 (commencing with Section 83) goes into effect pursuant to subdivision (a) of Section 88.

SEC. 5.

Section 106 of the Revenue and Taxation Code is amended to read:

106.  
(a) “Personal property” includes all property except real estate.
(b) This section shall be in effect until the date Chapter 4.5 (commencing with Section 83) of Part 0.5 goes into effect pursuant to subdivision (a) of Section 88, and as of that date is repealed.

SEC. 6.

Section 106 is added to the Revenue and Taxation Code, to read:

106.  
(a) Except as provided in Section 83.5, “personal property” includes all property except real estate.
(b) This section shall go into effect on the date Chapter 4.5 (commencing with Section 83) of Part 0.5 goes into effect pursuant to subdivision (a) of Section 88.

SEC. 7.

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 8.

Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 9.

This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.
SECTION 1.
Section 1788.11 of the Civil Code is amended to read:

1788.11. No debt collector shall collect or attempt to collect a consumer debt by means of the following practices:

(a) Using obscene or profane language.

(b) Placing a telephone call without disclosing the caller’s identity, provided that an employee of a licensed collection agency may identify himself by using his registered alias name as long as he correctly identifies the agency he represents; if they correctly identify the agency that they represent. A debt collector shall provide its California debt collector license number upon the consumer’s request.

(c) Causing expense to any person for long distance telephone calls, telegram fees, or charges for other similar communications, by misrepresenting to such the person the purpose of such the telephone call, telegram or similar communication.

(d) Causing a telephone to ring repeatedly or continuously to annoy the person called.

(e) Communicating, by telephone or in person, with the debtor with such frequency as to be unreasonable and to constitute harassment of the debtor under the circumstances.

(f) Sending written or digital communication to the person that does not display the California license number of the collector in at least 12-point type.

SEC. 2.
Section 1788.52 of the Civil Code is amended to read:

1788.52. (a) A debt buyer shall not make any written statement to a debtor in an attempt to collect a consumer debt unless the debt buyer possesses the following information:

(1) That the debt buyer is the sole owner of the debt at issue or has authority to assert the rights of all owners of the debt.

(2) The debt balance at charge off and an explanation of the amount, nature, and reason for all post-charge-off interest and fees, if any, imposed by the charge-off creditor or any subsequent purchasers of the debt. This paragraph shall not be deemed to require a specific itemization, but the explanation shall identify separately the charge-
off balance, the total of any post-charge-off interest, and the total of any post-charge-off fees.

(3) The date of default or the date of the last payment.

(4) The name and an address of the charge-off creditor at the time of charge off, and the charge-off creditor's account number associated with the debt. The charge-off creditor's name and address shall be in sufficient form so as to reasonably identify the charge-off creditor.

(5) The name and last known address of the debtor as they appeared in the charge-off creditor's records prior to the sale of the debt. If the debt was sold prior to January 1, 2014, the name and last known address of the debtor as they appeared in the debt owner's records on December 31, 2013, shall be sufficient.

(6) The names and addresses of all persons or entities that purchased the debt after charge off, including the debt buyer making the written statement. The names and addresses shall be in sufficient form so as to reasonably identify each such purchaser.

(7) The California license number of the debt buyer.

(b) A debt buyer shall not make any written statement to a debtor in an attempt to collect a consumer debt unless the debt buyer has access to a copy of a contract or other document evidencing the debtor's agreement to the debt. If the claim is based on debt for which no signed contract or agreement exists, the debt buyer shall have access to a copy of a document provided to the debtor while the account was active, demonstrating that the debt was incurred by the debtor. For a revolving credit account, the most recent monthly statement recording a purchase transaction, last payment, or balance transfer shall be deemed sufficient to satisfy this requirement.

(c) A debt buyer shall provide the information or documents identified in subdivisions (a) and (b) to the debtor without charge within 15 calendar days of receipt of a debtor's written request for information regarding the debt or proof of the debt. If the debt buyer cannot provide the information or documents within 15 calendar days, the debt buyer shall cease all collection of the debt until the debt buyer provides the debtor the information or documents described in subdivisions (a) and (b). Except as provided otherwise in this title, the request by the debtor shall be consistent with the validation requirements contained in Section 1692g of Title 15 of the United States Code. A debt buyer shall provide all debtors with whom it has contact an active postal address to which these requests can be sent. A debt buyer may also provide an active email address to which these requests can be sent and through which information and documents can be delivered, if the parties agree.

(d) (1) A debt buyer shall include with its first written communication with the debtor in no smaller than 12-point type, a separate prominent notice that provides:

“You may request records showing the following: (1) that [insert name of debt buyer] has the right to seek collection of the debt; (2) the debt balance, including an explanation of any interest charges and additional fees; (3) the date of default or the
date of the last payment; (4) the name of the charge-off creditor and the account number associated with the debt; (5) the name and last known address of the debtor as it appeared in the charge-off creditor’s or debt buyer’s records prior to the sale of the debt, as appropriate; and (6) the names of all persons or entities that have purchased the debt. You may also request from us a copy of the contract or other document evidencing your agreement to the debt.

“A request for these records may be addressed to: [insert debt buyer’s active mailing address and email address, if applicable].”

(2) When collecting on a time-barred debt where the debt is not past the date for obsolescence provided for in Section 605(a) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681c):

“The law limits how long you can be sued on a debt. Because of the age of your debt, we will not sue you for it. If you do not pay the debt, [insert name of debt buyer] may [continue to] report it to the credit reporting agencies as unpaid for as long as the law permits this reporting.”

(3) When collecting on a time-barred debt where the debt is past the date for obsolescence provided for in Section 605(a) of the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681c):

“The law limits how long you can be sued on a debt. Because of the age of your debt, we will not sue you for it, and we will not report it to any credit reporting agency.”

(e) If a language other than English is principally used by the debt buyer in the initial oral contact with the debtor, the notice required by subdivision (d) shall be provided to the debtor in that language within five working days.

(f) In the event of a conflict between the requirements of subdivision (d) and federal law, so that it is impracticable to comply with both, the requirements of federal law shall prevail.

SEC. 3.
Division 25 (commencing with Section 100000) is added to the Financial Code, to read:

DIVISION 25. Debt Collection Licensing Act
Article 1. Short Title
100000.
This division shall be known, and may be cited, as the Debt Collection Licensing Act.
100000.5.
(a) Except as set forth in this section, this division shall become operative on January 1, 2022.

(b) Commencing January 1, 2021, the commissioner shall take all actions necessary to prepare to be able, commencing January 1, 2022, to fully enforce the licensing and regulatory provisions of this division, including, but not limited to, adoption of all necessary regulations.

(c) The commissioner shall allow any debt collector that submits an application prior to January 1, 2022, to operate pending the approval or denial of the application.

100000.7.
No county, city, or other political subdivision within this state shall require a debt collector to be licensed or to register as a debt collector.

Article 2. Requirements for Licensure
100001.
(a) No person shall engage in the business of debt collection in this state without first obtaining a license pursuant to this division. To the extent permitted by federal law, a person is acting in this state if the person is located in this state and is seeking to collect from a debtor that resides inside or outside the state, or is located outside of the state and is seeking to collect from a debtor that resides in this state. A license shall be obtained for the licensee’s principal place of business and shall not be transferred or assigned. A separate license is not required for each individual branch office.

(b) (1) Except as provided in paragraph (2), this division shall not apply to a depository institution, as defined in Section 1420, a person licensed pursuant to Division 9 (commencing with Section 22000) or Division 20 (commencing with Section 50000), a person licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, a person who is subject to the Karnette Rental-Purchase Act (Title 2.96 (commencing with Section 1812.620) of Part 4 of Division 3 of the Civil Code), or a trustee performing acts in connection with a nonjudicial foreclosure pursuant to Article 1 (commencing with Section 2920) of Chapter 2 of Title 14 of Part 4 of Division 3 of the Civil Code.

(2) The commissioner may use the authority described in Section 100005 in connection with a violation of Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code by a person described in paragraph (1).

(c) This division shall not apply to debt collection regulated pursuant to Division 12.5 (commencing with Section 28100).

Article 3. Definitions
100002.
For purposes of this division, the following terms have the following meanings:

(a) “Applicant” means a person who applied for a license pursuant to this division.
(b) “California debtor accounts” means accounts that are owned by consumers who reside in California at the time that the consumer makes a payment on the account.

(c) “Collection agency” means a business entity through which a debt collector or an association of debt collectors engage in debt collection.

(d) “Commissioner” means the Commissioner of Business Oversight.

(e) “Consumer credit transaction” means a transaction between a natural person and another person in which property, services, or money is acquired on credit by that natural person from the other person primarily for personal, family, or household purposes.

(f) “Consumer debt” or “consumer credit” means money, property, or their equivalent, due or owing, or alleged to be due or owing, from a natural person by reason of a consumer credit transaction. The term “consumer debt” includes a mortgage debt. The term “consumer debt” includes “charged-off consumer debt” as defined in Section 1788.50 of the Civil Code.

(g) “Creditor” means a person who extends consumer credit to a debtor.

(h) “Debt” means money, property, or their equivalent that is due or owning or alleged to be due or owing from a natural person to another person.

(i) “Debt collection” means any act or practice in connection with the collection of consumer debt.

(j) “Debt collector” means any person who, in the ordinary course of business, regularly, on the person’s own behalf or on behalf of others, engages in debt collection. The term includes any person who composes and sells, or offers to compose and sell, forms, letters and other collection media used or intended to be used for debt collection. The term “debt collector” includes “debt buyer” as defined in Section 1788.50 of the Civil Code.

(k) “Debtor” means a natural person from whom a debt collector seeks to collect a consumer debt that is due or owing or alleged to be due or owing from the person.

(l) “Department” means the Department of Business Oversight.

(m) “Fund” means the Debt Collection Licensing Fund established pursuant to Section 100006.5.

(n) “Licensee” means a person licensed pursuant to this chapter.

(o) “Nationwide Multistate Licensing System & Registry” means a system of record, created by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators, for nondepository, financial services licensing or registration in participating state agencies, the District of Columbia, Puerto Rico, the United States Virgin Islands, and Guam.

(p) “Person” means a natural person, partnership, corporation, limited liability company, trust, estate, cooperative, association, or other similar entity.
CHAPTER 2. Licensing
Article 1. Commissioner on Business Oversight

100003. (a) The commissioner shall administer this division and may adopt rules and regulations, and issue orders, consistent with that authority.

(b) Without limitation, the functions, powers, and duties of the commissioner include all of the following:

(1) To issue or to refuse to issue a license as provided in this division.

(2) To allow affiliated companies to be under a single license. The commissioner shall adopt regulations specifying what constitutes an affiliated company for these purposes.

(3) To revoke or suspend any license for a violation of this division or a violation of Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code.

(4) To keep records of licenses issued under this division.

(5) To receive, consider, investigate, and act upon a complaint made in connection with a licensee.

(6) To prescribe the form of and to receive applications for licenses and reports, books, and records required to be made or retained by a licensee.

(7) To subpoena documents and witnesses, and to compel their attendance and production, to administer oaths, and to require the production of books, papers, or other materials relevant to any inquiry authorized by this division.

(8) To require information with regard to an applicant that the commissioner may deem necessary, with regard for the paramount public interest in ascertaining the experience, background, honesty, truthfulness, integrity, and competency of an applicant for collecting consumer debt, and if an applicant is an entity other than an individual, in ascertaining the honesty, truthfulness, integrity, and competency of officers, directors, or managing members of the corporation, association, or other entity, or the general patterns of a partnership.

(9) To enforce by order any provision of this division.

(10) To levy fees, fines, and charges in an amount sufficient to cover the cost of the services performed in administering this division. The fees collected pursuant to this division shall not exceed the costs of administering this division.

100003.3. (a) The proceedings for a revocation of a license shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) The commissioner may suspend or revoke a license if, after notice and an opportunity for hearing, the commissioner finds any of the following:
(1) The licensee violated this division or a regulation adopted or an order issued under this division.

(2) The licensee does not cooperate with an examination or investigation by the commissioner.

(3) The licensee violates Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code. The commissioner may adopt regulations that specify the factors that the commissioner will consider in revoking or suspending a license, including, but not limited to, the harm to the consumer, the frequency of the violation, and the number of prior disciplinary actions taken against the licensee.

(4) The licensee is insolvent, suspends payment of its obligations, or makes a general assignment for the benefit of its creditors.

(5) A receiver, liquidator, or conservator has been appointed for a licensee.

(6) Any fact or condition exists that, if it had existed at the time that the licensee applied for the license, would have been grounds for denying the application.

100004.
(a) Notwithstanding any law the commissioner shall have the authority to conduct investigations and examinations of an applicant or licensee as follows:

(1) For purposes of determining whether an applicant is eligible for a license, or that a licensee is complying with the provisions of this division or any regulation or order of the commissioner, the commissioner may access, receive, and use any books, accounts, records, files, documents, information, or evidence that relates to debt collection, including, but not limited to, any of the following relating to the intent to, or the practice of, collecting consumer debt:

(A) Criminal, civil, and administrative history information.

(B) Personal history and experience information, including, but not limited to, independent credit reports obtained from a consumer reporting agency.

(C) Any other documents, information, or evidence that the commissioner deems relevant to the inquiry or investigation regardless of the location, possession, control, or custody of those documents, information, or evidence.

(2) For the purposes of investigating violations or complaints arising under this division, the commissioner may direct, subpoena, or order the attendance of, and examine under oath, any person whose testimony may be required about the consumer debt or account of the debtor.

(b) In making any examination or investigation authorized by this section, the commissioner may control access to any documents and records of the licensee or person under examination or investigation. The commissioner may take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no person shall remove or attempt to remove any of the documents and records except pursuant
to a court order or with the consent of the commissioner. Unless the commissioner has reasonable grounds to believe the documents or records of a licensee have been, or are at risk of being, altered or destroyed for purposes of concealing a violation of this division, the licensee or owner of the documents and records shall have access to the documents or records as necessary to conduct their ordinary business affairs.

(c) The commissioner may permit affiliated companies to be subject to a single examination. The department shall list all affiliated company names on the license and shall post them on the department’s internet website.

100005.
(a) If, in the opinion of the commissioner, a person who is required to be licensed under this division is engaged in business as a debt collector without a license from the commissioner, or a person or licensee has violated any provision of this division, an order, or a regulation adopted pursuant to this division, or Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code, the commissioner may do any of the following:

(1) After notice and an opportunity for a hearing, order the person or licensee to desist and to refrain from engaging in the business of further continuing the violation.

(2) After notice and an opportunity for a hearing, order the person or licensee to pay ancillary relief. The ancillary relief may include, but need not be limited to, refunds, restitution, disgorgement, and payment of damages, as appropriate, on behalf of a person injured by the conduct or practice that constitutes the subject matter of the assessment. A person or licensee may dispute an order to pay ancillary relief for an individual violation of Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code, if the same injured person brought an action for the same violation against the same person or licensee in court, the action resulted in a final judgment on the merits, and all damages, penalties, or fees have been paid to the injured person.

(b) If, in the opinion of the commissioner, a depository institution, as defined in Section 1420, a person licensed pursuant to Division 9 (commencing with Section 22000) or Division 20 (commencing with Section 50000), or a person licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, has violated Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code, the commissioner may take the actions described in paragraphs (1) and (2) of subdivision (a).

(c) If, within 30 days after an order issued pursuant to subdivision (a) or (b) is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order shall be deemed rescinded.

100006.
(a) Notwithstanding any law, the commissioner may by rule or order prescribe circumstances under which to accept electronic records or electronic signatures. This section shall not be deemed to require the commissioner to accept electronic records or electronic signatures.
(b) For purposes of this section, the following terms have the following meanings:

(1) “Electronic record” means an initial license application, or material modification of that license application, and any other record created, generated, sent, communicated, received, or stored by electronic means. “Electronic record” also includes, but is not limited to, all of the following electronic documents:

(A) An application, amendment, supplement, and exhibit, filed for any license, consent, or other authority.

(B) A financial statement, report, or advertising.

(C) A surety bond, rider, or endorsement thereto.

(D) An order, license, consent, or other authority.

(E) A notice of public hearing, accusation, and statement of issues in connection with any application, license, consent, or other authority.

(F) A proposed decision of a hearing officer and a decision of the commissioner.

(G) The transcripts of a hearing and correspondence between a party and the commissioner directly relating to the record.

(H) A release, newsletter, interpretive opinion, determination, or specific ruling.

(I) Correspondence between a party and the commissioner directly relating to any document listed in subparagraphs (A) to (H), inclusive.

(2) “Electronic signature” means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record.

(c) The Legislature finds and declares that the Department of Business Oversight has continuously implemented methods to accept records filed electronically, and is encouraged to continue to expand its use of electronic filings to the extent feasible, as budget, resources, and equipment are made available to accomplish that goal.

100006.3.

(a) The commissioner may require an applicant for a license to make some or all of the filings with the commissioner through the Nationwide Multistate Licensing System & Registry.

(b) The commissioner may require an application to be made through the Nationwide Multistate Licensing System & Registry, and may require fees, fingerprints, financial statements, supporting documents, changes of address, and any other information, and amendments or modifications thereto, to be submitted by applicants and licensees through the Nationwide Multistate Licensing System & Registry.

(c) The commissioner may require licensees to pay annual fees through the Nationwide Multistate Licensing System & Registry.
100006.5.
(a) The Debt Collection Licensing Fund is hereby established within the state treasury.
(b) All licensing fees collected shall be deposited into the Fees Account which is hereby established within the fund.
(c) All fines and penalties collected shall be deposited into the Penalties Account which is hereby established within the fund.
(d) All monies deposited into the fund shall be available to the commissioner, upon appropriation by the Legislation, for the purposes of this division.

**Article 2. Application for Licensure**

100007.
An applicant shall apply for a license by submitting all of the following to the commissioner:

(a) A completed application for a license in a form prescribed by the commissioner and signed under penalty of perjury. Every application shall include the location of the applicant's principal place of business and all branch office locations.

(b) An application fee and investigation fee, the amount of which shall be determined by the department, to cover any costs incurred in processing an application, including a fingerprint processing and criminal history record check under Section 100009. The investigation fee, including the amount for the criminal history record check, and the application fee are not refundable if an application is denied or withdrawn.

(c) A sample of the initial letter required pursuant to Section 1692g of Title 15 of the United States Code that the licensee will use in correspondence with California consumers.

100008.
(a) The commissioner shall submit to the Department of Justice fingerprint images and related information required by the Department of Justice of every applicant, as defined in subdivision (a) of Section 100002, for purposes of obtaining information as to the existence and content of a record of state or federal convictions, state or federal arrests, and information as to the existence and content of a record of state or federal arrests for which the Department of Justice establishes that the person is free on bail or on their own recognizance pending trial or appeal.

(b) When received, the Department of Justice shall transmit fingerprint images and related information received pursuant to this section to the Federal Bureau of Investigation for the purpose of obtaining a federal criminal history records check. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the commissioner.

(c) The Department of Justice shall provide a state or federal response to the commissioner pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.
(d) The commissioner shall request from the Department of Justice subsequent arrest notification service, as provided pursuant to Section 11105.2 of the Penal Code, for the license applicant described in subdivision (a).

(e) The Department of Justice shall charge a fee, payable by the applicant, sufficient to cover the costs of processing the requests pursuant to this section.

100009.
(a) (1) Upon the filing of an application for a license pursuant to Section 100007 and the payment of the fees, if the applicant is a partnership, the commissioner shall investigate the applicant and its general partners and individuals owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or any individual responsible for the conduct of the applicant’s servicing activities in this state.

(2) Upon the filing of an application for a license pursuant to Section 100007 and the payment of the fees, if the applicant is a corporation, trust, limited liability company, or association, including an unincorporated organization, the commissioner shall investigate the applicant, its principal officers, directors, trustee, managing members, and individuals owning or controlling, directly or indirectly, 10 percent or more of the outstanding equity securities or any individual responsible for the conduct of the applicant’s debt collection activities in this state.

(b) Upon the filing of an application for a license pursuant to Section 100007 and the payment of the fees, the commissioner shall investigate the individual responsible for the debt collection activity of the licensee at the location described in the application. The investigation may be limited to information that was not included in prior applications filed pursuant to this division.

(c) For the purposes of this section, “principal officers” shall mean president, chief executive officer, treasurer, and chief financial officer, as may be applicable, and any other officer with direct responsibility for the conduct of the applicant’s debt collection activities in this state.

100011.
(a) When the application is complete, including the information from the Department of Justice, and the commissioner determines that the applicant has satisfied the requirements set forth in this division and does not find facts constituting reasons for denial, the commissioner shall issue and deliver a license to the applicant.

(b) If the commissioner determines that the requirements have not been satisfied, after notice and an opportunity for a hearing, the commissioner may deny the application and shall provide a written explanation for the denial.

100012.
(a) The proceedings for a denial of a license shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) After notice and an opportunity for a hearing the commissioner may deny an application for a license for any of the following reasons:
(1) A false statement of a material fact has been made in the application.

(2) The applicant or any principal officer, director, general partner, managing member, or individual owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant, within the last 10 years has (A) been convicted of, or pleaded nolo contendere to, a crime, other than traffic violations, or (B) committed any act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this division.

(3) The applicant or any principal officer, director, general partner, managing member, or individual owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant, has violated, or is not in material compliance with this division, or an order or rule of the commissioner.

(4) A material requirement for issuance of a license has not been met, provided that a written notice of a material omission shall first be sent to the applicant with an opportunity to correct the omission prior to the applicant’s denial.

(5) The applicant or any principal officer, director, general partner, managing member, or individual owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant, has violated this division or the rules thereunder, or any similar regulatory scheme of this or a foreign jurisdiction.

(6) The applicant or any principal officer, director, general partner, managing member, or individual owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant, has been held liable by final judgment in a civil action under Title 1.6C (commencing with Section 1788) or Title 1.6C.5 (commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code, within the past seven years.

(7) The commissioner, based on its investigation of the applicant, is unable to find that the financial responsibility, criminal records, experience, character, and general fitness of the applicant and its general partners, managing members, principal officers and directors, and individuals owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant, support a finding that the business will be operated honestly, fairly, efficiently, and in accordance with the requirements of this division.

(8) The commissioner may adopt regulations specifying the factors that the commissioner will consider in denying a license, including, but not limited to, the harm to the consumer, the frequency of prior violations, and the number of prior disciplinary actions taken against the licensee in California or in other states.

100013.

(a) The commissioner may deem an application for a license abandoned if the applicant fails to respond to any request for information required by the commissioner or department during an investigation of the application.
(b) The commissioner shall notify the applicant, in writing, that if the applicant fails to submit responsive information within 60 days from the date the commissioner sent the written request for information, the commissioner shall deem the application abandoned.

(c) An application fee paid prior to the date an application is deemed abandoned shall not be refunded. Abandonment of an application pursuant to this subdivision shall not preclude the applicant from submitting a new application and fee for a license.

100014.
A license shall remain effective until the license is either suspended or revoked by the commissioner or surrendered by the licensee.

Article 3. Nationwide Multistate Licensing System and Registry

100015.
(a) The commissioner is authorized to establish relationships or contracts with the Nationwide Multistate Licensing System & Registry or other entities designated by the Nationwide Multistate Licensing System & Registry to collect and maintain records and process transaction fees or other fees related to licensees or other persons subject to this division.

(b) For the purpose of participating in the Nationwide Multistate Licensing System & Registry, the commissioner is authorized to waive or modify, in whole or in part, by rule, regulation, or order, any or all of the requirements of this division and to establish new requirements as reasonably necessary to participate in the Nationwide Multistate Licensing System & Registry.

(c) The commissioner may use the Nationwide Multistate Licensing System & Registry as a channeling agent for requesting information from, and distributing information to, the Department of Justice, any other governmental agency, or any other source, as directed by the commissioner.

(d) The commissioner shall establish a process through which applicants and licensees may challenge information entered into the Nationwide Multistate Licensing System & Registry by the commissioner.

100016.
(a) Except as otherwise provided in Section 1512 of the SAFE Act (12 U.S.C. Sec. 5111(a)), the requirements under any federal law or the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) regarding the privacy or confidentiality of any information or material provided to the Nationwide Multistate Licensing System & Registry, and any privilege arising under federal or state law, including the rules of any state court, with respect to that information or material, shall continue to apply to the information or material after the information or material has been disclosed to the Nationwide Multistate Licensing System & Registry. The information and material may be shared with all state and federal regulatory officials with industry oversight authority without the loss of privilege or the loss of confidentiality protections provided by federal law or the Information Practices Act.
(b) Information or material that is subject to a privilege or confidentiality under subdivision (a) shall not be subject to any of the following:

(1) Disclosure under any federal or state law governing the disclosure to the public of information held by an officer or an agency of the federal government or the state.

(2) Subpoena or discovery, or admission into evidence, in any private civil action or administrative process, unless with respect to any privilege held by the Nationwide Multistate Licensing System & Registry with respect to the information or material, the person to whom the information or material pertains waives, in whole or in part, in the discretion of that person, that privilege.

(c) This section shall not apply with respect to the information or material relating to the employment history of, and publicly adjudicated disciplinary and enforcement actions included in, the Nationwide Multistate Licensing System & Registry for access by the public.

100017.
The commissioner shall report regularly violations of this division, as well as enforcement actions and other relevant information, to the Nationwide Multistate Licensing System & Registry, to the extent that the information is a public record.

CHAPTER 3. Licensee Duties
100018.
(a) A licensee shall notify the commissioner, in writing, of any change in the information provided in the application for a license, as applicable, not later than 30 days after the occurrence of the event that results in the information becoming inaccurate or incomplete.

(b) (1) If a licensee seeks to change its place of business to a street address other than that designated in its license, the licensee shall provide written notice to the commissioner at least 10 days prior to the change.

(2) A licensee shall not engage in the business of debt collection at a new location in a name other than a name approved by the commissioner.

(3) A licensee that opens a new branch office or changes the location of an existing branch office shall notify the commissioner in writing of the new or changed branch office location within 30 days after the branch office begins business.

100019.
A licensee shall do all of the following:

(a) Develop policies and procedures reasonably intended to promote compliance with this division.

(b) File with the commissioner any report required by the commissioner.

(c) Comply with the provisions of this division and any regulation or order of the commissioner.
(d) Submit to periodic examination by the commissioner as required by this division and any regulation or order of the commissioner.

(e) Maintain a surety bond in accordance with this section in a minimum amount of twenty-five thousand dollars ($25,000). The bond shall be payable to the commissioner and issued by an insurer authorized to do business in this state. The surety bond, including any and all riders and endorsements executed subsequent to the effective date of the bond, shall be filed with the commissioner within 10 days of execution. The bond shall be used for the recovery of expenses, fines, and fees levied by the commissioner in accordance with this division. The commissioner may require licensees to submit bonds, riders, and endorsements electronically through the Nationwide Multistate Licensing System & Registry’s electronic surety bond function.

(1) When an action is commenced on a licensee’s bond, the commissioner may require the filing of a new bond. Immediately upon recovery of any action on the bond, the licensee shall file a new bond. Failure to file a new bond within 10 days of the recovery on a bond, or within 10 days after notification by the commissioner that a new bond is required, constitutes sufficient grounds for the suspension or revocation of the license. A licensee may provide the commissioner a refundable deposit in the amount of twenty-five thousand dollars ($25,000) in lieu of the bond while the licensee pursues a new bond.

(2) The commissioner may require a higher bond amount for a licensee based on the number of affiliates under the license and the dollar amount of collecting consumer debt by that licensee.

100020.

(a) Each licensee shall pay to the commissioner its pro rata share of all costs and expenses reasonably incurred in the administration of this division, as estimated by the commissioner, for the ensuing year and any deficit actually incurred or anticipated in the administration of the division in the year in which the annual fee is levied. The pro rata share shall be based upon the proportion of net proceeds generated by California debtor accounts in the preceding year after the amount levied pursuant to subdivision (c).

(b) On or before September 30 in each year, the commissioner shall notify each licensee of the amount of the annual fee schedule that will take effect on January 1. If payment is not made by January 1, the commissioner shall assess and collect a penalty, in addition to the fee, of 1 percent of the assessment for each month or part of a month that the payment is delayed or withheld.

(c) In the levying and collection of the annual fees, a licensee shall neither be charged for nor be permitted to pay less than two hundred fifty dollars ($250) nor more than an aggregate of all reasonable costs to operate this division, with the exception of fees associated with investigations and examinations.

(d) If a licensee fails to pay the annual fees on or before January 1, the commissioner may by order summarily suspend or revoke the license issued to the licensee. If, after an order is made, a request for hearing is filed in writing within 30 days, and a hearing is
not held within 60 days thereafter, the order is deemed rescinded as of its effective
date. During any period when the license is revoked or suspended, a licensee shall not
engage in the business of collecting debt in this state pursuant to this division except as
may be permitted by order of the commissioner. However, the revocation, suspension,
or surrender of a license shall not affect the powers of the commissioner as provided in
this division.

(e) Notwithstanding subdivisions (a) to (d), inclusive, the commissioner may by rule
require licensees to pay annual fees through the Nationwide Multistate Licensing
System & Registry.

100021.
(a) A licensee shall file an annual report with the commissioner, on or before March 15,
that contains all relevant information that the commissioner reasonably requires
concerning the business and operations conducted by the licensee in the state during
the preceding calendar year, including information regarding collection activity. The
report shall, at minimum, require disclosure of all of the following information:

(1) The total number of California debtor accounts purchased or collected on in the
preceding year.

(2) The total dollar amount of California debtor accounts purchased in the preceding
year.

(3) The face value dollar amount of California debtor accounts in the licensee’s portfolio
in the preceding year.

(4) The total dollar amount of California debtor accounts collected in the preceding year,
and the total dollar amount of outstanding debt that remains uncollected.

(5) The total dollar amount of net proceeds generated by California debtor accounts in
the preceding year.

(6) Whether or not the licensee is acting as a debt collector, debt buyer, or both.

(7) The case number of any action in which the licensee was held liable by final
judgment under Title 1.6C (commencing with Section 1788) or Title 1.6C.5
(commencing with Section 1788.50) of Part 4 of Division 3 of the Civil Code.

(b) The individual annual reports filed pursuant to this section shall be made available to
the public for inspection.

(c) The report shall be made under oath and in the form prescribed by the
commissioner.

(d) A licensee shall make other special reports that may be required by the
commissioner.

100022.
A licensee that ceases to engage in debt collection shall inform the commissioner in
writing and surrender the license and all other indicia of license to the commissioner.
CHAPTER  4. Periodic Examination of Licensees
100023.
(a) As often as the commissioner deems necessary and appropriate, the commissioner shall examine the affairs of each licensee for compliance with this division. The commissioner shall appoint suitable persons to perform the examination. The commissioner and their appointees may examine the books, records, and documents of the licensee, and may examine the licensee’s officers, directors, employees, or agents under oath regarding the licensee’s debt collection operations.

(b) The commissioner may cooperate with any agency of the state, the federal government, or other states in performing license examinations.

(c) This section does not require the commissioner to conduct examinations at the business offices of licensees. Unless an onsite examination is considered necessary for the protection of the public, the commissioner may conduct some or all examinations without a site visit to the business office of a licensee, by requesting that licensees submit required books and records to the department electronically, via a secure portal.

(d) Unless otherwise exempt pursuant to Section 100001, affiliates of a licensee are subject to examination by the commissioner on the same terms as the licensee, but only when reports from, or examination of, a licensee provides documented evidence of unlawful activity between a licensee and affiliate benefitting, affecting, or arising from the activities regulated by this division.

(e) The cost of each examination of a licensee shall be paid to the commissioner by the licensee examined, and the commissioner may maintain an action for the recovery of the cost in any court of competent jurisdiction. In determining the cost of the examination, the commissioner may use the estimated average hourly cost for all persons performing examinations of licensees or other persons subject to this division for the fiscal year.

(f) The statement of the findings of an examination shall belong to the commissioner and shall not be disclosed to anyone other than the licensee, law enforcement officials, or other state or federal regulatory agencies for further investigation and enforcement. Reports required of licensees by the commissioner under this division and results of examinations performed by the commissioner under this division are the property of the commissioner.

(g) The commissioner shall provide a written statement of the findings of the examination, issue a copy of that statement to the licensee and take appropriate steps to ensure correction of any violations of this division.

(h) Notwithstanding any provision of this division, the commissioner shall have the authority to waive one or more branch office examinations, if the commissioner deems that the branch office examinations are not necessary for the protection of the public, due to the centralized operations of the licensee or other factors acceptable to the commissioner.

(i) In any proceeding under this division, the burden of proving an exemption or an exception from a definition is upon the person claiming it.
CHAPTER 5. Advisory Committee

100025. (a) There is within the Department of Business Oversight, a Debt Collection Advisory Committee.

(b) The Debt Collection Advisory Committee shall advise the commissioner on matters relating to debt collection or the debt collection business, including proposed fee schedules and the mechanics and feasibility of implementing requirements proposed in regulations.

(c) The Debt Collection Advisory Committee shall consist of seven members; one of whom shall represent consumers.

1) The members of the Debt Collection Advisory Committee shall be appointed by the commissioner.

2) The term of a member of the Debt Collection Advisory Committee shall be two years. However, a member may be reappointed.

3) Membership in the Debt Collection Advisory Committee shall be voluntary. No person shall be required to accept an appointment to the Debt Collection Advisory Committee, and any member may resign at any time by filing a resignation with the commissioner.

4) No member of the Debt Collection Advisory Committee shall receive any compensation, reimbursement for expenses, or other payment from the state in connection with service on the Debt Collection Advisory Committee.

(d) The Debt Collection Advisory Committee shall meet at least twice each calendar year.

(e) The commissioner may, by order or regulation, prescribe rules governing the Debt Collection Advisory Committee and its members, including, but not limited to, matters relating to meetings, quorum, and actions.

SEC. 4. The Legislature finds and declares that Section 1 of this act, which adds Division 25 (commencing with Section 100000) to the Financial Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

Protecting from public disclosure limited confidential information provided by licensees to the Commissioner of Business Oversight properly balances protecting legitimate private economic interests and public interests in effective regulation.

SEC. 5.
No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SB 998, Chapter 235
Local government: investments.
Effective Date 1/1/2021

SECTION 1.
Section 6509.7 of the Government Code is amended to read:

6509.7. (a) Notwithstanding any other provision of law, two or more public agencies that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power. Funds invested pursuant to an agreement entered into under this section may be invested as authorized in securities and obligations as described by subdivision (p) of Section 53601. A joint powers authority formed pursuant to this section may issue shares of beneficial interest to participating public agencies. Each share shall represent an equal proportionate interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares of beneficial interest shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive, of Section 53601.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

(b) As used in this section, “public agency” includes a nonprofit corporation whose membership is confined to public agencies or public officials, in addition to those agencies listed in Section 6500.

(c) A joint powers authority formed pursuant to this section is authorized to establish the terms and conditions pursuant to which agencies may participate and invest in pool shares. Consistent with its status as a public agency as provided under Section 6500, a federally recognized Indian tribe is eligible to participate in a joint powers authority formed under this section or otherwise invest in pool shares consistent with the terms and conditions established by the joint powers authority.
SEC. 2.
Section 53601 of the Government Code is amended to read:

53601.
This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency’s funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank’s customer book entry account may be used for book entry delivery.

For purposes of this section, “counterparty” means the other party to the transaction. A counterparty bank’s trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing
property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers’ acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances shall not exceed 180 days’ maturity or 40 percent of the agency’s moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency’s moneys may be invested in the bankers’ acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, that have less than one hundred million dollars ($100,000,000) of investment assets under management, may invest no
more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase that have one hundred million dollars ($100,000,000) or more of investment assets under management may invest no more than 40 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.
(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, “significant banking relationship” means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency’s bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency’s activities.

(iii) Acceptance of a local agency’s securities or funds as deposits.

(5) (A) “Repurchase agreement” means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank’s customer book-entry account may be used for book-entry delivery.

(B) “Securities,” for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) “Reverse repurchase agreement” means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.
(D) “Securities lending agreement” means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency’s pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of “A” or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company’s board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.
(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency’s moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency’s funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of five
years or less. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency’s surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 3.
Section 53601 is added to the Government Code, to read:

53601.
This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency’s funds, by book entry, physical delivery, or by third-party
custodial agreement. The transfer of securities to the counterparty bank’s customer book entry account may be used for book entry delivery.

For purposes of this section, “counterparty” means the other party to the transaction. A counterparty bank’s trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers’ acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances shall not exceed 180 days’ maturity or 40 percent of the agency’s moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency’s
moneys may be invested in the bankers’ acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with
investment decision making authority in the administrative office manager’s office, budget office, auditor-controller’s office, or treasurer’s office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary...
dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, “significant banking relationship” means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency’s bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency’s activities.

(iii) Acceptance of a local agency’s securities or funds as deposits.

(5) (A) “Repurchase agreement” means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank’s customer book-entry account may be used for book-entry delivery.

(B) “Securities,” for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) “Reverse repurchase agreement” means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) “Securities lending agreement” means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency’s pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of “A” or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.
local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

(I) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company’s board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency’s moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency’s funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds,
indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency’s surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.
(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

This section shall become operative on January 1, 2026.

SEC. 4.
Section 53601.6 of the Government Code is amended to read:

53601.6.
(a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

(b) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero-interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

(2) Notwithstanding the prohibition in paragraph (1), a local agency may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.

(c) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 5.
Section 53601.6 is added to the Government Code, to read:

53601.6.
(a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

(b) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

(c) This section shall become operative on January 1, 2026.
SECTION 1.
Section 2924f of the Civil Code is amended to read:

2924f.
(a) As used in this section and Sections 2924g and 2924h, “property” means real property or a leasehold estate therein, and “calendar week” means Monday through Saturday, inclusive.

(b) (1) Except as provided in subdivision (c), before any sale of property can be made under the power of sale contained in any deed of trust or mortgage, or any resale resulting from a rescission for a failure of consideration pursuant to subdivision (c) of Section 2924h, notice of the sale thereof shall be given by posting a written notice of the time of sale and of the street address and the specific place at the street address where the sale will be held, and describing the property to be sold, at least 20 days before the date of sale in one public place in the city where the property is to be sold, if the property is to be sold in a city, or, if not, then in one public place in the county seat of the county where the property is to be sold, and publishing a copy once a week for three consecutive calendar weeks.

(2) The first publication to be at least 20 days before the date of sale, in a newspaper of general circulation published in the city in which the property or some part thereof is situated, if any part thereof is situated in a city, if not, then in a newspaper of general circulation published in the public notice district in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the city or public notice district, as the case may be, in a newspaper of general circulation published in the county in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the city or public notice district or county, as the case may be, in a newspaper of general circulation published in the county in this state that is contiguous to the county in which the property or some part thereof is situated and has, by comparison with all similarly contiguous counties, the highest population based upon total county population as determined by the most recent federal decennial census published by the Bureau of the Census. For the purposes of this section, publication of notice in a public notice district is governed by Chapter 1.1 (commencing with Section 6080) of Division 7 of Title 1 of the Government Code.

(3) A copy of the notice of sale shall also be posted in a conspicuous place on the property to be sold at least 20 days before the date of sale, where possible and where not restricted for any reason. If the property is a single-family residence the posting shall be on a door of the residence, but, if not possible or restricted, then the notice shall be posted in a conspicuous place on the property; however, if access is denied because a common entrance to the property is restricted by a guard gate or similar impediment, the property may be posted at that guard gate or similar impediment to any development community.
(4) The notice of sale shall conform to the minimum requirements of Section 6043 of the Government Code and be recorded with the county recorder of the county in which the property or some part thereof is situated at least 20 days prior to the date of sale.

(5) The notice of sale shall contain the name, street address in this state, which may reflect an agent of the trustee, and either a toll-free telephone number or telephone number in this state of the trustee, and the name of the original trustor, and also shall contain the statement required by paragraph (3) of subdivision (c). In addition to any other description of the property, the notice shall describe the property by giving its street address, if any, or other common designation, if any, and a county assessor's parcel number; but if the property has no street address or other common designation, the notice shall contain a legal description of the property, the name and address of the beneficiary at whose request the sale is to be conducted, and a statement that directions may be obtained pursuant to a written request submitted to the beneficiary within 10 days from the first publication of the notice. Directions shall be deemed reasonably sufficient to locate the property if information as to the location of the property is given by reference to the direction and approximate distance from the nearest crossroads, frontage road, or access road. If a legal description or a county assessor’s parcel number and either a street address or another common designation of the property is given, the validity of the notice and the validity of the sale shall not be affected by the fact that the street address, other common designation, name and address of the beneficiary, or the directions obtained therefrom are erroneous or that the street address, other common designation, name and address of the beneficiary, or directions obtained therefrom are omitted.

(6) The term "newspaper of general circulation," as used in this section, has the same meaning as defined in Article 1 (commencing with Section 6000) of Chapter 1 of Division 7 of Title 1 of the Government Code.

(7) The notice of sale shall contain a statement of the total amount of the unpaid balance of the obligation secured by the property to be sold and reasonably estimated costs, expenses, advances at the time of the initial publication of the notice of sale, and, if republished pursuant to a cancellation of a cash equivalent pursuant to subdivision (d) of Section 2924h, a reference of that fact; provided, that the trustee shall incur no liability for any good faith error in stating the proper amount, including any amount provided in good faith by or on behalf of the beneficiary. An inaccurate statement of this amount shall not affect the validity of any sale to a bona fide purchaser for value, nor shall the failure to post the notice of sale on a door as provided by this subdivision affect the validity of any sale to a bona fide purchaser for value.

(8) (A) On and after April 1, 2012, if the deed of trust or mortgage containing a power of sale is secured by real property containing from one to four single-family residences, the notice of sale shall contain substantially the following language, in addition to the language required pursuant to paragraphs (1) to (7), inclusive:

NOTICE TO POTENTIAL BIDDERS: If you are considering bidding on this property lien, you should understand that there are risks involved in bidding at a trustee auction. You will be bidding on a lien, not on the property itself. Placing the highest bid at a trustee
auction does not automatically entitle you to free and clear ownership of the property. You should also be aware that the lien being auctioned off may be a junior lien. If you are the highest bidder at the auction, you are or may be responsible for paying off all liens senior to the lien being auctioned off, before you can receive clear title to the property. You are encouraged to investigate the existence, priority, and size of outstanding liens that may exist on this property by contacting the county recorder’s office or a title insurance company, either of which may charge you a fee for this information. If you consult either of these resources, you should be aware that the same lender may hold more than one mortgage or deed of trust on the property.

NOTICE TO PROPERTY OWNER: The sale date shown on this notice of sale may be postponed one or more times by the mortgagee, beneficiary, trustee, or a court, pursuant to Section 2924g of the California Civil Code. The law requires that information about trustee sale postponements be made available to you and to the public, as a courtesy to those not present at the sale. If you wish to learn whether your sale date has been postponed, and, if applicable, the rescheduled time and date for the sale of this property, you may call [telephone number for information regarding the trustee’s sale] or visit this internet website [internet website address for information regarding the sale of this property], using the file number assigned to this case [case file number]. Information about postponements that are very short in duration or that occur close in time to the scheduled sale may not immediately be reflected in the telephone information or on the internet website. The best way to verify postponement information is to attend the scheduled sale.

NOTICE TO TENANT: You may have a right to purchase this property after the trustee auction pursuant to Section 2924m of the California Civil Code. If you are an “eligible tenant buyer,” you can purchase the property if you match the last and highest bid placed at the trustee auction. If you are an “eligible bidder,” you may be able to purchase the property if you exceed the last and highest bid placed at the trustee auction. There are three steps to exercising this right of purchase. First, 48 hours after the date of the trustee sale, you can call [telephone number for information regarding the trustee’s sale], or visit this internet website [internet website address for information regarding the sale of this property], using the file number assigned to this case [case file number] to find the date on which the trustee’s sale was held, the amount of the last and highest bid, and the address of the trustee. Second, you must send a written notice of intent to place a bid so that the trustee receives it no more than 15 days after the trustee’s sale. Third, you must submit a bid so that the trustee receives it no more than 45 days after the trustee’s sale. If you think you may qualify as an “eligible tenant buyer” or “eligible bidder,” you should consider contacting an attorney or appropriate real estate professional immediately for advice regarding this potential right to purchase.

(B) A mortgagee, beneficiary, trustee, or authorized agent shall make a good faith effort to provide up-to-date information regarding sale dates and postponements to persons who wish this information. This information shall be made available free of charge. It may be made available via an internet website, a telephone
recording that is accessible 24 hours a day, seven days a week, or through any other means that allows 24 hours a day, seven days a week, no-cost access to updated information. A disruption of any of these methods of providing sale date and postponement information to allow for reasonable maintenance or due to a service outage shall not be deemed to be a violation of the good faith standard.

(C) Except as provided in subparagraph (B), nothing in the wording of the notices required by subparagraph (A) is intended to modify or create any substantive rights or obligations for any person providing, or specified in, either of the required notices. Failure to comply with subparagraph (A) or (B) shall not invalidate any sale that would otherwise be valid under Section 2924f.

(D) Information provided pursuant to subparagraph (A) does not constitute the public declaration required by subdivision (d) of Section 2924g.

(E) For purposes of a property subject to this paragraph and of satisfying the requirements of Section 2924m, a trustee or an authorized agent shall maintain an internet website and a telephone number to provide information on applicable properties to persons who wish the information. In addition to any other information required by subparagraph (B), a trustee or an authorized agent shall provide information regarding the sale date, amount of the last and highest bid, and the trustee’s address, to be accessible using the file number assigned to the case and listed on the NOTICE TO TENANT required by subparagraph (A). This information shall be made available free of charge and shall be available 24 hours a day, seven days a week.

(9) If the sale of the property is to be a unified sale as provided in subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, the notice of sale shall also contain a description of the personal property or fixtures to be sold. In the case where it is contemplated that all of the personal property or fixtures are to be sold, the description in the notice of the personal property or fixtures shall be sufficient if it is the same as the description of the personal property or fixtures contained in the agreement creating the security interest in or encumbrance on the personal property or fixtures or the filed financing statement relating to the personal property or fixtures. In all other cases, the description in the notice shall be sufficient if it would be a sufficient description of the personal property or fixtures under Section 9108 of the Commercial Code. Inclusion of a reference to or a description of personal property or fixtures in a notice of sale hereunder shall not constitute an election by the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, shall not obligate the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, and in no way shall render defective or noncomplying either that notice or a sale pursuant to that notice by reason of the fact that the sale includes none or less than all of the personal property or fixtures referred to or described in the notice. This paragraph shall not otherwise affect the obligations or duties of a secured party under the Commercial Code.

(c) (1) This subdivision applies only to deeds of trust or mortgages which contain a power of sale and which are secured by real property containing a single-family, owner-occupied residence, where the obligation secured by the deed of trust or mortgage is
contained in a contract for goods or services subject to the provisions of the Unruh Act (Chapter 1 (commencing with Section 1801) of Title 2 of Part 4 of Division 3).

(2) Except as otherwise expressly set forth in this subdivision, all other provisions of law relating to the exercise of a power of sale shall govern the exercise of a power of sale contained in a deed of trust or mortgage described in paragraph (1).

(3) If any default of the obligation secured by a deed of trust or mortgage described in paragraph (1) has not been cured within 30 days after the recordation of the notice of default, the trustee or mortgagee shall mail to the trustor or mortgagor, at their last known address, a copy of the following statement:

(4) All sales of real property pursuant to a power of sale contained in any deed of trust or mortgage described in paragraph (1) shall be held in the county where the residence is located and shall be made to the person making the highest offer. The trustee may receive offers during the 10-day period immediately prior to the date of sale and if any offer is accepted in writing by both the trustor or mortgagor and the beneficiary or mortgagee prior to the time set for sale, the sale shall be postponed to a date certain and prior to which the property may be conveyed by the trustor to the person making the offer according to its terms. The offer is revocable until accepted. The performance of the offer, following acceptance, according to its terms, by a conveyance of the property to the offeror, shall operate to terminate any further proceeding under the notice of sale and it shall be deemed revoked.

(5) In addition to the trustee fee pursuant to Section 2924c, the trustee or mortgagee pursuant to a deed of trust or mortgage subject to this subdivision shall be entitled to charge an additional fee of fifty dollars ($50).

(6) This subdivision applies only to property on which notices of default were filed on or after the effective date of this subdivision.

(d) With respect to residential real property containing no more than four dwelling units, a separate document containing a summary of the notice of sale information in English and the languages described in Section 1632 shall be attached to the notice of sale provided to the mortgagor or trustor pursuant to Section 2923.3.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2026, deletes or extends that date.

SEC. 1.5.
Section 2924f of the Civil Code is amended to read:

2924f.
(a) As used in this section and Sections 2924g and 2924h, “property” means real property or a leasehold estate therein, and “calendar week” means Monday through Saturday, inclusive.

(b) (1) Except as provided in subdivision (c), before any sale of property can be made under the power of sale contained in any deed of trust or mortgage, or any resale
resulting from a rescission for a failure of consideration pursuant to subdivision (c) of Section 2924h, notice of the sale thereof shall be given by posting a written notice of the time of sale and of the street address and the specific place at the street address where the sale will be held, and describing the property to be sold, at least 20 days before the date of sale in one public place in the city where the property is to be sold, if the property is to be sold in a city, or, if not, then in one public place in the county seat of the county where the property is to be sold, and publishing a copy once a week for three consecutive calendar weeks.

(2) The first publication to be at least 20 days before the date of sale, in a newspaper of general circulation published in the city in which the property or some part thereof is situated, if any part thereof is situated in a city, if not, then in a newspaper of general circulation published in the public notice district in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the city or public notice district, as the case may be, in a newspaper of general circulation published in the county in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the city or public notice district or county, as the case may be, in a newspaper of general circulation published in the county in this state that is contiguous to the county in which the property or some part thereof is situated and has, by comparison with all similarly contiguous counties, the highest population based upon total county population as determined by the most recent federal decennial census published by the Bureau of the Census. For the purposes of this section, publication of notice in a public notice district is governed by Chapter 1.1 (commencing with Section 6080) of Division 7 of Title 1 of the Government Code.

(3) A copy of the notice of sale shall also be posted in a conspicuous place on the property to be sold at least 20 days before the date of sale, where possible and where not restricted for any reason. If the property is a single-family residence the posting shall be on a door of the residence, but, if not possible or restricted, then the notice shall be posted in a conspicuous place on the property; however, if access is denied because a common entrance to the property is restricted by a guard gate or similar impediment, the property may be posted at that guard gate or similar impediment to any development community.

(4) The notice of sale shall conform to the minimum requirements of Section 6043 of the Government Code and be recorded with the county recorder of the county in which the property or some part thereof is situated at least 20 days prior to the date of sale.

(5) The notice of sale shall contain the name, street address in this state, which may reflect an agent of the trustee, and either a toll-free telephone number or telephone number in this state of the trustee, and the name of the original trustor, and also shall contain the statement required by paragraph (3) of subdivision (c). In addition to any other description of the property, the notice shall describe the property by giving its street address, if any, or other common designation, if any, and a county assessor’s parcel number; but if the property has no street address or other common designation, the notice shall contain a legal description of the property, the name and address of the beneficiary at whose request the sale is to be conducted, and a statement that
directions may be obtained pursuant to a written request submitted to the beneficiary within 10 days from the first publication of the notice. Directions shall be deemed reasonably sufficient to locate the property if information as to the location of the property is given by reference to the direction and approximate distance from the nearest crossroads, frontage road, or access road. If a legal description or a county assessor’s parcel number and either a street address or another common designation of the property is given, the validity of the notice and the validity of the sale shall not be affected by the fact that the street address, other common designation, name and address of the beneficiary, or the directions obtained therefrom are erroneous or that the street address, other common designation, name and address of the beneficiary, or directions obtained therefrom are omitted.

(6) The term “newspaper of general circulation,” as used in this section, has the same meaning as defined in Article 1 (commencing with Section 6000) of Chapter 1 of Division 7 of Title 1 of the Government Code.

(7) The notice of sale shall contain a statement of the total amount of the unpaid balance of the obligation secured by the property to be sold and reasonably estimated costs, expenses, advances at the time of the initial publication of the notice of sale, and, if republished pursuant to a cancellation of a cash equivalent pursuant to subdivision (d) of Section 2924h, a reference of that fact; provided, that the trustee shall incur no liability for any good faith error in stating the proper amount, including any amount provided in good faith by or on behalf of the beneficiary. An inaccurate statement of this amount shall not affect the validity of any sale to a bona fide purchaser for value, nor shall the failure to post the notice of sale on a door as provided by this subdivision affect the validity of any sale to a bona fide purchaser for value.

(8) (A) On and after April 1, 2012, if the deed of trust or mortgage containing a power of sale is secured by real property containing from one to four single-family residences, the notice of sale shall contain substantially the following language, in addition to the language required pursuant to paragraphs (1) to (7), inclusive:

NOTICE TO POTENTIAL BIDDERS: If you are considering bidding on this property lien, you should understand that there are risks involved in bidding at a trustee auction. You will be bidding on a lien, not on the property itself. Placing the highest bid at a trustee auction does not automatically entitle you to free and clear ownership of the property. You should also be aware that the lien being auctioned off may be a junior lien. If you are the highest bidder at the auction, you are or may be responsible for paying off all liens senior to the lien being auctioned off, before you can receive clear title to the property. You are encouraged to investigate the existence, priority, and size of outstanding liens that may exist on this property by contacting the county recorder’s office or a title insurance company, either of which may charge you a fee for this information. If you consult either of these resources, you should be aware that the same lender may hold more than one mortgage or deed of trust on the property.

NOTICE TO PROPERTY OWNER: The sale date shown on this notice of sale may be postponed one or more times by the mortgagee, beneficiary, trustee, or a court,
pursuant to Section 2924g of the California Civil Code. The law requires that information about trustee sale postponements be made available to you and to the public, as a courtesy to those not present at the sale. If you wish to learn whether your sale date has been postponed, and, if applicable, the rescheduled time and date for the sale of this property, you may call [telephone number for information regarding the trustee’s sale] or visit this Internet Web site [Internet Web site - internet website [internet website address for information regarding the sale of this property], using the file number assigned to this case [case file number]. Information about postponements that are very short in duration or that occur close in time to the scheduled sale may not immediately be reflected in the telephone information or on the Internet Web site – internet website. The best way to verify postponement information is to attend the scheduled sale.

NOTICE TO TENANT: You may have a right to purchase this property after the trustee auction pursuant to Section 2924m of the California Civil Code. If you are an “eligible tenant buyer,” you can purchase the property if you match the last and highest bid placed at the trustee auction. If you are an “eligible bidder,” you may be able to purchase the property if you exceed the last and highest bid placed at the trustee auction. There are three steps to exercising this right of purchase. First, 48 hours after the date of the trustee sale, you can call [telephone number for information regarding the trustee’s sale], or visit this internet website [internet website address for information regarding the sale of this property], using the file number assigned to this case [case file number] to find the date on which the trustee’s sale was held, the amount of the last and highest bid, and the address of the trustee. Second, you must send a written notice of intent to place a bid so that the trustee receives it no more than 15 days after the trustee’s sale. Third, you must submit a bid so that the trustee receives it no more than 45 days after the trustee’s sale. If you think you may qualify as an “eligible tenant buyer” or “eligible bidder,” you should consider contacting an attorney or appropriate real estate professional immediately for advice regarding this potential right to purchase.

(B) A mortgagee, beneficiary, trustee, or authorized agent shall make a good faith effort to provide up-to-date information regarding sale dates and postponements to persons who wish this information. This information shall be made available free of charge. It may be made available via an Internet Web site – internet website, a telephone recording that is accessible 24 hours a day, seven days a week, or through any other means that allows 24 hours a day, seven days a week, no-cost access to updated information. A disruption of any of these methods of providing sale date and postponement information to allow for reasonable maintenance or due to a service outage shall not be deemed to be a violation of the good faith standard.

(C) Except as provided in subparagraph (B), nothing in the wording of the notices required by subparagraph (A) is intended to modify or create any substantive rights or obligations for any person providing, or specified in, either of the required notices. Failure to comply with subparagraph (A) or (B) shall not invalidate any sale that would otherwise be valid under Section 2924f.
(D) Information provided pursuant to subparagraph (A) does not constitute the public declaration required by subdivision (d) of Section 2924g.

(E) For purposes of a property subject to this paragraph and of satisfying the requirements of Section 2924m, a trustee or an authorized agent shall maintain an internet website and a telephone number to provide information on applicable properties to persons who wish the information. In addition to any other information required by subparagraph (B), a trustee or an authorized agent shall provide information regarding the sale date, amount of the last and highest bid, and the trustee’s address, to be accessible using the file number assigned to the case and listed on the NOTICE TO TENANT required by subparagraph (A). This information shall be made available free of charge and shall be available 24 hours a day, seven days a week.

(9) If the sale of the property is to be a unified sale as provided in subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, the notice of sale shall also contain a description of the personal property or fixtures to be sold. In the case where it is contemplated that all of the personal property or fixtures are to be sold, the description in the notice of the personal property or fixtures shall be sufficient if it is the same as the description of the personal property or fixtures contained in the agreement creating the security interest in or encumbrance on the personal property or fixtures or the filed financing statement relating to the personal property or fixtures. In all other cases, the description in the notice shall be sufficient if it would be a sufficient description of the personal property or fixtures under Section 9108 of the Commercial Code. Inclusion of a reference to or a description of personal property or fixtures in a notice of sale hereunder shall not constitute an election by the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, shall not obligate the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, and in no way shall render defective or noncomplying either that notice or a sale pursuant to that notice by reason of the fact that the sale includes none or less than all of the personal property or fixtures referred to or described in the notice. This paragraph shall not otherwise affect the obligations or duties of a secured party under the Commercial Code.

(c) (1) This subdivision applies only to deeds of trust or mortgages which contain a power of sale and which are secured by real property containing a single-family, owner-occupied residence, where the obligation secured by the deed of trust or mortgage is contained in a contract for goods or services subject to the provisions of the Unruh Act (Chapter 1 (commencing with Section 1801) of Title 2 of Part 4 of Division 3).

(2) Except as otherwise expressly set forth in this subdivision, all other provisions of law relating to the exercise of a power of sale shall govern the exercise of a power of sale contained in a deed of trust or mortgage described in paragraph (1).

(3) If any default of the obligation secured by a deed of trust or mortgage described in paragraph (1) has not been cured within 30 days after the recordation of the notice of default, the trustee or mortgagee shall mail to the trustor or mortgagor, at his or her last known address, a copy of the following statement:
(4) All sales of real property pursuant to a power of sale contained in any deed of trust or mortgage described in paragraph (1) shall be held in the county where the residence is located and shall be made to the person making the highest offer. The trustee may receive offers during the 10-day period immediately prior to the date of sale and if any offer is accepted in writing by both the trustor or mortgagor and the beneficiary or mortgagee prior to the time set for sale, the sale shall be postponed to a date certain and prior to which the property may be conveyed by the trustor to the person making the offer according to its terms. The offer is revocable until accepted. The performance of the offer, following acceptance, according to its terms, by a conveyance of the property to the offeror, shall operate to terminate any further proceeding under the notice of sale and it shall be deemed revoked.

(5) In addition to the trustee fee pursuant to Section 2924c, the trustee or mortgagee pursuant to a deed of trust or mortgage subject to this subdivision shall be entitled to charge an additional fee of fifty dollars ($50).

(6) This subdivision applies only to property on which notices of default were filed on or after the effective date of this subdivision.

(d) With respect to residential real property containing no more than four dwelling units, a separate document containing a summary of the notice of sale information in English and the languages described in Section 1632 shall be attached to the notice of sale provided to the mortgagor or trustor pursuant to Section 2923.3.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2026, deletes or extends that date.

SEC. 2.
Section 2924f is added to the Civil Code, to read:

2924f.
(a) As used in this section and Sections 2924g and 2924h, “property” means real property or a leasehold estate therein, and “calendar week” means Monday through Saturday, inclusive.

(b) (1) Except as provided in subdivision (c), before any sale of property can be made under the power of sale contained in any deed of trust or mortgage, or any resale resulting from a rescission for a failure of consideration pursuant to subdivision (c) of Section 2924h, notice of the sale thereof shall be given by posting a written notice of the time of sale and of the street address and the specific place at the street address where the sale will be held, and describing the property to be sold, at least 20 days before the date of sale in one public place in the city where the property is to be sold, if the property is to be sold in a city, or, if not, then in one public place in the county seat of the county where the property is to be sold, and publishing a copy once a week for three consecutive calendar weeks.
(2) The first publication to be at least 20 days before the date of sale, in a newspaper of general circulation published in the city in which the property or some part thereof is situated, if any part thereof is situated in a city, if not, then in a newspaper of general circulation published in the public notice district in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the city or public notice district, as the case may be, in a newspaper of general circulation published in the county in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the city or public notice district or county, as the case may be, in a newspaper of general circulation published in the county in this state that is contiguous to the county in which the property or some part thereof is situated and has, by comparison with all similarly contiguous counties, the highest population based upon total county population as determined by the most recent federal decennial census published by the Bureau of the Census. For the purposes of this section, publication of notice in a public notice district is governed by Chapter 1.1 (commencing with Section 6080) of Division 7 of Title 1 of the Government Code.

(3) A copy of the notice of sale shall also be posted in a conspicuous place on the property to be sold at least 20 days before the date of sale, where possible and where not restricted for any reason. If the property is a single-family residence the posting shall be on a door of the residence, but, if not possible or restricted, then the notice shall be posted in a conspicuous place on the property; however, if access is denied because a common entrance to the property is restricted by a guard gate or similar impediment, the property may be posted at that guard gate or similar impediment to any development community.

(4) The notice of sale shall conform to the minimum requirements of Section 6043 of the Government Code and be recorded with the county recorder of the county in which the property or some part thereof is situated at least 20 days prior to the date of sale.

(5) The notice of sale shall contain the name, street address in this state, which may reflect an agent of the trustee, and either a toll-free telephone number or telephone number in this state of the trustee, and the name of the original trustor, and also shall contain the statement required by paragraph (3) of subdivision (c). In addition to any other description of the property, the notice shall describe the property by giving its street address, if any, or other common designation, if any, and a county assessor’s parcel number; but if the property has no street address or other common designation, the notice shall contain a legal description of the property, the name and address of the beneficiary at whose request the sale is to be conducted, and a statement that directions may be obtained pursuant to a written request submitted to the beneficiary within 10 days from the first publication of the notice. Directions shall be deemed reasonably sufficient to locate the property if information as to the location of the property is given by reference to the direction and approximate distance from the nearest crossroads, frontage road, or access road. If a legal description or a county assessor’s parcel number and either a street address or another common designation of the property is given, the validity of the notice and the validity of the sale shall not be affected by the fact that the street address, other common designation, name and address of the beneficiary, or the directions obtained therefrom are erroneous or that
the street address, other common designation, name and address of the beneficiary, or directions obtained therefrom are omitted.

(6) The term "newspaper of general circulation," as used in this section, has the same meaning as defined in Article 1 (commencing with Section 6000) of Chapter 1 of Division 7 of Title 1 of the Government Code.

(7) The notice of sale shall contain a statement of the total amount of the unpaid balance of the obligation secured by the property to be sold and reasonably estimated costs, expenses, advances at the time of the initial publication of the notice of sale, and, if republished pursuant to a cancellation of a cash equivalent pursuant to subdivision (d) of Section 2924h, a reference of that fact; provided, that the trustee shall incur no liability for any good faith error in stating the proper amount, including any amount provided in good faith by or on behalf of the beneficiary. An inaccurate statement of this amount shall not affect the validity of any sale to a bona fide purchaser for value, nor shall the failure to post the notice of sale on a door as provided by this subdivision affect the validity of any sale to a bona fide purchaser for value.

(8) (A) On and after April 1, 2012, if the deed of trust or mortgage containing a power of sale is secured by real property containing from one to four single-family residences, the notice of sale shall contain substantially the following language, in addition to the language required pursuant to paragraphs (1) to (7), inclusive:

NOTICE TO POTENTIAL BIDDERS: If you are considering bidding on this property lien, you should understand that there are risks involved in bidding at a trustee auction. You will be bidding on a lien, not on the property itself. Placing the highest bid at a trustee auction does not automatically entitle you to free and clear ownership of the property. You should also be aware that the lien being auctioned off may be a junior lien. If you are the highest bidder at the auction, you are or may be responsible for paying off all liens senior to the lien being auctioned off, before you can receive clear title to the property. You are encouraged to investigate the existence, priority, and size of outstanding liens that may exist on this property by contacting the county recorder’s office or a title insurance company, either of which may charge you a fee for this information. If you consult either of these resources, you should be aware that the same lender may hold more than one mortgage or deed of trust on the property.

NOTICE TO PROPERTY OWNER: The sale date shown on this notice of sale may be postponed one or more times by the mortgagee, beneficiary, trustee, or a court, pursuant to Section 2924g of the California Civil Code. The law requires that information about trustee sale postponements be made available to you and to the public, as a courtesy to those not present at the sale. If you wish to learn whether your sale date has been postponed, and, if applicable, the rescheduled time and date for the sale of this property, you may call [telephone number for information regarding the trustee’s sale] or visit this internet website [internet website address for information regarding the sale of this property], using the file number assigned to this case [case file number]. Information about postponements that are very short in duration or that occur close in time to the scheduled sale may not immediately be reflected in the telephone information or on the internet website. The best way to verify postponement information is to attend the scheduled sale.
(B) A mortgagee, beneficiary, trustee, or authorized agent shall make a good faith effort to provide up-to-date information regarding sale dates and postponements to persons who wish this information. This information shall be made available free of charge. It may be made available via an internet website, a telephone recording that is accessible 24 hours a day, seven days a week, or through any other means that allows 24 hours a day, seven days a week, no-cost access to updated information. A disruption of any of these methods of providing sale date and postponement information to allow for reasonable maintenance or due to a service outage shall not be deemed to be a violation of the good faith standard.

(C) Except as provided in subparagraph (B), nothing in the wording of the notices required by subparagraph (A) is intended to modify or create any substantive rights or obligations for any person providing, or specified in, either of the required notices. Failure to comply with subparagraph (A) or (B) shall not invalidate any sale that would otherwise be valid under Section 2924f.

(D) Information provided pursuant to subparagraph (A) does not constitute the public declaration required by subdivision (d) of Section 2924g.

(9) If the sale of the property is to be a unified sale as provided in subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, the notice of sale shall also contain a description of the personal property or fixtures to be sold. In the case where it is contemplated that all of the personal property or fixtures are to be sold, the description in the notice of the personal property or fixtures shall be sufficient if it is the same as the description of the personal property or fixtures contained in the agreement creating the security interest in or encumbrance on the personal property or fixtures or the filed financing statement relating to the personal property or fixtures. In all other cases, the description in the notice shall be sufficient if it would be a sufficient description of the personal property or fixtures under Section 9108 of the Commercial Code. Inclusion of a reference to or a description of personal property or fixtures in a notice of sale hereunder shall not constitute an election by the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, shall not obligate the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, and in no way shall render defective or noncomplying either that notice or a sale pursuant to that notice by reason of the fact that the sale includes none or less than all of the personal property or fixtures referred to or described in the notice. This paragraph shall not otherwise affect the obligations or duties of a secured party under the Commercial Code.

(c) (1) This subdivision applies only to deeds of trust or mortgages which contain a power of sale and which are secured by real property containing a single-family, owner-occupied residence, where the obligation secured by the deed of trust or mortgage is contained in a contract for goods or services subject to the provisions of the Unruh Act (Chapter 1 (commencing with Section 1801) of Title 2 of Part 4 of Division 3).

(2) Except as otherwise expressly set forth in this subdivision, all other provisions of law relating to the exercise of a power of sale shall govern the exercise of a power of sale contained in a deed of trust or mortgage described in paragraph (1).
(3) If any default of the obligation secured by a deed of trust or mortgage described in paragraph (1) has not been cured within 30 days after the recordation of the notice of default, the trustee or mortgagee shall mail to the trustor or mortgagor, at their last known address, a copy of the following statement:

YOU ARE IN DEFAULT UNDER A

______,

(Deed of trust or mortgage)

DATED  _____. UNLESS YOU TAKE ACTION TO PROTECT YOUR PROPERTY, IT MAY BE SOLD AT A PUBLIC SALE. IF YOU NEED AN EXPLANATION OF THE NATURE OF THE PROCEEDING AGAINST YOU, YOU SHOULD CONTACT A LAWYER.

(4) All sales of real property pursuant to a power of sale contained in any deed of trust or mortgage described in paragraph (1) shall be held in the county where the residence is located and shall be made to the person making the highest offer. The trustee may receive offers during the 10-day period immediately prior to the date of sale and if any offer is accepted in writing by both the trustor or mortgagor and the beneficiary or mortgagee prior to the time set for sale, the sale shall be postponed to a date certain and prior to which the property may be conveyed by the trustor to the person making the offer according to its terms. The offer is revocable until accepted. The performance of the offer, following acceptance, according to its terms, by a conveyance of the property to the offeror, shall operate to terminate any further proceeding under the notice of sale and it shall be deemed revoked.

(5) In addition to the trustee fee pursuant to Section 2924c, the trustee or mortgagee pursuant to a deed of trust or mortgage subject to this subdivision shall be entitled to charge an additional fee of fifty dollars ($50).

(6) This subdivision applies only to property on which notices of default were filed on or after the effective date of this subdivision.

(d) With respect to residential real property containing no more than four dwelling units, a separate document containing a summary of the notice of sale information in English and the languages described in Section 1632 shall be attached to the notice of sale provided to the mortgagor or trustor pursuant to Section 2923.3.

(e) This section shall be operative January 1, 2026.

SEC. 2.5.
Section 2924f is added to the Civil Code, to read:
2924f.
(a) As used in this section and Sections 2924g and 2924h, “property” means real property or a leasehold estate therein, and “calendar week” means Monday through Saturday, inclusive.

(b) (1) Except as provided in subdivision (c), before any sale of property can be made under the power of sale contained in any deed of trust or mortgage, or any resale resulting from a rescission for a failure of consideration pursuant to subdivision (c) of Section 2924h, notice of the sale thereof shall be given by posting a written notice of the time of sale and of the street address and the specific place at the street address where the sale will be held, and describing the property to be sold, at least 20 days before the date of sale in one public place in the city where the property is to be sold, if the property is to be sold in a city, or, if not, then in one public place in the county seat of the county where the property is to be sold, and publishing a copy once a week for three consecutive calendar weeks.

(2) The first publication to be at least 20 days before the date of sale, in a newspaper of general circulation published in the public notice district in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the public notice district, in a newspaper of general circulation published in the county in which the property or some part thereof is situated, or in case no newspaper of general circulation is published in the public notice district or county, as the case may be, in a newspaper of general circulation published in the county in this state that is contiguous to the county in which the property or some part thereof is situated and has, by comparison with all similarly contiguous counties, the highest population based upon total county population as determined by the most recent federal decennial census published by the Bureau of the Census. For the purposes of this section, publication of notice in a public notice district is governed by Chapter 1.1 (commencing with Section 6080) of Division 7 of Title 1 of the Government Code.

(3) A copy of the notice of sale shall also be posted in a conspicuous place on the property to be sold at least 20 days before the date of sale, where possible and where not restricted for any reason. If the property is a single-family residence the posting shall be on a door of the residence, but, if not possible or restricted, then the notice shall be posted in a conspicuous place on the property; however, if access is denied because a common entrance to the property is restricted by a guard gate or similar impediment, the property may be posted at that guard gate or similar impediment to any development community.

(4) The notice of sale shall conform to the minimum requirements of Section 6043 of the Government Code and be recorded with the county recorder of the county in which the property or some part thereof is situated at least 20 days prior to the date of sale.

(5) The notice of sale shall contain the name, street address in this state, which may reflect an agent of the trustee, and either a toll-free telephone number or telephone number in this state of the trustee, and the name of the original trustor, and also shall contain the statement required by paragraph (3) of subdivision (c). In addition to any other description of the property, the notice shall describe the property by giving its street address, if any, or other common designation, if any, and a county assessor’s
514 parcel number; but if the property has no street address or other common designation, the notice shall contain a legal description of the property, the name and address of the beneficiary at whose request the sale is to be conducted, and a statement that directions may be obtained pursuant to a written request submitted to the beneficiary within 10 days from the first publication of the notice. Directions shall be deemed reasonably sufficient to locate the property if information as to the location of the property is given by reference to the direction and approximate distance from the nearest crossroads, frontage road, or access road. If a legal description or a county assessor’s parcel number and either a street address or another common designation of the property is given, the validity of the notice and the validity of the sale shall not be affected by the fact that the street address, other common designation, name and address of the beneficiary, or the directions obtained therefrom are erroneous or that the street address, other common designation, name and address of the beneficiary, or directions obtained therefrom are omitted.

(6) The term “newspaper of general circulation,” as used in this section, has the same meaning as defined in Article 1 (commencing with Section 6000) of Chapter 1 of Division 7 of Title 1 of the Government Code.

(7) The notice of sale shall contain a statement of the total amount of the unpaid balance of the obligation secured by the property to be sold and reasonably estimated costs, expenses, advances at the time of the initial publication of the notice of sale, and, if republished pursuant to a cancellation of a cash equivalent pursuant to subdivision (d) of Section 2924h, a reference of that fact; provided, that the trustee shall incur no liability for any good faith error in stating the proper amount, including any amount provided in good faith by or on behalf of the beneficiary. An inaccurate statement of this amount shall not affect the validity of any sale to a bona fide purchaser for value, nor shall the failure to post the notice of sale on a door as provided by this subdivision affect the validity of any sale to a bona fide purchaser for value.

(8) (A) On and after April 1, 2012, if the deed of trust or mortgage containing a power of sale is secured by real property containing from one to four single-family residences, the notice of sale shall contain substantially the following language, in addition to the language required pursuant to paragraphs (1) to (7), inclusive:

NOTICE TO POTENTIAL BIDDERS: If you are considering bidding on this property lien, you should understand that there are risks involved in bidding at a trustee auction. You will be bidding on a lien, not on the property itself. Placing the highest bid at a trustee auction does not automatically entitle you to free and clear ownership of the property. You should also be aware that the lien being auctioned off may be a junior lien. If you are the highest bidder at the auction, you are or may be responsible for paying off all liens senior to the lien being auctioned off, before you can receive clear title to the property. You are encouraged to investigate the existence, priority, and size of outstanding liens that may exist on this property by contacting the county recorder’s office or a title insurance company, either of which may charge you a fee for this information. If you consult either of these resources, you should be aware that the same lender may hold more than one mortgage or deed of trust on the property.
NOTICE TO PROPERTY OWNER: The sale date shown on this notice of sale may be postponed one or more times by the mortgagee, beneficiary, trustee, or a court, pursuant to Section 2924g of the California Civil Code. The law requires that information about trustee sale postponements be made available to you and to the public, as a courtesy to those not present at the sale. If you wish to learn whether your sale date has been postponed, and, if applicable, the rescheduled time and date for the sale of this property, you may call [telephone number for information regarding the trustee’s sale] or visit this internet website [internet website address for information regarding the sale of this property], using the file number assigned to this case [case file number]. Information about postponements that are very short in duration or that occur close in time to the scheduled sale may not immediately be reflected in the telephone information or on the internet website. The best way to verify postponement information is to attend the scheduled sale.

(B) A mortgagee, beneficiary, trustee, or authorized agent shall make a good faith effort to provide up-to-date information regarding sale dates and postponements to persons who wish this information. This information shall be made available free of charge. It may be made available via an internet website, a telephone recording that is accessible 24 hours a day, seven days a week, or through any other means that allows 24 hours a day, seven days a week, no-cost access to updated information. A disruption of any of these methods of providing sale date and postponement information to allow for reasonable maintenance or due to a service outage shall not be deemed to be a violation of the good faith standard.

(C) Except as provided in subparagraph (B), nothing in the wording of the notices required by subparagraph (A) is intended to modify or create any substantive rights or obligations for any person providing, or specified in, either of the required notices. Failure to comply with subparagraph (A) or (B) shall not invalidate any sale that would otherwise be valid under Section 2924f.

(D) Information provided pursuant to subparagraph (A) does not constitute the public declaration required by subdivision (d) of Section 2924g.

(9) If the sale of the property is to be a unified sale as provided in subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, the notice of sale shall also contain a description of the personal property or fixtures to be sold. In the case where it is contemplated that all of the personal property or fixtures are to be sold, the description in the notice of the personal property or fixtures shall be sufficient if it is the same as the description of the personal property or fixtures contained in the agreement creating the security interest in or encumbrance on the personal property or fixtures or the filed financing statement relating to the personal property or fixtures. In all other cases, the description in the notice shall be sufficient if it would be a sufficient description of the personal property or fixtures under Section 9108 of the Commercial Code. Inclusion of a reference to or a description of personal property or fixtures in a notice of sale hereunder shall not constitute an election by the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 9604 of the Commercial Code, shall not obligate the secured party to conduct a unified sale pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section
9604 of the Commercial Code, and in no way shall render defective or noncomplying either that notice or a sale pursuant to that notice by reason of the fact that the sale includes none or less than all of the personal property or fixtures referred to or described in the notice. This paragraph shall not otherwise affect the obligations or duties of a secured party under the Commercial Code.

(c) (1) This subdivision applies only to deeds of trust or mortgages which contain a power of sale and which are secured by real property containing a single-family, owner-occupied residence, where the obligation secured by the deed of trust or mortgage is contained in a contract for goods or services subject to the provisions of the Unruh Act (Chapter 1 (commencing with Section 1801) of Title 2 of Part 4 of Division 3).

(2) Except as otherwise expressly set forth in this subdivision, all other provisions of law relating to the exercise of a power of sale shall govern the exercise of a power of sale contained in a deed of trust or mortgage described in paragraph (1).

(3) If any default of the obligation secured by a deed of trust or mortgage described in paragraph (1) has not been cured within 30 days after the recordation of the notice of default, the trustee or mortgagee shall mail to the trustor or mortgagor, at their last known address, a copy of the following statement:

YOU ARE IN DEFAULT UNDER A
_______ ,
(Deed of trust or mortgage)
DATED   ____. UNLESS YOU TAKE ACTION TO PROTECT YOUR PROPERTY, IT MAY BE SOLD AT A PUBLIC SALE. IF YOU NEED AN EXPLANATION OF THE NATURE OF THE PROCEEDING AGAINST YOU, YOU SHOULD CONTACT A LAWYER.

(4) All sales of real property pursuant to a power of sale contained in any deed of trust or mortgage described in paragraph (1) shall be held in the county where the residence is located and shall be made to the person making the highest offer. The trustee may receive offers during the 10-day period immediately prior to the date of sale and if any offer is accepted in writing by both the trustor or mortgagor and the beneficiary or mortgagee prior to the time set for sale, the sale shall be postponed to a date certain and prior to which the property may be conveyed by the trustor to the person making the offer according to its terms. The offer is revocable until accepted. The performance of the offer, following acceptance, according to its terms, by a conveyance of the property to the offeror, shall operate to terminate any further proceeding under the notice of sale and it shall be deemed revoked.

(5) In addition to the trustee fee pursuant to Section 2924c, the trustee or mortgagee pursuant to a deed of trust or mortgage subject to this subdivision shall be entitled to charge an additional fee of fifty dollars ($50).
(6) This subdivision applies only to property on which notices of default were filed on or after the effective date of this subdivision.

(d) With respect to residential real property containing no more than four dwelling units, a separate document containing a summary of the notice of sale information in English and the languages described in Section 1632 shall be attached to the notice of sale provided to the mortgagor or trustor pursuant to Section 2923.3.

(e) This section shall be operative January 1, 2026.

SEC. 3.

Section 2924g of the Civil Code is amended to read:

2924g.

(a) (1) All sales of property under the power of sale contained in any deed of trust or mortgage shall be held in the county where the property or some part thereof is situated, and shall be made at auction, to the highest bidder, between the hours of 9 a.m. and 5 p.m. on any business day, Monday through Friday.

(2) The sale shall commence at the time and location specified in the notice of sale. Any postponement shall be announced at the time and location specified in the notice of sale for commencement of the sale or pursuant to paragraph (1) of subdivision (c).

(3) If the sale of more than one parcel of real property has been scheduled for the same time and location by the same trustee, (1) (A) any postponement of any of the sales shall be announced at the time published in the notice of sale, (2) (B) the first sale shall commence at the time published in the notice of sale or immediately after the announcement of any postponement, and (3) (C) each subsequent sale shall take place as soon as possible after the preceding sale has been completed.

(4) Notwithstanding any other law, a sale of property under the power of sale contained in any deed of trust or mortgage shall be subject to the following restriction: a trustee shall not bundle properties for the purpose of sale and each property shall be bid on separately, unless the deed of trust or mortgage requires otherwise.

(b) When the property consists of several known lots or parcels, they shall be sold separately unless the deed of trust or mortgage provides otherwise. When a portion of the property is claimed by a third person, who requires it to be sold separately, the portion subject to the claim may be thus sold. The trustor, if present at the sale, may also, unless the deed of trust or mortgage otherwise provides, direct the order in which property shall be sold, when the property consists of several known lots or parcels which may be sold to advantage separately, and the trustee shall follow that direction. After sufficient property has been sold to satisfy the indebtedness, no more can be sold.

If the property under power of sale is in two or more counties, the public auction sale of all of the property under the power of sale may take place in any one of the counties where the property or a portion thereof is located.

(c) (1) There may be a postponement or postponements of the sale proceedings, including a postponement upon instruction by the beneficiary to the trustee that the sale
proceedings be postponed, at any time prior to the completion of the sale for any period of time not to exceed a total of 365 days from the date set forth in the notice of sale. The trustee shall postpone the sale in accordance with any of the following:

(A) Upon the order of any court of competent jurisdiction.

(B) If stayed by operation of law.

(C) By mutual agreement, whether oral or in writing, of any trustor and any beneficiary or any mortgagor and any mortgagee.

(D) At the discretion of the trustee.

(2) In the event that the sale proceedings are postponed for a period or periods totaling more than 365 days, the scheduling of any further sale proceedings shall be preceded by giving a new notice of sale in the manner prescribed in Section 2924f. New fees incurred for the new notice of sale shall not exceed the amounts specified in Sections 2924c and 2924d, and shall not exceed reasonable costs that are necessary to comply with this paragraph.

(d) The notice of each postponement and the reason therefor shall be given by public declaration by the trustee at the time and place last appointed for sale. A public declaration of postponement shall also set forth the new date, time, and place of sale and the place of sale shall be the same place as originally fixed by the trustee for the sale. No other notice of postponement need be given. However, the sale shall be conducted no sooner than on the seventh day after the earlier of (1) dismissal of the action or (2) expiration or termination of the injunction, restraining order, or stay that required postponement of the sale, whether by entry of an order by a court of competent jurisdiction, operation of law, or otherwise, unless the injunction, restraining order, or subsequent order expressly directs the conduct of the sale within that seven-day period. For purposes of this subdivision, the seven-day period shall not include the day on which the action is dismissed, or the day on which the injunction, restraining order, or stay expires or is terminated. If the sale had been scheduled to occur, but this subdivision precludes its conduct during that seven-day period, a new notice of postponement shall be given if the sale had been scheduled to occur during that seven-day period. The trustee shall maintain records of each postponement and the reason therefor.

(e) Notwithstanding the time periods established under subdivision (d), if postponement of a sale is based on a stay imposed by Title 11 of the United States Code (bankruptcy), the sale shall be conducted no sooner than the expiration of the stay imposed by that title and the seven-day provision of subdivision (d) shall not apply.

(f) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2026, deletes or extends that date.
SEC. 4.  
Section 2924g is added to the Civil Code, to read:

2924g.  
(a) All sales of property under the power of sale contained in any deed of trust or mortgage shall be held in the county where the property or some part thereof is situated, and shall be made at auction, to the highest bidder, between the hours of 9 a.m. and 5 p.m. on any business day, Monday through Friday.

The sale shall commence at the time and location specified in the notice of sale. Any postponement shall be announced at the time and location specified in the notice of sale for commencement of the sale or pursuant to paragraph (1) of subdivision (c).

If the sale of more than one parcel of real property has been scheduled for the same time and location by the same trustee, (1) any postponement of any of the sales shall be announced at the time published in the notice of sale, (2) the first sale shall commence at the time published in the notice of sale or immediately after the announcement of any postponement, and (3) each subsequent sale shall take place as soon as possible after the preceding sale has been completed.

(b) When the property consists of several known lots or parcels, they shall be sold separately unless the deed of trust or mortgage provides otherwise. When a portion of the property is claimed by a third person, who requires it to be sold separately, the portion subject to the claim may be thus sold. The trustor, if present at the sale, may also, unless the deed of trust or mortgage otherwise provides, direct the order in which property shall be sold, when the property consists of several known lots or parcels which may be sold to advantage separately, and the trustee shall follow that direction. After sufficient property has been sold to satisfy the indebtedness, no more can be sold.

If the property under power of sale is in two or more counties, the public auction sale of all of the property under the power of sale may take place in any one of the counties where the property or a portion thereof is located.

(c) (1) There may be a postponement or postponements of the sale proceedings, including a postponement upon instruction by the beneficiary to the trustee that the sale proceedings be postponed, at any time prior to the completion of the sale for any period of time not to exceed a total of 365 days from the date set forth in the notice of sale. The trustee shall postpone the sale in accordance with any of the following:

(A) Upon the order of any court of competent jurisdiction.

(B) If stayed by operation of law.

(C) By mutual agreement, whether oral or in writing, of any trustor and any beneficiary or any mortgagor and any mortgagee.

(D) At the discretion of the trustee.

(2) In the event that the sale proceedings are postponed for a period or periods totaling more than 365 days, the scheduling of any further sale proceedings shall be preceded by giving a new notice of sale in the manner prescribed in Section 2924f. New fees
incurred for the new notice of sale shall not exceed the amounts specified in Sections 2924c and 2924d, and shall not exceed reasonable costs that are necessary to comply with this paragraph.

(d) The notice of each postponement and the reason therefor shall be given by public declaration by the trustee at the time and place last appointed for sale. A public declaration of postponement shall also set forth the new date, time, and place of sale and the place of sale shall be the same place as originally fixed by the trustee for the sale. No other notice of postponement need be given. However, the sale shall be conducted no sooner than on the seventh day after the earlier of (1) dismissal of the action or (2) expiration or termination of the injunction, restraining order, or stay that required postponement of the sale, whether by entry of an order by a court of competent jurisdiction, operation of law, or otherwise, unless the injunction, restraining order, or subsequent order expressly directs the conduct of the sale within that seven-day period. For purposes of this subdivision, the seven-day period shall not include the day on which the action is dismissed, or the day on which the injunction, restraining order, or stay expires or is terminated. If the sale had been scheduled to occur, but this subdivision precludes its conduct during that seven-day period, a new notice of postponement shall be given if the sale had been scheduled to occur during that seven-day period. The trustee shall maintain records of each postponement and the reason therefor.

(e) Notwithstanding the time periods established under subdivision (d), if postponement of a sale is based on a stay imposed by Title 11 of the United States Code (bankruptcy), the sale shall be conducted no sooner than the expiration of the stay imposed by that title and the seven-day provision of subdivision (d) shall not apply.

(f) This section shall be operative January 1, 2026.

SEC. 5.
Section 2924h of the Civil Code is amended to read:

2924h.
(a) Each and every bid made by a bidder at a trustee’s sale under a power of sale contained in a deed of trust or mortgage shall be deemed to be an irrevocable offer by that bidder to purchase the property being sold by the trustee under the power of sale for the amount of the bid. Any second or subsequent bid by the same bidder or any other bidder for a higher amount shall be a cancellation of the prior bid.

(b) At the trustee’s sale the trustee shall have the right (1) to require every bidder to show evidence of the bidder’s ability to deposit with the trustee the full amount of his or her final bid in cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee prior to, and as a condition to, the recognizing of the bid, and to conditionally accept and hold these amounts for the duration of the sale, and (2) to require the last and highest bidder to deposit, if not deposited previously, the full amount of the bidder’s final bid in cash, a
cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee, immediately prior to the completion of the sale, the completion of the sale being so announced by the fall of the hammer or in another customary manner. The present beneficiary of the deed of trust under foreclosure shall have the right to offset his or her bid or bids only to the extent of the total amount due the beneficiary including the trustee’s fees and expenses.

(c) In the event the trustee accepts a check drawn by a credit union or a savings and loan association pursuant to this subdivision or a cash equivalent designated in the notice of sale, the trustee may withhold the issuance of the trustee’s deed to the successful bidder submitting the check drawn by a state or federal credit union or savings and loan association or the cash equivalent until funds become available to the payee or endorsee as a matter of right.

For the purposes of this subdivision, the trustee’s sale shall be deemed final upon the acceptance of the last and highest bid, and shall be deemed perfected as of 8 a.m. on the actual date of sale if the trustee’s deed is recorded within 15 calendar days after the sale, or the next business day following the 15th day if the county recorder in which the property is located is closed on the 15th day. If an eligible bidder submits a written notice of intent to bid pursuant to paragraph (3) of subdivision (c) of Section 2924m, the trustee’s sale shall be deemed perfected as of 8 a.m. on the actual date of sale if the trustee’s deed is recorded within 48 calendar days after the sale or the next business day following the 48th day if the county recorder in which the property is located is closed on the 48th day. However, the sale is subject to an automatic rescission for a failure of consideration in the event the funds are not “available for withdrawal” as defined in Section 12413.1 of the Insurance Code. The trustee shall send a notice of rescission for a failure of consideration to the last and highest bidder submitting the check or alternative instrument, if the address of the last and highest bidder is known to the trustee.

If a sale results in an automatic right of rescission for failure of consideration pursuant to this subdivision, the interest of any lienholder shall be reinstated in the same priority as if the previous sale had not occurred.

(d) If the trustee has not required the last and highest bidder to deposit the cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee in the manner set forth in paragraph (2) of subdivision (b), the trustee shall complete the sale. If the last and highest bidder then fails to deliver to the trustee, when demanded, the amount of his or her final bid in cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of
the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee, that bidder shall be liable to the trustee for all damages which the trustee may sustain by the refusal to deliver to the trustee the amount of the final bid, including any court costs and reasonable attorneys’ fees.

If the last and highest bidder willfully fails to deliver to the trustee the amount of his or her final bid in cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee, or if the last and highest bidder cancels a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent that has been designated in the notice of sale as acceptable to the trustee, that bidder shall be guilty of a misdemeanor punishable by a fine of not more than two thousand five hundred dollars ($2,500).

In the event the last and highest bidder cancels an instrument submitted to the trustee as a cash equivalent, the trustee shall provide a new notice of sale in the manner set forth in Section 2924f and shall be entitled to recover the costs of the new notice of sale as provided in Section 2924c.

(e) Any postponement or discontinuance of the sale proceedings shall be a cancellation of the last bid.

(f) in Except as specifically provided in Section 2924m, in the event that this section conflicts with any other statute, then this section shall prevail.

(g) It shall be unlawful for any person, acting alone or in concert with others, (1) to offer to accept or accept from another, any consideration of any type not to bid, or (2) to fix or restrain bidding in any manner, at a sale of property conducted pursuant to a power of sale in a deed of trust or mortgage. However, it shall not be unlawful for any person, including a trustee, to state that a property subject to a recorded notice of default or subject to a sale conducted pursuant to this chapter is being sold in an “as-is” condition.

In addition to any other remedies, any person committing any act declared unlawful by this subdivision or any act which would operate as a fraud or deceit upon any beneficiary, trustor, or junior lienor shall, upon conviction, be fined not more than ten thousand dollars ($10,000) or imprisoned in the county jail for not more than one year, or be punished by both that fine and imprisonment.

(h) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2026, deletes or extends that date.
SEC. 6.
Section 2924h is added to the Civil Code, to read:

2924h.
(a) Each and every bid made by a bidder at a trustee’s sale under a power of sale contained in a deed of trust or mortgage shall be deemed to be an irrevocable offer by that bidder to purchase the property being sold by the trustee under the power of sale for the amount of the bid. Any second or subsequent bid by the same bidder or any other bidder for a higher amount shall be a cancellation of the prior bid.

(b) At the trustee’s sale the trustee shall have the right (1) to require every bidder to show evidence of the bidder’s ability to deposit with the trustee the full amount of their final bid in cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee prior to, and as a condition to, the recognizing of the bid, and to conditionally accept and hold these amounts for the duration of the sale, and (2) to require the last and highest bidder to deposit, if not deposited previously, the full amount of the bidder’s final bid in cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee, immediately prior to the completion of the sale, the completion of the sale being so announced by the fall of the hammer or in another customary manner. The present beneficiary of the deed of trust under foreclosure shall have the right to offset their bid or bids only to the extent of the total amount due the beneficiary including the trustee’s fees and expenses.

(c) In the event the trustee accepts a check drawn by a credit union or a savings and loan association pursuant to this subdivision or a cash equivalent designated in the notice of sale, the trustee may withhold the issuance of the trustee’s deed to the successful bidder submitting the check drawn by a state or federal credit union or savings and loan association or the cash equivalent until funds become available to the payee or endorsee as a matter of right.

For the purposes of this subdivision, the trustee’s sale shall be deemed final upon the acceptance of the last and highest bid, and shall be deemed perfected as of 8 a.m. on the actual date of sale if the trustee’s deed is recorded within 15 calendar days after the sale, or the next business day following the 15th day if the county recorder in which the property is located is closed on the 15th day. However, the sale is subject to an automatic rescission for a failure of consideration in the event the funds are not “available for withdrawal” as defined in Section 12413.1 of the Insurance Code. The trustee shall send a notice of rescission for a failure of consideration to the last and highest bidder submitting the check or alternative instrument, if the address of the last and highest bidder is known to the trustee.
If a sale results in an automatic right of rescission for failure of consideration pursuant to this subdivision, the interest of any lienholder shall be reinstated in the same priority as if the previous sale had not occurred.

(d) If the trustee has not required the last and highest bidder to deposit the cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee in the manner set forth in paragraph (2) of subdivision (b), the trustee shall complete the sale. If the last and highest bidder then fails to deliver to the trustee, when demanded, the amount of their final bid in cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee, that bidder shall be liable to the trustee for all damages which the trustee may sustain by the refusal to deliver to the trustee the amount of the final bid, including any court costs and reasonable attorneys’ fees.

If the last and highest bidder willfully fails to deliver to the trustee the amount of their final bid in cash, a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent which has been designated in the notice of sale as acceptable to the trustee, or if the last and highest bidder cancels a cashier’s check drawn on a state or national bank, a check drawn by a state or federal credit union, or a check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state, or a cash equivalent that has been designated in the notice of sale as acceptable to the trustee, that bidder shall be guilty of a misdemeanor punishable by a fine of not more than two thousand five hundred dollars ($2,500).

In the event the last and highest bidder cancels an instrument submitted to the trustee as a cash equivalent, the trustee shall provide a new notice of sale in the manner set forth in Section 2924f and shall be entitled to recover the costs of the new notice of sale as provided in Section 2924c.

(e) Any postponement or discontinuance of the sale proceedings shall be a cancellation of the last bid.

(f) In the event that this section conflicts with any other statute, then this section shall prevail.

(g) It shall be unlawful for any person, acting alone or in concert with others, (1) to offer to accept or accept from another, any consideration of any type not to bid, or (2) to fix or restrain bidding in any manner, at a sale of property conducted pursuant to a power of
sale in a deed of trust or mortgage. However, it shall not be unlawful for any person, including a trustee, to state that a property subject to a recorded notice of default or subject to a sale conducted pursuant to this chapter is being sold in an “as-is” condition.

In addition to any other remedies, any person committing any act declared unlawful by this subdivision or any act which would operate as a fraud or deceit upon any beneficiary, trustor, or junior lienor shall, upon conviction, be fined not more than ten thousand dollars ($10,000) or imprisoned in the county jail for not more than one year, or be punished by both that fine and imprisonment.

(h) This section shall be operative January 1, 2026.

SEC. 7.
Section 2924m is added to the Civil Code, to read:

2924m.
(a) For purposes of this section:

(1) “Prospective owner-occupant” means a natural person who presents to the trustee an affidavit that:

(A) They will occupy the property as their primary residence within 60 days of the trustee’s deed being recorded.

(B) They will maintain their occupancy for at least one year.

(C) They are not the mortgagor or trustor, or the child, spouse, or parent of the mortgagor or trustor.

(D) They are not acting as the agent of any other person or entity in purchasing the real property.

(2) “Eligible tenant buyer” means a natural person who at the time of the trustee’s sale:

(A) Is occupying the real property as their primary residence.

(B) Is occupying the real property under a rental or lease agreement entered into as the result of an arm’s length transaction with the mortgagor or trustor on a date prior to the recording of the Notice of Default against the property.

(C) Is not the mortgagor or trustor, or the child, spouse, or parent of the mortgagor or trustor.

(3) “Eligible bidder” means any of the following:

(A) An eligible tenant buyer.

(B) A prospective owner-occupant.

(C) A nonprofit association, nonprofit corporation, or cooperative corporation in which an eligible tenant buyer or a prospective owner-occupant is a voting member or director.

(D) An eligible nonprofit corporation based in California whose primary activity is the development and preservation of affordable rental housing.
(E) A limited partnership in which the managing general partner is an eligible nonprofit corporation based in California whose primary activity is the development and preservation of affordable housing.

(F) A limited liability company in which the managing member is an eligible nonprofit corporation based in California whose primary activity is the development and preservation of affordable rental housing.

(G) A community land trust, as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code.

(H) A limited-equity housing cooperative as defined in Section 817.

(I) The state, the Regents of the University of California, a county, city, district, public authority, or public agency, and any other political subdivision or public corporation in the state.

(b) Nothing in this section shall prevent an eligible tenant buyer who meets the conditions set forth in paragraph (1) of subdivision (a) from being deemed a prospective owner-occupant.

(c) A trustee’s sale of property under a power of sale contained in a deed of trust or mortgage on real property containing one to four residential units pursuant to Section 2924g shall not be deemed final until the earliest of the following:

(1) If a prospective owner-occupant is the last and highest bidder at the trustee’s sale, the date upon which the conditions set forth in Section 2924h of the Civil Code for the sale to become final are met. The trustee shall require the prospective owner-occupant to submit the affidavit described in paragraph (1) of subdivision (a). The trustee may reasonably rely upon this affidavit.

(2) Fifteen days after the trustee’s sale unless at least one eligible tenant buyer or eligible bidder submits to the trustee either a bid pursuant to paragraph (3) or (4) or a nonbinding written notice of intent to place such a bid. The bid or written notice of intent to place a bid shall be sent to the trustee by certified mail, overnight delivery, or other method that allows for confirmation of the delivery date and shall be received by the trustee no later than 15 days after the trustee’s sale.

(3) The date upon which a representative of all of the eligible tenant buyers submits to the trustee a bid in an amount equal to the full amount of the last and highest bid at the trustee’s sale, in the form of cash, a cashier’s check drawn on a state or national bank, a cashier’s check drawn by a state or federal credit union, or a cashier’s check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state. This bid shall be accompanied by an affidavit stating that the persons represented meet the criteria set forth in paragraph (2) of subdivision (a). The trustee may reasonably rely on this affidavit. The bid and affidavit shall be sent to the trustee by certified mail, overnight delivery, or other method that allows for confirmation of the delivery date and shall be received by the trustee no later than 45 days after the trustee’s sale.
trustee’s sale. If this occurs, the eligible tenant buyers shall be deemed the last and highest bidder pursuant to the power of sale.

(4) Forty-five days after the trustee’s sale, except that during the 45-day period, an eligible bidder may submit to the trustee a bid in an amount that exceeds the last and highest bid at the trustee’s sale, in the form of cash, a cashier’s check drawn on a state or national bank, a cashier’s check drawn by a state or federal credit union, or a cashier’s check drawn by a state or federal savings and loan association, savings association, or savings bank specified in Section 5102 of the Financial Code and authorized to do business in this state. The bid shall be accompanied by an affidavit identifying the category set forth in paragraph (3) of subdivision (a) to which the eligible bidder belongs and stating that the eligible bidder meets the criteria for that category. The trustee may reasonably rely on this affidavit. The bid and affidavit shall be sent to the trustee by certified mail, overnight delivery, or other method that allows for confirmation of the delivery date and shall be received by the trustee no later than 45 days after the trustee’s sale. As of 5 p.m. on the 45th day after the trustee’s sale, if one or more eligible bidders has submitted a bid, the eligible bidder that submitted the highest bid shall be deemed the last and highest bidder pursuant to the power of sale. The trustee shall return any losing bid to the eligible bidder that submitted it.

(d) If the conditions set forth in paragraph (1) of subdivision (c) for a sale to be deemed final are not met, then:

(1) Not later than 48 hours after the trustee’s sale of property under Section 2924g, the trustee or an authorized agent shall post on the internet website set forth on the notice of sale, as required under paragraph (8) of subdivision (b) of section 2924f, the following information:

(A) The date on which the trustee’s sale took place.

(B) The amount of the last and highest bid at the trustee’s sale.

(C) An address at which the trustee can receive documents sent by United States mail and by a method of delivery providing for overnight delivery.

(2) The information required to be posted on the internet website under paragraph (1) shall also be made available not later than 48 hours after the trustee’s sale of property under section 2924g by calling the telephone number set forth on the notice of sale as required under paragraph (8) of subdivision (b) of section 2924f.

(3) The information required to be provided under paragraphs (1) and (2) shall be made available using the file number assigned to the case that is set forth on the notice of sale as required under paragraph (8) of subdivision (b) of section 2924f.

(4) The information required to be provided under paragraphs (1) and (2) shall be made available for a period of not less than 45 days after the sale of property under section 2924g.

(5) A disruption of any of these methods of providing the information required under paragraphs (1) and (2) to allow for reasonable maintenance or due to a service outage shall not be deemed to be a violation of this subdivision.
(e) A prospective owner-occupant shall not be in violation of this section if a legal owner’s compliance with the requirements of Section 2924n renders them unable to occupy the property as their primary residence within 60 days of the trustee’s deed being recorded.

(f) This section shall prevail over any conflicting provision of Section 2924h.

(g) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2026, deletes or extends that date.

SEC. 8.
Section 2924n is added to the Civil Code, to read:

2924n.
Nothing in this article shall relieve a person deemed the legal owner of real property when the trustee’s deed is recorded from complying with applicable law regarding the eviction or displacement of tenants, including, but not limited to, notice requirements, requirements for the provision of temporary or permanent relocation assistance, the right to return, and just cause eviction requirements.

SEC. 9.
Section 2929.3 of the Civil Code is amended to read:

2929.3.
(a) (1) A legal owner shall maintain vacant residential property purchased by that owner at a foreclosure sale once that sale is deemed final, or acquired by that owner through foreclosure under a mortgage or deed of trust. A governmental entity may impose a civil fine of up to one thousand dollars ($1,000) per day for a violation. If the governmental entity chooses upon the legal owner of the property for a violation as set forth in this section. The governmental entity is not required to impose a fine pursuant to this section, it shall give notice of the alleged violation, including a description of the conditions that gave rise to the allegation, and notice of the entity’s intent to assess a civil fine if action to correct the violation is not commenced within a period of not less than 14 days and completed within a period of not less than 30 days. The notice shall be mailed to the address provided in the deed or other instrument as specified in subdivision (a) of Section 27321.5 of the Government Code, or, if none, to the return address provided on the deed or other instrument. remedied.

(2) If the governmental entity chooses to impose a fine pursuant to this section, it shall give the legal owner, prior to the imposition of the fine, a notice containing the following information:

(A) Notice of the alleged violation, including a detailed description of the conditions that gave rise to the allegation.

(B) Notice of the entity’s intent to assess a civil fine if the legal owner does not do both of the following:
(i) Within a period determined by the entity, consisting of not less than 14 business days following the date of the notice, commence action to remedy the violation and notify the entity of that action. This time period shall be extended by an additional 10 business days if requested by the legal owner in order to clarify with the entity the actions necessary to remedy the violation.

(ii) Complete the action described in clause (i) within a period of no less than 16 business days following the end of the period set forth in clause (i).

(C) The notice required under this paragraph shall be mailed to the address provided in the deed or other instrument as specified in subdivision (a) of Section 27321.5 of the Government Code, or, if none, to the return address provided on the deed or other instrument.

(2) The governmental entity shall provide a period of not less than 30 days for the legal owner to remedy the violation prior to imposing a civil fine and shall allow for a hearing and opportunity to contest any fine imposed. In determining the amount of the fine, the governmental entity shall take into consideration any timely and good faith efforts by the legal owner to remedy the violation. The maximum civil fine authorized by this section is one thousand dollars ($1,000) for each day that the owner fails to maintain the property, commencing on the day following the expiration of the period to remedy the violation established by the governmental entity.

(A) Up to a maximum of two thousand dollars ($2,000) per day for the first 30 days.

(B) Up to a maximum of five thousand dollars ($5,000) per day thereafter.

(3) Subject to the provisions of this section, a governmental entity may establish different compliance periods for different conditions on the same property in the notice of alleged violation mailed to the legal owner.

(b) For purposes of this section, “failure to maintain” means failure to care for the exterior of the property, including, but not limited to, permitting excessive foliage growth that diminishes the value of surrounding properties, failing to take action to prevent trespassers or squatters from remaining on the property, or failing to take action to prevent mosquito larvae from growing in standing water or other conditions that create a public nuisance.

(c) Notwithstanding subdivisions (a) and (b), a governmental entity may provide less than 30 days’ notice to remedy a condition before imposing a civil fine if the entity determines that a specific condition of the property threatens public health or safety and provided that notice of that determination and time for compliance is given.

(d) Fines and penalties collected pursuant to this section shall be directed to local nuisance abatement programs, including, but not limited to, legal abatement proceedings.

(e) A governmental entity may not impose fines on a legal owner under both this section and a local ordinance.
(f) These provisions shall not preempt any local ordinance.

(g) This section shall only apply to residential real property.

(h) The rights and remedies provided in this section are cumulative and in addition to any other rights and remedies provided by law.