



MEMORANDUM

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TO: Association Executives / Professional Standards and Grievance Members FROM: Crystal Peterson, Paralegal

DATE: October 3, 2024

SUBJECT: 2024 C.A.R. Fall Business Meetings | Long Beach

At the Fall C.A.R. Business Meetings in Long Beach, I attended:

- Professional Standards Committee
- MLS Policy Committee
- Member Legal Services Open Forum
- REALTOR® Risk Management and Consumer Protection Forum

MEMBER LEGAL SERVICES OPEN FORUM

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Re: 2024 C.A.R. Fall Business Meetings | Long Beach

Legal Updates

- New Landlord/Tenant Laws
 - SB 611
 - Landlords will no longer be able to charge a fee to tenant to serve a notice
 - Landlords will no longer be able to charge a tenant an extra fee if they want to pay rent by check
 - If you have a service member tenant, who you want to charge a higher security deposit for, you have to tell tenant why you're charging them (in writing) and if they pay on time for at least 6 months, you have to give them back the extra security deposit you charged
 - AB 2747
 - Residential landlords who have tenants who sign a lease, landlord must offer in writing to report credit history
 - Effective 4/1/25 for new/current tenants and must offer once a year
 - Can charge a tenant a fee - \$10/month or actual cost
 - If you charge and they don't pay – not grounds to evict, only grounds to stop reporting positive credit history
 - Only applies to landlords with buildings with more than 15 units
 - Not exempt if you're LLC, Corporation, or corporate trust
 - SB 1051

within 24 hours.

- If tenant they are a victim of domestic violence or abuse and requests the locks to be changed, landlord has to change the locks
- Tenant must provide landlord with supporting documentation
 - Can be simple written statement by victim: “I am a victim”
- If person abusing lives with tenant, a court order is required
- Landlord has to pay for changing of locks
 - Tenant can do themselves and charge landlord – pay back within 21 days even if lease says no changing locks.
 - Tenant living with abused family member. Person of abuse can be someone not on the lease. Landlord still responsible.
- In the future, cannot use against prospective tenant
 - If they were victim of domestic violence
 - Had previous landlord change lock
 - Summoned law enforcement to property
 - Breached lease due to domestic violence

▪ AB 2801

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- AFTER repairs/cleaning
 - Starting 4/1/2025 – when tenant leaves, you have to take pictures of unit if planning on deducting from security deposit
 - BEFORE repairs/cleaning; AND
 - After 7/1/2025: pictures needed only if you’re planning on deducting from security deposit. Take pictures:
 - Before they move in
 - After they move out
 - Before repairs/cleaning
 - After repairs/cleaning
 - Pictures need to be included with itemized list of deductions and an explanation
 - Repairs/cleaning needs to be reasonably necessary to restore property except due to ordinary wear and tear – no clarification
 - Landlord cannot charge tenant for professional carpet cleaning

▪ AB 2493

the maximum charge is \$62.02

- When tenant submits an application, a screening fee allowed, but
- Landlord can’t charge screening fee to tenant if unit is not available yet

- Landlord required to provide consumer credit report
- Landlord can only charge a screening fee to tenant if
 - Policy is if applicant doesn’t get unit, you have to refund fee; or
 - Create a written application screening policy and provide it to every applicant. Policy must state that landlord will consider every application in order received and take first one who meets criteria. Policy must include the

requirement of:

- Credit score of...

- Income of...
 - Job history of...
 - Consider every applicant in order received
 - Take first one who meets the criteria
 - Rather than return, you can offer to keep for another application for a different unit
 - AB 2622
 - If labor/materials exceed \$1000 must have contractor license
 - Pulling permit – requires license
 - Hiring vendor – requires license
 - SB 721
 - Any exterior elevated elements
 - Balcony

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- Decks
 - At least 6 feet off ground
 - Made or supported by wood or wood-based materials
 - Must be inspected by end of year; and
 - If problems exist, must be fixed w/in 4 months
 - If an apartment a building, can only be inspected by
 - Architects
 - Structural engineers
 - General contractor w Ab/C-5 license & 5+ yrs experience
 - If a condo/PUD, can be inspected by
 - Architects
 - Structural engineers
 - Civil engineers
 - This law would extend deadline to complete inspections for condos only
- SB 900
 - HOAs are responsible to do repairs on utilities that begin in common area and end in unit
 - Gas
 - Heat
 - Water
 - Electric services
 - However, if CCRs contradict, they don't have to
- AB 2424
 - If you miss a payment, lender can send notice of default
 - 110 days minimum before foreclosure
 - On RESPA transaction, lenders can't file notice of default for 120 days. 230 days total between not making payment and foreclosure sale
 - If approaching sale date, and seller provides an executed listing agreement that has been posted on MLS, 45 more days added; and
 - If trustor gets signed purchase agreement, 40 more days added
- AB 2016
 - Currently: can petition the court if property is less than \$184k, no probate required – can decree to transfer property to trustee
 - NOW: can petition the court if decedent leaves primary residence to someone (less than \$750k) no probate required to get title

- not clear if \$184 even applies for non-primary residence
- SB 1366
 - If private well is destroyed by fire, owner can apply and get free domestic water storage tank
 - If selling property with the free domestic water storage tank pursuant to the program, this must be disclosed to buyer

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- Must disclose assistance, when, and what happened
 - Even if you purchased the property already with the tank
- Buyer is advised to get inspection by professional
- Part of TDS law
 - Exempt if probate
- Justin already incorporated water tank law into C.A.R. forms
- AB 2992
 - Buyer/broker agreement required (BRBC)
 - Exclusive vs. non-exclusive – explain to clients
 - Applies to all CA licensees
 - As soon as practical but not before writing offer
 - Doesn't just apply to residential, also applies to commercial, vacant land, lease, mobile homes
 - Can only renew for 3 months;
 - Renewal must be in writing
 - Unless buyer is a Corporation, LLC, or partnership
 - Unlimited timeframe
 - Agency disclosure form required to be attached
 - If violated, violation of licensing law – can lose license
- SB 326 – eff 2026
 - Seller is aware of local ordinance requiring mandatory replacement of gas appliances with electric
 - Disclose to buyer the local ordinance

Case Updates

- *SF Apartment Association v. City of SF*
 - SF Passed ordinance that required a landlord to give tenant 30-day opportunity to cure (pay or quit)
 - Immediately challenged
 - Opinion: SF ordinance is invalid
 - The whole process of removing a tenant is preempted by state law
 - Entire mechanism in place that supersedes any inconsistent methodology for removing tenant
- *Samuelian v. Life Generations Healthcare*
 - Stands for proposition that if there is an agreement for the sale of a business that restrains trade (if seller is restricted from engaging in that business, that restriction does not fall w/in specific exemptions) general proposition that restriction on the seller is unenforceable.
 - Owners of about 50% interest in some healthcare facilities sold approximately ½ that interest to other co-owners of facilities – as part of that agreement, the sellers were prohibited from engaging in any competing facility
 - Majority owners that the minority owners did engage in competing businesses

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- Majority owners terminated the minority owners' interest and paid out multi million dollars as per term of sale.
- Minority interest holders sued majority owners that non-compete clause was invalid did not meet

specific exemptions in CA code – not satisfied with payout and should have full 25% of interest

- Case went to arbitration
 - Arbitrator looked at law and applied per se rule
 - If there is a covenant not to compete, automatic violation of law
 - Under per se law, found for minority int holders
- Majority interest holders contested arbitration
 - Agreement said arbitrator is not allowed to make an error law
 - Stated arbitrator applied wrong standard, should have applied rule of reason standard not per se
 - Looked at agreement and said overall agreement is anti/pro-competitive ○ Arbitration award was overturned, and case was sent back
- Partial sale may prohibit from engaging in another business in competition of business interest retained

• *Lynch v. Peter & Associates*

- Homeowner against subcontractor for negligence
- San Clemente, CA
- A property owner was doing improvements in 2015 and hired a general contractor. The general contractor hired a subcontractor. The subcontractor was supposed to analyze the geotechnical stability of a footing (paid \$360, overall project cost over \$400k)
- Improvement was built, footing not as stable, property started tilting
- Homeowner sued subcontractor directly for negligence
- Trial judge felt general contractor was responsible
- Court of appeals decided:
 - Privity doesn't matter anymore
 - What matters is series of tests
 - Reasonable expectation of homeowner is that if subcontractor had not performed job well, was it reasonably foreseeable that the intended beneficiary (homeowner) would be harmed
 - Rule applied
 - Subcontractor contract stated if subcontractor did not do job well, the maximum penalty was twice the amount of the job, but
 - Court said contract irrelevant
 - Sent back to trial court