

2015 Legislative Update

October 11, 2015 marked the last day for the Governor to sign bills passed by the Legislature in 2015, the first year of the two year legislative session. According to the Governor's Office, 808 bills were signed in 2015. The following brief legislative summaries are of recently signed bills that affect real estate licensees and subdividers. These summaries are intended to alert you to pertinent changes to the law. You are encouraged to consult the statutes for complete information. Copies of the bills can be obtained on-line at: <http://leginfo.legislature.ca.gov>. Please note that "SB" refers to a Senate Bill and "AB" to an Assembly Bill. The name appearing after the bill number is the name of the author. All statutes are effective January 1, 2016 unless otherwise noted.

AB 345 (Frazier, Chapter 68, Statutes of 2015) **Continuing Education: Management and Supervision**

This bill requires real estate brokers licensed by the Bureau of Real Estate ("CalBRE") to complete a three-hour course in the management of real estate offices and supervision of real estate licensed activities prior to renewal of their license. This bill also allows salespersons to complete a continuing education course that assists them to better understand how to be effectively supervised by a broker or branch manager.

AB 607 (Dodd, Chapter 216, Statutes of 2015) **Authority to Make Trust Account Withdrawal**

This bill codifies existing regulations (10 CCR 2834) pertaining to CalBRE to authorize unlicensed employees of a licensed broker, typically accountants and bookkeepers, to make trust fund withdrawals. This bill modifies these provisions by clarifying the conditions of the withdrawals and specifying fidelity bonds held by brokers can have a deductible of up to 5 percent of the total bond amount when there is evidence of the broker's financial responsibility sufficient to cover a loss subject to the deductible.

AB 661 (Mathis, Chapter 76, Statutes of 2015) **Clarification of County Transfer Fee Applicability**

This bill clarifies existing law by specifying which real estate instruments or documents pertaining to the sale or transfer of property are or are not subject to a \$10, per document, county fee to fund the county's Real Estate Fraud Prosecution Trust Fund.

AB 807 (Stone, Chapter 634, Statutes of 2015) **Clarification Regarding Private Transfer Fee Requirements**

This bill makes technical clarifications to the Civil Code's definition of a "transfer fee," as established by AB 980 (Calderon, Chapter 689, Statutes of 2007), and requires all transfer fee documentation to be recorded on a single document.

AB 905 (Gaines, Chapter 88, Statutes of 2015) **VOTA Submissions in Electronic Format**

This bill allows public reports and disclosures to purchasers required by the Vacation Ownership and Time-share Act ("VOTA") to be provided in a digital format at the discretion of the purchaser. This bill also makes a technical amendment in Civil Code section 2079.6 to clarify the exemption from certain reports by brokers licensed by CalBRE as related to VOTA.

SB 146 (Galgiani, Chapter 129, Statutes of 2015) **Clarification on Team Name Usage**

This bill provides technical clean-up to AB 2018 (Bocanegra, Chapter 892, Statutes of 2014), which specifies that, "team names," are not, "fictitious business names," and are therefore not required to register with CalBRE. This bill clarifies that team names are not required to register with the county in which the team operates,

defines a “responsible broker’s identity,” and makes other non-substantive and conforming amendments. *Designated as an “urgency” measure, the amendments went into effect on July 16, 2015.*

SB 647 (Morrell, Chapter 263, Statutes of 2015) **Dual Agency Disclosure: Commercial Transactions**

This bill makes several technical amendments to statutes following the enactment of SB 978 (Vargas, Chapter 669, Statutes of 2012). (SB 978 of 2012 made changes to the Real Estate Law and Corporations Code with respect to investor protections and “hard money” lending by threshold brokers.) SB 647 adds an additional property category with an associated loan-to-value ratio, modifies investor reporting requirements, and deletes a Department of Business Oversight reporting requirement. This bill also deletes the requirement that threshold brokers obtain annual questionnaires from investors, and instead, replaces that obligation with one which requires the broker to obtain questionnaires at least two business days, but not more than one year, prior to completing an investment, among other technical changes.