

## ASSEMBLY THIRD READING

AB 2705 (Dixon)

As Amended May 04, 2026

Majority vote

**SUMMARY**

Specifies certain requirements for any agreement between a party of interest and a person or entity who acts on behalf of a party of interest with respect to filing a claim for any excess proceeds from a tax-defaulted property sale.

**Major Provisions**

- 1) Provides that an agreement to locate, deliver, or recover excess proceeds, or assist in the filing of an excess proceeds claim, is valid only if it meets all of the following conditions:
  - a) The agreement is in writing and is signed by the party of interest after receipt of a specified disclosure;
  - b) The agreement does not require the party of interest to pay a fee or other compensation prior to approval of the claim and payment of the excess proceeds to the party of interest; and,
  - c) The agreed-upon fee or compensation to be paid by the party of interest is not in excess of 10% of the amount of excess proceeds awarded to the party of interest.
- 2) Provides that any person or entity who enters into an agreement with a party of interest that is subject to this bill shall clearly and conspicuously disclose all of the following to the party of interest:
  - a) The assessor's parcel number and situs, if available, of the property the sale of which generated the excess proceeds;
  - b) That the excess proceeds are currently in the county's delinquent tax sale trust fund;
  - c) The amount of excess proceeds;
  - d) The telephone number and address that the party of interest may use to file the claim for excess proceeds; and,
  - e) That the party of interest has the right to file a claim for the excess proceeds on their own behalf directly with the county at no cost.
- 3) Provides that the disclosure required by this bill shall be printed in at least 12-point type, shall be clearly separate from any other document or writing, and shall be signed by the party of interest. If the transaction is negotiated primarily in a language other than English, the disclosure required by this bill shall also be provided in that language.
- 4) Provides that these requirements shall apply only to an agreement entered into on or after January 1, 2027.

**COMMENTS**

*Tax-defaulted property sales:* Existing law generally deems real property for which taxes have not been paid by July 1st in default. After a certain period, depending on the type of property, the defaulted property becomes subject to the power to sell by the tax collector. The tax collector is required to issue notices to the last known assessee, generally the owner, of defaulted property informing them of the property's status, and to subsequently inform the last known assessee of the intent to sell the property at auction, after certain requirements are met. According to the County Tax Collectors' Reference Manual, published by the State Controller, current tax sale practice allows the title of tax-defaulted property to remain with the property owner or successor in interest while the property is subject to the tax collector's power to sell; ownership terminates upon completion of the tax sale by the tax collector and payment of the purchase amount. During the period between the property being declared in default and the sale of the property, the property owner has a right to redeem the status of the property by paying all taxes, assessments, penalties, and fees. Upon completion of the sale, however, this right terminates, and the title to the property is deeded to the purchaser. The property must be sold at the minimum bid price unless certain circumstances apply. Any party of interest in the property may claim the excess proceeds resulting from the sale of a property up to one year after the date of the sale. If no party of interest claims the excess proceeds after a period of one year, the balance may be transferred to the county general fund after reimbursing certain costs incurred by specified entities.

*The Unclaimed Property (UP) Law:* The UP Law provides for the "escheat," or return of unclaimed or abandoned property, to the state in certain instances. Under that law, third parties filing a claim on the behalf of owners of property subject to escheatment must include certain elements within the agreement and limit any compensation to 10% of the value of the property. This requirement was enacted by AB 2280 (Reyes), Chapter 282, Statutes of 2022. In its analysis of AB 2280, the Assembly Committee on the Judiciary noted that there may be instances where owners pre-paid an asset finder, when that owner was not entitled to the full value of the property they were claiming, the current value of the property was less than described to the owner, or the owner was not entitled to claim the property at all.

*This bill:* As currently drafted, this bill seeks to impose similar requirements on asset finders claiming excess proceeds on behalf of parties of interest as are imposed under the UP Law. On the one hand, there does appear to be merit to the proponents' contentions. It does appear that there are potentially abusive actions being taken by asset finders. The extent to which these actions are a knowing and willing violation of the law is beyond the scope of this analysis. On the other hand, depending on the type of property and circumstances of its tax-default status, the complexity noted by the opponents in properly determining parties of interest is valid.

**According to the Author**

"AB 2705 would protect consumers by establishing a uniform statewide framework for agreements to locate, recover, deliver, or assist in filing excess proceeds claims by requiring a written agreement between the party of interest and the third party; by requiring specific disclosures, including the property information and how to file directly with the county; by requiring the agreement to clearly advise the party of interest that they may file directly with the county at no cost; by prohibiting fees or compensation before approval and payment of the claim; and by applying these requirements to agreements entered into on or after January 1, 2027. This legislation creates necessary regulatory guardrails to limit the ability of bad actors to

abuse the excess proceeds process for profit while still allowing asset finder companies to assist consumers in claiming their excess proceeds."

### **Arguments in Support**

The California Association of County Treasurers and Tax Collectors, and the Rural County Representatives of California, writing as the sponsors of this bill as originally introduced, state, in part:

Current law allows any party of interest in a tax-defaulted property sold at auction to file a claim with the county for excess proceeds of more than \$150 within one year of the tax collector's deed being recorded. Private "asset finder" companies have moved into this space, offering a "middle man" service to consumers to file these claims, on which they collect a fee, when consumers are able to file a claim with the county themselves free of charge. In many cases, these companies charge significant or excessive fees for what is largely an administrative process, and consumers may not be aware that they can recover these funds on their own at no cost. Additionally, there are currently no statewide standards governing these practices, creating a gap in consumer protections.

[...]

Counties across California are required to conduct tax-defaulted property sales, meaning this issue impacts every county and a wide range of taxpayers. County reports have identified recurring concerns with asset finder companies, including misleading representations, aggressive solicitation practices, and attempts to improperly establish themselves as parties of interest. Without clear statewide standards, these practices can undermine the integrity of the excess proceeds process and reduce the funds ultimately returned to rightful claimants.

### **Arguments in Opposition**

Global Discoveries, Ltd., writing in opposition to this bill as introduced, states, in part:

Excess proceeds recovery is not comparable to locating ordinary escheated funds on a public website. These matters often require real estate research, full title analysis and title reports, skip tracing, genealogical research, probate and heirship work, business-entity investigation, lien analysis, document reconstruction, and sometimes private investigative work. In many cases, the rightful claimant is not obvious, and the work requires a complete analysis of all parties of interest before a claim can responsibly be filed. Some matters are straightforward; others requires years of specialized experience and coordinated work across multiple disciplines. A single fee cap applied to all these very different matters does not reflect the reality of the work.

## **FISCAL COMMENTS**

None. This bill is keyed non-fiscal.

## **VOTES**

**ASM REVENUE AND TAXATION: 4-0-3**

**YES:** Gipson, Sanchez, DeMaio, Michelle Rodriguez

**ABS, ABST OR NV:** Carrillo, McKinnor, Quirk-Silva

**UPDATED**

VERSION: May 04, 2026

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