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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 723 (Pellerin) - Real estate: digitally altered images: disclosure

**Version:** July 2, 2025

**Policy Vote:** B., P. & E.D. 8 - 3, JUD. 11 -  
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**Urgency:** No

**Mandate:** Yes

**Hearing Date:** August 18, 2025

**Consultant:** Janelle Miyashiro

**Bill Summary:** AB 723 requires a real estate broker or salesperson, or person acting on their behalf, to include a reasonably conspicuous disclosure on or adjacent to a digitally altered image used in an advertisement or other promotional material for the sale of real property, as specified.

**Fiscal Impact:** The Department of Real Estate (DRE) notes one-time costs to promulgate regulations, update training materials, and provide guidance to its licensees on what constitutes a digitally altered image, and ongoing increased administrative and enforcement costs to address complaints. DRE estimates costs to address this additional workload to be \$297,000 in the first year, \$285,000 in the second year, and \$247,000 ongoing (Real Estate Fund).

**Background:** The Real Estate Law currently provides many causes for discipline when any person acting as a real estate broker or salesperson makes false or misleading statements in advertising. For example, it is a violation to:

- 1) Knowingly authorize, direct or aid in the publication, advertisement, distribution or circularization of any false statement or representation concerning any land or subdivision (Business and Professions Code (BPC) § 10140).
- 2) Make, or cause to be made, any false, misleading, or deceptive advertisements or representations concerning the services that the licensee will provide to prospective tenants of a rental listing (BPC § 10167.11(a)).
- 3) Refer a rental property to a prospective tenant knowing, or having reason to know, that the property has been described or advertised by or on behalf of the licensee in a false, misleading, or deceptive manner (BPC § 10167.11(b)(2)).
- 4) Knowingly advertise or cause or permit to be advertised, any statement or representation with regard to the rates, terms, or conditions for making, purchasing or negotiating loans or real property sales contracts which is false, misleading or deceptive (BPC § 10235).

There are many other specific instances where false or misleading advertising is prohibited by the Real Estate Law, however, none specifically address the content of images used in an advertisement for the sale of real property.

**Proposed Law:**

- Requires a real estate broker or salesperson, or person acting on their behalf, to include a reasonably conspicuous disclosure on or adjacent to a digitally altered image used in an advertisement or other promotional material for the sale of real property.
- Requires an unaltered version of, or a link to, the original image be included in a posting if the digitally altered image is posted on an internet website over which the real estate broker or salesperson, or person acting on their behalf, has control of.
- Defines “digitally altered image” to mean a still-photo image, created by or at the behest of the real estate broker or salesperson, or person acting on their behalf, that has been altered through the use of photo editing software or artificial intelligence to add, remove, or change elements of the real property in the image, including, but not limited to, furniture, appliances, flooring, and walls.
  - Specifies a “digitally altered image” does not include the use of photo editing software to adjust lighting, sharpening, white balance, color correction, angle, straightening, cropping, exposure, or other common photo editing adjustments that do not change the condition of the real property.

**-- END --**