
THIRD READING

Bill No: AB 851
Author: McKinnor (D)
Amended: 9/5/25 in Senate
Vote: 27 - Urgency

SENATE JUDICIARY COMMITTEE: 11-2, 7/1/25

AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab,
Weber Pierson, Wiener

NOES: Niello, Valladares

SENATE PUBLIC SAFETY COMMITTEE: 5-1, 7/8/25

AYES: Arreguín, Caballero, Gonzalez, Pérez, Wiener

NOES: Seyarto

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 67-6, 6/2/25 - See last page for vote

SUBJECT: Real property transactions: Counties of Los Angeles and Ventura
wildfires: unsolicited offers

SOURCE: California Community Land Trust

DIGEST: This bill prohibits a person from making an unsolicited offer to purchase residential real property in specified ZIP codes, requires that the buyer and seller execute a specified written attestation affirming that the purchase agreement was not entered into as a result of an unsolicited offer, and provides various civil and criminal enforcement provisions.

Senate Floor Amendments of 9/5/25 add amendments that specify that, if both this bill and SB 641 are enacted and become effective on or before January 1, 2026, and SB 641 amends Business and Professions Code section 10176, a section of this

bill will become operative that specifies that a person licensed pursuant to Division 4 of the Business and Professions Code who makes a written offer on their own behalf, or on behalf of another person while conducting licensed activity, in violation of the bill's provisions, will be deemed to have violated subdivision (n) of the Business and Professions Code section 10176 created by SB 641.

ANALYSIS:

Existing law:

- 1) Prohibits unfair, fraudulent, and deceptive practices in contracting, including for real estate transactions. (Civil (Civ.) Code §§ 1573, 1709, 1710.)
- 2) Specifies that a person defrauded in the purchase, sale, or exchange of property is entitled to recover damages from the fraud, as specified. (Civ. Code § 3343.)
- 3) Protects homeowners from certain predatory practices when the homeowner is being foreclosed upon. (Civ. Code §§ 2945 et seq.)
- 4) Places specific duties upon real estate brokers or salespersons, and requires various disclosures and verifications for certain real estate transactions. (Civ. Code §§ 20179 et seq.; Civ. Code §§ 1102 et seq.; Gov. Code §§ 27201 et seq.)
- 5) Establishes the Real Estate Law to provide for the licensure and regulation of real estate brokers and realtors and prohibits fraudulent, dishonest, or misleading conduct in real estate transactions. (Bus. & Prof. Code §§ 10000 et seq.)

This bill:

- 1) Prohibits a person from making an unsolicited offer to purchase residential real property in specified ZIP codes.
- 2) Requires, prior to the transfer of title in the purchase of residential real property in the zip codes specified in (1), that the buyer and seller of residential real property execute a written attestation affirming that the purchase agreement was not entered into as a result of an unsolicited offer.
- 3) Requires the buyer to record the signed written attestation required by (2), above, as an attachment to the deed of the property or other conveyance of title when recording the transfer of title.

- 4) Specifies that the failure to record the signed attestation as an attachment to the deed or other conveyance of title shall not affect any constructive notice imparted by proper recordation of the deed or other conveyance and shall not affect the rights of any subsequent bona fide purchaser or encumbrancer.
- 5) Specifies that the signed attestation required by (2), above, creates a presumption that the accepted offer was solicited by the seller of the property, unless there is clear and convincing evidence to the contrary.
- 6) Specifies that a licensed real estate agent or broker who makes a written offer on their own behalf, or on behalf of another person while conducting licensed activity, in violation of (2), above, is deemed to have violated their licensing law.
- 7) Permits the Attorney General, county counsel, city attorney, or a district attorney to bring a civil action to enforce these provisions.
- 8) Provides a seller of residential real property the right to cancel purchase agreement that was entered into in violation of these provisions within four months after the date of execution of the contract.
- 9) Permits the assessment of a civil penalty of up to \$25,000 per violation against a person who violates these provisions, to be assessed and recovered in a civil action in any court of competent jurisdiction.
- 10) Specifies that a person who violates (1), above, is guilty of a misdemeanor punishable by a fine of not more than \$1,000 or imprisonment for up to six months.
- 11) Specifies that the remedies described in (8) through (10), above, are nonexclusive and in addition to any other remedies or penalties available under law.
- 12) Defines, for the purposes of its provisions, the following:
 - a) “person” to include a corporation, firm, partnership, or association existing under or authorized by the laws of this state or any other state, or any foreign country;

- b) “unsolicited offer to purchase” to mean any offer to purchase a property made by any person by text message, email, telephone call, mail, or other means of communication, unless either of the following are met:
 - i. At or before the time that the offer is made, there is public indication that the owner is willing to sell the property, including but not limited to:
 - 1. The property is listed for sale by the owner or their agent on a multiple listing service or in any publicly available marketing platform;
 - 2. The owner placed a “for sale” sign on the property or advertised the property for sale in a print publication or a flyer posted in a public place;
 - ii. The offer was made prior to the enactment of this section.
- 13) Specifies that its provisions are severable and that, if any provision or its application is held invalid, that validity shall not affect other provisions or applications that can be given effect without the invalid provision or application.
- 14) Specifies that, if this bill and Senate Bill 641 are enacted and become effective on or before January 1, 2026, and Senate Bill amends Business and Professions Code section 10176, provisions of this bill that specify that a licensed real estate agent or broker who makes a written offer on their own behalf, or on behalf of another person while conducting licensed activity, in violation of (2), above, is deemed to have violated subdivision (n) of Business and Professions Code section 10176, shall become operative instead of the provisions described in (6), above.
- 15) Repeals its provisions on January 1, 2027.
- 16) Specifies that this bill is an urgency statute to take immediate effect, to become operative 30 days after the effective date of the act.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

Unknown, potentially significant costs (local funds, General Fund) to the counties to incarcerate people for the crime created by this bill. The average annual cost to incarcerate one person in county jail varies by county, but likely ranges from \$70,000 to \$90,000 per year. For example, in 2021, Los

Angeles County budgeted \$1.3 billion for jail spending, including \$89,580 per incarcerated person. Actual incarceration costs to counties will depend on the number of convictions and the length of each sentence. Generally, county incarceration costs are not reimbursable state mandates pursuant to Proposition 30 (2012).

Workload cost pressures (General Fund) to the Department of Justice (DOJ) of an unknown but potentially significant amount. If state prosecutors file civil enforcement actions as authorized by this bill it will result in a significant workload increase.

Unknown, potentially significant costs to the state funded trial court system (Trial Court Trust Fund, General Fund) to adjudicate the criminal and civil penalties in this bill. Defendants are constitutionally guaranteed certain rights during criminal proceedings, including the right to a jury trial and the right to counsel (at public expense if the defendants are unable to afford the costs of representation). Increasing penalties leads to lengthier and more complex court proceedings with attendant workload and resource costs to the court. The fiscal impact of this bill to the courts will depend on many unknowns, including the numbers of people charged with an offense and the factors unique to each case. An eight-hour court day costs approximately \$10,500 in staff in workload. This is a conservative estimate, based on the hourly rate of court personnel including at minimum the judge, clerk, bailiff, court reporter, jury administrator, administrative staff, and jury per-diems. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

SUPPORT: (Verified 9/8/25)

California Community Land Trust Network (source)

Altadena CLT Work Group

Altadena Not for Sale

California Green New Deal Coalition

City of Linwood

County of Los Angeles Board of Supervisors

Housing Now!

Inclusive Action for the City

Inglewood Board of Realtors

Morena Strategies
Public Counsel
San Francisco Community Land Trust
San Gabriel Valley Community Land Trust
Starting Over Inc.
Two Valleys Community Land Trust
Nine individuals

OPPOSITION: (Verified 9/8/25)

None received

ARGUMENTS IN SUPPORT: According to the California Community Land Trust Network, which is the sponsor of this bill:

Many homeowners in Los Angeles County who were affected by the January 2025 fires have reported being targeted by unscrupulous businesses, scam artists and predatory buyers. Some of these bad actors engaged in illegal price gouging in the rental market and made unsolicited offers to property owners who lost their homes.

In response, Governor Newsom issued Executive Order No. N-7-25, which prohibits buyers from making unsolicited below market offers on residential properties in specified Los Angeles County zip codes for less than their fair market value as of January 6, 2025. The Governor later expanded this restriction through Executive Order No. N-17-25, adding more zip codes to the list. Executive Order No. N-7-25 enforces this prohibition and has now been extended by the Governor beyond the former expiration date.

We are working with the Department of Justice and Department of Real Estate representatives to assist with a precise definition section for this bill. These amendments are forthcoming and we are confident that the definition of an unsolicited offer will meet everyone's needs.

As recovery efforts continue, affected homeowners will need to make informed decisions about rebuilding their home or selling their property. These survivors should be protected from predatory practices as the recovery process is taking place.

AB 851 would codify Governor Newsom's Executive Order and extend impacted homeowner protections from unsolicited offers on residential

properties. Should a seller receive an unsolicited offer and sell their home to a predatory actor, a seller in the affected zip codes could rescind the sale of their residential property for up to four months after the close of escrow. These additional protections would expire in January 2027.

Fire survivors in LA County have experienced unimaginable trauma and need to make an informed decision whether to rebuild their home or sell their property. These protections will prevent predatory unsolicited offers. If the homeowner does fall victim to an unsolicited offer, AB 851 would give owners a reasonable amount of time to rescind the sale of their residential property.

ASSEMBLY FLOOR: 67-6, 6/2/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Dixon, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Chen, DeMaio, Gallagher, Patterson, Sanchez, Tangipa

NO VOTE RECORDED: Castillo, Ellis, Hadwick, Lackey, Macedo, Ta

Prepared by: Ian Dougherty / JUD. / (916) 651-4113
9/8/25 21:26:38

**** END ****