www.goldfarblipman.com

2015 GOLDFARB & LIPMAN ANNUAL LEGISLATIVE UPDATE

NEW LAWS AFFECTING REAL ESTATE AND COMMUNITY ECONOMIC DEVELOPMENT

510 836 6336

213 627 6336

619 239 6336

This legislative update is published annually by Goldfarb & Lipman LLP as a timely reporting service to alert clients and others of recent changes in California law. This legislative update does not represent the legal opinion of the firm or any member of the firm on the issues described, and the information contained in this publication should not be construed as legal advice. Should further analysis or explanation of the subject matter be required, please contact the Goldfarb & Lipman attorney with whom you normally consult.

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

The 2015 Goldfarb & Lipman Annual Legislative Update provides a summary of recently enacted legislation that will impact areas of concern to our clients, including: real estate transactions, affordable housing, land use, municipal law, community economic development, public finance, fair housing, tax exempt organizations, property taxes, and employment. Please feel free to contact any attorney at Goldfarb & Lipman for more information regarding the effects of these new laws and their applicability to your organization or projects.

Unless otherwise noted, all bills are effective as of January 1, 2015.

I. ENVIRONMENTAL LAW AND LAND USE

A. Housing Density Bonus – AB 2222

Housing Density Bonus (AB 2222; amends Government Code Sections 65915 and 65915.5).

Existing law allows a density bonus for developments that contain a certain percentage of housing affordable to very low, low, or moderate income households. AB 2222 does not allow a density bonus to be granted unless the development replaces all housing on the site occupied by lower income households at any time in the five years before the application is made. Additionally, rental housing that qualifies a project for a density bonus must remain affordable for 55 years, and lower income for-sale housing may be subject to an equity-sharing agreement. The amendments are applicable to any project that applies for a density bonus after January 1, 2015.

B. General Plan Housing Element: Regional Housing Need – AB 1537

General Plan Housing Element: Regional Housing Need (AB 1537; amends repeals, and adds Government Code Section 65583.2).

Existing law prescribes the densities that are appropriate to accommodate housing for lower income households based on the character (urban, suburban, etc.) of the jurisdiction that is preparing a housing element. For the housing element revision cycle between July 1, 2014 and December 31, 2023, AB 1537 classifies Marin County as suburban, with a prescribed density of 20 units per acre for the purposes of calculating the densities appropriate to accommodate housing for lower income households in Marin. However, densities of 30 units per acre are required for sites within 1⁄2 mile of a Sonoma-Marin Area Rail Transit station.

C. Local Planning: Housing Elements – AB 1690

Local Planning: Housing Elements (AB 1690; amends Section 65583.2 of the Government Code, relating to housing).

This bill would authorize a city or county to accommodate the very low and low-income housing need on sites designated for mixed uses if those sites allow 100% residential use and require that residential use occupy 50% of the total floor area of a mixed-use project.

D. Solar Energy Permits – AB 2188

Solar Energy Permits (AB 2188; amends Government Code Section 65850.5 and Civil Code Section 714).

AB 2188 requires every city or county to adopt an ordinance that creates an expedited permitting process for small, residential rooftop solar energy systems on or before September 30, 2015. AB 2188 further requires local jurisdictions to inspect a small residential rooftop solar energy system eligible for expedited review within specified time limits, and local jurisdictions may not condition the approval of any solar energy system permit on the approval of that system by an association that manages a common interest development.

E. California Environmental Quality Act: Exemption: Residential Infill Projects – SB 674

California Environmental Quality Act: Exemption: Residential Infill Projects (SB 674; amends Public Resources Code Section 21159.24).

SB 674 modifies the existing CEQA exemption for infill housing projects by increasing the maximum retail use in a "residential" project from 15% of floor area to 25% of total building square footage.

F. Native Americans: California Environmental Quality Act – AB 52

Native Americans: California Environmental Quality Act (AB 52; amends Public Resources Code Section 5097.94 and adds Public Resources Code Sections 21073, 21074, 21080.3.1, 21080.3.2, 21082.3, 21083.09, 21084.2, and 21084.3).

AB 52 provides a process for a California Native American tribe (CNA Tribe) to engage in the California Environmental Quality Act (CEQA) review process to avoid significant effects on tribal cultural resources by requiring the lead agency preparing a CEQA document to consider these effects relative to tribal cultural resources and to conduct consultation with CNA Tribes. The bill applies to projects that have a notice of preparation, a notice of negative declaration, or mitigated negative declaration filed on or after July 1, 2015.

G. Sustainable Groundwater Management Act – AB 1739, SB 1168, and SB 1319

Sustainable Groundwater Management Act (AB 1739, SB 1168, and SB 1319; amends Government Code Sections 65352 and 65352.5; adds Government Code Section 65350.5; amends Water Code Sections 348, 1120, 1552, 1831, 10721, 10726.4, and 10726.8; adds Water Code Sections 1529.5 and 10726.9, Part 5.2 (commencing with Section 5200) to Division 2, Chapter 7 (commencing with Section 10729), Chapter 8 (commencing with Section 10730), Chapter 9 (commencing with Section 10732), Chapter 10 (commencing with Section 10733), and Chapter 11 (commencing with Section 10735) to Part 2.74 of Division 6).

The new Sustainable Groundwater Management Act's purpose is to comprehensively regulate groundwater throughout the State. In light of the ongoing drought, the Act provides local and

regional agencies with the authority to sustainably manage groundwater basins within their respective jurisdictions. To do so, the Act requires that all high and medium priority groundwater basins, as characterized by the Department of Water Resources, be governed by one or more groundwater sustainability agencies by June 30, 2017. Counties will be presumed to be the groundwater sustainability agency for unmanaged areas. Groundwater sustainability agencies for all high and medium priority basins must adopt a groundwater sustainability plan by January 31, 2022. For basins subject to critical overdraft conditions, the plan must be adopted by January 31, 2020.

H. Food Production – AB 1990

Food Production (AB 1990; amends Food and Agricultural Code Section 27643 and Health and Safety Code Section 113789, and adds Health and Safety Code Sections 113752, 113796, 114376 and 114376.5).

AB 1990 creates definitions for "community food producer" (CFP) in order to establish a CFP as an "approved food source" to sell or provide specified food products directly to the public and other specified users. It further exempts certified farmers' markets, community food producers, community-supported agriculture, and farm stands from certain requirements related to holding, storing, transporting, or displaying eggs that are packed or graded for human consumption. The bill also authorizes enforcement and recovery of reasonable costs associated with an inspection from the CFP.

I. Urban Water Management Plans – AB 2067

Urban Water Management Plans (AB 2067; amends Water Code Sections 10608.42, 10621, 10631, and 10632).

The existing Urban Water Management Planning Act requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan and to update its plan once every five years on or before December 31 in years ending in five and zero. AB 2067 instead requires an urban retail water supplier and an urban wholesale water supplier to provide narratives describing the supplier's water demand management measures, the extent of each water demand management measure implemented over the past five years, and the water demand management measures that the supplier plans to implement to achieve its water use targets. The bill requires each urban water supplier to submit its 2015 plan to the Department of Water Resources by July 1, 2016.

J. Water Management: Urban Water Management Plans – SB 1420

Water Management: Urban Water Management Plans (SB 1420; amends Water Code Sections 10631 and 10644).

SB 1420 requires that the Urban Water Management Plans prepared by every public and private urban water supplier that directly or indirectly provides water for municipal purposes quantify and report on distribution system water loss. Additionally, the bill authorizes water-use projections to display and account for the water savings estimated to result from adopted codes,

standards, ordinances, or transportation and land use plans, when that information is available and applicable to an urban water supplier.

K. Sea Level Rise Planning: Database – AB 2516

Sea Level Rise Planning: Database (AB 2516; adds Public Resources Code Division 20.6 (commencing with Section 30961)).

Under AB 2516, on or before January 1, 2016, the Natural Resources Agency (NRA), in collaboration with the Ocean Protection Council, will be required to create, update biannually, and post online a Planning for Sea Level Rise Database describing steps being taken throughout the state to prepare for, and adapt to, sea level rise. By July 1, 2015, various public agencies and private entities shall provide the NRA (and, beginning January 1, 2016, on a biannual basis thereafter) with sea level rise planning information, that is under the control or jurisdiction of the public agencies or private entities. The NRA shall determine which information is necessary for inclusion in the database, organize the database by geographic region, and provide an entry for each city, county, and city and county within the coastal zone and San Francisco Bay area.

L. Hazardous Substances – SB 1458

Hazardous Substances (SB 1458; amends Health and Safety Code Sections 25123.3, 25196, 25299, 25299.15, 25299.50, 25299.50.2, 25299.51, and 25299.56; adds Health and Safety Code Sections 25150.65 and 25227; repeals Health and Safety Code Section 25150.6).

SB 1458 makes technical and non-substantive corrections to the laws governing the Department of Toxic Substance Control and State Water Resources Control Board program authority for hazardous waste regulation and underground storage tank removal.

M. Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006: Groundwater Contamination – AB 1043

Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006: Groundwater Contamination (AB 1043; amends Public Resources Code Section 75101).

AB 1043 allows local agencies receiving grants or loans from the California Department Water Resources Control Board for groundwater projects under Proposition 84 to subsequently recover costs from responsible parties to fund additional groundwater cleanup activities.

N. Porter-Cologne Water Quality Control Act: Remedial Action: Liability – AB 2442

Porter-Cologne Water Quality Control Act: Remedial Action: Liability (AB 2442; amends Water Code Section 13304).

AB 2442 provides the State Water Resources Control Board and Regional Water Quality Control Board with protection from civil liability related to necessary actions for water quality cleanup actions except in instances of gross negligence.

O. Massage Therapy – AB 1147

Massage Therapy (AB 1147; amends Section 460 of and adds and repeals Chapter 10.5 (commencing with Section 4600) of Division 2 of the Business and Professions Code, and amends Section 51034 of the Government Code, relating to healing arts).

This bill allows cities to adopt local massage-related ordinances as they relate to land use but prohibits the imposition of certain restrictions on massage therapy establishments. Cities and counties are prohibited from classifying massage establishments as an adult entertainment business, imposing dress codes, banning certain massage techniques, requiring the posting of certain notices, requiring installation of windows or walls that interfere with a client's reasonable expectation of privacy and discriminating on the basis of sex. This bill also extends for two years the sunset date of the California Massage Therapy Council (CMTC) which regulates certified massage therapists and reconstitutes the CMTC's board of directors.

II. COMMUNITY ECONOMIC DEVELOPMENT

A. Property and Business Improvements Areas: Benefits Assessment – AB 2618

(AB 2618; amends the Property and Business Improvement District Law of 1994 in conformance with constitutional requirements imposed under Proposition 218 that property-based district only levy assessments for special benefits conferred on those paying the assessment).

The bill defines "special benefits" as a particular and distinct benefit (excluding enhanced property values) over and above general benefits conferred on real property located in a district or to the public at large. Under AB 2618 the legislature recognizes that "special benefits" includes incidental, or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if they benefit property or persons not assessed. The property-based assessment must be levied in proportion to the special benefit conferred on the real property and may not exceed the reasonable cost of the proportional special benefit conferred and must exclude costs associated with general benefits. AB 2618 makes clear that public owned parcels are not exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that the parcels in fact receive no special benefit.

Under the management district plan for property-based districts, the proportionate special benefit derived by each identified parcel must be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities and must exclude the costs of general benefits. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed need not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

B. Infrastructure Financing Districts: Broadband – AB 2292

Infrastructure Financing Districts: Broadband (AB 2292; adds Section 53395.3.2 to the Government Code, relating to local government).

Under AB 2292, infrastructure financing districts are allowed to finance public capital facilities or projects that include "broadband" communications network facilities that enable high-speed internet access.

C. Local Government: Jurisdictional Changes: Infrastructure Financing – SB 614

Local Government: Jurisdictional Changes: Infrastructure Financing (SB 614; amends, repeals, and adds Section 56653 of the Government Code, and to add and repeal Section 99.3 of the Revenue and Taxation Code, relating to local government).

An applicant for a proposed change of organization or reorganization ("annexation") may submit a plan for providing services within the affected area which includes the following information: (i) an enumeration and description of the services to be extended to the affected territory; (ii) the level and range of the proposed services; (iii) an indication of when those services can feasibly be extended to the affected territory; (iv) an indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed; (v) information with respect to how those services will be financed; and (vi) any additional information required by the Local Agency Formation Commission or the executive officer of the Commission. The requirements of SB 614 will become mandatory effective January 1, 2025. The local agency and/or other consenting local agencies may agree on an annexation development plan for financing the services and structures, and such plans may allow for the sharing of tax increment revenues. Importantly, plans adopted pursuant to this SB 614 may not include any real property in a redevelopment project area which is or has been previously created.

D. Enhanced Infrastructure Financing Districts – SB 628

Enhanced Infrastructure Financing Districts (SB 628; adds Chapter 2.99 (commencing with Section 53398.50) to Part 1 of Division 2 of Title 5 of the Government Code, relating to local government).

SB 628 was enacted to provide a means to finance the reuse and revitalization of former military bases, fund the creation of transit priority projects and the implementation of sustainable communities' plans, construct and rehabilitate affordable housing units, and construct facilities to house providers of consumer goods and services in the communities served by these efforts. A more detailed analysis of the bill will be available on our website at www.goldfarblipman.com (Library).

E. Local Government: Infrastructure and Revitalization Financing Districts – AB 229

Local Government: Infrastructure and Revitalization Financing Districts (AB 229; adds Chapter 2.6 (commencing with Section 53369) to Part 1 of Division 2 of Title 5 of the Government Code, and to amend Section 33459 of the Health and Safety Code, relating to local government).

AB 229 was enacted to establish a long-term permanent program that gives local governments tools and resources to fund public infrastructure, affordable housing, economic development and job creation, and environmental protection and remediation. A more detailed analysis of the bill will be available on our website at www.goldfarblipman.com (Library).

III. CONSTRUCTION

A. Construction: Prevailing Wage – AB 26

Construction: Prevailing Wage (AB 26; amends Labor Code Section 1720).

Existing law requires the payment of prevailing wages for public works construction projects, which includes design, preconstruction activities, and alteration, demolition, installation, or repair work. AB 26 clarifies that work performed during the post-construction phases of construction on a public works project, including all cleanup work at the jobsite, is considered part of the project and shall be compensated at the prevailing wage rate.

B. Payment of Retention on Public Contracts – AB 1705

Payment of Retention on Public Contracts (AB 1705; amends Public Contract Code Section 7201 and Public Contract Code Section 10261).

AB 1705 extends from January 1, 2016 to January 1, 2018 the requirement that not more than five percent (5%) retention be withheld on any payment under a public contract, subject to an exception for "substantially complex" projects. In order to fall under the "substantially complex" exception, AB 1705 requires the public entity to include in the bid documents an explanation of the basis for finding the project to be substantially complex, along with the retention amount.

C. Public Works: Prevailing Wages: Contractor's Costs – AB 1939

Public Works: Prevailing Wages: Contractor's Costs (AB 1939; amends Labor Code Section 1784).

Labor Code 1781 imposes liability on a public agency for certain contractor costs (including increased labor costs) if the public agency, acting as a "hiring party," failed to identify the work being performed as a "public work." Beginning on January 1, 2015, Labor Code Section 1784 becomes effective. This provision states that a developer is also a "hiring party," and has the same obligations and liability imposed on a public agency under Labor Code Section 1781—specifically, the obligation to inform a contractor that the work being performed is a "public work" under the Labor Code. If a developer hires a contractor for work that is defined as a

"public work" under the Labor Code, and fails to inform the contractor that work being performed is a "public work," then the contractor can recover from the developer increased costs (including labor costs) and attorneys' fees.

D. Design-Build – SB 785

Design-Build (SB 785; repeals Government Code Sections 14661, 14661.1; amends Health and Safety Code Section 32132.5; adds Health and Safety Code Section 32132.5; adds Article 6 (commencing with Section 10187) to Chapter 1 of Part 2 of Division 2 of the Public Contract Code; adds Chapter 4 (commencing with Section 22160) to Part 3 of Division 2 of the Public Contracts Code; repeals Public Contract Code Sections 20133, 20175.2, 20193, 20209.14, 20301.5, 20688.6; repeals Article 22 (commencing with Section 20360) of Chapter 1 of Part 3 of Division 2 of the Public Contract Code; amends Public Contract Code Section 20209.14).

SB 785 repeals, consolidates, and amends several existing laws affecting state and local public agency design-build projects, streamlining the design-build authorizing statutes. New Public Contract Code Section 10187 et seq. applies to state agencies and new Public Contract Code Section 22160 et seq. applies to local agencies. The design-build authorization is effective January 1, 2015 through January 1, 2025 for certain projects greater than $1,000,000. The local agencies that may use the design-build procurement method include: a city, a county, a city and county, a special district that operates wastewater facilities, solid waste management facilities, water recycling facilities, or fire protection facilities. The covered local agencies may not use the design-build procurement method for certain infrastructure projects including streets, highways, public rail transit, or water resources facilities and infrastructure. The legislation sets forth detailed requirements for the procurement process including requirements for an RFQ for prequalification of applicants and an RFP for the prequalified applicants. Selection of the design-build firm may be made on a best value or low-bid basis. The legislation also requires the local agency to develop a conflict of interest policy and includes skilled workforce and payment and performance bond requirements.

E. Public Works: Prevailing Wage – AB 2272

Public Works: Prevailing Wage (AB 2272; amends Section 1720 of the Labor Code, relating to public works).

For prevailing wages purposes, existing law generally defines "public works" to include construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part from public funds. This new legislation specifies that "public works" for purposes of prevailing wage law also means infrastructure project grants from the California Advanced Services Fund (CASF) pursuant to existing law. CASF requires the Public Utilities Commission to administer a program using moneys in the fund to encourage deployment of high-quality advanced communication services to all Californians by providing funding for infrastructure projects to provide broadband access to households that are unserved or underserved. AB 2272 clarifies that, for purposes of this requirement, the Public Utilities Commission is not the awarding body or the body awarding the contract as defined in existing law under the Labor Code.

F. Prevailing Wages – SB 266

Prevailing Wages (SB 266; amends Labor Code Section 1741.1).

Existing law requires a person filing a notice of completion of a public works project to also provide notice to the Labor Commissioner and requires the awarding body or political subdivision accepting a public work to provide to the Labor Commissioner notice of that acceptance. This bill modifies existing law to instead require the awarding body to furnish a copy of the valid notice of completion for the public work (or a document evidencing the awarding body's acceptance of the public work on a particular date) within ten (10) days after receipt of a written request from the Labor Commissioner. At the time of such request, if there is not a valid notice of completion filed by the awarding body in the office of the county recorder, and no document evidencing the awarding body's acceptance of the public work on a particular date, the awarding body must notify the Labor Commissioner. If the awarding body fails to timely furnish the Labor Commissioner with the applicable document, the period for service of assessments shall be tolled until the Labor Commissioner's actual receipt of the applicable document.

G. State and Local Government (Prevailing Wages) – SB-854

State and Local Government (Prevailing Wages): (SB 854; amends multiple sections of California Law, including various sections of the Labor Code).

SB 854 amends multiple components of California law. Among other things, SB 854 includes several changes to the Labor Code regarding monitoring by the Department of Industrial Relations (the "DIR") of prevailing wages for public works. Certain provisions became effective immediately, while others become effective at specified dates during 2015. Labor Code Section 1773.3 now requires notification to the DIR of all public works projects utilizing the DIR's online process. In addition, SB 854 establishes a new Public Works Contractor Registration Program for all contractors and subcontractors that desire to bid or work on a public works project. These entities must also pay an annual fee to the DIR. SB 854 requires an awarding body of a public works project to include notice of the registration requirements in the bid invitation and bid documents.

IV. HOUSING

A. Mobile Home Loans – AB 225

Mobile Home Loans (AB 225; amends Sections 18114.1, 50781, 50782, 50784, 50785, and 50786 and adds Sections 50784.5 and 50784.7 to the Health and Safety Code).

Under AB 225, effective as of September 2014, the Mobilehome Park Purchase Fund has been renamed the Mobilehome Park Rehabilitation and Purchase Fund (the Fund). The bill also introduces several new criteria to be considered by the Department of Housing and Community Development (the Department) when providing a loan from the Fund to a qualified nonprofit housing sponsor or local public entity to acquire a mobilehome park. Public entities receiving acquisition loans under the Fund are required to transfer the acquired mobilehome park within three (3) years of acquisition to either a qualified nonprofit housing sponsor or a resident

organization that plans to convert the park to resident ownership. In addition, loans provided to qualified nonprofits and resident organizations may be used to assist with needed repairs or accessibility-related upgrades. Loan terms under the Fund include, but are not limited to, a term of no longer than forty (40) years at a rate of three percent (3%) per year, unless the Department finds that a lower interest rate is necessary and will not jeopardize the financial stability of the Fund. Please see the referenced sections for further details.

B. Surplus Land: Affordable Housing – AB 2135

Surplus Land: Affordable Housing (AB 2135; amends Sections 54220, 54223, 54225, 54226, and 54227 of, and adds Sections 54222.5 and 54233 to, the Government Code, relating to local government).

Through this legislation, development of affordable housing for low- and moderate-income households is given priority in the disposition of surplus land held by local agencies and certain restrictions are placed on developers receiving conveyances of surplus land. Specifically, any affordable housing developer must set aside not less than twenty-five percent (25%) of the total number of units as affordable to lower income households for a period of fifty-five (55) years. Prior law restricted the payment period to twenty (20) years for affordable housing developers. This new law increases the payment period up to the term of the affordable housing covenant. Other residential housing developers of developments containing at least ten (10) units must restrict no less than fifteen percent (15%) of the total number of units developed as affordable for a period of at least fifty-five (55) years.

C. Special Needs Housing for People with Mental Illness – AB 1929

Special Needs Housing for People with Mental Illness (AB 1929; adds Section 5892.5 to the Welfare and Institutions Code).

Under the Mental Health Services Act (MHSA), funds are collected by the state and allocated to counties to assist in providing supportive housing for people with mental illness. Counties work in partnership with the California Housing Finance Agency to develop such housing. While most counties have utilized all the funds allocated to them, other counties have not, primarily because the amount of funds allocated to them is too small to make a housing development feasible. This bill permits counties to request release of unused funds allocated to their respective counties, with the condition that such funds are used to provide housing assistance to persons covered by the MHSA program. The funds may be used to provide rental assistance, capitalized operating subsidies, security deposits, utility deposits, other move-in assistance, utility payments, or capital funding to build or rehabilitate housing for homeless, mentally ill persons.

D. Department of Housing and Community Development: Loans – AB 523

Department of Housing and Community Development: Loans (AB 523; amends Health and Safety Code to add Section 50406.7).

AB 523 authorizes the Department of Housing and Community Development (HCD) to reduce the interest rate on any of its loans, notwithstanding any other law, to forty-two hundredths (.42)

of one percent (1%) per year, or a rate HCD determines is sufficient to cover the cost of project monitoring required by Health and Safety Code Section 50675.6, whichever is greater, if: 1) the development has no other debt with regularly scheduled or amortizing debt service payments; 2) the development will utilize low-income housing tax credits; 3) the sponsor determines that the HCD loan is not eligible to be treated as debt for federal or state low-income housing tax credit purposes without a reduction in the interest rate; 4) the HCD debt is in a senior lien position to any other debt; 5) the development has thirty-five percent (35%) or more units serving households with incomes of thirty percent (30%) or less of area median income; and 6) the new HCD loan is not used to supplant or replace an existing HCD loan.

AB 523 also authorizes HCD to change the current interest rate on any loan if it receives an extension request associated with an award of low-income housing tax credits made after January 1, 2014, to the applicable federal rate most recently published by the IRS. The additional tax credit equity generated by the change in interest rate is required to be used for rehabilitation of the development. If the total amount of debt and accrued interest at the end of the loan term would be greater after making this change than it would have been under the original interest rate, HCD is authorized to forgive an amount of accrued interest equal to the lesser of either the amount necessary to make the expected principal and accrued interest the same as it would have been using the original interest rate, or the total amount of interest accrued at the time of the sponsor's request.

HCD is required to charge a fee to cover its administrative costs associated with a loan modification requested pursuant to this section.

E. Restructuring of HCD Loans – AB 2161

Restructuring of HCD Loans **(**AB 2161; amends Health and Safety Code Sections 50560-50563; adds Health and Safety Code Section 50565).

Existing law authorizes the Department of Housing and Community Development (HCD) to approve an extension of a department loan, the subordination of a department loan to new debt, or an investment of tax credit equity under specified rental housing finance programs, subject to specified conditions. AB 2161 expands this to include within these provisions the "reinstatement of a qualifying unpaid matured loan." A "qualifying unpaid matured loan" is defined as either: (i) a loan in material compliance with HCD loan requirements except that it has matured and has not yet been repaid; or (ii) a matured loan that is not in compliance with HCD loan requirements but is being transferred to an HCD-approved borrower. The term of the reinstated matured loan will be extended from the expired due date for the purposes of calculating the borrower's obligations to HCD.

F. Public Social Services; Former Foster Youth; Transitional Housing – SB 1252

Public Social Services; Former Foster Youth; Transitional Housing (SB 1252; amends Welfare and Institutions Code Section 11403.2).

Counties are authorized, at their option, to extend the transitional housing program known as the "Transitional Housing Program—Plus" to former foster youth up to age twenty-five (25), and for

a cumulative total of thirty-six (36) months, so long as the youth is (i) completing secondary education; or (ii) enrolled in an institution that provides postsecondary education. This bill extends by one (1) year each the previous age limit of twenty-four (24) years and previous participation limit of twenty-four (24) cumulative months in order to provide greater support for former foster youth who are pursuing their education.

G. Public Records: Fee Waiver – AB 1733

Public Records: Fee Waiver (AB 1733; adds Section 103577 to the Health and Safety Code, and amends Section 14902 of the Vehicle Code, relating to public records).

AB 1733 requires that, on or after July 1, 2015, local registrars or county recorders issue, without a fee, a certified birth certificate to any individual who can verify his or her status as homeless. The bill also requires that, on or after January 1, 2016, the Department of Motor Vehicles (DMV) issue, without a fee, an identification card to any individual who can verify his or her status as homeless. Requires homeless service providers with knowledge of a person's housing status to verify the person's status as homeless.

V. LABOR AND EMPLOYMENT

A. Employment: Paid Sick Days – AB 1522

Employment: Paid Sick Days (AB 1522; amends Section 2810.5, and adds Article 1.5 (commencing with Section 245) to Chapter 1 of Part 1 of Division 2 of the Labor Code, relating to employment).

AB 1522 requires California employers to pay employees for up to three (3) days of sick leave per year, effective July 1, 2015. The bill adds new sections 245-249 to the California Labor Code. Under this new law, most California employees (including temps, part-time and seasonal employees) who work for at least thirty (30) days will be entitled to paid sick days at the employee's regular rate of pay within one (1) year from the date they are first hired. Paid sick days accrue at a rate of one (1) hour for every thirty (30) hours worked (approximately 5.3 hours per month for employees who work forty (40) hours per week). Employers can limit use of paid sick days to three (3) days (twenty-four (24) work hours) per year. Employees are entitled to use accrued sick days beginning on the ninetieth (90^{th}) day of employment. Employers are prohibited from discriminating or retaliating against an employee who requests paid sick days, and must satisfy specified posting and notice and recordkeeping requirements.

B. Employees: Wages – AB 1723

Employees: Wages (AB 1723; amends Section 1197.1 of the Labor Code, relating to employment).

AB 1723 lists various statutory penalties against employers who fail to timely pay wages of a resigned or discharged employee. Specifically, the bill authorizes employees to recover a civil penalty (as specified), restitution of wages, and liquidated damages.

C. Employment Discrimination – AB 2053

Employment Discrimination (AB 2053; amends Section 12950.1 of the Government Code).

Under AB 2053, employers with fifty (50) or more employees will have to include workforce bullying training, or "prevention of abusive conduct," to their supervisory employees as part of the sexual harassment training and education already required by California law.

"Abusive conduct" is defined as conduct that a reasonable person would find "hostile, offensive, and unrelated to an employer's legitimate business interests." Such conduct must occur "with malice." Examples of this include repeated verbal abuse such as insults or derogatory remarks or conduct that a reasonable person would find threatening or humiliating. It could also include the "gratuitous sabotage or undermining of a person's work performance." Under AB 2053, a single act will not constitute abusive conduct unless the act is especially severe and egregious.

Section 12950.1 of the Government Code currently provides that sexual harassment training should last two hours and occur once every two years. There are no guidelines yet setting forth what portion of the training should be committed to the AB 2053's bullying training.

D. Recovery of Wages: Liquidated Damages – AB 2074

Recovery of Wages: Liquidated Damages (AB 2074; amends Section 1194.2 of the Labor Code, relating to employment).

AB 2074 clarifies California law regarding the statute of limitations for "liquidated damages," available for unpaid minimum wage claims. The statute amends Labor Code section 1194.2 to provide that the statute of limitations for liquidated damages will be the same as the statute of limitations applicable to the underlying wage claim.

E. Compensation: Rest or Recovery Periods – SB 1360

Compensation: Rest or Recovery Periods (SB 1360; amends Section 226.7 of the Labor Code).

Under SB 1360 a rest or recovery period mandated pursuant to state law, including, but not limited to, an applicable statute, or applicable regulation, standard, or order of the Industrial Welfare Commission, the Occupational Safety and Health Standards Board, or the Division of Occupational Safety and Health, must be counted as hours worked, for which there shall be no deduction from wages.

F. Retaliation – AB 2751

Retaliation (AB 2751; amends Sections 98.6, 1019, and 1024.6 of the Labor Code).

AB 2751 expands the bases and remedies for immigrant-related retaliation and clarifies the retaliation, penalty, and employee information provisions of AB 263 and SB 666. The bill is a follow-up bill to AB 263 and SB 666, which barred employers from taking adverse action against employees who attempt to exercise a right under California's labor laws.

Under the existing legislation, employers were prohibited from engaging in various "immigration-related practices" against employees who had exercised certain rights protected under state labor and employment laws. These "unfair immigration-related practices" included requesting more or different documents than those required under the federal I-9 rules, refusing to honor apparently genuine documents, threatening to file or filing a false police report, or threatening to contact or contacting immigration authorities in retaliation for some protected activity engaged in by the employee (e.g., filing a workplace complaint). Under AB 2751, an illegal "unfair immigration-related practice" will also include threatening to file or filing a false report or complaint with a state or federal agency.

The existing legislation also protected employees from discrimination or retaliation if they updated their personal information. AB 2751 limits these protections to updates based on a lawful change of name, social security number, or federal employment authorization document. This change removes previously-existing protections for employees who corrected misrepresentations relating to their educational qualifications or criminal history while still prohibiting retaliation in the context of an employee's immigration or work authorization status.

AB 2751 also clarifies that the $10,000 penalty levied against an employer for each violation will be awarded to the employees who were subjected to the retaliation.

G. Harassment: Unpaid Interns – AB 1443

Harassment: Unpaid Interns (AB 1443; amends Section 12940 of the Government Code, relating to employment).

AB 1443 provides that discrimination or harassment of persons in an unpaid internship, or another limited duration program to provide work experience for that person, is an unlawful employment practice, similar to discrimination based on race, sex and other grounds. In light of the new law, employers might consider advising all supervisors about these new requirements, and including the prohibition against discrimination and harassment of interns in their training materials and employee handbook.

H. Fair Chance Employment Act – AB 1650

Public Contract; Bidders; Employment Practices (AB 1650; adds Section 10186 to the Public Contract Code).

The Fair Chance Employment Act. It requires private contractors (any person submitting a bid for a state contract involving onsite construction-related services) to certify that the contractor will not ask a job applicant for their conviction history on an initial employment application. The previously common "conviction history box" on initial employment applications is required to be removed. Existing law already prohibits a state or local agency from requesting an applicant to disclose criminal conviction history until the agency has determined that the applicant fulfills the minimum qualifications for the position. The Act does not apply to a position for which a person or state agency is otherwise required by state or federal law to conduct a conviction or criminal history background check or to any contract position with a criminal justice agency, as specified. The Act also does not apply to a person to the extent that

he or she obtains workers from a hiring hall pursuant to a bona fide collective bargaining agreement.

I. Labor Contracting; Client Liability – AB 1897

Labor Contracting; Client Liability (AB 1897; adds Section 2810.3 to the Labor Code).

A client employer who utilizes the services of a labor contractor (such as a staffing agency) to provide workers for the client employer will share all civil liability with the labor contractor for the payment of wages and workplace violations, including the failure to obtain valid workers' compensation coverage. A client employer may be sued and found liable for claims related to wages. Previously, the labor contractor assumed all liability for such wage claims by workers. Exceptions include employers that have fewer than 25 employees, employers that use five or fewer temporary workers, municipalities, and exempt employees.

VI. LANDLORD-TENANT

A. Electric Vehicle Charging Stations – AB 2565

Electric Vehicle Charging Stations **(**AB 2565; add Sections 1947.6 and 1952.7 to the Civil Code).

Effective for any lease executed, renewed, or extended on and after July 1, 2015, AB 2565 requires the owner of a commercial or residential property to approve a written request of a tenant to install an electric vehicle charging station, provided it meets specified requirements and complies with the owner's process for approving a modification to the property. This bill does not apply to properties where: (1) electric vehicle charging stations already exist for tenants in at least ten percent (10%) of the designated parking spaces; (2) parking is not provided as part of the lease agreement; (3) there are less than five parking spaces; or (4) the property is subject to rent control. In addition, AB 2565 voids any term in a commercial lease that is executed, renewed, or extended on or after January 1, 2015 that prohibits or unreasonably restricts the installation of an electric vehicle charging station.

B. Domestic Violence – AB 319

Local Agency Regulations; Domestic Violence (AB 319; adds Article 10 (commencing with Section 53165) to Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code).

AB 319 prohibits a local agency from requiring a landlord to terminate a tenancy or fail to renew a tenancy based upon acts against a tenant, or a member of tenant's household, constituting domestic violence, sexual assault, human trafficking, stalking, or elder abuse, or based upon the number of emergency response calls related to the abuse in tenant's household.

C. Unlawful Detainer; Nuisance; Unlawful Weapons and Ammunition – AB 2310

Unlawful Detainer; Nuisance; Unlawful Weapons and Ammunition (AB 2310; adds and repeals Section 3485 of the Civil Code).

AB 2310 reenacts, until January 1, 2019, a pilot program which expired in 2013 that allows city attorneys and prosecutors in participating jurisdictions to bring eviction proceedings against tenants for committing nuisance violations related to illegal conduct involving unlawful weapons or ammunition. Any eviction action has to be based on an arrest or warrant, has to be preceded by a notice served on both the tenant and the owner of the property, and follow other procedural requirements. This bill requires a court to dismiss, without prejudice, the unlawful detainer action if a tenant can show extreme hardship that outweighs the risk posed to the health, safety or welfare of the neighbors or surrounding community.

D. Personal Agriculture Restrictions – AB 2561

Personal Agriculture Restrictions (AB 2561; add Sections 1940.10 and 4750 to the Civil Code).

AB 2561 defines "personal agriculture" as a use of land where an individual cultivates edible plant crops, not including marijuana or any unlawful crops or substances, for personal use or donation. This bill requires a landlord to permit a tenant to participate in personal agriculture in portable containers approved by the landlord in the tenant's private backyard area under certain circumstances. The landlord has the right to prohibit certain synthetic chemical products commonly used in the growing of plant crops, enter into an agreement for the payment of excess water and waste collection bills arising from the tenant's personal agriculture activities, and periodically inspect any area where the tenant is engaging in personal agriculture. The bill's provisions are limited to residential rental property consisting of a single building containing not more than two units. For common interest developments, any provision of a governing document that effectively prevents or unreasonably restricts the homeowner from using his or her backyard for personal agriculture is void and unenforceable. Homeowners' associations may impose reasonable restrictions on the use of a homeowner's yard for personal agriculture.

VII. LOCAL GOVERNMENT

A. Political Structure Equal Protection – AB 2646

Political Structure Equal Protection (AB 2646; adds Section 53.7 to the Civil Code).

AB 2646 prohibits state and local governments from passing a statute, ordinance, rule, regulation, or enactment that burdens the ability of minorities to affect future legislation for the benefit of minority groups. Under the new law, Civil Code section 53.7 strengthens the ability of minorities to challenge state and local ballot initiatives that deny their ability to equally impact the political process. It does so by extending "structural equal projection," a concept upheld by the U. S. Supreme Court, to California law. Under the new law, a member of a minority group may bring a civil action challenging the validity of any statute, ordinance, etc., that violates AB 2646. To overcome the challenge, the government must show: 1) the burden is necessary to serve a compelling government interest; and 2) the burden is no greater than necessary to serve a compelling government purpose.

B. Ballot Initiative Transparency Act – SB 1253

Ballot Initiative Transparency Act (SB1253; amends Sections 9, 101, 9002, 9004, 9005, 9014, 9030, 9031, 9033, 9034, 9051, 9082.7, 9094.5, 9604, and 18621 of the Elections Code).

SB 1253 creates a 30-day public review period at the beginning of the initiative qualification process. During this time window, the public would be invited to submit comments (all of which go on record) on a proposed initiative. Initiative proponents would have five days afterward to amend their measure or could scrap their original measure and start over. Proponents who move on would be obligated to notify the State once they had collected twenty-five percent (25%) of the signatures needed to put them on the ballot. The relevant Assembly and Senate committees would then be required to hold early joint public hearings on them, and could spotlight drafting flaws and other problems.

C. State and Local Government: Alternative Investments: Public Access – AB 382

State and Local Government: Alternative Investments: Public Access (AB 382; amends Section 54957.5 of the Government Code).

AB 382 clarifies that certain documents relating to alternative investments are not subject to public disclosure by virtue of being discussed at a public meeting. Under existing law, documents such as dealing with alternative investments (defined as investments in a private equity fund, venture fund, hedge fund, or absolute return fund) are generally exempt from disclosure under the Public Records Act. However, these documents may still be required to be disclosed under the Brown Act as documentation related to a public meeting. AB 382 addresses this issue by clarifying that such alternative investments documentation is also exempt from public disclosure under the Brown Act.

D. Reporting and Disclosure of Compensation of Elected Officials – AB 2040

Compensation of Elected Officials, Officers, and Employees; Reporting and Disclosure (AB 2040; amends Government Code Sections 12463 and 53892).

Existing law requires local agencies to provide reports of their financial transactions to the State Controller. AB 2040 requires that these reports to the Controller additionally contain information as to the annual compensation of the agency's elected officials, officers and employees. The bill further requires local agencies to post this same information on their websites and for the Controller to post the information on its website in a format that can be printed and downloaded.

E. Local Agency Formation Commissions; Studies – AB 2156

Local Agency Formation Commission; Studies (AB 2156; adds Section 56047.7, and amends Section 56378 of the Government Code, relating to local government).

Under existing law (the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), a local agency formation commission is empowered and required to conduct studies of existing governmental agencies, including inventorying those agencies, determining their maximum service area and service capacities, and requesting land use information. AB 2156 adds joint powers agencies and joint powers authorities to the list of entities from which a local agency formation commission is authorized to request information, and includes joint powers agreements in the list of items a commission may request when conducting its studies.

F. Courts; Local Agency Employee Witnesses – AB 2727

Courts; Local Agency Employee Witnesses (AB 2727; amends Section 68096.1 of the Government Code).

When a local agency employee is subpoenaed as a witness in a civil action regarding an event that the employee perceived or investigated in the course of their duties, and where the local agency is not a party to the civil action, the Government Code requires that a witness fee be paid by the party issuing the subpoena. Starting January 1, 2015, the witness fee was increased from $150 per day to $275 per day.

G. Public Records; Exceptions to Disclosure; Public Officials – AB 634

Public Records; Exceptions to Disclosure; Public Officials (AB 634; amends Section 6254.21 of the Government Code).

Under existing provisions of the California Public Records Act, an elected or appointed official may, upon written demand by the official or their agent, prohibit a person, business, or association from publicly disclosing the official's home address or telephone number. Under AB 634, if the official requesting non-disclosure is a peace officer, District Attorney, or Deputy District Attorney, the categories of agents that an official may designate to make the written demand for nondisclosure on the official's behalf is expanded to include a recognized collective bargaining representative.

VIII. NONPROFIT ENTITIES

A. Nonprofit Corporations: Directors – AB 2755

Nonprofit Corporations: Directors (AB 2755; amends Corporations Code Section 5047).

In 2010, AB 1233 amended Corporations Code Section 5047 to provide that a nonprofit corporation cannot have a non-voting director, and that all members of the board of directors must have the right to vote on decisions made by the board of directors. AB 2755 further amends Corporations Code Section 5047 to remove confusing and unnecessary provisions, and to make it clear that all members of the board of directors have the right to vote.

IX. PROPERTY TAX

A. Property Taxation: Welfare Exemption: Rental Housing and Related Facilities: Payment in Lieu of Taxes (PILOT) Agreement – AB 1760

Property Taxation: Welfare Exemption: Rental Housing and Related Facilities: Payment in Lieu of Taxes (PILOT) Agreement (AB 1760; add Sections 214.06, 214.07, and 214.09 to the Revenue and Taxation Code, relating to taxation).

AB 1760 establishes a conclusive presumption for taxation purposes that any payments made under any payment in lieu of taxes (PILOT) agreement entered into before January 1, 2015, is in compliance with the affordability certification requirements of Section 214(g). Additionally, AB

1760 bans payment in lieu of taxes (PILOT) agreements between local governments and owners of low-income housing developments. A PILOT agreement is an agreement between a property owner of low-income housing developments and a local government entity that requires the property owner to pay the local government a fee to compensate the local government for property tax revenue lost due to the property tax exemption for low-income housing under Revenue and Taxation Code Section 214(g).

B. Property Taxation: Welfare Exemption: Rental Housing and Related Facilities: Payment in Lieu of Taxes (PILOT) Agreement – SB 1203

Property Taxation: Welfare Exemption: Rental Housing and Related Facilities: Payment in Lieu of Taxes (PILOT) agreement. **(**SB 1203; amends Section 214 of, and adds Sections 214.06 and 214.08 to, the Revenue and Taxation Code, relating to taxation).

SB 1203 cancels all outstanding *ad valorem* taxes, interest, and penalties that were levied between January 1, 2012, and January 1, 2015 as a result of a PILOT agreement. For any property owner that paid any *ad valorem* taxes, interest, or penalties that were levied between January 1, 2012, and January 1, 2015 as a result of a PILOT agreement, the bill requires a refund to the property owner. Under the new law, County tax assessors cannot levy an escape or supplemental assessment on the basis that payments made under a PILOT agreement were, or are being, used in a manner incompatible with the certification requirement for the property tax welfare exemption for low-income housing under Section 214(g). The bill also bans payment in lieu of taxes (PILOT) agreements between local governments and owners of low-income housing developments. SB 1203 also clarifies that non-commercial common areas in low-income housing developments will qualify for property tax exemption under Section 214(g). An exemption for units reserved for lower income households if temporarily vacant on the lien date will also be available once this law takes effect.

X. REAL ESTATE TRANSACTIONS

A. Local Taxes: Transactions and Use Taxes – AB 2119

Local Taxes: Transactions and Use Taxes (AB 2119; amends Sections 7285 and 7285.5 of the Revenue and Taxation Code, relating to taxation).

AB 2119 authorizes a county board of supervisors to levy, increase, or extend a transactions and use tax, for general or specific purposes, throughout the entire county or within an unincorporated area of the county. Restricts usage of revenues from this tax to general purposes within the area for which the tax was approved by voters.

B. Local Government: Los Angeles County: Notice of Recordation – SB 827

Local Government: Los Angeles County: Notice of Recordation (SB 827; amends Sections 27297.6 and 27387.1 of the Government Code, relating to local government).

SB 827 extends, from January 1, 2015, to January 1, 2020, the sunset date on Los Angeles County's authority to allow the Los Angeles County Recorder (Recorder) to notify by mail the party or parties subject to a notice of default or a notice of sale, including the occupants of that

property, as specified. Reduces, from twenty (20) days to fourteen (14) days of recordation, the time by which the Recorder is to notify the party or parties subject to a notice of default or a notice of sale. Changes, from January 1, 2014, to January 1, 2019, the date by which Los Angeles County must submit a report to the Senate Judiciary Committee and the Assembly Local Government Committee regarding notices of default or a notice of sale, and requires certain additional information to be included in the report regarding fraud and abusive post-foreclosure activity. Extends, from January 1, 2015, to January 1, 2020, the sunset date on the Recorder's authority to collect a fee of up to Seven Dollars ($7.00) from the party filing a notice of default or notice of sale. Finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of the California Constitution Article IV Section 16 because Los Angeles County is experiencing a unique and prolonged recovery from the financial and real estate fraud crisis.

C. Personal Income Taxes: Income Exclusion: Mortgage Debt Forgiveness – AB-1393

Personal Income Taxes: Income Exclusion: Mortgage Debt Forgiveness (AB 1393; amends Revenue and Taxation Code Section 17144.5).

Effective July 21, 2014, the amendments of Section 202 of the American Taxpayer Relief Act of 2012 (Public Law 112-240) to Section 108 of the Internal Revenue Code of 1986, as amended, shall apply, such that qualified, principal residence indebtedness discharged on and after January 1, 2013, and before January 1, 2014, shall be excluded from a taxpayer's gross income. Consistent with the Amendments of Section 202, AB 1393 extends the gross income exclusion to 2014; the bill is intended to be retroactive.

D. Real Estate Disclosure Forms – SB 1171

Real Estate Disclosure Forms (SB 1171; amends Section 2079.13 of, and to amend the heading of Article 2 (commencing with Section 2079) of Chapter 3 of Title 6 of Part 4 of Division 3 of, the Civil Code).

Existing law requires listing and selling agents to provide the seller and buyer in a residential real property transaction with a disclosure form containing general information on real estate agency relationships and to disclose whether he or she is acting as the buyer's agent exclusively, the seller's agent exclusively, or as a dual agent representing both the buyer and the seller. SB 1171 extends these disclosure requirements to include transactions involving commercial real property including a leasehold interest.

E. Nonprofit Finance Lenders; Zero-Interest Loans Exemptions – SB 896

Nonprofit Finance Lenders; Zero-Interest Loans Exemptions (SB 896; adds Sections 22066 and 22067 to the Financial Code).

SB 896 exempts a nonprofit organization that facilitates one or more zero interest, low-cost loans, with a minimum principal amount upon origination of $250 and a maximum principal amount upon origination of $2,500, from licensure and regulation under the California Finance Lenders Law, if certain requirements are met.

F. Reverse Mortgages: Notifications – AB 1700

Reverse Mortgages: Notifications (AB 1700; amends Sections 1923.2 and 1923.5 of the Civil Code, relating to reverse mortgages).

Prohibits a reverse mortgage lender from accepting a reverse mortgage application until seven (7) days have passed from the date of mandatory loan counseling. Deletes the current requirement that the lender provides the borrower with a specific checklist prior to counseling, and instead provides a reverse mortgage worksheet guide in at least 14-point font.

G. Mortgage Loan Modification – AB 1730

Mortgage Loan Modification (AB 1730; amends Section 2944.7 of, and to add Sections 2944.8 and 2944.10 to, the Civil Code, relating to mortgages).

Existing law, applicable to residential mortgages, prohibits a person who negotiates, arranges, or otherwise offers to perform a mortgage loan modification or other form of mortgage loan forbearance for a fee or other compensation from, among other things, demanding or receiving any compensation until every service that the person contracted to perform or represented that he or she would perform is accomplished. Existing law makes a violation of these provisions by a natural person a misdemeanor punishable by a specified fine or imprisonment, or both. AB 1730 imposes civil penalties for violation of existing loan modification laws, and permits local governments to pursue civil action in order to recover these civil penalties. The bill also imposes civil penalties for unlawful mortgage modifications against the elderly and disabled, and authorizes a court to order the offender to pay restitution to the elderly or handicapped person and imposes a four (4)-year statute of limitations for all actions brought pursuant to these provisions.

H. Mortgage Loan Originator Licensee Education Requirements – SB 1459

Mortgage Loan Originator Licensee Education Requirements (SB 1459; amends the following Sections of the Financial Code: 22109.2, 22109.3, 22109.5, 50142, 50143, and 50145).

Under SB 1459, the education requirements for applicants applying to become licensed Mortgage Loan Originators (persons who take a residential mortgage loan application or offer or negotiate terms of a residential mortgage for compensation or gain), will include two (2) hours of training related to relevant California law and regulations. In addition, licensed Mortgage Loan Originators must now complete one (1) hour of training related to relevant California law and regulations as part of their continuing education requirements. Finally, SB 1459 clarifies that a Mortgage Loan Originator applicant must pass a written test either developed or *deemed acceptable* by the Nationwide Mortgage Licensing System and Registry.

XI. SUBDIVISION AND CONDOMINIUMS; SUBDIVISIONS AND COMMON INTEREST COMMUNITIES

A. Common Interest Developments: Common Areas: Maintenance and Repairs – AB 968

Common Interest Developments: Common Areas: Maintenance and Repairs (AB 968; amends, repeals, and adds Civil Code Section 4775).

Under current law, unless otherwise provided in the common interest development declaration, the association is responsible for maintaining, repairing, or replacing the common area, other than the exclusive use common area, and the owner of each separate interest is responsible for maintaining that separate interest and any exclusive use common area appurtenant to the interest. This will be repealed on January 1, 2017, and the new law will instead provide that, unless otherwise provided in the declaration, the association is responsible for maintaining, repairing, and replacing the common area, the owner of each separate interest is responsible for maintaining, repairing, and replacing the separate interest, and the owner of the separate interest is responsible for maintaining the exclusive use common area appurtenant to the separate interest while the association is responsible for repairing and replacing the exclusive use common area.

B. Common Interest Developments: Dispute Resolution – AB 1738

Common Interest Developments: Dispute Resolution (AB 1738; amends Civil Code Sections 5910 and 5915).

AB 1738 allows a homeowners association or an owner of a separate interest to bring an attorney or another person to participate in informal dispute resolution at that party's cost. AB 1738 additionally requires that an agreement reached under such a procedure must be in writing and signed by both parties to be binding. If an association does not have a dispute resolution in place, the law: (1) permits a party to request the other party to meet and confer; (2) prohibits the association from refusing a request to meet and confer; and (3) requires the parties to meet and confer in good faith in an effort to resolve the dispute. If these conditions are satisfied, an agreement reached is deemed reasonable and shall be judicially enforceable.

C. Common Interest Developments: Yard Maintenance: Fines: Drought – AB 2100

Common Interest Developments: Yard Maintenance: Fines: Drought (AB 2100; amends Civil Code Section 4735).

AB 2100, which took effect on July 21, 2014 as an urgency statute, prohibits a homeowners association in a common interest development from fining a homeowner who reduces or eliminates watering during a declared state of emergency due to drought.

D. Common Interest Developments: Water-Efficient Landscapes – AB 2104

Common Interest Developments: Water-Efficient Landscapes (AB 2104; amends Civil Code Section 4735).

The law amends the Davis-Stirling Common Interest Development Act to provide that architectural or landscaping guidelines or policies of a common interest development are void if they prohibit the use of low water-using plants and other water conservation measures or if the policies have the effect of prohibiting or restricting compliance with a local water-efficient landscape ordinance or water conservation measure.

E. Common Interest Developments: Property Use and Maintenance – SB 992

Common Interest Developments: Property Use and Maintenance (SB 992; amends Civil Code Section 4735 and adds Civil Code Section 4736).

SB 992, which took effect on September 18, 2014 as an urgency statute, excludes homeowners associations that use recycled water for landscaping irrigation from the prohibition on fining an owner that eliminates or reduces watering of vegetation or lawns during a locally or state declared drought (see AB 2100, which amends Civil Code Section 4735).

F. Transfer Disclosures – AB 2430

Transfer Disclosures (AB 2430; amends Civil Code Sections 4528 and 4530).

Under current law, the Davis-Stirling Common Interest Development Act requires an association, upon written request, to provide the owner of a separate interest, or a recipient authorized by the owner, with a copy of documents related to transfer disclosures that the owner is required to make to a prospective purchaser of the owner's separate interest. AB 2430 authorizes the association to collect a reasonable cost for delivery of those documents from the seller, and the seller must make the documents available to the prospective purchaser free of charge.

G. Personal Agriculture Restrictions: Subdivisions and Condominiums – AB 2561

Personal Agriculture Restrictions: Subdivisions and Condominiums (AB 2561; adds Civil Code Sections 1940.10 and 4750).

Under current law, the Davis-Stirling Common Interest Development Act authorizes the board of directors of the association that manages a common interest development to adopt and amend the operating rules for the development. AB 2561 voids any provision of a governing document of a common interest development that effectively prohibits or unreasonably restricts the use of a homeowner's backyard for personal agriculture.

XII. REDEVELOPMENT

A. Redevelopment Housing Successor: Report – AB 1793

AB 1793 Redevelopment Housing Successor: report (AB 1793; amends Section 34176.1 of Health and Safety Code, relating to redevelopment).

AB 1793 augments the information required to be submitted in the annual report of the housing successor (the entity under Health and Safety Code Section 34176 designated to retain the housing assets and functions of a dissolved redevelopment agency). Commencing with the housing successor annual report for housing activities conducted during 2015, each housing successor will be required to report information about the housing successor's homeownership unit inventory. Specifically, each housing successor will be required to provide the number of homeownership units in its affordable housing portfolio, report the loss and reason for losses of homeownership units, and whether the housing successor has contracted with any entity for management of such units. The 2015 housing successor annual report must contain the number of homeownership units lost since the February 1, 2012 dissolution of the redevelopment agency and provide a reason for such losses.