

## Assembly Bill No. 337

### CHAPTER 771

An act to amend Section 1102.6b of the Civil Code, relating to real property.

[Approved by Governor September 20, 2002. Filed with Secretary of State September 21, 2002.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 337, Correa. Real estate: disclosures.

Existing law requires certain disclosures to be made upon the transfer of real estate and prescribes the manner and form of the disclosures. Existing law requires the seller of real property subject to a continuing lien securing the levy of special taxes pursuant to the Mello-Roos Community Facilities Act, or a fixed lien assessment collected in installments to secure bonds issued pursuant to the Improvement Bond Act of 1915, to make a good faith effort to obtain a disclosure notice concerning the tax assessment from each local agency that levies the tax or collects the assessment, on the property being transferred, and to deliver it to the prospective purchaser, as long as the notices are made available by the local agency.

Existing law, the Proposition 218 Omnibus Implementation Act, imposes prior notice, protest, and hearing requirements when a local agency levies a new or increased tax or assessment upon real property. Existing law also requires the legislative body of the local agency to designate an office, department, or bureau to prepare a "Notice of Special Assessment" and to furnish a seller of real property with a notice upon request.

This bill would provide that a seller of real property may satisfy the seller's disclosure notice requirement regarding the Improvement Bond Act of 1915 by delivering a disclosure notice that is substantially equivalent, as specified, and obtained from another source, until December 31, 2004.

The bill would also permit a seller of real property to satisfy the disclosure notice requirements described above by delivering a disclosure notice, obtained from a nongovernmental source, that meets specified requirements. The bill would permit a notice provided by a private entity other than a designated office, department, or bureau of a levying entity to be modified as specified for clarity and accuracy, and would require that notice to include certain information.



*The people of the State of California do enact as follows:*

SECTION 1. Section 1102.6b of the Civil Code is amended to read:  
1102.6b. (a) This section applies to all transfers of real property for which all of the following apply:

(1) The transfer is subject to this article.

(2) The property being transferred is subject to a continuing lien securing the levy of special taxes pursuant to the Mello-Roos Community Facilities Act (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code) or to a fixed lien assessment collected in installments to secure bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code).

(3) A notice is not required pursuant to Section 53341.5 of the Government Code.

(b) In addition to any other disclosure required pursuant to this article, the seller of any real property subject to this section shall make a good faith effort to obtain a disclosure notice concerning the special tax as provided for in Section 53340.2 of the Government Code, or a disclosure notice concerning an assessment installment as provided in Section 53754 of the Government Code, from each local agency that levies a special tax pursuant to the Mello-Roos Community Facilities Act, or that collects assessment installments to secure bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code), on the property being transferred, and shall deliver that notice or those notices to the prospective purchaser, as long as the notices are made available by the local agency.

(c) The seller of real property subject to this section may satisfy the disclosure notice requirements in regard to the bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) by delivering a disclosure notice that is substantially equivalent and obtained from another source, until December 31, 2004. For the purposes of this section, a substantially equivalent disclosure notice includes, but is not limited to, a copy of the most recent year's property tax bill or an itemization of current assessment amounts applicable to the property.

(d) (1) Notwithstanding subdivision (c), at any time after the effective date of this section, the seller of real property subject to this section may satisfy the disclosure notice requirements of this section by delivering a disclosure notice obtained from a nongovernmental source that satisfies the requirements of paragraph (2).



(2) A notice provided by a private entity other than a designated office, department, or bureau of the levying entity may be modified as needed to clearly and accurately describe a special tax pursuant to the Mello-Roos Community Facilities Act levied against the property or to clearly and accurately consolidate information about two or more districts that levy or are authorized to levy a special tax pursuant to the Mello-Roos Community Facilities Act against the property, and shall include the name of the Mello-Roos levying taxes against the property, the annual tax due for the Mello-Roos for the current tax year, the maximum tax that may be levied against the property in any year, the percentage by which the maximum tax for the Mello-Roos may increase per year, and the date until the tax may be levied against the property for the Mello-Roos and a contact telephone number, if available, for further information about the Mello-Roos. A notice provided by a private entity other than a designated office, department, or bureau of the levying entity may be modified as needed to clearly and accurately describe special assessments and bonds pursuant to the Improvement Bond Act of 1915 levied against the property, or to clearly and accurately consolidate information about two or more districts that levy or are authorized to levy special assessments and bonds pursuant to the Improvement Bond Act of 1915 against the property, and shall include the name of the special assessments and bonds issued pursuant to the Improvement Bond Act of 1915, the current annual tax on the property for the special assessments and bonds issued pursuant to the Improvement Bond Act of 1915 and a contact telephone number, if available, for further information about the special assessments and bonds issued pursuant to the Improvement Bond Act of 1915.

(3) This section does not change the ability to make disclosures pursuant to Section 1102.4 of the Civil Code.

(e) If a disclosure received pursuant to subdivision (b), (c), or (d) has been delivered to the transferee, a seller or his or her agent is not required to provide additional information concerning, and information in the disclosure shall be deemed to satisfy the responsibility of the seller or his or her agent to inform the transferee regarding the special tax or assessment installments and the district. Notwithstanding subdivision (b), (c) or (d), nothing in this section imposes a duty to discover a special tax or assessment installments or the existence of any levying district not actually known to the agents.

SEC. 2. This act is intended to ensure that prospective purchasers of real property have the relevant information that they need to make an informed decision, and to clarify that substantial compliance by property



owners continues to be legally sufficient in lieu of formal disclosures by public entities.

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