

AMENDED IN ASSEMBLY APRIL 1, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 759

Introduced by Assembly Member McClintock

February 26, 1997

An act to ~~amend Section 11000.1 of~~ *add Section 11000.15 to* the Business and Professions Code, relating to subdivided lands.

LEGISLATIVE COUNSEL'S DIGEST

AB 759, as amended, McClintock. Real estate: subdivisions.

Existing law defines the terms “subdivided lands” and “subdivision” for purposes of ~~provisions relating to subdivided lands~~ *regulation of subdivided lands transactions* to include improved or unimproved land or lands, a lot or lots, or a parcel or parcels, of any size, in which, for the purpose of sale or lease or financing, whether immediate or future, 5 or more undivided interests are created or are proposed to be created. Certain types of undivided interests in land are exempt from that definition, as specified.

This bill would, ~~for purposes of that definition, increase the number of undivided interests from 5 to 35~~ *with respect to regulation of sales of subdivided lands, exempt the sale of undivided interest in unimproved land to 25 or fewer persons if certain conditions are met*. The bill would make related changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 ~~SECTION 1.—Section 11000.1 of the Business and~~
2 SECTION 1. Section 11000.15 is added to the Business
3 and Professions Code, to read:
4 11000.15. (a) Notwithstanding any other provision of
5 this chapter (except as specified in subdivision (b)),
6 including, but not limited to, Section 11000.1, the sale of
7 undivided interests in unimproved land to 25 or fewer
8 persons shall not be subject to this chapter, provided all
9 the following conditions are met:
10 (1) The sales agreement contains the following
11 disclosure, which shall appear in bold type of not less than
12 16 point: “The BUYER hereby acknowledges that the
13 acquisition of the undivided interest in unimproved
14 property is SPECULATIVE and is only appropriate if
15 considered as a LONG-TERM investment which can be
16 sold only in cooperation with all the other investors in the
17 property.”
18 (2) The sales agreement is signed by the buyer in at
19 least three locations, one of which is immediately below
20 the disclosure required by paragraph (1) and one of
21 which is immediately below the disclosure required by
22 paragraph (4).
23 (3) The sales agreement provides for the execution of
24 a tenant in common co-tenancy agreements, that, at a
25 minimum, contains provisions requiring cooperation in
26 selling the property when an appropriate offer is received
27 for 100% of the undivided interest, and allows owners to
28 dispose of their interest subject to providing co-tenants a
29 right of first refusal to buy those interests.
30 (4) The sales agreement states that buyer is fully
31 informed concerning the real property to be acquired
32 and his or her interest therein including the risks involved
33 in ownership of undivided interests, and is purchasing the
34 interest or interests for his or her own account and with



1 no present intention to resell or otherwise dispose of the
2 interest.

3 (b) Notwithstanding subdivision (a), the following
4 provisions of this chapter are hereby made applicable to
5 sales described in subdivision (a):

6 (1) Section 11000.2.

7 (2) Section 11019, but the authority conferred on the
8 commissioner therein shall be limited to the enforcement
9 of this section.

10 (3) Section 11021.

11 (4) Section 11022.

12 (5) Section 11023 to the extent necessary to enforce
13 violations of Section 11022.

14 (6) Section 11200.

15 (c) In enacting this section, it is the intent of the
16 Legislature to remove impediments to investment in
17 unimproved real estate by persons of average income so
18 they may have access to the kind of investments and
19 retirement strategies available to more affluent investors.

20 ~~Professions Code is amended to read:~~

21 ~~11000.1. (a) "Subdivided lands" and "subdivision," as~~
22 ~~defined by Sections 11000, 11000.5, and 11004.5, also~~
23 ~~include improved or unimproved land or lands, a lot or~~
24 ~~lots, or a parcel or parcels, of any size, in which, for the~~
25 ~~purpose of sale or lease or financing, whether immediate~~
26 ~~or future, 35 or more undivided interests are created or~~
27 ~~are proposed to be created.~~

28 ~~(b) This section does not apply to the creation or~~
29 ~~proposed creation of undivided interests in land if any~~
30 ~~one of the following conditions exists:~~

31 ~~(1) The undivided interests are held or to be held by~~
32 ~~persons related one to the other by blood or marriage.~~

33 ~~(2) The undivided interests are created as the result of~~
34 ~~a foreclosure sale.~~

35 ~~(3) The undivided interests are created by a valid~~
36 ~~order or decree of a court.~~

37 ~~(4) The offering and sale of the undivided interests~~
38 ~~have been expressly qualified by the issuance of a permit~~
39 ~~from the Commissioner of Corporations pursuant to the~~
40 ~~Corporate Securities Law of 1968.~~



- 1 ~~(5) The real property is offered for sale as a time-share~~
- 2 ~~project as defined in Section 11003.5.~~

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