
SENATE COMMITTEE ON PUBLIC SAFETY

Senator Jesse Arreguín, Chair
2025 - 2026 Regular

Bill No: AB 851 **Hearing Date:** July 8, 2025
Author: McKinnor
Version: July 7, 2025
Urgency: Yes **Fiscal:** Yes
Consultant: SU

Subject: *Real property transactions: County of Los Angeles wildfires: unsolicited offers*

HISTORY

Source: California Community Land Trust Network

Support: Altadena CLT Workgroup; Altadena Not for Sale; California Community Land Trust Network; California Green New Deal Coalition; County of Los Angeles Board of Supervisors; Inclusive Action for the City; Morena Strategies; Public Counsel; San Francisco Community Land Trust; Starting Over INC.; Two Valleys Community Land Trust

Opposition: None known

Assembly Floor Vote: 67 - 6

PURPOSE

The purpose of this bill is to prohibit buyers from making unsolicited offers on residential property in specified fire-affected zip codes until January 1, 2027, and to make this conduct a crime.

Existing law provides that a person who violates any of the provisions of the California Emergency Services Act, or who refuses or willfully neglects to obey any lawful order or regulation promulgated or issued pursuant to the Act, is guilty of a misdemeanor punishable by a fine not to exceed \$1,000, or by imprisonment not to exceed six months, or by both. (Gov. Code, § 8665.)

Existing law establishes the Real Estate Law to provide for the Department of Real Estate (DRE) regulation of real estate salespersons, real estate brokers, transactions associated with the purchase or lease new homes or subdivided interests, and the sales of timeshare interests to consumers in California. (Bus. & Prof. Code, §§ 10000 et seq.)

Existing law authorizes the DRE to investigate the actions of any person engaged in the business or acting in the capacity of a real estate licensee and temporarily suspend or permanently revoke a real estate license for performing, or attempting to perform, specified violations of the Real Estate Law. (Bus. & Prof. Code, § 10176.)

Existing law states that any person, including officers, directors, agents or employees of corporations, who willfully violates or knowingly participates in violating provisions of the Real

Estate Law is guilty of a misdemeanor punishable by a fine not exceeding \$10,000, or by imprisonment in the county jail not exceeding six months, or by both. (Bus. & Prof. Code, § 10185.)

Existing law states that no part of the Real Estate Law which makes a violation of its provisions a crime shall be construed to preclude application of any other criminal provision of the law of this state. (Bus. & Prof. Code, § 10035.)

Existing law prohibits unfair and deceptive practices in real estate transactions, including fraud, misrepresentation, and undue influence in contractual agreements. (Civ. Code, §§ 1573, 1709, 1710.)

Existing law subjects buyers or real estate professionals who engage in coercive, misleading, or exploitative practices to civil and criminal liability. (Civ. Code, §§ 3343, 3345.)

Existing law protects homeowners from certain predatory real estate practices, particularly in transactions involving seniors, financially distressed individuals, or those affected by disasters. (Civ. Code, § 2945 *et seq.*)

Existing law provides that an act or omission that is punishable in different ways by different provisions of law may be punished under either of such provisions, but in no case shall the act or omission be punished under more than one provision. (Pen. Code, § 654, subd. (a).)

This bill prohibits a buyer from making an unsolicited offer to purchase residential real property in specified zip codes in Los Angeles County.

This bill requires the buyer and seller to execute a written attestation prior to the transfer of title affirming that the real property sales contract was not entered into as a result of an unsolicited offer.

This bill provides that the signed attestation 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.

This bill requires the signed attestation be attached to the deed or other conveyance of title as a condition of recording the transfer of title.

This bill entitles a seller to cancel a real property sales contract entered into based on an unsolicited offer up to four months after the date of the contract's execution.

This bill states that a person licensed under the Real Estate Law who makes a written offer on behalf of a buyer in violation of this section is deemed to have violated that person's licensing law.

This bill states that a person who makes an unsolicited offer in the specified zip codes may be assessed a civil penalty of up to \$25,000 per violation. The civil penalty may be assessed and recovered in a civil action brought in any court of competent jurisdiction.

This bill makes a violation of these provisions a misdemeanor punishable by a fine of up to \$1,000, or by imprisonment not to exceed six months.

This bill authorizes the Attorney General, a county counsel, city attorney, or a district attorney to bring a civil action to enforce these provisions.

This bill states that these penalties are nonexclusive and are in addition to any other remedies or penalties available under other laws.

This bill repeals these provisions on January 1, 2027.

This bill declares that a special statute is necessary and that a general statute cannot be made applicable because of the immediate need to protect those impacted by the wildfires that began on January 7, 2025, in the County of Los Angeles from exploitative practices.

This bill contains an urgency clause.

COMMENTS

1. Need for This Bill

According to the author:

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 for only three months.

AB 851 would codify Governor Newsom's Executive Order and extend impacted homeowner protections from unsolicited offers on residential properties and allow a seller in the affected zip codes to rescind the sale of their residential property for up to four months after the close of escrow, in the case of an unsolicited offer. These additional protections would expire in January 2027.

Fire survivors in LA County have experienced unimaginable trauma and need additional time to make an informed decision whether to rebuild their home or sell their property. These protections will prevent predatory real estate practices and give owners a reasonable amount of time to rescind the sale of their residential property.

2. Governor Newsom's Executive Order

After the January 2025 Palisades and Eaton fires in Los Angeles County, many home owners had their properties covered by toxic chemicals, significantly damaged, or completely destroyed. Residents within the affected areas of the fires have reported being solicited almost immediately after the fires to sell their properties, particularly in Altadena. (Bloomberg, "Fire Ravaged Altadena Attracting Real Estate Vultures Eyeing Deals," Orange County Register, Jan. 15, 2025, <https://www.ocregister.com/2025/01/15/fire-ravaged-altadena-attracts-real-estate-vultures-eyeing-deals/> [as of June 29, 2025].)

In light of these concerns, Governor Newsom issued an Executive Order prohibiting unsolicited offers to buy the property of victims of the wildfires. The Governor's order prohibited unsolicited offers to purchase property for below the property's fair market value in zip codes affected by the Los Angeles fires for a period of three months from the order's issuance. In support of his Executive Order, Governor Newsom stated:

[...] as families mourn, the last thing they need is greedy speculators taking advantage of their pain. I have heard first-hand from community members and victims who have received unsolicited and predatory offers from speculators offering cash far below market value – some while their homes were burning. We will not allow greedy developers to rip off these working-class communities at a time when they need more support than ever before.

(Executive Order N-7-25, Jan. 14, 2025.) The Department of Real Estate issued a companion consumer alert warning homeowners affected by the wildfires of the risks of predatory purchasers and urging people to report unsolicited offers to buy their properties under fair market value.

(https://www.dre.ca.gov/Consumers/PublicNotice_01172025_LA_Wildfires.html#:~:text=An%20unsolicited%20offer%20is%20an,%2C%20phone%20call%2C%20or%20mail. [as of June 29, 2025].)

In February, the Governor extended the executive order to include additional zip codes. (Executive Order N-17-25.) Subsequently, in April the timeline for the prohibition was extended to July 1, 2025. (Executive Order N-26-25.)

With the Executive Order now expired, this bill seeks to extend those protections through January 1, 2027. This bill differs from the Executive Order, however, in that it prohibits *all* unsolicited offers, whereas Executive Order N-7-25 prohibited unsolicited offers "for an amount less than the fair market or interest in the property on January 6, 2025."

3. Creation of New Crime

In order to protect property owners from predatory purchasers, this bill would make it a crime for any person to make an unsolicited offer to an owner of real property in specified zip codes. This bill would punish that conduct as a misdemeanor punishable by up to six months in county jail, or a fine of up to \$1,000.

This punishment is consistent with the punishment noted in Executive Order N-7-25, which was based on the punishment for violation of an order issued under the California Emergency Services Act. (See Gov. Code, § 8665.) However, as noted above, this new crime affects all unsolicited offers, not just those which are less than fair market value.

In addition to the criminal misdemeanor punishment, this bill also provides that a person who violates its provisions may be assessed a civil penalty of up to \$25,000 per violation. This second penalty raises potential issues regarding the proscription against multiple punishment.

Penal Code section 654 states, in pertinent part, that an act or omission that is punishable in different ways by different provisions of law may be punished under either of such provisions, but in no case shall the act or omission be punished under more than one provision. (Pen. Code, § 654, subd. (a).) While the prohibition is most commonly an issue raised with regards to imposition of carceral sentences, it also applies to fines. (See *Ralph's Grocery Co. v. Department of Food and Agriculture* (2003) 110 Cal.App.4th 694, 701.) In *Ralph's Grocery Co., supra*, a case involving civil fines, the court noted, "Penal Code section 654 is broadly written to apply to any form of punishment under any provision of law. A fine clearly constitutes 'punishment' and [citations to several statutes] are clearly 'provisions of law.' ... Punishment is punishment regardless of who imposes it." (*Ibid.*)

4. Double Referral

This bill was doubled referred to the Senate Judiciary Committee and this Committee. The Senate Judiciary Committee proposed amendments to this bill to define the term unsolicited offer. Those amendments will be taken in this Committee.

As proposed to be amended, this bill defines the term "unsolicited offer" as follows:

For purposes of this section, an "unsolicited offer to purchase" shall mean any offer to purchase a property made by any person by text, email, phone call, mail or other means of communication, unless one of the following conditions are met:

(1) At or before the time that the offer is made, there is public indicia that the owner is willing to sell the property, including, but not limited to:

(A) The property is listed for sale by the owner or their agent on a multiple listing service or in any publicly available marketing platform for the sale of the property

(B) The owner placed a for-sale sign on the property, posted in a public place a flyer listing the property for sale, or advertised the property in a print publication

(2) The offer was made prior to the enactment of these provisions.

In addition, as proposed to be amended, this bill defines the term "person" for purposes of these provisions as including "corporations, firms, partnerships and associations existing under or authorized by the laws of this State or any other State, or any foreign country."

5. Argument in Support

According to California Community Land Trust Network, 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.

– END –