



Legal » 26 California Real Estate laws & Regulations You Must Know

26 California Real Estate laws & Regulations You Must Know

 By Doug Van Soest

Whether you're preparing to buy or sell a home or another property in Southern California, California real estate law has you covered. Sellers are bound by important responsibilities regarding disclosure, which help to ensure that a wide range of real estate transactions proceed smoothly. Having working knowledge of state laws can help you protect yourself throughout the real estate sales process.

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California real estate law guide

Real estate law in California is both complex and exacting, and because these laws guide the sale of homes and properties throughout Southern California and the rest of the state, better understanding the rules and regulations that apply can help. Read on to learn more.

Who do real estate laws in California apply to?

Real estate laws in California apply to anyone who is planning on engaging in a real estate transaction. This includes homeowners who are preparing to sell, landlords who are considering selling a rental, tenants, home buyers, and beyond. If you're embarking on a real estate deal, the state's real estate laws apply.

26 California real estate laws and regulations

The State of California has a wide range of real estate rules and real estate acts and regulations in place, and they're designed to protect the rights of buyers, sellers, and lenders. Whether you're looking to sell or buy, it's a good idea to familiarize yourself with the following must-know real estate laws.

1. You are not required to have a real estate attorney or agent

While several states require those who purchase real estate property to work with a real estate attorney, in California this isn't the case. There is also no law requiring you to hire a real estate agent. How to sell your house without a realtor in California? A trusted Southern California real estate investor can help.

2. California laws for selling a home require an escrow agent

In order to sell a home in CA, an escrow agent is needed. The property being sold, its title, and the funds involved are held in escrow until specific conditions are met. After the buyer deposits the funds and the seller deposits the deed, the escrow agent holds them until the regulations regarding escrow are satisfied. At this point, the deed is transferred to the buyer while the funds go to the seller.

3. A transfer tax is imposed

The sale of a California property is taxable. The transaction triggers a county transfer tax and, in some instances, a city transfer tax. While the buyer generally covers the transfer tax in Northern California, the seller is typically responsible in Southern California.

4. The seller must disclose information about the physical condition of the home

In California, the seller is obligated to disclose specific kinds of information about the home or property. Such disclosures must include:

- Who owns the property
- The physical condition of the property
- Relevant details regarding property tax
- Any known military artillery locations nearby
- The working condition of any appliances or features included in the sale

The seller must be upfront about selling a house in poor condition.

5. Buyers can sue for fraudulent misrepresentation

Owners are responsible for disclosing relevant concerns about the home they're selling, and buyers have the right to sue if the seller intentionally conceals a defect.

6. A title search must be conducted

Another legal requirement is that, when selling a home in California, a Preliminary Title Report (PTR) must be written after a title company conducts a thorough title search. The buyer then obtains the necessary title insurance based on this PTR.

7. There is a real estate disclosure law

When the seller works with a real estate agency, the agent must provide a real estate transfer statement that reveals any of the following that apply:

- Any relationship with the seller
- Any negotiability in relation to their commission
- Sale price information

Further, the agent must let potential buyers know if there's been a death on the property in the last three years and must advise buyers to search the national registry in relation to the location of sex offenders.

8. Lenders face disclosure requirements

When there is a lender involved in the transaction, they must provide the borrower with information regarding all the following:

- Any advance fees involved
- The borrower's right to a copy of the appraisal report generated
- Any notice of transfer of loan servicing
- Lending credit terms
- Any compensation the agent receives from the lender

9. Sellers are responsible for buyers' damages in relation to withheld information

When a seller doesn't comply with all requirements and regulations related to the provision of information, they can be held responsible for any damages the buyer suffers. Even if the sale isn't affected, the responsibility for covering the buyer's losses falls to the seller.

10. The agreement can be cancelled if an accurate disclosure statement isn't provided

If the buyer isn't provided with an accurate disclosure statement, they have the right to cancel the agreement reached at any time. Sellers are always well advised to be truthful from the outset.

11. There are minimum requirements in place regarding smoke alarms

Every housing unit in the State of California must have one working smoke detector outside every sleeping area, and it's the seller's responsibility to provide written evidence in support of this fact.

12. The presence of lead paint must be revealed

Real estate sellers in California must inform potential buyers if the property contains any lead paint and must share the risk involved with them. When selling through a real estate agency, the agent is obligated to provide the buyer with a complete paint history of the property, and a state-accredited inspection is required.

13. There are laws in place that help protect those at risk of homelessness

A new law went into effect in California in 2020 that is designed to help protect those at risk of homelessness. A tenant who rents can take in a person who is at risk of homelessness with the written consent of the property's owner – regardless of the lease or rental terms. Provisions and protections are included that are designed to protect both tenants and homeowners.

14. Landlords can't prohibit the display of religious items on a property door

Homeowners may not prohibit tenants from displaying religious items on the doors of their rentals. Only if one of the following applies is the renter required to remove the item:

- The display threatens either public safety or health
- The display violates any law at the local, state, or federal level
- The display interferes with the door's ability to open or close

15. Home inspectors are prohibited from providing a valuation opinion

Another recent addition to California's real estate statutes is that home inspectors are barred from voicing opinions on property values. The opposite is also true – appraisers are prohibited from offering opinions that require a home inspector's expertise.

16. Service members are afforded a break on their security deposits

Since 2020, service members are entitled to a reduced obligation in relation to security deposits. As such, a landlord cannot require that a service member pay more than one month of rent upfront – as a security deposit – for an unfurnished unit or more than two months of rent for a furnished unit.

17. Mandatory balcony inspections now apply

After a tragic balcony collapse, California law adopted mandatory balcony inspections in 2019. Now, all buildings housing three or more residents that have exterior elevated elements and associated waterproofing must be inspected by a licensed civil engineer or city inspector.

18. There are limits on increasing rental prices during a state of emergency

After the immensely destructive wildfires of 2019, California enacted a law that makes it illegal to increase rental prices more than 10 percent during a state of emergency. Further, it's now a crime to evict a current tenant in order to rent the unit to someone else for a higher price.

19. Specific payment restrictions have been eased

Another recent development in California is the easing of strict third-party payment regulations. Now, under specific circumstances, third-party payments are allowed – with the condition that such payments do not alter tenancy.

20. Domestic violence victims are allowed protections

It is now against the law for a landlord to engage in any form of retaliation in response to a tenant making a 911 call.

21. There is a three-day notice to pay rent requirement

California now also requires a three-day notice to pay rent before the owner can begin eviction proceedings. The notice period now excludes judicial holidays as well as Saturdays and Sundays – with the goal of protecting tenants from unfair evictions.

22. A lien can significantly affect the sale of a house or property

Selling a house with a lien? If the house being sold has a lien on it, the path forward toward selling is legally complicated, but a real estate investor who pays cash for properties may be a good option.

23. It's possible to sell a house in foreclosure

Selling a house in foreclosure? While it's possible to sell a house that is being foreclosed upon, it's far more challenging, and proceeding with caution is advised.

24. Selling a house during bankruptcy may be a viable option

If you are facing bankruptcy, selling your home may be a financing requirement. Real estate investors pay cash for homes in speedy transactions that can help lessen the financial impact of bankruptcy.

25. Selling your home during divorce

Even if your house is at risk of foreclosure, your spouse refuses to settle in relation to the property, or there is a court ordered sale of house in divorce California, it won't necessarily stop you from selling your home during a divorce. A judge can issue an order that begins the sales process.

26. You may be able to sell your home during probate

If you notify all beneficiaries and comply with other specific requirements, a probate sale in California is a possibility.

Our key takeaways on California property law

Residential real estate laws in California are established to protect the rights of both sellers and buyers, but sellers face considerable responsibilities regarding disclosures. If you're interested in selling a residence quickly and bypassing the hassles that come with selling through traditional channels, the real estate investors at SoCal Home Buyers are here to help – making fair cash offers in record time.

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Real estate law California FAQs

Where is California real estate law found?

California's real estate law is found in the 2023 Real Estate Laws – as established by the California Department of Real Estate. These include regulations dedicated to Real Estate Law and Subdivided

Lands Law, Regulations of the Real Estate Commissioner, the Administrative Procedure Act, and beyond.

Is there a lemon law for houses in California?

There are no house lemon laws in California, but there are protections in place to help ensure that buyers know exactly what they're getting into when they purchase a home. If the purchase has already been finalized and the place is a lemon, you'll need to file a lawsuit.

Where did California real property law originate?

California's property laws originated with England's common law. Common law means – in essence – that trial courts, or lower courts, are bound by the legal findings of higher courts, such as appeals courts. These legal findings set legal precedents and guide the determinations made by trial courts.

What can I do if my rights have been violated according to California property laws?

If you believe your rights – as they relate to California property laws – have been violated, it's time to consult with an experienced real property lawyer. California affords buyers and sellers alike important rights and responsibilities, and if your rights were trampled, a seasoned lawyer can help.

Resources

- <https://dre.ca.gov/Publications/RealEstateLaw.html>
- <https://www.dre.ca.gov/files/pdf/refbook/ref05.pdf>

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Doug Van Soest

Doug Van Soest, the owner of SoCal Home Buyers is a seasoned real estate investor with a vast Real Estate network. His mission is to offer homeowners more solutions for their real estate needs than a typical home sale. He has been featured in various publications such as MSN, CNBC, HomeLight, FlipNerd.com, The Norris Group, Zillow, Redfin, RealtyTrac & Inman.

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