

2025 New Laws (Part 1)

Buyer representation agreements have been required for MLS Participants since August 17th, 2024. Beginning January 1st, 2025, buyer representation agreements will be required by California law for all real estate licensees in almost all sales transactions. Under this law, the representation period is capped at three months unless the buyer is a corporation, partnership, or LLC. Renewals are permitted but cannot be automatic and cannot exceed a new three-month period. Additional provisions include:

- Agreements must be entered into as soon as practicable, and in no event later than when the buyer executes a purchase offer. But remember, for MLS participants conducting residential 1-4 unit property transactions, agreements still must be entered into prior to touring a property when working with a buyer per the NAR settlement terms.
- Agreements must include the compensation owed to the real estate broker, the services to be rendered, when compensation is due, and a contract termination provision.
- Agreements that don't meet the requirements of this law are void and unenforceable, and agents who enter into such agreements will be in violations of the licensing law and subject to DRE discipline.

Delivery of Listing Agreement Extends Foreclosure Sale by 45 Days – AB 2424

This new law provides additional time for a homeowner facing foreclosure to successfully sell their property when they list their property for sale. To qualify for this 45-day extension: 1) there must be a signed listing agreement with a licensed California real estate broker, 2) the listing must be placed in a publicly available marketing platform, 3) the executed listing must be sent by certified mail with USPS or other overnight mail courier service with tracking information that confirms the recipient's signature and date and time of receipt and delivery, and 4) the listing agreement must be received by the trustee at least five business days prior to the scheduled date of sale. Keep in mind that this postponement may be used only one time.

If the sale date is postponed by entering into a listing agreement under this law, the seller is entitled to an additional 45-day postponement if, five business days before the scheduled sale date, the trustee receives a copy of a bona fide, fully-executed purchase agreement that 1) includes the name of the buyer, sales price, closing date and acceptance by the designated escrow agent and 2) has a purchase price that is equal to or greater than the amount of the unpaid balance of all obligations of record secured by the property. The delivery requirements for the purchase agreement are the same as for the listing agreement, and this postponement may also be used only one time.

Contractor Exemption Limit Raised from \$500 to \$1000 – AB 2622

Under existing requirements, the contractor licensing law does not apply when the total cost (including labor, materials, etc.) for work on one project is less than \$500. Starting January 1st, 2025, that exemption limit will be increased to \$1000. In other words, a "handyman" may advertise for and perform work for projects with a total cost of up to \$1000, as long as they state in any advertising that they are not licensed as a contractor.

For more detailed information on these and other new laws, visit:

<https://www.car.org/riskmanagement/qa/New-Laws/2025-New-Laws>