

AB 2992 Summary:

- To address recent changes in the real estate business that have arisen due to the National Association of Realtors settlement earlier this year.
- The new law will go into effect on January 1, 2025
- Affects nearly all real property sales, but excludes leases and rental agreements, the sale of state or federal land, and loan brokering services.

AB 2992 requires buyers and buyers' agents to enter into a written buyer-broker representation agreement as soon as practicable, but no later than the execution of the buyer's offer to purchase real property.

By the buyer-broker representation agreement, a buyer will authorize its buyer's agent to provide specified services for and on behalf of the buyer, and must include:

- (1) the broker's compensation;
- (2) services provided by the broker to the buyer;
- (3) when compensation is due; and
- (4) the date the buyer-broker representation agreement terminates.

Statute is silent regarding what happens if the buyer refuses to sign an agreement.

Buyer-broker representation agreements cannot last longer than 3 months (or 90 days) from the date the agreement was made (unless between a real estate broker and a corporation, limited liability company or partnership).

Buyer-broker representation agreements cannot automatically renew.

Renewals of Buyer-broker representation agreements must be in writing and dated and signed by all parties to the agreement, and cannot exceed 3 months in duration from the date of the renewal.

Additionally, buyer-broker representation agreements and renewals must include a statutory notice that compensation is not fixed by law and is negotiable.

Any buyer-broker representation agreements, including renewals, that do not comply with the new law are:

(1) Void and unenforceable (question whether broker can still recover commission?),

(2) Constitutes a violation of that person's licensing law.

**AIR CRE working on two different versions (one exclusive and one non-exclusive)
which should be available in the contracts library soon**

- Q: Can a landlord call the management fee an administrative fee so the new law doesn't apply?

- A: No. Changing the name of the fee does not change the nature of the fee, which the landlord is charging to recover its operating expenses from a QCT. If the landlord wants to charge a fee, the landlord must comply with the law's requirements, regardless of what the landlord calls the fee.

Rent Increase Notice Requirements for QCTs

- Does not apply to rent increase scheduled during the lease term (Civil Code § 827(b)(5))
- Applies to month-to-month tenancy created after lease expires (Civil Code § 827(b))
- Applies to tenancy which starts month-to-month or week-to-week (Civil Code § 827(b))
- For increases of 10% or less (cumulative during a 12-month period): 30 days' notice required (Civil Code § 827(b)(2))
- For increases over 10% (cumulative during a 12-month period): 90 days' notice required (Civil Code § 827(b)(3)(A))
- Rent increase is not effective until the notice period expires (Civil Code § 827(b)(5))
- Any notice of QCT rent increase must include information relating to the provisions of Civil Code § 827 which concern proposed rent increases (Civil Code § 827(b)(4))
- No civil penalties if landlord violates the notice provisions of rent increases for QCTs (Civil Code § 827(b)(6))

Termination Notice Requirements 1946.1

- Landlord must give QCTs 60 days' notice to terminate a month-to-month tenancy (Civil Code § 1946.1(b))
- For QCT tenancies less than one year, 30 days' notice is required (Civil Code § 1946.1(c))
- QCTs must give notice for a period at least as long as their periodic tenancy (Civil Code § 1946.1(e))
- QCT tenancies for an unspecified term are deemed renewed at the end of the term implied by law (i.e., month-to-month, week-to-week, etc.) unless one of the parties provides written notice of intent to terminate (Civil Code § 1946.1(a))
- Any waiver of these provisions is contrary to public policy and therefore void and unenforceable (Civil Code § 1946.1(l))