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AB-1240 Single-family residential real property: corporate entity: ownership. (2025-2026)

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AMENDED IN SENATE JUNE 19, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1240

Introduced by Assembly Member Lee
(Principal coauthor: Senator Pérez)

February 21, 2025

An act to add Title 8 (commencing with Section 945.20) to Part 2 of Division 2 of the Civil Code, relating to real property.

LEGISLATIVE COUNSEL'S DIGEST

AB 1240, as amended, Lee. Single-family residential real property: corporate entity: ownership.

Existing law provides that real property within the state is governed by the law of this state, except where title is in the United States. Existing law generally regulates the obligations of owners with respect to real property.

This bill would prohibit a business entity, as defined, that has an interest in more than 1,000 single-family residential properties from purchasing, acquiring, or otherwise obtaining an ownership interest in another single-family residential property and subsequently leasing the property, as specified. The bill would authorize the Attorney General to bring a civil action for a violation of these provisions, and would require a court in a civil action in which the Attorney General prevails to order specified relief, including that the business entity pay a civil penalty of \$100,000 for each violation and that the business entity sell the property to an independent third party within one year of the date that the court enters judgment. The bill would require that these provisions be the exclusive means of enforcement of these provisions. The bill would define various terms for these purposes.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Title 8 (commencing with Section 945.20) is added to Part 2 of Division 2 of the Civil Code, to read:

TITLE 8. Single-Family Residential Property

945.20. (a) For purposes of this title, the following definitions apply:

(1) "Business entity" means any association, company, firm, partnership, corporation, limited liability company, limited liability partnership, real estate investment trust, or other legal entity, and that entity's successors, assignees, or affiliates, but does not include either of the following:

(A) A nonprofit corporation or other nonprofit legal entity.

(B) A person or entity primarily engaged in the construction of new housing.

(2) "Single-family residential property" means a single parcel of real property improved with only one detached dwelling unit on it for which a certificate of occupancy has been issued.

(b) (1) A business entity that has an interest in more than 1,000 single-family residential properties shall not purchase, acquire, or otherwise obtain an ownership interest in another single-family residential property and subsequently lease the property. The seller shall have no liability for a violation of this section.

(2) This subdivision shall not apply to a single-family residential property constructed for the purpose of leasing in which the business entity has an ownership interest in the construction or is the initial purchaser of the constructed property.

(c) (1) The Attorney General may bring a civil action in the name of the people of the State of California for a violation of this section.

(2) If the Attorney General prevails in a civil action brought pursuant to paragraph (1), the court shall order all of the following:

(A) The business entity to pay a civil penalty of one hundred thousand dollars (\$100,000) for each violation of this section.

(B) The business entity to sell the property to an independent third party within one year of the date that the court enters the judgment.

(C) Reasonable attorney's fees and costs.

(D) Any other relief the court deems appropriate.

(3) This subdivision shall be the exclusive means of enforcing this section.