



## As of January 1, 2026, California has enacted several new laws impacting real estate, title, and escrow sectors. Key legislative changes include:

### 1. FinCEN Residential Real Estate Reporting Rule —

**Effective March 1, 2026**

What it is:

A major new financial transparency and anti-money-laundering (AML) rule from the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN).

**Key requirements affecting title/escrow:**

- Reporting Obligations: Title companies/escrow settlement agents must prepare and file a Real Estate Report (RER) for certain non-financed (often all-cash) residential real estate transfers to legal entities or trusts.
- Beneficial Owner Data: Reporting includes beneficial owner identity details (names, DOBs, addresses, IDs) for entities/trusts buying residential property.
- Who Reports: The “reporting person” is typically the closing agent (title/escrow provider).

**Why it matters:**

Escrow and title professionals now have a federal compliance duty beyond traditional RESPA disclosures and hazard reports — you will likely need new internal processes to collect, verify, and submit this information or risk failing federal AML reporting.

### 2. Potential Federal Preemption of State Escrow

**Interest Laws:** Regulatory proposals from the Office of the Comptroller of the Currency (OCC) aim to clarify that federal banking law preempts state escrow-interest laws for federally chartered institutions.

**3. AB 455 – Thirdhand Smoke Disclosure:** Sellers of single-family residential property must disclose known residue from tobacco or nicotine where applicable.

**4. SB 410 – Required Balcony & Structural Inspection Reports:** New requirement in condo and homeowner

association (HOA) transactions: the most recent elevated elements inspection report (e.g., balcony, deck inspections) must be included in disclosure packages.

**5. Wildfire & Disaster-Related Protections:** Various measures (e.g., AB 851 and other wildfire response laws) add protections for sellers in fire-affected areas.

**6. Escrow License Fees & DFPI Assessment Changes -** New annual escrow assessment fee of \$7,215 starts May 2026 (for 2026–27 fiscal year).

**7. Expanded HOA & Property Law Changes Affecting Transactions -**

- New HOA obligations include:  
Mandatory delivery of structural inspection reports during escrow.
- Greater protections for owners rebuilding after disasters.

These interact with title search requirements (e.g., collection of HOA info and compliance documentation).

**8. Zoning & Land Use Laws (SB 79) — Effective July 1, 2026** - Abundant & Affordable Homes Near Transit Act

- Preempts local zoning near transit for multi-family housing, with significant land use implications for developers and large portfolio transactions in California.
- Title/escrow relevance:  
May affect conveyancing, title examination, and due diligence in transit-oriented property deals after mid-2026.

These new laws reflect California's ongoing efforts to address housing shortages, enhance tenant protections, and streamline housing development processes. Real estate professionals, landlords, and tenants should familiarize themselves with these changes to ensure compliance and take advantage of new opportunities.

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