

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 255 (Seyarto)
Version: March 24, 2025
Hearing Date: April 22, 2025
Fiscal: Yes
Urgency: No
ID

SUBJECT

County recorders: notification

DIGEST

This bill requires each county within the state to establish a recorder notification program to notify by mail the party or parties executing a deed, quitclaim deed, mortgage, or deed of trust within 30 days of recordation, as specified.

EXECUTIVE SUMMARY

Title fraud occurs when a scammer obtains an individual's personal information and uses it to fraudulently create a deed and record it against the victim's property. With that recorded deed, the scammer may try to take out a loan or line of credit against the victim's property, run a rental scam on a would-be renter, or even sell the property to an unsuspecting buyer. A property owner may not even know that a deed has been recorded on their property until months or years later when they try to sell their property or receive a foreclosure notice or other communication relating to the unpaid debt that the scammer obtained through the fraud. Although title fraud is infrequent, it does take place. In response to reports of title fraud, the Legislature enacted a law in 2010 that authorized counties to implement programs to notify property owners whenever a deed, quitclaim deed, or deed of trust is recorded against their property. At least six counties currently run such a program. Companies also exist that promise to protect property owners' title, essentially through monitoring the property's deed and notifying owners of any documents recorded against the property. SB 255 proposes to address title fraud and the deceptive business practices of companies that monitor property deeds by requiring every county in the state to implement a record notification program to notify parties to an executed deed whenever a deed or mortgage is recorded on the property. SB is author-sponsored and is supported by the Howard Jarvis Taxpayers Association. The Committee has received no timely opposition. SB 255 passed out of the Senate Local Government Committee by a vote of 7 to 0.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Specifies that, when an abstract of judgment or other document creating an involuntary lien on real property is recorded, the county recorder may notify the person or persons, or their attorney of record, against whom the lien is recorded when the document recorded contains their address, as specified. (Gov. Code § 27297.5.)
- 2) Specifies that, following adoption of an authorizing resolution by the Los Angeles County Board of Supervisors, the Los Angeles County Recorder may notify by mail within 30 days a party or parties executing a deed, quitclaim deed, or deed of trust, as specified. Also specifies that the county recorder may notify no later than 14 days the party or parties subject to a notice of default or notice of sale, including the occupants of the property, of that recorded notice, as specified. (Gov. Code § 27297.6.)
 - a) Specifies that, if the Los Angeles County Board of Supervisors approve a program for the notification of parties subject to a notice of default or sale, the County must submit a report to the Legislature with specified information regarding the program by January 1, 2029. (Gov. Code § 27297.6(e).)
 - b) Specifies that specified provisions relating to this program are repealed on January 1, 2030.
- 3) Specifies that, following the adoption of an authorizing resolution by the board of supervisors, the county recorder of any county in the state may notify the party or parties executing a deed, quitclaim deed, or deed of trust within 30 days of recordation of the deed. Specifies that the county recorder may require, as a condition of recording, that the deed include the assessor's identification number or numbers associated with the property, and specifies the form in which the number shall be provided. (Gov. Code § 27297.7.)
- 4) Specifies that (3), above, does not apply to the recordation of any document where the federal government or state or local government acquires title. (Gov. Code § 27297.7(b).)
- 5) Specifies that the failure of the county recorder to provide notice as permitted does not result in any liability against the recorder or the county, and that, in the event that the notice is returned to the recorder as undeliverable, the recorder is not required to retain the returned notice. (Gov. Code § 27297.7(c).)
- 6) Specifies that, where the county recorder contracts with a party or parties for the performance of the mailing of the authorized notice, the contract must be awarded

by competitive bid. Requires that the county recorder solicit bids in a newspaper of general circulation in the county, with each bid received publicly opened and the award given to the lowest responsible bidder. Specifies that, if the county recorder determines that the acceptance of the lowest responsible bid is not in the best interest of the county, all bids may be rejected. (Gov. Code § 27297.7(d).)

- 7) Specifies that the Los Angeles County Recorder may collect a fee from a party filing a deed, quitclaim deed, deed of trust, notice of default, or notice of sale pursuant to a notification program approved by the county board of supervisors, and specifies that this fee may not exceed the mailing cost of the notice and the actual cost to provide the information, counseling, or assistance to a person who receives the notice, not to exceed seven dollars. (Gov. Code § 27387.1.)

This bill:

- 1) Repeals the provisions in (3) through (5), above, and replaces them with a requirement that, on or before January 1, 2027, each county must establish a recorder notification program.
- 2) Specifies that, following the adoption of an authorizing resolution by the board of supervisors, the county recorder must notify by mail the party or parties executing a deed, quitclaim deed, mortgage, or deed of trust within 30 days of recordation. Specifies that notification must be mailed to the address for mailing tax bills that was established prior to the recording of the document.
- 3) Specifies that a county recorder may require, as a condition of recording the document, that the deed, quitclaim deed, mortgage, or deed of trust indicate the assessor's identification number or numbers that contain the property, and specifies that format in which the assessor's identification number shall follow.
- 4) Permits a county recorder to establish an electronic notification program to complete the required notifications.
- 5) Specifies that the failure of the county recorder to provide notice may not result in any liability against the recorder or the county, and that, in the event that a notice is returned to the county recorder as undeliverable, the recorder is not required to retain the returned notice.
- 6) Specifies that, if the county recorder contracts with a party or parties for the performance of mailing this notice, the contract must be awarded by competitive bid, in which the county recorder must solicit written bids in a newspaper of general circulation in the county and must award the contract to the lowest responsible bidder. Specifies that bids must be publicly opened, and that, if the county recorder

determines that the acceptance of the lowest responsible bid is not in the best interest of the county, all bids may be rejected.

- 7) Provides that, in addition to any other recording fee permitted, the board of supervisors may authorize the county recorder to collect a fee from the party filing the deed, quitclaim deed, mortgage, or deed of trust to cover the cost of implementing the notification program. Specifies that the fee may not exceed the reasonable regulatory costs to the county of the program, and that the fee may not be charged until at least 120 days after the establishment of the fee and public notification of the fee and its effective date.
- 8) Specifies that its provisions do not apply to a county that operates a program pursuant to Government Code section 27297.6 (relating to the County of Los Angeles).

COMMENTS

1. Author's statement

According to the author:

Property owners throughout California may have heard about new services offering to monitor the status of their property title with their respective county. Several counties already have programs that offer courtesy notifications of changes in real estate documents. SB-255 will give property owners peace of mind and protection from fraud by requiring counties to provide notification to parties involved in a transferring of ownership of a property or modifying a property title.

2. Who owns Graceland? Title fraud and its consequences

When someone owns property, they have title to that property. To evidence their ownership, a document called a deed is created. Deeds can evidence the transfer of title to property between two parties, such as through a quitclaim deed or a warranty deed. Another type of deed, the deed of trust, is used to secure a loan by conveying title to property from the borrower to a third party as security for the loan from the lender. When deeds are created, they must contain sufficient information to describe the parties and property involved, and describe the type of transfer or transaction regarding the property it is making. Deeds must be notarized and filed with the county recorder of the county in which the property is located, after which the county recorder will record the deed and index it in the county's database as part of the public record. Recording a deed helps determine ownership if there is a dispute later on.

While the deed and title process is meant to ensure a clear record of ownership of a property, title theft or fraud can threaten an owner's actual ownership of property and their financial well-being. Title fraud happens when a scammer obtains an individual's personal information and commits identity theft, and uses that theft to fraudulently create a deed and record it against the victim's property. With that recorded deed, the scammer may try to take out a loan or line of credit against the victim's property, run a rental scam on a would-be renter, or even sell the property to an unsuspecting buyer. Once a scammer has a deed recorded against your property, it may be very difficult to catch and reverse. A property owner may not even know that a deed has been recorded on their property until months or years later when they try to sell their property or receive a foreclosure notice or other communication relating to the unpaid debt that the scammer obtained through the fraud. At that point, the fraud has already been committed.

Although title fraud is infrequent, it does take place. The Federal Bureau of Investigations statistics show that the agency's Internet Crime Complaint Center received 9,521 complaints of real estate fraud in 2023, resulting in more than 145 million dollars of loss for the victims.¹ Title fraud is only one type of real estate fraud, so the exact numbers of title fraud are unclear. Nonetheless, it does happen, and the financial consequences can be severe. The FBI has warned property owners that vacant property is particularly vulnerable to title fraud, and that the increasing prevalence of electronic transactions and business has increased the successfulness of such scams.² In one particularly colorful example of title fraud, a scammer threatened to sell Elvis Presley's Graceland mansion unless his family paid the scammer \$2.85 million, alleging that Elvis Presley's daughter pledged Graceland as collateral for a fictitious loan to a fake company.³ While Graceland was saved and the scammer was caught, many other instances of title fraud can result in serious financial consequences for the property owner.

3. How you can protect your property against title fraud

Fortunately, there are numerous ways that property owners can protect themselves against title fraud and its financial consequences. Most of the solutions come down to vigilance; a property owner should regularly check their credit report, which will reflect any new mortgages, loans, or foreclosures related to their name or address, and should

¹ Internet Crime Complaint Center, Internet Crime Report: 2023, Fed. Bureau of Investigation (2023), available at <https://www.ic3.gov/AnnualReport/Reports>.

² Federal Bureau of Investigation, "Fraudsters are stealing land out from under owners," (May 28, 2024), <https://www.fbi.gov/contact-us/field-offices/newark/news/fraudsters-are-stealing-land-out-from-under-owners>.

³ Alanna Durik Richer and Jonathan Mattise, "Woman charged in brazen plot to extort Elvis Presley's family and auction off Graceland," Associated Press (Aug. 16, 2024), <https://apnews.com/article/graceland-elvis-presley-sale-fraudulent-d6431df76860570e5d31526e81974f7d>.

monitor the mail for suspicious bills or other documents that might evidence identity or title theft. Additionally, property owners can regularly review their county's deed records related to their property. An owner may also elect to obtain owner's title insurance when they purchase the property. This type of insurance can cover defects in or disputes against the title to the property, including errors in the public records, unknown liens or encumbrances against the property, property boundary disputes, and acts of title fraud. While mortgage lenders typically require title insurance to cover their interest in the property, an owner's title is not protected without obtaining a separate, owner's title insurance.

Another type of service that claims to protect property owners from title fraud is called title lock insurance. However, title lock insurance is a deceptive name; the service provides neither insurance, nor a lock on an owner's title. Instead, such a company simply monitors the owner's title for a fee, and alerts the owner if any deeds or other documents are recorded on their title. At the point of the notification, the fraud has already occurred. A 2024 FTC consumer alert warned consumers about these types of deceptive services.⁴ The author argues that this type of notification service is something county recorders should simply provide, and in fact, some counties already do.

4. Current title notification programs in California

In the last few decades, various counties throughout California have implemented programs to automatically notify property owners whenever a document is recorded against their property. In 1992, the Legislature enacted SB 1842 (Watson, Ch. 815, Stats. 1992) to allow the county of Los Angeles to create a Homeowner Notification Program in response to an increase in real estate and title fraud in the county. The program was a three-year pilot project that allowed the county to design a program to notify the owner of property by mail whenever a deed, quitclaim deed, or deed of trust is recorded on the owner's property. Later, the sunset date for the statute authorizing the program was extended (SB 1631, Watson, Ch. 177, Stats. 1996), and the program was expanded to include notices regarding foreclosures in 2011 (SB 62, Liu, Ch. 141, Stats. 2011). It was last amended in 2014 to extend the program's sunset to 2029. (AB 1106, Smith, Ch. 165, Stats. 2014.)

Continued interest across the state led to the creation of an optional program statewide. Under AB 2618 (Nestande, Ch. 44, Stats. 2010), a county recorder of any county in the state may, after adoption of an authorizing resolution by the board of supervisors, establish a program to notify the party or parties executing a deed, quitclaim deed, or deed of trust within 30 days of recordation of such a document. (Gov. Code § 27297.7.) The statute allows a county recorder to require a deed to include the assessor's identification number or numbers associated with the program to be listed, and allows

⁴ Larissa Bungo, "Home title lock insurance? Not a lock at all," Federal Trade Cms'n (Aug. 26, 2024), <https://consumer.ftc.gov/consumer-alerts/2024/08/home-title-lock-insurance-not-lock-all>.

the county recorder to contract with a private party for completing this notice, subject to requirements for competitive bidding. (Gov. Code § 27297.7.) The statute also specifies that the failure of the county recorder to provide notice will not result in any liability for the recorder or the county, and allows the recorder to discard a returned notice in the event that the notification is returned by the postal service as undeliverable. The notification program may not apply to the recordation of any document where the federal government or the state or a local government is the grantee. According to the Department of Real Estate, six counties currently operate a property owner notification program: Calaveras, Contra Costa, Los Angeles, Placer, Riverside, and San Diego counties.⁵

5. SB 255 mandates that counties create title notification programs

SB 255 proposes to extend this optional program statewide by mandating that every county create a title notification program. It would replace the permissive program created by AB 2618 (Nestande, Ch. 44, Stats. 2010) with a substantially similar program that is required of each county. In addition to the current optional program that provides for notification of the recordation of a deed, quitclaim deed, or deed of trust, SB 255 would require notification for the recordation of any mortgage. SB 255 specifies that the notice must be mailed to the mailing address established for mailing tax bills prior to the recordation of the deed.

SB 255 also would allow notification to take place by electronic notification, at the election of the county recorder. SB 255 includes the provisions of the current statute that require competitive bidding for any contracts to perform the required notice, and the provisions limiting a county recorder and county's liability for failing to provide notice. SB 255 also authorizes the county recorder to collect a fee from a party filing a deed, quitclaim deed, mortgage, or deed of trust for the cost of implementing the program, and specifies that the fee may not exceed the reasonable regulatory costs to the county of the program. It would require each county to create the program by January 1, 2027, and exempts Los Angeles county because of the separate code section that already authorizes Los Angeles county to create such a program.

While limiting liability is not usually an advisable public policy position, since harmed parties should be afforded the ability to obtain relief and be made whole, there may be some reasonable rationales for doing so in the context of this notification program. Here, while the program is a service to a property owner, it is not a guarantee of the property owner's title, and nor should it be construed to be. It provides owners with reassurance about the security of their title, and timely notice when a document is recorded related to their property. Property owners may well come to rely on the notification program, and take it as accurate. But nonetheless, the only way to truly

⁵ Ca. Dept. of Real Estate, "County Recorder Property Owner Alert Program," (accessed Mar. 29, 2025), <https://dre.ca.gov/consumers/CountyAlerts.html>.

determine title is to inspect the county recorder's records, and the responsibility to protect oneself against title fraud still falls upon the property owner. SB 255 would simply require every county to create a program that would provide property owners with more information, and the chance to stop title fraud before it goes too far. Lastly, the limitation on liability created by SB 255 is the exact same limitation on liability that exists in the current statute for a permissive program, and thus is simply continuing that limitation for these title notification programs.

SUPPORT

Howard Jarvis Taxpayers Association

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

AB 2618 (Nestande, Ch. 44, Stats. 2010) permitted a county recorder of any county in the state may, after adoption of an authorizing resolution by the board of supervisors, to establish a program to notify the party or parties executing a deed, quitclaim deed, or deed of trust within 30 days of recordation of such a document.

SB 62 (Liu, Ch. 141, Stats. 2011) expanded the Los Angeles County Homeowner Notification Program to include notices regarding foreclosures.

SB 1842 (Watson, Ch. 815, Stats. 1992) permitted the county of Los Angeles to create a Los Angeles County Homeowner Notification Program to notify by mail the owner of property whenever a deed, quitclaim deed, or deed of trust is recorded on the owner's property.

PRIOR VOTES:

Senate Local Government Committee (Ayes 7, Noes 0)
