10/08

V IS FOR VICTORY FOR CALIFORNIA COMMUNITY ASSOCIATIONS AND HOMEOWNERS

California's Legislative Action Committee (CLAC) finished the year with an 80% success rate. Four of the five most important bills were dealt with in accordance with CLAC's objectives ... mostly through gubernatorial vetoes!

CLAC successfully passed legislation to help associations cope with the housing crisis, and lobbied Governor Arnold Schwarzenegger (R) to "terminate" three onerous bills that had been approved by the state legislature. In September, the Governor vetoed three bills that would have added hundreds of millions of dollars in burdens to homeowners, and imposed far-reaching restrictions on homeowner property rights.

- Associations burdened by delinquent assessments and foreclosures will get some relief thanks to the work of California CAI members. Part of the challenge in collecting assessments on foreclosed properties is that it may take an association months to discover who becomes the successor in interest on the foreclosed property as title transfers from the default owner, to the bank, and then to a new purchaser. The CAI-sponsored Senate Bill 1511 requires the disclosure of the successor in interest on the foreclosed property prior to its sale. This disclosure will not only identify the party in possession of the property, but will also provide the association with the information needed to collect assessments from that party. By decreasing the time needed to collect these assessments, associations can ease burdens that foreclosures impose on association budgets and those homeowners who are timely in their payments.

- By far the biggest success was securing a veto of Assembly Bill 567 which would have created a state Common Interest Development Bureau to oversee all aspects of community association life in the Golden State. This bureau would also have been empowered to levy up to $10 per unit to fund operations. Considering that more than nine million homeowners in the state reside in common interest developments, the bill would have imposed more than $100,000,000 in new fees on already strapped homeowners. The Governor returned Assembly Bill 567 without his signature on September 27, 2008.

- CAI members secured another victory through opposition to Assembly Bill 952. This legislation would have required all associations to establish, on demand, payment plans for any and all association members. Although nearly all associations levy their assessments on a monthly basis, this legislation would have allowed any homeowner to demand that the association create a payment plan for association assessments. Under current law, associations have the ability to work with delinquent members to create plans to allow them to pay their back balances. As written in the legislation, this program would have created a burdensome "lay-away" plan for assessments and would have unduly burdened associations in their assement collections. This is another bill that the Governor returned without his signature on September 27, 2008.

- Finally, CAI worked with the Governor's office to defeat Assembly Bill 2259. This bill was returned to the California State Assembly on September 28, 2008 without the Governor's signature. This legislation would have restricted an association's ability to adopt and apply uniformly rental restrictions in its community. At its heart: a requirement that any rental restriction adopted by an association would only be effective against those who purchased <u>after</u> the restriction was adopted. It would have, in essence, taken the community out of community association.

For more information about these California bills, other important news, and CAI members' work on industry issues, please access the California Legislative Action Committee's website: www.CAIcalif.org.