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## **Legislative Change: Perspectives on the CID Law Rewrite and Other Trends**

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In today's uncertain environment, legislative change is the only constant we can rely on. Upwards of 50 bills that could potentially impact common interest developments are introduced in Sacramento every year. Additionally, many court decisions are published annually that could impact board decisions. Looking into the crystal ball, here's what we see for the future of legislation.

### ***Davis-Stirling Rewrite***

For better or for worse, a significant change to the Davis-Stirling Act, the body of law that governs common interest developments, is coming. How is this going to impact the communities we manage from an operational and a financial standpoint? For one thing, you should stop calling documents by their code number (e.g., 1365 packets will be budget packets) because all of those code numbers are about to be reordered and renumbered. Aren't you glad you took the time to memorize them?

The good news is the California Law Revision Commission (CLRC) has taken feedback about their proposed changes very seriously. At a recent CLRC hearing in Los Angeles, the commission invited attendees to engage and work through various sections of the proposed legislation with them. What makes the CLRC different from working with the legislature is the CLRC conducts a very in-depth study and public review of issues and concepts prior to them being introduced as legislation.

The commission is made up of legal experts, a state senator and assemblyperson, and legal staff. According to the CLRC website, <http://www.clrc.ca.gov/>, one of their "Active Studies" is the CID Statutory Clarification and Simplification. On the site you can find links to sign up for email notification of new materials, all staff memorandums, all commission meeting minutes and decisions, related legislation, tentative recommendations and final recommendation. All response comments are posted on the site, which is open to the public – keep this important tidbit in mind!

The current plan of the commission is to have a legislator introduce the proposed modifications to the Davis-Stirling Act as a Senate or Assembly bill in the beginning of the next legislative session, sometime in January 2011. The bill will take on a two-year life and probably won't be ready for signature until the fall of 2012. If signed by the Governor, the bill will most

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likely go into effect in 2013 or 2014. That sounds like a far off date ... but it will sneak up on us.

### ***Looks Like Government, Smells Like Government, Tastes Like Government...But It's a CID***

Aside from the Davis-Stirling rewrite, CACM and other organizations battle the legislature every year as they introduce more and more bills to promote "transparency," believing that if *they* have to do it, CIDs should have to do it, too. The Battin bill, requiring the two-envelope secret ballot process, was modeled (sort of) on the absentee ballot process for general elections. Legislators frequently confuse CIDs with government.

Unfortunately, the legislators want to apply restrictions to CIDs that apply to government entities without providing the same legal protections that they enjoy. One legislative trend that we see pop up every few years is the concept of creating a State Ombudsman to hear homeowner complaints about their board or manager. Depending on the outcome of the upcoming election, we expect a program to be introduced in the next few years to mirror the program already in effect in Nevada.

The biggest challenge in fighting some of these bills is that what seems innocuous on the surface becomes "the camel's nose under the tent" – a metaphor for a small, undesirable situation that, if allowed to continue unchecked, becomes a large, undesirable situation.

### ***Green, Green, Green***

Look for all kinds of "green" legislation in the future, such as emissions restrictions, water usage restrictions and less ability for an association to limit the installation of green improvements, like solar panels, rock gardens and clotheslines. To the extent possible, start your associations on green programs now (such as greenwaste recovery for your lawnmowers) so that the mindset for your associations is already in place when compliance becomes the law.

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