

## **2025 1<sup>st</sup> Quarter CAI-CLAC Legislative Update**

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CAI's California Legislative Action Committee (CLAC) finished 2024 strong and, in 2025, hit the ground running in pursuit of its legislative agenda, which included allowing emergency assessments to cover the cost of insurance premiums and liability protection for associations and board members who are unable to purchase the level of insurance coverage required by CC&Rs for a reasonable cost, or at all. While the bill introduction deadline passed without CLAC being able to secure an author for its proposed bills, we continue working and are hopeful of getting some cleanup legislation into an omnibus bill.

In addition to pursuing its legislative agenda, CLAC is taking positions on several bills that were introduced that will significantly impact associations and managers. AB-739 (Jackson) would require all managing agents to be licensed real estate brokers. It is unclear what the goal of the legislation is or why it would benefit owners or associations, given that the requirements to obtain a real estate broker's license have nothing to do with managing a community association. CLAC is opposing the bill and continues to have discussions with the author.

CLAC also has a second bill on its radar. Under the guise of creating additional options for affordable housing, SB-677 (Wiener) would expand on 2022's SB 9, which prevented cities and counties from banning owners from splitting their lots. SB 9 did not apply to community associations, but SB-677 is directly aimed at associations and would prohibit community associations from enforcing any CC&Rs provision that prevents an owner from splitting lots. CLAC is opposed to this bill.

SB-546 (Grayson) seeks to repeal Civil Code section 5501, which permits a board to meet its obligation to review financial documents on a monthly basis by having either all board members or a subcommittee of the board consisting of the treasurer and at least one other board member. to review the documents outside of a meeting so long as the review is ratified at the next board meeting and the ratification is reflected in the minutes. If this bill passes and becomes law, the only way a board would satisfy the obligation to review financials on a monthly basis would be to have a meeting each month, causing those associations that meet bi-monthly or quarterly to incur additional expenses. CLAC is opposed to this bill.

CLAC also continues its efforts to encourage the legislature to address the insurance crisis in California and meets regularly with legislators and staff to discuss this complex issue.

AB-1 is one of several bills addressing wildfires and insurance issues. This bill would require the Department of Insurance, on or before January 1, 2030, and every 5 years thereafter, to consider whether to update its regulations to include additional building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs. As part of this consideration, the bill would require the department to consult with specified agencies to identify

additional building hardening measures and to develop and implement a public participation process during the evaluation. CLAC is taking a neutral position on this bill.

AB-69 will require a broker of record to determine if an insurance policy with the FAIR Plan that is up for renewal can be moved to a market insurance company before renewing it in the FAIR Plan. CLAC supports this bill.

CLAC is also hosting its annual Advocacy Week with in-person visits with legislators in the State Capital from April 22-24, 2025. Those unable to attend in person should consider participating in CLAC's virtual visits with legislators and staff on Wednesday, April 23, 2025. Last year's Advocacy Week was an unprecedented success, and we hope to repeat and exceed those efforts in 2025. If you are interested in attending, either in person or virtually, or would like to sponsor the event, please visit [CAICLAC.com/advocacy-week](https://CAICLAC.com/advocacy-week) for more information.