<u>Fall 2025 Bill Brief</u>
Prepared by the Legislative Support Committee for the
San Diego Chapter of the Community Association Institute

AB 130 (Previously: SB 681) <u>Enforcement/Fining</u>

The “scourge” of 2025, it limits fines to $100 for most “violations” (unless they constitute a health and safety issue) and eliminated the penalty for all violations if the behavior or condition is “cured” before the board’s hearing. When Governor Newsom signed AB130, his intent was to fund California’s annual budget. However, as you’ve now learned, **funding bills are effective immediately, and this is now California law!** Practically speaking, using <u>escalating</u> fines to resolve legal conflicts has been eviscerated as a useful tool to resolve common enforcement issues.

Big Picture: Depending on how your community defines legal terms like “violations” “cured” and “health and safety”, your fining process will change, but the rest of the process will not: In most cases, the community already starts with a standard courtesy notice identifying the violation, followed a month or so later with a notice calling the owner to a fine hearing. Now, instead of a third notice and escalating fines, the legislature apparently wants the community to proceed directly to IDR, ADR, TRO or lawsuit as appropriate. Don’t forget, you still have amenity suspensions like pool or gym access or an automatic gate entry (make them plug in a code!) and, of course, towing folks who don’t follow parking rules.

SB 770 <u>EV Charger Insurance Endorsements</u>

SB 770 will amend Civil Code Section 4745 and seeks to remove the requirement that a homeowner installing an electric vehicle charging station must add the HOA as an additional insured on their personal liability policy. Supporters of the bill argue that the insurance is not obtainable or at least presents an obstacle to installing EV chargers. Opponents, like CAI’s Legislative Action Committee, argue that removing the additional insured requirement shifts liability from the individual homeowner to the entire association. If an EV charger malfunctions and causes damage or a fire, the HOA's master insurance policy could be responsible, potentially driving up premiums for all homeowners, including those who do not have an EV. CAI also has provided evidence that major insurance carriers have been able to provide the necessary additional-insured certificates, contradicting the claims that the coverage is unavailable. As of October 2025, SB 770 was enrolled and is now awaiting the Governor’s signature.

SB 410 <u>Disclosures to Prospective Purchasers/Exterior Elevated Element Inspections</u>

The bill will amend several Civil Code sections, including Secs. 4525, 4528, 5200, 5210 and 5551. It will require HOA’s to provide the latest balcony and exterior elevated elements inspection reports (think SB 326) to prospective buyers in their sales disclosure documents.

Aiming to increase transparency and safety for buyers and residents after the fatal Berkeley balcony collapse, the California Association of Real Estate supports the bill. The drafting engineers have opposed inclusion unless their entire report is disclosed. CAI had initially opposed the bill but supports it now that it was amended for our purposes. The bill was enrolled and awaits the Governor's signature.

SB 547 <u>One-Year Moratorium on Insurance Policy Cancellations</u>

Responding to the insurance crisis, this bill allows for a one-year moratorium on insurance and non-renewals in ZIP codes affected by a declared wildfire state of emergency. The law applies to commercial properties, including specific residential or "habitational" types like apartment complexes, homeowners associations, condominium associations, and senior living facilities.

SB 625 <u>Housing Developments/Disaster Reconstruction</u>

The "Reconstruction after Financial Damage" bill is aimed at helping homeowners and communities rebuild quickly after events such as wildfires. The bill has been chaptered and awaits the Governor's signature. It does two major things:

1. Adds Civil Code § 4752 and states that any governing document provision that prohibits or includes conditions that have the effect of prohibiting reconstruction of a residential structure that was destroyed or damaged in a disaster is void and unenforceable. It also states that any owner who prevails in bringing an action to enforce Section 4752 shall be awarded reasonable attorney's fees.
2. Also proposes to add Civil Code § 4766 to add specific procedures for architectural review of any application for the reconstruction of a residential structure that was destroyed or damaged in a disaster, including that applications must be reviewed and decided upon within 30 days of submission.

SB 31 <u>Irrigation/Water Use</u>

This bill expands discussions regarding use of (recycled) non-potable water for landscape irrigation and commercial uses. Part of California's goal to drought-proof the state using water recycling, it addresses treating wastewater to non-potable standards for future irrigation (not drinking) uses. The bill adds further parameters to non-functional turf rules coming in 2029 from a water district near you.

<u>News on the Cal-FAIR (Fire Insurance) Plan</u>: As of a July 2024 agreement, the California FAIR Plan has increased its commercial property coverage limit to $20 million per Building, not to exceed 100 million. A proposed significant increase of upwards of 35% additional Fair Plan funding could further help ease the pressure many carriers are feeling – keep your eyes peeled for this!

The bills that didn't quite make it this year:

AB21 (also known as the "Taxpayer Protection Act of 2025") addressed HOA management, meeting procedures and transparency. CAI and other industry groups opposed the bill, which died in committee on April 28, 2025.

AB 739 proposed that managers hold a broker license. Managers are presently required to disclose their certifications and licenses to the board but are not actually required to be so certified or licensed. AB 739 was designated as a "two-year bill" and will not be considered until 2026.

AB 942 would have reduced the contract for Net Energy Metering rates for those associations that installed solar from 20 years to 10 years. CAI-CLAC did not take an active position.

SB 282 would void any CC&R that prohibits the installation of an electric heat pump. This bill was held in the Senate Appropriations Committee and did not move this session. However, it can be taken up when the legislature reconvenes in January 2026.

SB 677 sought to overcome the legal interpretation following SB 9's passage that exempted HOAs from the law's lot-splitting requirements. CLAC Opposed this bill and it failed in committee.