

SwedelsonGottlieb

AB 130 – \$100 Fine Caps, Hearing Procedures, and Prohibited ADU Fees...

Oh My!

From the attorneys at SwedelsonGottlieb

Synopsis: AB 130 was a housing bill passed with urgency by the State legislature that is now in effect. This bill makes significant changes to governance by homeowners' associations by implementing new fine limits (literally wiping out association fine policies unless same were in compliance with the new law), hearing procedures, and ADU/JADU fee restrictions. The changes to fine limits and hearing procedures were made without any committee hearings or input from industry experts and will dramatically (and we expect, negatively) impact the governance of community associations by their boards of directors.

Changes to Fines and Hearing Procedures - Summary Highlights:

- A one-hundred-dollar (\$100) fine limit has been set notwithstanding the fine amounts stated in an association's current fine schedule, **unless** a fine is imposed for a violation that may result in an adverse health or safety impact to the common area or another owner's property.
- For any adverse health or safety-related fine, before the fine can be imposed, boards are now required to make written findings specifying, in a resolution, the adverse health or safety impact in an open board meeting.
- Before any fine or reimbursement assessment is imposed, violators must be given the opportunity to cure their violations (which was already the case).
- If the board and the member agree after the hearing on the disciplinary decision, the board must draft a written resolution to be signed by the board and the member, which is judicially enforceable. If no agreement is reached, then the violator can request internal dispute resolution ("IDR") (which was also already the case).
- Hearing decisions must now be issued within fourteen (14) instead of fifteen (15) days.

Comments & Recommendations: Many questions and issues are created with this new law, all of which should be discussed with legal counsel. We also suggest that associations review and revise their fine and hearing policies to avoid confusion and conflicts with the new law.

Reasonable Restrictions for ADU/JADU Do Not Include Fees or Other Financial Requirements - Summary: Civil Code § 714.3 is a law regarding ADU/JADU restrictions. Previously, only “reasonable restrictions” could be imposed on the construction of an ADU/JADU, with some guidance provided as to what those might be. But now the law expressly adds, “[r]easonable restrictions’ shall not include any fees or other financial requirements.”

Comments: The question is how broad this prohibition on fees is and whether it applies to every situation. As written, an architectural review fee by an independent architect, could be called into question. Until this new law is settled, we suggest associations consult with their legal counsel to discuss what may or may be allowed to hold the submitting owner responsible for the independent costs incurred by an association.

Amended/New Sections:

- Civil Code §§ 5850, 5855 (fine caps and hearing procedures)
- Civil Code § 714.3 (ADU fees)

Effective Date: June 30, 2025

If you need assistance to comply with the laws resulting from AB130, please do not hesitate to contact us at 800-372-2207 or info@sghoalaw.com.

SwedelsonGottlieb is a full-service community association law firm that provides the highest quality legal counsel to condominium, townhouse, stock cooperative, and planned development homeowner associations (HOAs) throughout California. Since 1987, we have dedicated our firm to the complex and multi-disciplinary practice of community association law, and our attorneys have earned a reputation for expert advice, exemplary service, and outstanding results. Legal services for community associations involve a hybrid of more conventional specialty areas including real estate, corporate, litigation, employment, construction, and insurance law. We use our wealth of experience in this field to advise our clients on the many challenges of association management, ranging from governing document enforcement to mold issues to collection strategies. We invite you to visit our blog at www.hoalawblog.com with important information on news, new legislation, significant cases, and industry trends to assist association board members and community managers in the effective governance of their communities.

Disclaimer:

The information you obtain in this communication is not, nor is it intended to be, legal advice. You should consult an attorney for advice regarding your individual situation. We invite you to contact us and welcome your calls, letters and electronic mail. Contacting us does not create an attorney-client relationship. Please do not send any confidential information to us until such time as an attorney-client relationship has been established.