



Davis-Stirling Act Reorganized, Relocated in 2014

By: Kelly G. Richardson, Esq.

On Friday, August 17, Governor Brown concluded the long journey of the California Law Revision Commission's multi-year project to reorganize the Davis-Stirling Common Interest Development Act, when he signed into law **Assembly Bills 805 and 806**. **AB 805** relocates the Act to a different part of the California Civil Code, while **AB 806** updates the many references to the Act in other California statutes to reflect the new statute numbers.

The law does not take effect until January 1, 2014, which gives managers, boards and attorneys one year to familiarize themselves with the reorganized Act. Currently found at Civil Code Sections 1350-1378, the Act will then be found at Civil Code Sections 4000-6150. Until the law becomes effective on that date, it will still be found within 2011's AB 805, which can be found at www.leginfo.ca.gov under "bill information."

The Commission's primary purpose was to reorganize and clarify the law without making substantive changes. However, the new law does in fact enact approximately 16 substantive changes, none of which are believed to be controversial. In future columns, HOA Homefront will provide a preview of those changes.

One of the comments already circulating is that many associations are reluctant to update or otherwise amend their governing documents, due to the coming new law in 2014. However, associations do not need to avoid amending their governing documents until 2014, because the new law at Civil Code Section 4235 will specifically provide for associations to update their governing documents (CC&Rs and Bylaws) by a board vote to correct the old Civil Code references and insert the new ones.

In my view, the non-partisan Commission did a commendable job on this project. The reorganization adds clarity, making the law more "user friendly," and the substantive changes are relatively few and common-sensible.

The CLRC is concluding work on common interest development law. While its stated intention on the current project was to minimize substantive changes during the reorganization of the law, it has stated that substantive changes to current CID law will be explored once this law is in

place. For information on the Commission, visit www.CLRC.ca.gov.

In fact, the Commission is already exploring modifications to the Act regarding non-residential common interest developments. There may also at some point be an attempt to explore modifying the Act to accommodate small CIDs. Small associations generally do not have legal counsel and often do not have professional management, can have great difficulty tracking, let alone complying with, the Act's myriad legal requirements.

California associations, managers and lawyers need not wait until January 2014 to begin complying with the new law. There is no reason why all cannot begin implementing the substantive changes earlier. Management firms would be well-advised to learn the new disclosure format of the "Annual Budget Report" (in future Civil Code Section 5300) and the "Annual Policy Statement" (in future Civil Code Section 5310) and begin using that format sooner, to insure full compliance with the new law.

Note to readers: On October 19, 2012, CAI presents its third annual California Law Forum, this year at the Pechanga Resort and Casino in Temecula. Top attorneys from around the state will present a variety of seminars. The luncheon keynote speaker is motivational speaker and humorist Charles Marshall. For information visit www.caionline.org, and click on "2012 CAI Legal Forum: California Communities."

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