



Monthly Newsletter

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Effective January 1, 2014, there are a number of changes to the laws in California governing condominium associations.

Revisions to the Davis-Stirling Act will change some of the laws regarding condo associations.

The Davis-Stirling Act is a set of laws which govern condominium associations in California. Effective January 1, 2014, there are a number of changes to these laws.

The impact on owners of condominium units should be minimal, but here is a list of some of the changes:

- Boards may now grant a member exclusive use to a common area to accommodate the following: a disability, legal requirements, or to assign a parking space or storage unit designated in the CC&R's but not assigned to a specific unit. This is a change because previously such action required a 2/3 vote by the association members. (New Civ. Code § 4600.)
- HOA's must keep custody of election ballots for one year instead of the previous nine months. (New Civ. Code § 5125.)
- Certain requests by condominium members must now be in writing. These include requests to change information on a membership list, to add or remove a second address for delivery of notices, to opt out of the membership list or to cancel a prior request, and to receive all reports in full or to cancel a prior request. (New Civ. Code § 5260.)
- Directors now cannot vote on matters affecting their own discipline, damage assessments, payment plans, foreclosure, remodel applications, or exclusive applications. (New Civ. Code § 5350.)
- Fine schedules now must be sent annually, instead of only upon adoption or revision. (New Civ. Code § 5850.)
- Before imposing reimbursement assessments against a member, the board must now give the member notice of a hearing and an opportunity to be heard. (New Civ. Code § 5855.)

California West is changing how we report transfers between properties on our clients' monthly financial statements.

Some of California West's clients own multiple properties.

For these clients, there are times when we transfer money between properties to pay for a security deposit refund, or other bill, since there is not always enough money in the property's operating account to pay the expense. Beginning in November, we are modifying our reporting procedures regarding such transfers.

Beginning in November, California West will begin using a different category to distinguish transfers between properties from other withdrawals and deposits.

Here is a recent example: Our client owns multiple properties and received her monthly disbursement on the 26th of the month. A former tenant in one of her properties was then due a security deposit refund on the 29th. However, there was not enough money in the property's operating account because the new tenant had not yet paid rent for the following month.

In this circumstance, our most common procedure is to transfer money from another property owned by the same client to the property needing money. Another option is for our client to deposit more money, but most clients prefer the first option.

That said, in this example, our client was confused when she received her monthly financial statements because we report the transfer as an "Owner Deposit" and an "Owner Withdrawal" and lump this together with other deposits and withdrawals.

More specifically, when the client added up all of her "Owner Withdrawals," the sum was less than the amount of money that we disbursed to her that month. She was not able to determine from her financial statements the reason for this difference.

We have a solution.

Beginning in November, California West will start using a different category to distinguish transfers between properties from other withdrawals and deposits.

Now, when we transfer funds between properties, we will report such transfer as a "Transfer To Other Property" and as a "Transfer From Other Property."

This change will obviously not affect clients who prefer that we never make such transfers.

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