

California Limits Fines in New Housing Bill



By Garrett Wait, Esq.

As most managers and board members are aware of by now, the California legislature enacted a disastrous new limit to the ability of homeowners associations to enforce their governing documents. AB 130, signed into law mid-year, includes new language in Civil Code Sections 5850 and 5855. Perhaps most critically, the new language limits fines for violations of governing documents to \$100 per violation, with the only exception being for violations that adversely impact health and safety in the common area or on another member's property.

The good news for many homeowners associations is that it does not apply retroactively, meaning that associations do not need to reduce existing fines they levied before the passage of AB 130. However, if they have not already done so, associations should strongly consider revising their enforcement policies to account for the new cap on fines, thereby avoiding potential headaches. Associations that allow for the accrual of daily fines should reconsider whether those are acceptable. The statute's plain language states that the maximum is \$100 "per violation," so the distinction between an ongoing violation that could incur daily fines and a recurring violation that could incur successive fines should be well-defined in an enforcement policy. A strict interpretation suggests that daily fines for ongoing violations are no longer acceptable.

Other statutory alterations are also worrisome. When an association attempts to levy a fine of more than \$100 for a health and safety violation, the new law requires that the board present written findings specifying the adverse health or safety impact in an open meeting. We strongly encourage associations to make findings regarding standing health and safety violations. For example, speeding, dangerous conduct (e.g., fighting, firing weapons or shooting fireworks), releasing noxious chemicals or fumes, pets off-leash, and even smoking, can be deemed health and safety violations by a board resolution. Other violations that do not fit squarely in those categories should be the subject of those open meeting findings.

To square this requirement with the implied privacy concerns surrounding member discipline, according to Civil Code Section 5215(a)



(4), we encourage boards to be descriptive of the conduct, but refrain from using any personally identifying information when making findings related to health and safety violations in open meetings. Notably, Civil Code Section 5855(b) still requires the board to meet in executive session if requested by the owner who is the subject of the hearing, so the board will ultimately discuss the matter twice.

Additionally, if a member cures a violation before the hearing at which the association would consider levying a fine, the association cannot levy a fine. Civil Code Section 5855(c) now also states that the board cannot levy a fine if curing the violation would take longer than the time between the notice of the hearing and the date of the hearing or if the member "provides financial commitment to cure the violation." It is uncertain what is meant by a "financial commitment" – perhaps the legislature wants homeowners to post a bond to the association to avoid fines.

We have received numerous questions about whether someone can cure certain types of violations. If someone throws a party or shoots off fireworks in the common area, it's a discreet act that is likely long finished by the time a hearing can be noticed. In those instances, there is no continuing violation to correct and no remedial action that would undo the prohibited conduct. Because these types of violations cannot be "cured" in the same sense as removing an unauthorized architectural improvement or stopping ongoing nuisance conduct, the statutory prohibition on imposing discipline for "cured" violations may not apply.

Notices of fines or monetary charges to reimburse the association for damage to the common area must be sent 14 days after the hearing, reduced from 15. Lastly, the legislature included extremely strange language concerning "agreements" made during a hearing. Specifically, the statute allows for members to request IDR if they do not agree with the association's findings, which is merely a restatement of existing law. More concerning, if the board and the member are in agreement after

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the meeting, new subdivision (d) of Civil Code Section 5855 states: "...the board shall draft a written resolution. The written resolution, signed by the board and the member of the dispute pursuant to procedures not in conflict with the law or governing documents, binds the association and is judicially enforceable." The statutory language appears to turn a typical violation hearing into a de facto IDR while also requiring the association to engage in another IDR if the member does not agree with the association's findings.

Our take is that the legislature got this severely wrong. It will negatively affect every association's ability to adequately enforce community standards without resorting to expensive litigation. In more affluent communities, a \$100 fine will serve as a convenience fee for a homeowner to violate the governing documents repeatedly. Associations will likely inadvertently fail to meet all of the statutory requirements in Civil Code Section 5855 before imposing fines or monetary charges and may be stuck with a bill for common area damage that is rightly the responsibility of a member. The only hope is that someone in Sacramento will pay attention to the damage this new bill will cause, and it will get drastically rewritten in the next legislative session.

We are happy to help you and your association sort through the fallout of AB 130. Give us a call. ■

SB 625 Provides Relief for Owners of Residences Destroyed or Damaged in Declared Disasters



By Steven Banks, Esq.

California homeowners whose residences have been damaged or destroyed in a declared disaster will have an easier time with reconstruction due to recent legislation that comes into effect on January 1, 2026. On October 10, 2025, Governor Newsom signed California Senate Bill 625 into law as part of the “Golden State Commitment” legislative package aimed at easing bureaucratic barriers for victims of the major wildfires that hit California in 2025.

SB 625 adds Sections 4752 and 4766 to the Civil Code, and Section 65914.200, et seq. to the Government Code. Generally, the law streamlines local governmental approvals and limits unreasonable restrictions by community associations regarding “substantially similar” reconstruction of damaged or destroyed homes. Local governments will have less discretion to deny applications meeting objective standards, and community associations will have strict timelines within which to review reconstruction applications.

Section 4752 defines a “disaster” as (A) a state of disaster or emergency declared by the federal government; (B) a state of emergency proclaimed by the Governor under Government Code Section 8625, or (C) a local emergency proclaimed by a local governing body or official pursuant to Government Code Section 8630.

SB 625 makes any covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument, and any governing document provision, void and

unenforceable if it prohibits, or includes conditions that effectively prohibit, “substantially similar” reconstruction of a residence destroyed or damaged in a defined disaster. Section 4752 defines what “substantially similar” means, including compliance with local building codes (for example, an approved building permit), height and interior livable square footage not exceeding 110 percent of the residence’s prior square footage (or 100 percent allowed by the governing documents), constructed in the same location and to the same exterior dimensions, with at least four-foot setbacks from side and rear lot lines, and compliance with objective design standards in effect when the residence was destroyed or damaged (unless the standard unreasonably increases the cost of or effectively prohibits the rebuilding of a substantially similar residence).

SB 625 also specifies how community associations must review, process, and approve applications for the “substantially similar” reconstruction of disaster-destroyed or damaged residences. Community associations and their boards or architectural review committees will be required to determine within 30 calendar days after receiving a reconstruction application whether the application is complete. Once the application is deemed complete, they must issue a final decision on the completed application within 45 calendar days. If the completed application is found to be noncompliant, the community association must provide the applicant with a list of non-compliant items and a description of how the application can be made complete. The same deadlines apply to resubmitted applications. If the community association does not make a timely determination, the application or resubmitted application is deemed to be complete.



If an application is deemed to be incomplete or noncompliant, the community association must provide a process for the applicant to appeal that decision. It must provide a final written determination on the appeal within 60 calendar days after receipt of the applicant’s written appeal.

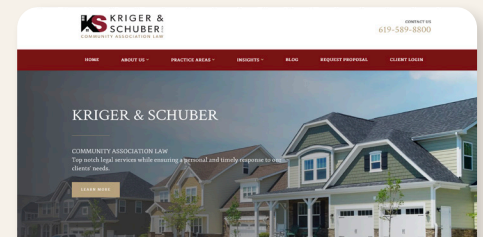
Once the community association approves an application, it cannot subject the applicant to any appeals or additional hearings (except related to the applicant’s noncompliance with the approved application). Further, the community association cannot require the applicant to include an item that was not identified as necessary in the governing documents, or other instruments in effect at the time the application was originally submitted.

Importantly, SB 625 requires a court to award reasonable attorney’s fees to owners of separate interests in a common interest development who prevail in an action to enforce the SB 625’s provisions. ■

What’s happening at



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Understanding SB 547 and California FAIR Plan Changes: What Associations Need to Know



By Sam Roth, Esq.

California's insurance landscape continues to evolve in response to increasing wildfire risks and insurance market instability. In October 2025, Governor Gavin Newsom signed a comprehensive package of bills aimed at stabilizing and modernizing the state's "insurer of last resort," the California FAIR Plan. In addition, the Governor signed Senate Bill 547, which extends significant protection for property owners in wildfire-affected areas, with important implications for homeowners associations throughout the state.

THE NEW POST-WILDFIRE INSURANCE PROTECTIONS

SB 547 adds crucial new protections for commercial property insurance policyholders in wildfire-affected areas. Under this new law, insurance companies are prohibited from canceling or refusing to renew commercial property insurance policies (such as those carried by associations) for properties located in an area where a wildfire has occurred.

This protection applies for one year following the declaration of a state of emergency. Specifically, it prevents insurers from making coverage decisions based solely on the fact that the insured structure is in an area where a wildfire occurred.

For associations, this represents a critical safeguard. Communities that experienced or narrowly escaped wildfire damage will have breathing room to assess their situation, implement mitigation measures, and secure alternative coverage without facing immediate policy cancellations. However, it's essential to note that these protections don't apply if the property was not covered by commercial property insurance at the time of the fire.

CHANGES TO THE CALIFORNIA FAIR PLAN

In addition to legislative changes, California Insurance Commissioner Ricardo Lara has introduced critical changes that may significantly benefit homeowners associations, particularly those with multiple buildings. Previously, the FAIR Plan offered a combined coverage limit of \$20 million *per location* for all building coverage, business personal property, and associated coverages. This left most, if not all, multi-building condominiums and homeowners associations unable to benefit from the FAIR Plan, as the \$20 million total had to cover all buildings at a single location.

The FAIR Plan now provides up to \$20 million *per individual structure*, with a total aggregate limit of \$100 million per location. This fundamental shift from location-based to building-based coverage represents a fivefold increase in potential coverage for multi-building properties. For a condominium association with five separate buildings, coverage options have expanded from a possible total of \$20

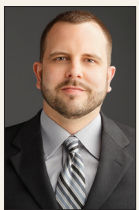


million to \$100 million. While this change to the FAIR Plan provides much-needed relief for California associations struggling to find adequate coverage in the traditional market, large associations with numerous buildings may still find the \$100 million aggregate cap insufficient for full replacement value coverage.

MOVING FORWARD

While these reforms provide essential protection and breathing room to some qualifying associations, the FAIR Plan should serve as a bridge—not a permanent destination—for California property owners. Long-term insurance stability requires proactive risk management, strategic planning, and ongoing engagement with insurance markets. Associations should review their coverage, assess their wildfire risk exposure, explore mitigation opportunities, and work closely with insurance professionals and their community association counsel to navigate California's evolving insurance landscape. ■

Senate Bill 770 Changes Electric Vehicle Charging Station Requirements



By Tyler Kerns, Esq.

Senate Bill (SB) 770 was signed by the Governor on October 10, 2025 and will take effect on January 1, 2026. SB 770 amends Civil Code §4745, which is the existing statute that governs electric vehicle charging stations in common interest developments.

As background, Civil Code §4745(f)(1)(C) originally required owners installing an electric vehicle charging station to "provide a certificate of insurance that names the association as an additional insured under the owner's insurance policy in the amount set forth in paragraph (3)." In turn, "paragraph (3)," found at Civil Code §4745(f)(3), originally required the owner's liability insurance policy to be in the amount of one million dollars (\$1,000,000) and to name the association as an additional insured under the policy.

However, Civil Code §4745 was previously amended effective 1/1/2019, and both the



specific coverage amount and the additional insured requirement were removed from paragraph (f)(3) of the statute, but the additional insured requirement and the cross-reference to "the amount set forth in paragraph (3)" was seemingly inadvertently left in paragraph (f)(1)(C). The legislative history explaining the elimination of the minimum coverage limit and the additional insured requirement from paragraph (f)(3) in 2019 indicates that those requirements were considered to create a "barrier to EV charging stations" contrary to the

public policy of encouraging such installations. Civil Code §4745's stated purpose is "to promote, encourage, and remove obstacles to the use of electric vehicle charging stations." Nevertheless, the removal in 2019 of the reference to an additional insured requirement in paragraph (f)(3) of the statute but not from paragraph (f)(1)(C) created uncertainty as to whether associations could require owners installing electric vehicle charging stations to name the association as an additional insured on the owners' liability insurance policies.

SB 770 resolves this uncertainty. It deletes from Civil Code §4745(f)(1)(C) the remaining reference to requiring the owner's insurance policy to name the association as an additional insured, and it also deletes the erroneous cross-reference to the nonexistent amount of that insurance "in paragraph (3)." Accordingly, the legislation now clarifies that naming the association as an additional insured on the owner's insurance policy is no longer a requirement for an owner to be able to install an electric vehicle charging station. ■

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SB 410: What it Means for Common Interest Developments



By Jake Johnson, Esq.

On October 10, 2025, Governor Newsom signed Senate Bill 410 (SB 410) into law, amending several statutory provisions relating to exterior elevated element (EEE) inspection reports as of January 1, 2026.

Existing law (Civil Code §5551) requires associations to have inspections of balconies and other exterior structural elements that the association has an obligation to maintain performed at least once every nine years by a licensed structural or civil engineer or architect, who must then issue a written report. The first inspection of such exterior elevated elements was to be completed by January 1, 2025.

Among the statutory provisions amended by SB 410 is Civil Code §4525, which details the list of documents the owner of a separate interest in a common interest development (CID) must provide to prospective purchasers. Joining the existing list of documents required to be disclosed under §4525 is a copy of the report issued pursuant to the most recent EEE inspection. SB 410 also amends Civil Code §4528 by adding EEE reports to the billing disclosure form that owners can use to request from the association copies of documents that



the owner must provide to prospective purchasers. As a reminder, that form must also be included as part of the association's annual budget report distributed pursuant to Civil Code §5300.

Other amendments to the Civil Code made by SB 410 are found in §5200 and §5210 regarding association records that must be made available for inspection. All EEE reports compiled pursuant to §5551 are now included as one of the specifically defined association records under §5200. §5210 sets time periods for which association records are subject to member inspection and calls for all EEE reports to be available for two inspection cycles. As explained above, EEE inspections

must be performed at least once every nine years, meaning that associations must now retain and make these EEE inspection reports available for 18 years.

SB 410 also amends Civil Code §5551 regarding the content of the EEE inspection reports. Now, the first page of the report must include: (1) the date of inspection; (2) the total number of units in the condominium project; (3) the total number of units in the condominium project with exterior elevated elements; (4) the total number of exterior elevated elements in the condominium project; (5) the total number of exterior elevated elements inspected; (6) as of the date of inspection, the total number of inspected exterior elevated elements identified as posing an immediate threat to the safety of the occupants and the number of units impacted; and (7) a certification that the inspector has conducted a visual inspection and evaluated a statistically significant sample of the exterior elevated elements within the condominium project. Making this content available on the first page serves a practical purpose, as existing EEE reports can sometimes be more than 100 pages long with the critical information buried throughout the report. SB 410 increases transparency, giving buyers and lenders crucial safety information upfront. ■