

What is CAI-CLAC?

The California Legislative Action Committee (CLAC) is a volunteer committee of the Community Associations Institute (CAI) consisting of homeowners and professionals serving community associations. CAI is the largest advocacy organization in America dedicated to monitoring legislation, educating elected state lawmakers, and protecting the interests of those living in community associations in California.

About the Organization

- Is a non-profit, non-partisan committee comprised of two Delegates and one Liaison from each of the eight CAI California chapters.
- Represents 13 million homeowners and property owners in more than 50,000 associations throughout California
- Is comprised of association homeowners, board members and the professional business partners that serve them.
- Is NOT a PAC (Political Action Committee) and makes no financial campaign contributions.
- Depends solely on the donations of the community associations, their boards of directors and those who serve HOA members.

CAI-CLAC's Mission

To safeguard and improve the community association lifestyle and property values by advocating a reasonable balance between state statutory requirements and the ability and authority of individual homeowners to govern themselves through their community associations.



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John R. MacDowell, Esq., CCAL CAI-CLAC 2018 Chair

John R. MacDowell has been a member of the California State Bar since 1983. He is a managing shareholder of Fiore Racobs & Powers in the Firm's Orange County office, and is responsible for the supervision of all litigation for the Orange County office. Mr. MacDowell pursued his undergraduate studies at Pomona College, where he graduated cum laude with a Bachelor of Arts (B.A.) degree.

He obtained his Juris Doctor (J.D.) degree at the University of Chicago, graduating in 1983. He is a member of the Orange County Bar Association, Community Association Institute (CAI) and California Association of Community Managers [Affiliate] (CACM). Mr. MacDowell served on the City of Santa Ana Planning Commission from 1996 to 1998.

Mr. MacDowell successfully briefed and argued the case of *Brown v. Professional Community Management, Inc.* (2005) 127 Cal.App.4th 532, which held that the Davis-Stirling Act does not limit the fees that a management company may charge for services. He also co-authored a "Friend of the Court" brief on behalf of community associations in the landmark Supreme Court case of *Lamden v. La Jolla Shores Clubdominium Association* (1999) 21 Cal.4th 249.

Mr. MacDowell is a member of the prestigious College of Community Association Lawyers of CAI (CCAL). He has been actively involved in the Orange County Chapter of CAI, including holding the position of President in 2008. Currently, Mr. MacDowell served as 2017-2018 Chair of the CAI California Legislative Action Committee (CLAC), and is a delegate to the Committee from the Orange County Chapter. He has been recognized for his numerous contributions to CAI's Orange County Chapter, receiving the prestigious May Russell Hall of Fame Award in 2010 and the Ellen Elish Award in 2009. Mr. MacDowell is a frequent presenter at educational programs and seminars at the CAI Legal Forum-California Communities, CAI Orange County Chapter education programs and the CACM Law Seminar. He has written numerous articles on community association law and contributes frequently to the *CACM Law Journal* and CAI's *O.C. View* magazine.



Louie A. Brown, Jr. Kahn, Soares & Conway, LLP

Louie A. Brown, Jr., is a partner with KSC. He manages the firm's Government Relations Group representing clients before the California State Legislature and various state administrative agencies.

Louie specializes in providing clients with expert advice in maneuvering through California's complex legislative and administrative process. He has written numerous laws and played key roles in many of the Legislature's major accomplishments and budget negotiations over the last decade.

Louie earned his Bachelor of Science Degree from California Polytechnic State University in San Luis Obispo, California and his Juris Doctor from the McGeorge School of Law.

In addition to his work with the firm, Louie is active in youth sports and his community. He serves as President of the Elk Grove Youth Baseball League and has coached in the league for 6 years. He also serves on the Board of California FFA Foundation and Cal Poly Agribusiness Advisory Council.

Louie and his wife, Kymberlee, reside in Elk Grove with their three children.

CAI-CLAC 2018 Accomplishments



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CAI-CLAC Accomplishments 2018

SB 1265 (Wieckowski) – Homeowner Voting and Privacy Issues, Board Member Qualification Limits, VETOED

AS INTRODUCED: This bill would have gutted homeowner privacy by allowing any owner to review and copy proxies and ballot envelopes with owners' addresses and signatures. It would also have required community associations to post or mail the names of all owners eligible to vote, along with their assessor's parcel numbers. The bill would have taken away associations' rights to decide on qualifications to run for the Board. Associations would be forced to allow convicted felons to run for the Board unless the felony involved theft or embezzlement; they would be required to allow owners who haven't paid their assessments to run for the Board anytime a payment plan is agreed to (and whether or not the owner is actually making payments), or if Internal Dispute Resolution has not been completed; and associations would have been prevented from allowing non-owners to run for the Board, regardless of what the bylaws said. Associations would have been barred from suspending any owner's right to vote, regardless of provisions in the bylaws. The bill would also have required associations to begin preparing for their annual meetings five to six months in advance by imposing redundant notice requirements, and would have required owners to self-nominate at least 60 days before an election to appear on the ballot.

POSITION: Opposed. CAI-CLAC mounted a successful grass roots effort to urge the Governor to veto the bill.

RESULT: Gov. Brown vetoed the bill on September 30, 2018.

INDUSTRY IMPACT: SB 1265 would have removed much of an association's local control and imposed a one-size fits all approach, regardless of the desires of owners. The unintended consequences of this bill would have been worse than the abuses it attempted to cure. Voters would risk making their signatures and addresses open to photocopying by other owners. Associations would be compelled to allow convicted felons to run for the Board, but could not allow non-owners to run for the Board even if allowed by the bylaws. The bill would have eliminated associations' rights to establish standards for voting, and it would have added more requirements for elections and self-nomination. CAI-CLAC is committed to good governance and fair elections while allowing members of California's community associations to set rules and procedures that work for them.

SB 1128 (Roth) – Board Member Qualification Limits and Election by Acclamation, VETOED

AS INTRODUCED: SB 1128 was intended to allow election by acclamation when certain procedures were followed, but was amended to include the overreaching candidate qualification and voting requirements also set out in SB 1265. SB 1128 would have allowed Board election by acclamation if: the association mailed (or emailed if the owner agrees) notice of the election and nomination procedure 30 days before nominations due date; the number of candidates did not exceed the number of open Board seats; the Board introduced a resolution to elect the candidates by acclamation and then approved the resolution at least 28 days later at an open meeting; the Board allowed an additional 21-day self-nomination period when the resolution is introduced; and at the end of the 21-day period the number of candidates still was less than the number of open seats.

POSITION: CAI-CLAC changed its position from Support to Opposed after the bill was amended to add the restrictions on candidate qualifications. CAI-CLAC then mounted a successful grass roots effort to urge the Governor to veto the bill.

RESULT: Gov. Brown vetoed the bill on September 30, 2018.

INDUSTRY IMPACT: The election by acclamation provisions would have benefitted associations which chose to implement them, but the impact on associations' local control, and the imposition of a one size fits all approach led to CAI-CLAC's decision to oppose the bill. With the Governor's veto, community association members will retain their right to establish reasonable qualifications to serve on the Board, and will not be saddled with complicated and invasive election requirements. CAI-CLAC will continue to advocate for laws that streamline election procedures.

SB 261 (Roth) – Review of Proposed Rules, Email Communications

AS INTRODUCED: SB 261 will allow members who agree to receive email communications from community associations to send their agreement by email. It will also allow association Boards to adopt rules 28 days after sending them to members for review and comment, instead of 30 days.

POSITION: Support

RESULT: Signed into law, amending Civil Code Sections 4040 and 4360.

INDUSTRY IMPACT: This common sense bill will make association governance a little easier. It will make it possible for associations to adopt rules at the next monthly Board meeting after they are sent for comment, and will eliminate the need for owners to mail in their agreement to communicate by email.

SB 721 (Hill) – Mandated Invasive Testing for Balconies and Elevated Walkways COMMUNITY ASSOCIATIONS REMOVED FROM BILL

AS INTRODUCED: SB 721 would have required community associations to inspect all balconies, stair landings, and other elevated wooden structures intended for people to occupy, every five years, and to correct any deficiencies immediately, or quickly. Invasive testing to inspect hidden components would have been required.

POSITION: Opposed.

RESULT: After over a year of grass roots efforts by CAI-CLAC, the bill was amended to remove community associations. It will now only impact rental apartments.

INDUSTRY IMPACT: Community associations are already required to inspect major components every three years, and to disclose to members detailed information about the funds reserved to repair and replace those components. Moreover, associations are self-governed non-profit corporations, managed by the people who own and live in them. Eliminating a requirement that associations perform additional expensive testing will allow associations to use their funds to meet their other needs, and to avoid unnecessary and burdensome special assessments.

AB 2912 (Irwin) – Association Financial Protections

AS INTRODUCED: AB 2912 will help associations put financial protections in place by requiring fidelity bonds in an amount equal to the reserves plus three months assessments, covering dishonest acts by the manager, computer fraud and wire transfer fraud. It will also require Board approval for funds transfers over \$10,000 or 5% of the total deposits, whichever is lower, and will require at least two Board members to review financials monthly.

POSITION: CAI-CLAC sponsored this bill.

RESULT: Signed into law, amending Civil Code Sections 5380 and 5500, and adding Sections 5501, 5502, and 5806, effective January 1, 2019.

INDUSTRY IMPACT: One unscrupulous act can devastate a community association. This bill will protect associations and homeowners by requiring that associations have insurance coverage to protect against theft in an amount consistent with industry recommendations. It will also provide Boards the tools to monitor finances and, specifically, transfers of association funds.