

HOA Homefront

THE RULES OF THE GAME

Annual and Year-End Disclosure Obligations for Common Interest Developments

By: Kelly G. Richardson

60 DAYS PRIOR TO BEGINNING OF FISCAL YEAR

- Assessments & Foreclosure
Civil Code § 1365.1

Distribute a "Notice Assessment and Foreclosure" containing the language of Civil Code Section 1365.1

30 TO 90 DAYS PRIOR TO BEGINNING OF FISCAL YEAR

- Pro Forma Operating Budget
Civil Code § 1365
- Reserve Disclosure Summary
Civil Code § 1365.2.5
- Assessment Collection Policy
Civil Code § 1365 (e)

Must provide owners with Association policies in collection of delinquent assessments and enforcing lien rights in the event of default in the payment of assessments.

- Secondary Address
Civil Code § 1365.1

Associations must notify owners of their right to submit a secondary address for purposes of collection notices.

- Insurance Disclosure
Civil Code § 1365 (e)

Provide summaries of association insurance policies which state the insurer's name, type of insurance, policy limits, and deductibles. The association must also notify members if policies are canceled and not immediately replaced.

WITHIN 120 DAYS AFTER CLOSE OF FISCAL YEAR

- Accountants review
Civil Code §1365(c)

If gross income exceeds \$75,000, association must obtain review of financial statement, which must be distributed to members within 120 days of the close of the association's fiscal year.

ANNUALLY

- Dispute Resolution
 - o IDR
Civil Code §1369.590

Provide a description of the association's internal dispute resolution ("IDR") procedure for resolving disputes between the association and its members, internally.

- o ADR
Civil Code §1369.850

Provide a summary of the rights and obligations to use alternative dispute resolution ("ADR") prior to pursuing a civil lawsuit suit to enforce the governing documents.

- Architectural Review Procedures
Civil Code §1378

Provide the association's architectural review and approval procedures.

- Right to Minutes
Civil Code § 1363.05(d)(e)

Members are entitled to draft or final minutes of open board meetings within 30 days of the

meeting. Disclose to members the procedures for obtaining minutes.

- Reserve Funding Plan (required by 1/1/09
Civil Code § 1365(b))

A summary of the association's plan to fund its reserve account requirements must be distributed to members, with a notice that the full reserve plan is available upon request

AS NECESSARY

- Fine Policy
Civil Code §1363(g)

Associations must provide owners with notice of any modifications to its fine policy, as changes are made.

- Assessment Increases
Civil Code §1366(c)

Members must be notified of assessment increases not less than 30 days or more than 60 days prior to the date the assessment increase takes effect.

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