

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 410 (Grayson)
Version: March 20, 2025
Hearing Date: May 6, 2025
Fiscal: No
Urgency: No
ID

SUBJECT

Common interest developments: disclosures to prospective purchasers: exterior
elevated elements inspection

DIGEST

This bill would require a seller of a separate interest in a common interest development to provide a prospective buyer with the result of an inspection of the development's exterior elevated elements, and would permit the homeowner's association to charge a fee for providing the result of the inspection to the owner.

EXECUTIVE SUMMARY

The condition and safety of the balconies and other exterior elevated elements of California's housing structures is of vital importance. In 2015, the balcony of an apartment building in Berkeley, California collapsed, killing six people and injuring seven others. In response, the Legislature enacted various measures to strengthen the state's standards for balconies and exterior elevated elements, and to require that these structures be regularly inspected for safety. One type of housing in California subject to these new requirements were common interest developments (CIDs), which are self-governing housing developments comprised of individually-owned housing units and common space. In 2019, the Legislature enacted SB 326 to create a requirement that CIDs with three or more multifamily units obtain a visual inspection of a statistically significant sample of its exterior elevated elements by January 1, 2025 and every nine years thereafter. When an owner of a separate interest in a CID sells their separate interest, they must make a variety of disclosures to the prospective buyer regarding the separate interest and the CID. SB 410 would require an owner of a separate interest to also disclose to a prospective buyer the result of an inspection of the CID's exterior elevated elements, and would permit the CID's homeowner's association to charge an owner a fee to provide the results to the owner. SB 410 is sponsored by the California Association of Realtors, and the Committee has received no other timely letters of support or opposition.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Requires a transferor (seller) of single-family residential property to provide the transferee (buyer) with certain disclosures about the property by use of a statutorily prescribed Real Estate Transfer Disclosure Statement (TDS), describing whether the single-family residence has any significant defects or malfunctions in various components of the home. (Civ. Code §§ 1102-1102.6.)
- 2) Exempts from these disclosure requirements certain sales, such as sales between co-owners or spouses, sales from a foreclosure, sales to or from any government entity, sales that require a public report under section 11018.1 of the Business and Professions Code, and sales pursuant to a court order. (Civ. Code § 1102.2.)
- 3) Requires that delivery of the disclosures required be made by the seller to the buyer as soon as practicable before transfer of title, or in the case of a sale by a real property sales contract, lease with an option to purchase, or ground lease with improvements, as soon as practicable before the making or acceptance of an offer. If disclosure is delivered after the execution of an offer to purchase the property, the prospective buyer has three to five days (depending on the method of delivery) to terminate the offer. (Civ. Code § 1102.3.)
- 4) Provides that, if any information disclosed is subsequently rendered inaccurate as a result of any act, occurrence, or agreement after the disclosure is delivered it does not constitute a violation of the disclosure requirements. (§ 1102.5.)
- 5) Allows that any disclosure may be amended in writing by the seller or their agent as soon as practicable. (§ 1102.9.)
- 6) Requires that the delivery of the disclosures be by personal delivery to the potential buyer or by mail to the potential buyer. Delivery to the spouse of a potential buyer shall be deemed delivery to the buyer themselves, unless provided otherwise by contract. (Civ. Code § 1102.10.)
- 7) Provides that if a seller willfully or negligently fails to provide specified disclosures in specified real estate transactions they can be held liable for actual damages by the buyer. (Cal. Civ. Code § 1102.13.)
- 8) Establishes the Davis-Stirling Common Interest Development Act, providing rules and regulations governing the establishment and operation of residential Common Interest Developments (CIDs) and the rights and responsibilities of a CID's homeowner association (HOA) and its members. (Civ. Code §§ 4000 et seq.)

- 9) Requires an owner of a separate interest in a CID to provide a prospective buyer of the separate interest specified documents, as soon as practicable before the transfer of title or execution of a real property sales contract, including:
 - a) a copy of all governing documents;
 - b) a statement that a restriction limiting the occupancy, residency, or use of the separate interest is only enforceable to the extent permitted by law, if applicable;
 - c) a copy of the most recent HOA annual budget and financial documents; a true statement of the amount of the HOA's current regular and special assessments and fees, any assessments levied upon the owner's interest that are unpaid, and any monetary fines that are unpaid;
 - d) a copy or summary of any notice sent by the HOA to the owner for an alleged violation of the governing documents that remains unresolved;
 - e) a copy of the initial list of construction defects for the CID, unless the builder entered into a settlement agreement to resolve the defects;
 - f) information regarding any settlement agreement with a builder to resolve construction defects;
 - g) any change in the HOA's current regular and special assessments and fees that have been approved by the HOA but have yet to go into effect;
 - h) a statement describing any provision in the HOA's governing documents that prohibits the rental or leasing of separate interests in the HOA;
 - i) and a copy of the minutes of HOA board meetings over the previous 12 months, if requested. (Civ. Code § 4525.)
- 10) Requires an HOA to provide an owner of a separate interest a copy of the documents specified in (9), above, within 10 days of any request for these documents, including a written estimate of the fees that will be assessed for providing such documents. (Civ. Code § 4530.)
- 11) Specifies that any person who willfully violates the provisions described in (9) and (10), above, is liable to the purchaser of a separate interest for actual damages, and a civil penalty of up to \$500. Specifies that, in any civil action to enforce those provisions, reasonable attorney's fees must be awarded to the prevailing party. (Civ. Code § 4540.)
- 12) Provides that, unless the declaration states otherwise, any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, exterior doors, doorframes, and hardware incident thereto, screens and windows or other fixtures designed to serve a single separate interest, but located outside the boundaries of the separate interest, are exclusive use common areas allocated exclusively to that separate interest. (Civ. Code § 4145(b).)
- 13) Provides that, unless otherwise provided in the declaration of a CID, the HOA is responsible for repairing, replacing, and maintaining the common area; the owners

of each separate interest are responsible for repairing, replacing, and maintaining their separate interest; and the owner of each separate interest is responsible for maintaining the exclusive use common area appurtenant to that separate interest and the association is responsible for repairing and replacing the exclusive use common area. (Civ. Code § 4775.)

- 14) Requires the board of directors of an association to cause to be conducted, at least once every three years, a reasonably competent and diligent visual inspection of the accessible areas of the major components that the association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the CID. (Civ. Code § 5550.)
- 15) Requires an HOA board of a condominium project with buildings containing three or more multifamily units to cause a reasonably competent and diligent visual inspection to be conducted by a licensed structural engineer or architect of a random and statistically significant sample of the exterior elevated elements of the CID for which the HOA has maintenance or repair responsibility. (Civ. Code § 5551(b).)
 - a) Requires the inspection to determine whether the exterior elevated elements are in a generally safe condition and performing in accordance with applicable standards. (Civ. Code § 5551(b)(2).)
 - b) Requires the first inspection to be completed by January 1, 2025, and then every nine years thereafter, in coordination with the reserve study inspection. (Civ. Code § 5551(i).)
- 16) Requires the inspector, prior to conducting the first visual inspection under (15), above, to generate a random list of the locations of each type of exterior elevated element, which must include all exterior elevated elements for which the HOA has maintenance or repair responsibility. (Civ. Code § 5551(c).)
- 17) Requires the inspector to perform the visual inspections in accordance with the random list described in (16), above, and specifies that, if during the inspection the inspector observes building conditions indicating that unintended water or water vapor has passed into the associated waterproofing system, creating the potential for damage to the load-bearing components, the inspector is authorized to conduct a further inspection exercising their best professional judgment in determining the necessity, scope, and breadth of further testing. (Civ. Code § 5551(d).)
- 18) Requires the inspector to issue a written report based on the inspection required in (15), above, containing the following information:
 - a) The identification of the building components comprising the load-bearing components and associated waterproofing system;
 - b) The current physical condition of the load-bearing components and associated waterproofing system, including whether the condition presents an immediate threat to the health and safety of the residents;

- c) The expected future performance and remaining useful life of the load-bearing components and associated waterproofing system; and
 - d) Recommendations for any necessary repair or replacement of the load-bearing components and associated waterproofing system. (Civ. Code § 5551(e).)
- 19) Requires the inspector to provide a copy of the report to the HOA immediately upon completion of the report, and to the local code enforcement agency within 15 days, if the inspector advises that an exterior elevated element poses an immediate threat to the safety of the occupants. Requires the HOA to take preventive measures immediately upon receiving the report, including preventing occupant access to the element until repairs have been inspected and approved by the local enforcement agency. (Civ. Code § 5551(g).)
- 20) Defines, for the purposes of the provisions requiring inspections of CID elevated exterior elements in (15) through (19), above, the following terms:
 - a) “exterior elevated elements” to mean the load-bearing components together with their associated waterproofing system;
 - b) “load-bearing components” to mean components that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported by wood or wood-based products;
 - c) “statistically significant sample” to mean a sufficient number of units inspected to provide a 95 percent confidence that the results from the sample are reflective of the whole, with a margin of error of no more than five percent;
 - d) “visual inspection” to mean inspection through the least intrusive method necessary to inspect load-bearing components, including visual observation only or combined with the use of moisture meters, borescopes, or infrared technology. (Civ. Code § 5551(a).)

This bill:

- 1) Requires an owner of a separate interest in a CID to provide a prospective purchaser of their separate interest the results of an inspection of an exterior elevated element required by law.
- 2) Includes the result of an inspection of exterior elevated elements as an item for which the HOA may charge an owner of a separate interest a fee for providing.

COMMENTS

1. Author's statement

According to the author:

Due to state-mandated requirements on balcony inspections for Homeowner Associations (HOAs), many lenders require compliance with the State's inspection mandates as a condition of loan approval. In some cases, repairs to balconies not connected to a sale have also been placed as a prerequisite for loan approval. Some of these requirements have caused transactions to breakdown, as HOA managers have failed to provide necessary copies of balcony inspection reports, nor conduct required inspections. Further, State law is also unclear on whether HOAs are required to share inspection reports. SB 410 will provide clarity in State law by requiring that HOAs provide copies of balcony inspection reports in the suite of documents they are required to provide to homeowners during the purchase of HOA managed properties. This will ensure that buyers will have the necessary information in order to meet loan requirements, and increase transparency on the condition of balconies and other exterior elements.

2. Common Interest Developments

Common interest developments (CIDs) are self-governing housing developments comprised of individually-owned housing units and common space that all homeowners and residents of the CID can enjoy. Arrangements of CIDs can vary widely, from condominiums, townhouses, and detached single-family homes, to apartment-like high rises. They may be comprised of only a few housing units, or thousands. CIDs are commonly referred to as homeowner associations, or HOAs, for the body that provides for the CID's self-governance.

The laws that regulate CIDs are encompassed in the Davis-Sterling Common Interest Development Act (Civ. Code §§ 4000 et seq.). Many of the rules and structure of the CID are determined by the Declaration of Covenants, Conditions, and Restrictions (CC&Rs) that are filed with the county recorder when the CID is established. These CC&Rs identify the CID's common area, the HOA's responsibilities, the obligation of the HOA to collect assessments from homeowners to cover the HOA's expenses, and a variety of other topics. All homeowners in the CID are members of the HOA, which provides for the self-governance of the CID, managing and maintaining the common space of the CID, setting the rules for the CID, and resolving disputes. The HOA elects a board of directors, and usually has bylaws outlining the governance rules of the HOA and its board of directors (board). HOAs are usually funded through monthly dues charged by the HOA to the owners of each separate unit within the CID. In addition, HOAs may implement one-time assessments on their members to cover a major project or unexpected costs that the members' dues are not able to cover.

The HOA has significant power over individual members: when a homeowner in the CID does not pay their assessments, the HOA has the authority to impose a lien and foreclose on an individual's property. (Civ. Code §§ 5660, 5700.) The HOA may also impose fines on individual members for violations of the rules of the HOA.

The Davis-Sterling Act also sets out the various responsibilities for maintenance of the facilities of the CID between the HOA and the individual homeowners. The HOA is generally responsible for repairing, replacing, and maintaining the common area in the CID, while each owner is responsible for repairing, replacing, and maintaining their separate interest in the CID (typically their individual unit). (Civ. Code § 4775.)

Exclusive use common areas appurtenant to an owner's separate interest must be maintained by the owner of the separate interest, while the HOA is responsible for repairing and replacing this exclusive use common area. (Civ. Code § 4775(a)(3).) An exclusive use common area is a portion of the common area designated by the CID's declaration for the exclusive use of one or more, but fewer than all, owners of a separate interest in the CID, and which is tied to the respective separate interest or interests. (Civ. Code § 4145.) Exclusive use common areas are typically balconies, patios, exterior entryways, and designated parking spaces. The law specifies that any costs for temporary relocation during repair and maintenance of areas within the responsibility of the HOA are to be borne by the owner of the separate interest that is affected. (Civ. Code § 4775(b).)

The Davis-Sterling Act requires that the HOA complete what is called a reserve study at least every three years. (Civ. Code § 5550.) The study must include: an identification of the major components of the CID that the HOA is obligated to repair, replace, restore, or maintain that, as of the date of the study, have a remaining useful life of less than 30 years; identification of the probable remaining useful life of the components with less than 30 years remaining, as identified; an estimate of the cost to repair, replace, restore, or maintain the identified aging components; an estimate of the total annual contributions necessary to defray the cost to repair, replace, restore, or maintain the identified aging components at the end of their useful life, beyond the current total reserves; and a reserve funding plan that indicates how the HOA plans to fund the contributions required to repair, restore, replace, or maintain the identified aging components. (Civ. Code § 5550.) To complete this reserve study, the HOA board must arrange for a visual inspection of the accessible areas of the major components that the HOA is obligated to repair, replace, restore, or maintain.

3. Legislation regarding the safety of HOA balconies

The issue of balcony safety became a statewide concern after a balcony at an apartment complex in Berkeley, California, collapsed in 2015. The balcony's collapse killed six

people and injured seven more.¹ An investigation by the California State Contractors Licensing Board found that the accident was the result of substantial water damage, moisture saturation, and dry rot in the balcony's supports, resulting from a combination of poor building materials and failures to waterproof the structure during construction.²

Following that tragedy, the Legislature enacted a number of laws meant to increase oversight over the construction of balconies and to increase regular inspection of balconies. SB 465 (Hill, Ch. 372, Stats. 2016) created greater oversight over the construction industry and required the California Building Standards Commission (CBSC) to study balcony failures and submit a report to the Legislature. The report issued by the CBSC found that "deterioration of EEEs [exterior elevated elements] is a significant problem and illustrates that a post-occupancy inspection program is critical to reducing the risk of failure of existing EEEs."³ The report recommended periodic post-occupancy inspections and legislation to enable programs for such inspections.

In 2019, the Legislature passed SB 326 (Hill, Ch. 207, Stats. 2019) to place inspection requirements for balconies in CIDs. SB 326 required that the HOA board arrange a reasonably competent and diligent visual inspection every nine years of a statistically-significant sample of the CID's balconies over which the association has maintenance or repair responsibility. (Civ. Code § 5551(b).) The purpose of the inspection is to "determine whether the exterior elevated elements are in a generally safe condition and performing in accordance with applicable standards." The inspector must prepare a report of the inspection for the Board, which also must be incorporated into the HOA's reserve study. (Civ. Code § 5551(e).) SB 325 requires that the first required inspection be conducted by the HOA by January 1, 2025, and every nine years thereafter. (Civ. Code § 5551(i).)

4. Various disclosures are required when residential real estate is sold or transferred

When an owner sells a single-family residential property, they generally must provide the buyer with certain disclosures that outline the conditions and issues with the property of which the seller is aware. Many of these disclosures are made on the Real Estate Transfer Disclosure Statement (TDS). (Civ. Code § 1102.6.) Disclosures required by the TDS include any known significant defects in the insulation, roof, foundation, plumbing and sewers, and electrical systems, among others. It requires an explanation of any noted defects, and also requires a comprehensive list of appliances and other

¹ Jason Hanna and Pere Taggart, Balcony collapses during Irish students' party in Berkeley, killing 6. CNN (Jun. 16, 2015), available at <https://www.cnn.com/2015/06/16/us/california-balcony-collapse/index.html>.

² Cal. Contractors State Licensing Board, Berkeley Balcony Investigation Materials (May 30, 2017), available at https://www.cslb.ca.gov/About_Us/Library/Reports.aspx.

³ California Building Standards Commission, SB 465 Exterior Elevated Elements Working Group: Report to the Legislature, Dept. of General Svcs., (Jan. 1, 2018) p. 6, available at <https://www.dgs.ca.gov/en/Resources/Legislative-Reports>.

features present on the property, along with an extensive questionnaire relating to specific dangers or issues known about the property. If the seller knows that any listed feature is not in working condition, they must disclose that fact. In addition to the disclosures required in the TDS, a number of other disclosures and notices are also required by law. For example, a seller must disclose to a potential buyer whether the property is located in a designated high or very high fire hazard severity zone, and must provide a natural hazard disclosure statement disclosing whether the property is located in various disaster areas. (Civ. Code §§ 1102.6f; 1103.2.)

A seller must deliver the disclosure statement as soon as practicable before transfer of title, or in the case of a sale through a real property sales contract, a lease with an option to purchase, or a ground lease with improvements, as soon as practicable before the making or acceptance of an offer. (Cal. Civ. Code § 1102.3). If the disclosure or an amendment to it is delivered after the execution of an offer to purchase, the buyer is given three to five days (depending on the method of delivery of the disclosure) to terminate the offer. (Cal. Civ. Code § 1102.3(c).) If a seller willfully or negligently fails to provide the required disclosures, they are liable for any actual damages to the buyer caused by that failure. (Cal. Civ. Code § 1102.13.)

Condominium owners must make these disclosures when they sell their condo. They must also make a number of other disclosures specific to the HOA. These include: a copy of the HOA's governing documents; the most recent budget and financial report for the HOA; a statement of the HOA's current fees and regular and special assessments; any unpaid fines levied against the seller's separate interest; a list of any construction defects; and whether the governing documents prohibit rental or leasing of any separate interests, among other disclosures. (Civ. Code § 4525.) If a seller of a condominium willfully fails to provide this required information, they may be liable to a purchaser for actual damages, and a civil penalty of up to \$500. (Civ. Code § 4540.)

5. SB 410 proposes to require disclosure of an HOA's balcony inspection reports

The requirement that HOAs inspect the CID's balconies, and subsequently discovered issues with these balconies, can have significant impacts on an HOA member's ability to sell their unit. That is because any structural issue may disqualify the unit for a conforming loan, or that meets the guidelines of government-sponsored entities (GSEs) like Fannie Mae and Freddie Mac. If the loan does not meet these guidelines, the GSE will not purchase the loan, which then makes the loan less attractive to lenders because the lender would need to take on more risk. Thus, a buyer of a condominium with issues with its inspection report of its balcony may not be able to obtain a conforming loan and thus may struggle obtaining financing, or may have to obtain a nonconforming loan that typically requires a higher premium and a higher interest rate. Moreover, having an existing structural issue with a condo's balcony may make obtaining insurance more difficult, and may require substantial expenses to repair. Having inadequate insurance itself can cause an entire condominium complex to be

ineligible for conforming loans.⁴ These issues have raised concerns regarding increased condo fees and the marketability of condominiums that are non-compliant with the balcony inspection and repair requirements.⁵ Beyond these financial concerns, structural issues with a condo's balcony pose a safety risk to the residents of the condo and any would-be purchasers.

SB 410 proposes to ensure that potential buyers of condominiums are fully informed of any potential issues with the condo's balcony and the results of the required balcony inspection. It would require an owner of a separate interest in a CID to provide a prospective buyer of their unit the result of a required balcony inspection with the other disclosures that they already are required to provide. It would also require the HOA to provide the result of the balcony inspection upon request by the owner.

SB 410 would help ensure that prospective buyers of condominiums are best informed regarding the property's condition and any safety risks or other issues with the property's balconies. This could help a buyer become aware of potential future expenditures or HOA special assessments required to repair balconies. It could also make a buyer aware that there may be issues obtaining financing for their purchase. It is worth noting that, if there is a significant issue with the condo's balcony, it likely already would have to be disclosed under current disclosure rules. However, it is possible the owner is unaware of the issue, and it may not be disclosed if it does not arise to the level of a significant defect or does not affect the balcony's working condition. Thus, SB 410 is an explicit requirement regarding the balcony's inspection, requiring that a purchaser be informed of the results of that inspection regardless of whether or not the inspection found a significant defect. Moreover, HOAs that are not in compliance with the inspection requirements for their balconies would have trouble complying with SB 410's requirements, and thus could potentially expose an HOA owner to liability when the member attempts to sell their separate interest. This risk may serve to encourage noncompliant HOAs to come into compliance with the balcony inspection requirements. In all of these ways, SB 410 would serve to better protect and inform potential buyers of condominiums, and could ensure better compliance among HOAs with the requirements to have their balconies inspected.

6. Amendments

The author has agreed to amendments that will clarify that it is a copy of the report produced pursuant to the most recent inspection of the CID's exterior elevated elements

⁴ Jean Eaglesham & Nicole Friedman, "A secret mortgage blacklist is leaving homeowners stuck with unsellable condos," Wall Street Journal (Mar. 17, 2025),

<https://www.wsj.com/finance/regulation/condo-sales-home-insurance-crisis-a921362b>.

⁵ Jeff Lazerson, "California's balcony law and Fannie Mae standards could push condo fees higher," The Orange County Register (Feb. 6, 2025), <https://www.ocregister.com/2025/02/06/californias-balcony-law-and-fannie-mae-standards-could-push-condo-fees-higher/?clearUserState=true>.

that must be disclosed. A full mock-up of the amendments is attached to the end of this analysis.

7. Arguments in support

According to the California Association of Realtors, which is the sponsor of SB 410:

SB 410 (Grayson) promotes transparency and ensures that homeowners and prospective buyers are fully informed about the condition and safety of exterior elevated elements. SB 410 (Grayson) simply requires homeowner's associations (HOA) to provide sellers a copy of balcony inspection reports in the suite of documents HOAs are required to provide to homeowners and buyers in connection with the purchase of a real property managed by the HOA. This measure is a follow-up to earlier legislation (SB 721 and SB 326) that mandated inspections of balconies, decks, and other elevated elements after a fatal collapse in Berkeley, California. Due to delays in inspections for apartment buildings, many transactions in common interest developments have stalled because some HOAs haven't provided inspection reports or conducted required inspections. SB 410 (Grayson) aims to clarify that these reports must be included, helping buyers meet loan requirements and ensuring transparency about the condition of exterior structures.

SUPPORT

California Association of Realtors (sponsor)

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation: SB 237 (Grayson, 2025) requires a seller of a single-family residential property to disclose the names and license numbers of any contractors and third parties that worked on the property, and the work that was performed, when the property was rebuilt after the property was destroyed in a disaster and received a certificate of occupancy on or after January 1, 2025. SB 237 is currently pending before this Committee.

Prior Legislation:

SB 1366 (Hurtado, Ch. 21, Stats. 2024) required a seller of any real property who received domestic water storage tank assistance or is aware the real property received

such assistance and the real property still has the domestic water storage tank, to provide a disclosure statement to a prospective buyer, as specified.

AB 2114 (Irwin, Ch. 100, Stats. 2024) allowed, with immediate effect as an urgency measure, common interest developments with three or more multifamily units to obtain visual inspections of their exterior elevated elements, as required by law, through a civil engineer.

AB 1280 (Maienschein, Ch. 99, Stats. 2023) expanded a requirement that, if a single-family residential property is located within a fire hazard severity zone, the seller disclose to the seller whether the property is located in a high or very high fire hazard severity zone, and whether it is located in a state or local responsibility area.

AB 1101 (Flora, 2023) would have permitted a Branch 3 company registered with the Structural Pest Control Board with at least five years of experience to conduct the visual inspections of CID's elevated exterior elements, as required by Civil Code Section 5551. AB 1101 died in the Assembly Appropriations Committee.

AB 968 (Grayson, Ch. 95, Stats. 2023) required a seller of a single-family residential real property that the seller sells within 18 months of the owner's acquisition of the property to disclose specified information to a potential buyer regarding any renovations done to the property and the contractors used and permits obtained for such work.

SB 326 (Hill, Ch. 207, Stats. 2019) required that CIDs with three or more multifamily units obtain visual inspections of a statistically significant sample of the CID's elevated exterior elements by January 1, 2025 and every nine years thereafter, among other requirements.

AB 892 (Holden, Ch. 310, Stats. 2019) revised the form for the real estate transfer disclosure statement, and defined the terms "single-family residential property" and "single-family residential real property," among other changes.

AB 1289 (Arambula, Ch. 907, Stats. 2018) made a series of modifications to the Real Estate Law provisions contained in the Civil Code.

SB 721 (Hill, Ch. 441, Stats. 2017) established inspection and repair requirements for elevated exterior elements, including decks and balconies, for buildings with three or more multifamily dwelling units. Established reporting and repair requirements if repairs are needed, including specific timelines for carrying out the repairs. Provided for civil penalties against building owners for violations.

SB 1406 (Petrus, Ch. 1574, Stats. 1985) required specified written disclosures by the seller of real property to the buyer on a transfer disclosure statement, and created a duty for seller to make a record of compliance with the disclosure requirements.

PRIOR VOTES:

Senate Housing Committee (Ayes 11, Noes 0)

MOCK-UP OF AMENDMENTS TO 2025-2026 SB 410 (GRAYSON)

(Amendments may be subject to technical changes by Legislative Counsel)

Mock-up based on Version Number 98 - Amended Senate 3/20/25

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 4525 of the Civil Code is amended to read:

4525. (a) The owner of a separate interest shall provide the following documents to a prospective purchaser of the separate interest, as soon as practicable before the transfer of title or the execution of a real property sales contract, as defined in Section 2985:

(1) A copy of all governing documents. If the association is not incorporated, this shall include a statement in writing from an authorized representative of the association that the association is not incorporated.

(2) If there is a restriction in the governing documents limiting the occupancy, residency, or use of a separate interest on the basis of age in a manner different from that provided in Section 51.3, a statement that the restriction is only enforceable to the extent permitted by Section 51.3 and a statement specifying the applicable provisions of Section 51.3.

(3) A copy of the most recent documents distributed pursuant to Article 7 (commencing with Section 5300) of Chapter 6.

(4) A true statement in writing obtained from an authorized representative of the association as to the amount of the association's current regular and special assessments and fees, any assessments levied upon the owner's interest in the common interest development that are unpaid on the date of the statement, and any monetary fines or penalties levied upon the owner's interest and unpaid on the date of the statement. The statement obtained from an authorized representative shall also include true information on late charges, interest, and costs of collection which, as of the date of the statement, are or may be made a lien upon the owner's interest in a common interest development pursuant to Article 2 (commencing with Section 5650) of Chapter 8.

(5) A copy or a summary of any notice previously sent to the owner pursuant to Section 5855 that sets forth any alleged violation of the governing documents that remains unresolved at the time of the request. The notice shall not be deemed a waiver of the association's right to enforce the governing documents against the owner or the prospective purchaser of the separate interest with respect to any violation. This paragraph shall not be construed to require an association to inspect an owner's separate interest.

(6) A copy of the initial list of defects provided to each member pursuant to Section 6000, unless the association and the builder subsequently enter into a settlement agreement or otherwise resolve the matter and the association complies with Section 6100. Disclosure of the initial list of defects pursuant to this paragraph does not waive any privilege attached to the document. The initial list of defects shall also include a statement that a final determination as to whether the list of defects is accurate and complete has not been made.

(7) A copy of the latest information provided for in Section 6100.

(8) Any change in the association's current regular and special assessments and fees which have been approved by the board, but have not become due and payable as of the date disclosure is provided pursuant to this subdivision.

(9) If there is a provision in the governing documents that prohibits the rental or leasing of any of the separate interests in the common interest development to a renter, lessee, or tenant, a statement describing the prohibition.

(10) If requested by the prospective purchaser, a copy of the minutes of board meetings, excluding meetings held in executive session, conducted over the previous 12 months, that were approved by the board.

(11) ~~The result of an~~ A copy of the report issued pursuant to the most recent inspection conducted pursuant to Section 5551.

(b) This section does not apply to an owner that is subject to Section 11018.6 of the Business and Professions Code.

SEC. 2. Section 4528 of the Civil Code is amended to read:

4528. The form for billing disclosures required by Section 4530 shall be in at least 10-point type and substantially the following form:

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525*

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Property Address

Owner of Property

Owner's Mailing Address (If known or different from property address.)

Provider of the Section 4525 Items:

Print Name _____ Position or Title _____ Association or Agent

Date Form Completed

Check or Complete Applicable Column or Columns Below

Document	Civil Code Section Included	Fee for Document	Not Available (N/A), Not Applicable (N/App), or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP)
Articles of Incorporation or statement that not incorporated	Section 4525(a)(1)		
CC&Rs	Section 4525(a)(1)		
Bylaws	Section 4525(a)(1)		

Operating Rules	Section 4525(a)(1)
Age restrictions, if any	Section 4525(a)(2)
Rental restrictions, if any	Section 4525(a)(9)
Annual budget report or summary, including reserve study	Sections 5300 and 4525(a)(3)
Assessment and reserve funding disclosure summary	Sections 5300 and 4525(a)(4)
Financial statement review	Sections 5305 and 4525(a)(3)
Assessment enforcement policy	Sections 5310 and 4525(a)(4)
Insurance summary	Sections 5300 and 4525(a)(3)
Regular assessment	Section 4525(a)(4)
Special assessment	Section 4525(a)(4)
Emergency assessment	Section 4525(a)(4)
Other unpaid obligations of seller	Sections 5675 and 4525(a)(4)
Approved changes to assessments	Sections 5300 and

	4525(a)(4), (8)
Settlement notice regarding common area defects	Sections 4525(a)(6), (7), and 6100
Preliminary list of defects	Sections 4525(a)(6), 6000, and 6100
Notice(s) of violation	Sections 5855 and 4525(a)(5)
Required statement of fees	Section 4525
Minutes of regular board meetings conducted over the previous 12 months, if requested	Section 4525(a)(10)
Result of inspection of exterior elevated elements	Sections 4525(a)(11) and 5551

Total fees for these documents:

* The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 shall be charged separately.