

TO: Members, Assembly Housing and Community Development Committee

RE: AB 2502 (Brownley) ... Please OPPOSE

As a <<insert: homeowner // association manager // attorney // vendor >>, I oppose AB 2502 for these reasons:

- California community associations have been hard hit by the Great Recession. In some cases, associations have 10%, 20% and even 30% (or more) of their members delinquent and not paying their assessments/fees. AB 2502 would give financial incentives for owners to unfairly manipulate their legal obligation to pay homeowners association assessments by refusing to pay for 18 months (one and a half years) or until their delinquency reaches \$3,600 before the association can take appropriate legal action requiring that owner to pay (the limits are now 12 months and \$1,800). ***This will cause financial problems for community associations, for which the sole source of income is assessments.*** There has been no information provided that there is a problem (meaning that current law is a problem) or that these changes will actually help the delinquent owner keep their property. And, who is supposed to pay the association's bills while these owners are not paying their fees, which are the association's sole source of income? The answer is simple, all of the other owners at the association, which could in turn cause them to become delinquent. Surely, association vendors and contractors will not work for free.
- Owners should not be given the right to unilaterally change the payment plan that was lawfully entered into by and between the owner and the association. There would be no reason to enter into a plan if an owner could change its terms unilaterally, at will. These agreements are the product of a negotiation. The association is not even required to enter into such an agreement. This proposed law will make the process so difficult that association boards may refuse to grant payment plans.
- Associations must be allowed to negotiate payment plans with owners to include a waiver of the provisions of the Civil Code on the application of payments so that owners are not given the ability to game the system, leaving all of the other owners to pay the fees and costs of collection, so long as the intent of the statute is maintained and the owner does not incur additional late fees, etc. during the payment plan period.
- Community associations must be able to retain counsel or other collection professionals to assist them in the collection process, including the negotiating and documenting of payment plans. ***AB 2502 only permits associations to retain experts if the owner grants permission to do so.*** Associations are governed by laypeople that rely on experts - in fact, state statute requires that boards rely on the advice of experts. Delinquent owners should not get to direct when and if their association can work with professionals to deal with negotiated payment plan agreements, while the owner can do as the owner pleases.

- Creditors, community associations included, need to use collection services, which are services that cost money. AB 2502 makes it difficult for associations to collect those fees from the delinquent owners that owe the assessments, forcing the timely paying members to pay the accounts of others' delinquencies.

I request that you **VOTE NO on AB 2502**. Thank you for considering my opinion.

PLEASE PRINT YOUR NAME:

PLEASE PRINT YOUR ADDRESS:
