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## **Homeowner Legislation Poised to Hurt More Than Help**

**SACRAMENTO** (August 28) – The seven million Californians who live in homeowners associations will have to pay higher monthly dues, thanks to legislation passed in the last hours of the legislative session.

Assembly Bill 2598 (Steinberg) again takes up the use of foreclosure to compel payment of delinquent assessments – a practice used in less than 0.007 of collections processes. Just last year California implemented a law (Kehoe, AB 2289) that provides comprehensive protections specific to dues collections, including extensive notification, payment plans and wait periods. These protections rank as the strongest nationwide.

That’s why members of homeowners associations oppose AB 2598. Senior Sam Dolnick of La Mesa, CA, said the legislation will do more harm than good. “Many seniors in our association live on fixed incomes and they cannot afford to pay more. When placed in a squeeze, they will have to pay higher assessments to make up for those who may purposely not pay their assessments until they reach the \$2,500 threshold.”

Homeowner association resident and president of the Wildwood Association in Sacramento Lisa Lindsey said, “Assessments are the lifeline of homeowners associations. For smaller communities like mine, we would be crippled if 20 of our 137 residents were late on assessment dues. Our insurance alone costs more than \$85,000.”

Homeowners aren’t the only ones hurt by AB 2598. The legislation brings business disincentives for builders and lenders, who are central to responding to the state’s population growth.

- Developers will not sell units if new buyers can willingly avoid paying the dues needed to maintain the property.
- Banks and lenders will stop loaning money to developers and homeowner associations because their loan security is impaired.

“We have thousands of community associations in California as clients. This law will have a negative impact on the ability of associations to secure financing for needed renovations and repairs,” said John Smith, Senior Vice President, U.S. Bank Homeowner Division.

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