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**UNFINISHED BUSINESS**

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Bill No: SB 410  
Author: Grayson (D)  
Amended: 9/2/25 in Assembly  
Vote: 21

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**SENATE HOUSING COMMITTEE:** 11-0, 4/22/25

**AYES:** Wahab, Seyarto, Arreguín, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Grayson, Ochoa Bogh, Padilla

**SENATE JUDICIARY COMMITTEE:** 12-0, 5/6/25

**AYES:** Umberg, Niello, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern, Wahab, Weber Pierson, Wiener

**NO VOTE RECORDED:** Valladares

**SENATE FLOOR:** 34-0, 5/15/25 (Consent)

**AYES:** Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Jones, Laird, Limón, McGuire, McNeerney, Menjivar, Niello, Ochoa Bogh, Pérez, Richardson, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

**NO VOTE RECORDED:** Alvarado-Gil, Cervantes, Grove, Padilla, Reyes, Rubio

**ASSEMBLY FLOOR:** 79-0, 9/8/25 - See last page for vote

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**SUBJECT:** Common interest developments: association records: exterior elevated elements inspection

**SOURCE:** Author

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**DIGEST:** This bill requires the owner of a separate interest to provide a copy of the report issued from the most recent inspection of exterior elevated elements in a common interest development (CID) to a prospective purchaser of the separate interest, requires inspection reports to contain specified information, and requires

homeowners associations (HOAs) to preserve inspection reports as association records.

*Assembly Amendments* clarify that balcony inspection reports are association records available to all homeowners within a common interest development

## **ANALYSIS:**

Existing law:

- 1) Requires owners of all buildings containing three or more multifamily dwelling units to have inspections of exterior elevated elements (EEEs) that include load-bearing components by specified professionals.
- 2) Specifies that the purpose of the inspection is to determine that EEEs and their associated waterproofing elements are in a generally safe condition, adequate working order, and free from any hazardous condition as specified to the extent that the life, limb, health, property, safety, or welfare of the public or the occupants is not endangered.
- 3) Defines “exterior elevated element” as the following types of structures, including their supports and railings: balconies, decks, porches, stairways, walkways, and entry structures that extend beyond the exterior walls of the building and which have a walking surface that is elevated more than six feet above ground level, are designed for human occupancy or use, and rely in whole or in substantial part on wood-based products for structural support or stability of the EEE.
- 4) Requires the inspection to include, at a minimum:
  - a) Identification of each type of EEE that constitute a threat to the health or safety of the occupants;
  - b) Assessment of the load-bearing components and associated waterproofing elements of a sample of at least 15% of each type of EEE;
  - c) The current condition of the EEEs, expectations of future performance and projected service life, and recommendations of any further inspection necessary; and
  - d) A written report of the evaluation that includes certain specified information and is stamped or signed by the inspector and presented to the building owner within 45 days.

- 5) Requires the initial inspection to be completed by January 1, 2026, with follow-up inspections every six years thereafter.
- 6) Requires the inspector to produce an initial report and, if requested by the owner, a final report indicating that any required repairs have been completed. The inspector must provide a copy of any report that recommends immediate repairs or finds severe safety issues to the building owner and the local enforcement agency within 15 days.
- 7) Requires the building owner to correct an EEE found by the inspector to be in need of repair or replacement. All repair and replacement work must follow certain prescribed timelines and be performed by a qualified and licensed contractor in compliance with the recommendations of a specified licensed professional, any applicable manufacturer's specifications, applicable building standards, and local jurisdictional requirements.
- 8) Requires the HOA board of a CID with buildings containing three or more multifamily units to cause a reasonably competent and diligent visual inspection to be conducted of EEEs for which the HOA has maintenance or repair responsibility, as specified.
- 9) Requires the inspection to determine whether the EEEs are in a generally safe condition and performing in accordance with applicable standards.
- 10) Requires the first inspection to be completed by January 1, 2025, and every nine years thereafter in coordination with the HOA reserve study inspection pursuant to existing law.
- 11) Requires the owner of a separate interest (housing unit) in a CID to provide the following documents to a prospective buyer prior, to transfer of title or the execution of a real property sales contract, as specified:
  - a) A copy of all governing documents for the HOA, or a written statement that the HOA is not incorporated, as specified.
  - b) If applicable, a statement that a restriction in the governing documents limiting the occupancy, residency, or use of a unit on the basis of age is only enforceable as specified.
  - c) A copy of the most recent HOA annual budget report and policy statements, as specified.
  - d) A written statement regarding the amount of the HOA's current regular and special assessments and fees, any unpaid assessments on the unit, and any unpaid fines or penalties on the unit, as specified.

- e) A copy or summary of any notice previously sent to the seller setting forth any alleged violation of the governing documents that is unresolved, as specified.
  - f) A copy of the initial list of defects provided to each HOA member, unless the HOA and the builder subsequently enter into a settlement agreement or otherwise resolve the matter, as specified.
  - g) A copy of the latest information on construction defect litigation affecting the HOA, as specified.
  - h) Any change in the HOA's current regular and special assessments and fees approved by the board that have not yet become due and payable.
  - i) If applicable, a statement describing any prohibition on renting or leasing any individual units in the CID.
  - j) If requested by the buyer, a copy of the minutes of HOA board meetings conducted over the previous 12 months, as specified.
- 12) Specifies the format and contents for the disclosure form given to the prospective buyer of a unit in a CID.

This bill:

- 1) Adds to the list of documents the seller of a CID unit must provide to the buyer, a copy of the EEE inspection report conducted pursuant to existing law.
- 2) Adds a copy of the EEE inspection report to the disclosure form that must be provided to prospective buyers of a CID unit.

## **Background**

*CIDs and HOAs.* CIDs are a type of housing with separate ownership of housing units that also share common areas and amenities. There are a variety of different types of CIDs, including condominium complexes, planned unit developments, and resident-owned mobile home parks. In recent years CIDs have represented a growing share of California's housing stock. Data from 2019 indicates that there are an estimated 54,065 CIDs in the state that are made up of 5 million housing units, or about 35% of the state's total housing stock.

CIDs are regulated under the Davis-Stirling Act as well as the governing documents of the HOA, including the bylaws, declaration, and operating rules. CIDs can also have Covenants, Conditions, and Restrictions (CC&Rs) that are filed with the county and recorded at the time they are established. Owners in a

CID are contractually obligated to abide by the CC&Rs and the governing documents of a CID, which specify rules such as parking policies, allowable modifications to homes, and rental restrictions. Additionally, HOAs are governed by a board of directors elected by the membership in elections that closely resemble California's vote-by-mail process. In addition, many associations use a managing agent to assist with finances, logistics, and other services provided to homeowners.

HOA boards have a number of duties and powers. The board determines the annual assessments that members must pay in order to cover communal expenses, including maintenance obligations. The board enforces the community rules and can propose as well as make changes to those rules. If members do not pay their assessments in full or on time, or if members violate the community rules, the board has the power to fine the members and, if necessary, the power to foreclose upon the offending member's property.

## Comments

*Author statement.* "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."

*Balcony safety.* In 2015, a wooden balcony collapsed at the Library Gardens apartment complex in the City of Berkeley, near the University of California, Berkeley campus. The balcony collapse killed six young adults and injured seven others. Investigations later revealed that the balcony had decayed wooden joists caused by wood dry rot left untreated due to poor building maintenance. Ultimately, the Contractor's State License Board revoked the license of Segue Construction, Inc., the general contractor responsible for building the apartment complex where the collapse occurred, as it was alleged that the contractor company

“willfully departed from or disregarded building plans or specifications, and willfully departed from accepted trade standards for good and workmanlike construction.”

As a result of that collapse, the Legislature passed SB 465 (Hill, Chapter 372, Statutes of 2016), which, in addition to requiring additional oversight for contractors, also required the California Building Standards Commission (CBSC) to establish a working group to study the failure of EEEs. The bill directed the CBSC to submit a report to the Legislature containing findings and possible recommendations for statutory or other changes to the California Building Standards Code. In 2017, the CBSC approved emergency regulations to accelerate the adoption of higher construction standards.

The following year, SB 721 (Hill, Chapter 445, Statutes of 2018) established a requirement to perform regular inspections of EEEs of certain multi-unit residential buildings. The bill required building owners to have those elements and other load-bearing components and waterproofing elements inspected at least every six years by certain licensed persons, to determine that the EEEs and their associated waterproofing elements are in a generally safe condition, adequate working order, and free from any hazardous conditions. It also required any identified repairs be made within a designated timeframe and provided penalties for building owners who do not complete the required repairs.

Notably, SB 721 specifically excluded CIDs from its provisions. In 2019, SB 326 (Hill, Chapter 207, Statutes of 2019) extended similar inspection requirements to CIDs. SB 326 requires HOA boards to arrange an inspection every nine years, as specified, of the CID’s balconies over which the HOA has maintenance or repair responsibility. The inspector must provide a report for the board, which must be incorporated into the HOA’s reserve study.

The deadline for the initial inspection under both SB 721 and SB 326 was January 1, 2025. However, recent legislation AB 2579, (Quirk-Silva, Chapter 835, statutes of 2024) generally extended this deadline to January 1, 2026—but did not explicitly extend the deadline for CIDs.

*California’s homeowner’s insurance crisis.* Obtaining homeowners insurance for a unit in a CID has become even more challenging than insuring a traditional single-family home. This is partly due to the Surfside condominium tower collapse in Florida in June 2021, which killed 98 people. A contributing factor to the collapse was alleged to be long-term degradation of reinforced concrete

structural support in the basement-level parking garage under the pool deck, due to water penetration and corrosion of the reinforcing steel. (Although the problems were reported in 2018 and a remediation program was approved, the main structural work had not commenced.)

*EEE inspections and homeowners insurance.* As noted above, SB 326 (Chapter 207, 2019) required each HOA board to have an initial inspection conducted by January 1, 2025 of the EEEs over which it has maintenance or repair responsibility. The author notes that many lenders, as well as Fannie Mae and Freddie Mac, are now requiring compliance with the EEE inspection mandate as a condition of loan approval for a buyer of a CID unit. In some cases, repairs to unit balconies that are not connected to a sale have also been included as a prerequisite for loan approval. According to the California Association of Realtors, many transactions in CIDs have stalled because some HOAs have not provided inspection reports or conducted required inspections.

*Helping ensure accountability.* The original EEE inspection legislation (SB 721 of 2018) included a mechanism for follow-up from any inspection that results in a finding that repairs are needed. If an inspector advises that the condition of an EEE poses an immediate threat to the safety of the occupants, the inspector must provide a copy of the inspection report to the local code enforcement agency and the building owner must immediately undertake preventive measures. For less urgent repairs, SB 721 requires building owners to apply for a permit to make the repairs within 120 days. In addition, SB 721 imposes fines on building owners who do not commence repairs in a timely fashion.

However, the legislation imposing EEE inspection requirements on CIDs (SB 326 of 2019) did not include any follow-up mechanism, and does not impose any consequences if an HOA does not take action in response to an inspection report that finds an EEE in need of repair. Instead, SB 326 deems EEE inspections to be part of an HOA's ongoing maintenance responsibility.

To help increase transparency around EEE inspections and help ensure that inspections are being performed as required, this bill adds copies of EEE inspection reports to the documents an HOA is required to provide to homeowners during the purchase of HOA managed properties.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: No Local: No

**SUPPORT:** (Verified 9/8/25)

California Association of Realtors

**OPPOSITION:** (Verified 9/8/25)

None received.

**ARGUMENTS IN SUPPORT:** The California Association of Realtors writes in support, “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”

**ARGUMENTS IN OPPOSITION:** None received.

**ASSEMBLY FLOOR:** 79-0, 9/8/25

**AYES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

**NO VOTE RECORDED:** Nguyen

Prepared by: Hank Brady / HOUSING / (916) 651-4124  
9/8/25 19:32:03

\*\*\*\* END \*\*\*\*