

California Senate Judiciary Hearing May 8, 2018 ► [VIDEO](#)  
(3 hrs, 41 min) ► <https://goo.gl/a5Vv7T>  
Sourced from [CCHAL](#) ► <https://goo.gl/d6Kyfn>

SEE ► <https://goo.gl/K6G3UN>  
PDF ► <http://docdro.id/m8N4I2p>

Not lost in this debate about these two California HOA bills is the issue of whether homeowner associations (aka HOAs, or common interest developments) are nonprofit organizations or quasi-governmental entities (aka political).

That debate may be settled when you look at how your HOA files its annual IRS tax returns.

Unless excepted, political organizations described in section 527 of the Internal Revenue Code are required to file some or all of four forms:

- An initial notice of status on [Form 8871, Political Organization Notice of Section 527](#) ► <https://goo.gl/1XpppY>
- Periodic reports of contributions and expenditures on Form 8872, Report of Contributions and Expenditures ► <https://goo.gl/TPRLVr>
- Annual income tax returns on Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations ► <https://goo.gl/idH7xt>
- Annual information returns on Form 990, Return of Organization Exempt from Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt from Income Tax ► <https://goo.gl/BZzSnc>

The purpose of this [page](#) is to set forth (in question and answer format) issues arising from the filing of the annual returns by political organizations. The [page](#) questions do not address the filing of these returns by other exempt organizations.

**California HOA Elections ► Tale of Two Bills**  
(1) [SB1265/Wieckowski](#) ► <https://goo.gl/iXLQMt>  
(2) [SB1128/Roth](#) ► <https://goo.gl/iGroHX>

Homeowner association (HOA) elections came under review during the May 8 California Senate Judiciary hearing when two separate, almost competing bills

passed committee vote and now go before the full legislature sometime soon. **The story:** "Senate Judiciary Votes Out HOA Election Bills: Next Steps" ► <https://goo.gl/LLz96R>

When homeowners and voters consider the competing intent of these two bills, recall is given to the famous quote by **Otto von Bismarck**, "Laws are like sausages. It's better not to see them being made." Sometimes paraphrased, "To retain respect for sausages and laws, one must not watch them in the making." ► <https://goo.gl/nmMKU6>

Both bills on association elections got out of **Senate Judiciary on Tuesday, May 8**. ► <https://goo.gl/a5Vv7T>

The votes were:

**SB1265/Wieckowski** ► <https://goo.gl/iXLQMt> ► (that expands and confirms voting rights):

4 YES, 2 NO (Moorlach and Anderson) and 1 abstention (Stern)

► **VIDEO excerpt (25.2 min)** ► <https://youtu.be/g2KjxtGYlxM>

**Caveat:** *These video excerpts are abridged and archived from the longer (more than 3 hour) original video presentation found on the **California Legislative page**.* ► <https://goo.gl/a5Vv7T>

**SB1128/Roth** ► <https://goo.gl/iGroHX> ► (that lets boards CANCEL elections):  
6 YES and 1 abstention (Wieckowski)

**CCHAL** was there with homeowners from Yolo, Alameda, Santa Clara, Madera, San Joaquin, Contra Costa, and Los Angeles counties to SUPPORT SB1265 and to OPPOSE SB1128.

Homeowners flew up from Marina del Rey and San Pedro (Los Angeles) to testify.

► **VIDEO excerpt (17.4 min)** ► <https://youtu.be/-kjat5gZaX4>

Here is the archive page for the hearing **VIDEO** in its entirety (**also archived above**) ► <https://goo.gl/a5Vv7T>

Joining **CCHAL** to **SUPPORT SB1265** ► <https://goo.gl/iXLQMt>

- American Civil Liberties Union (ACLU)
- Urban League
- California Alliance for Retired Americans (CARA)

- ▶ Nonprofit Housing Association of Northern California
- ▶ Citizens for Constitutional Local Government and
- ▶ All the homeowners who made their presence felt via phone calls to the Capitol

**CCHAL** ▶ <https://goo.gl/d6Kyfn> ▶ was the sponsor of the bill -- meaning the Center brought the bill idea to **Senator Wieckowski** ▶ <https://goo.gl/zS9ksX> ▶ and asked if he would carry it – as well as obtained support for the legislation. **CCHAL** was a member of the working group that drafted the existing laws governing HOA voting (**Civil Code § 5100 et seq**) ▶ <https://goo.gl/Y64mfN>

Simultaneously, **CCHAL** organized the OPPOSITION to SB1128, which lets INCUMBENTS on boards CANCEL elections after they find their own “qualified” candidates. This bill was sponsored by the HOA industry – **CAI** ▶ <https://goo.gl/6ahkiJ> ▶ and the property managers trade group (**CACM**) ▶ <https://goo.gl/4h35GX> ▶. **Senator Roth** ▶ <https://goo.gl/YgLBKw> ▶ from RIVERSIDE COUNTY is carrying it.

We know that boards – often acting on bad advice from property managers and HOA attorneys -- are ALREADY canceling elections and depriving homeowners of the RIGHT TO VOTE and the RIGHT TO RUN. Too often boards are urged to keep off the candidate list any homeowners who question HOA policies or how the board is spending homeowner money.

Tuesday’s hearing on both bills is archived on the **California Channel** ▶ <https://goo.gl/a5Vv7T>

NEXT STEPS: both bills go to the Senate floor for a vote by every Senator. Don’t know who your Senator is – the lawmaker who will be VOTING FOR YOU? Go here to find out: <http://findyourrep.legislature.ca.gov/> ▶ <https://goo.gl/FQXyf8>

The Center for HOA Law was in Sacramento to SUPPORT Wieckowski’s bill – which **CCHAL** is sponsoring – and to OPPOSE SB1128. Both bills were voted out. You can watch the hearing here on the California Channel here: ▶ <https://goo.gl/YyRJjk>

As noted, both bills were passed by the Senate Judiciary Committee May 8.

Don’t know who’s VOTING FOR YOU? in Sacramento? Find out here: ▶ <http://findyourrep.legislature.ca.gov/>

P.S. It does not require a law degree to understand that most HOAs in California

are highly-regulated by the State Davis-Stirling Law and that most choose to file Federal and State income taxes with IRS form, Form 1120-POL, designating themselves as quasi-governmental or political organizations? At the same time, HOAs possess characteristics of nonprofit, private entities. That dual identity makes for much confusion by homeowners and those who live in concert with homeowner associations.

The advertisement features a blue header with the text "Altacities® Flips HOAs". Below the header, a smartphone displays a social media profile for "Miss Foxworth's Newsletter Archive" with a "Subscribe" button. To the right, a laptop shows a "Flipboard" interface with "Altacities by SoCalLaw.com" and a "Read Magazine" button. At the bottom, there are circular icons for Twitter and Nuzzel. Below the icons, the text reads "This site does not give legal advice".

PDF ► <http://docdro.id/m8N4I2p>