

# THE PROPERTY LINE

DANIEL E. ANGIUS †  
PAUL P. TERRY, JR. †  
BRADLEY J. EPSTEIN \*  
JOHN J. STANDER \*  
JULIE M. MOUSER  
MICHAEL HARDY  
MELISSA BYBEE Δ  
KEVIN C. CANTY  
SUSANA C. CENDEJAS  
ZER IYER  
WILLIAM PAUL WRIGHT Δ  
SAM Y. CHON  
TROY R. DICKERSON Δ  
M. CATHERINE GARCIA  
RICHARD V. DE GRUCCIO  
ASMARA S. TARAR \*\*  
JIMMY SANH L. LY

† Also admitted in Nevada and Colorado

\* Also admitted in Nevada

Δ Admitted in Nevada

\*\* Admitted in Nevada & New Jersey

1990 N. California Blvd.  
Suite 950  
Walnut Creek, CA  
94596  
Tel 925.939.9933  
800.680.4001  
Fax 925.939.9934

Sacramento, CA  
Newport Beach, CA  
Las Vegas, NV  
Reno, NV

[www.angius-terry.com](http://www.angius-terry.com)

ANGIUS  
& TERRY

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ATTORNEYS

## Effective January 1, 2012: New Limitations on HOA Rental Restrictions – Prompt Action Required to Avoid Adverse Impact

Michael Hardy, Esq.  
[mhardy@angius-terry.com](mailto:mhardy@angius-terry.com)



On July 7, 2011, Governor Brown signed into law Senate Bill 150, which among other things, limits the ability of a homeowners association to restrict the number of rentals within the development. The law will become effective on January 1, 2012 and will apply to all governing documents or amendments to governing documents adopted after that date.

The bill creates a new addition to the Davis-Stirling Act: Civil Code Section 1360.2. Subsection (a) of the new section exempts all owners of a separate interest in a common interest development from any rental restriction in the governing documents if that restriction was adopted after the owner took title to the separate interest. In effect, the statute “grandfathers” all current owners at the time a lease restriction is adopted and exempts them from the effect of the restriction, even if the owners were not leasing their separate interest at the time the restriction was adopted. Owners who purchase their separate interest after the adoption of the lease restriction would be subject to the restriction, with certain exceptions.

**Since the new law only applies to governing documents or amendments to governing documents adopted after January 1, 2012, any board considering adoption of a lease restriction may want get it in place prior to January 1, 2012. Please contact us if you would like a proposal for preparing the necessary documents to adopt a lease restriction.**

Thank You,



Michael Hardy, Esq.  
ANGIUS & TERRY LLP