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CIVIL CODE - CIV

DIVISION 4. GENERAL PROVISIONS [3274 - 9566] (*Heading of Division 4 amended by Stats. 1988, Ch. 160, Sec. 16.*)

PART 5. Common Interest Developments [4000 - 6150] (*Part 5 added by Stats. 2012, Ch. 180, Sec. 2.*)

CHAPTER 7. Finances [5500 - 5580] (*Chapter 7 added by Stats. 2012, Ch. 180, Sec. 2.*)

ARTICLE 1. Accounting [5500 - 5502] (*Article 1 added by Stats. 2012, Ch. 180, Sec. 2.*)

5500. Unless the governing documents impose more stringent standards, the board shall do all of the following:

- (a) Review, on a monthly basis, a current reconciliation of the association's operating accounts.
- (b) Review, on a monthly basis, a current reconciliation of the association's reserve accounts.
- (c) Review, on a monthly basis, the current year's actual operating revenues and expenses compared to the current year's budget.
- (d) Review, on a monthly basis, the latest account statements prepared by the financial institutions where the association has its operating and reserve accounts.
- (e) Review, on a monthly basis, an income and expense statement for the association's operating and reserve accounts.
- (f) Review, on a monthly basis, the check register, monthly general ledger, and delinquent assessment receivable reports.

(Amended by Stats. 2018, Ch. 396, Sec. 3. (AB 2912) Effective January 1, 2019.)

5501. The review requirements of Section 5500 may be met when every individual member of the board, or a subcommittee of the board consisting of the treasurer and at least one other board member, reviews the documents and statements described in Section 5500 independent of a board meeting, so long as the review is ratified at the board meeting subsequent to the review and that ratification is reflected in the minutes of that meeting.

(Added by Stats. 2018, Ch. 396, Sec. 4. (AB 2912) Effective January 1, 2019.)

5502. (a) Notwithstanding any other law, transfers shall not be authorized from the association's reserve or operating accounts without prior written approval from the board of the association unless the amount of the transfer is less than the following:

- (1) The lesser of five thousand dollars (\$5,000) or 5 percent of the estimated income in the annual operating budget, for associations with 50 or less separate interests.
- (2) The lesser of ten thousand dollars (\$10,000) or 5 percent of the estimated income in the annual operating budget, for associations with 51 or more separate interests.

(b) This section applies in addition to any other applicable requirements of this part.

(Amended by Stats. 2021, Ch. 270, Sec. 2. (AB 1101) Effective January 1, 2022.)

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