

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1903 (Wicks)
Version: June 11, 2026
Hearing Date: June 30, 2026
Fiscal: Yes
Urgency: No
ID

SUBJECT

Construction defects

DIGEST

This bill makes various sweeping changes to construction defect law, including by requiring a claimant to affirmatively demonstrate that a defect caused damage to another component of the building, providing the builder an opportunity to obtain a release in exchange for repairs one year after repairs, providing a builder the ability to bring a mandatory motion to dismiss for failing to conform to pre-litigation requirements, increasing the requirements for notices of claims, creating a certified building status for certain buildings, as specified, and more.

EXECUTIVE SUMMARY

California's construction defect law provides homeowners and homeowner's associations the ability to bring claims against builders for defects in the construction of their homes. Current law specifies 45 performance standards that residential buildings must meet. If a building fails one of the standards, a homeowner must provide the builder a notice of claim and allow the builder to repair the defect before the homeowner can go to court over the defect. If a plaintiff brings a construction defect claim in court, they only must show that the home does not meet the applicable standard. Under current law, claimants for construction defect claims can utilize statistical extrapolation of claims, and may recover their reasonable investigative costs. AB 1903 proposes sweeping changes to the construction defect law, including by: requiring a claimant to affirmatively demonstrate that a defect caused damage to another component of the building; providing the builder an opportunity to obtain a release in exchange for repairs one year after repairs; providing a builder the ability to bring a mandatory motion to dismiss for failing to conform to pre-litigation requirements; increasing the requirements for notices of claims; prohibiting extrapolation of claims and the recovery of investigative costs; and creating a certified building status for certain buildings.

AB 1903 is sponsored by the California Building Industries Association and is supported by industry, pro-housing groups, and various cities. It is opposed by the Consumer Attorneys of California, California Association of Realtors, numerous homeowner's associations groups, individual homeowner's associations, the Berkeley Balcony Collapse Victims and Survivors, Consumer Watchdog, and 24 individuals.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Provides that, in any action seeking recovery of damages arising out of, or related to deficiencies in, the residential construction, design, specifications, surveying, planning, supervision, testing, or observation of construction, a builder, general contractor, subcontractor, material supplier, individual product manufacturer, or design professional is generally liable for, and the claimant's claims or causes of action are to be limited to, violations of the building performance standards articulated in law. (Civ. Code § 896.)
- 2) Requires a homeowner to follow all reasonable maintenance obligations and schedules communicated in writing to the homeowner by the builder and product manufacturers, as well as commonly accepted maintenance practice. (Civ. Code § 907.)
- 3) Requires, prior to filing any action for construction defect, a claimant or their legal representative to provide written notice via certified mail, overnight mail, or personal delivery to the builder of the claimant's claims that the construction of their property violates any of the performance standards specified in (1), above. (Civ. Code § 910.)
- 4) Requires the notice in (3) to include the claimant's name, address, and preferred method of contact, to state that the claimant alleges a violation against the builder, and to describe the claim in reasonable detail sufficient to determine the nature and location, to the extent known, of the claimed violation unless the claimant is within a homeowner's association in which case the notice may identify the claimants solely by address or other description sufficient to apprise the builder of the locations of the subject residences. (Civ. Code § 910.)
- 5) Requires a builder to acknowledge the receipt of a notice of a construction defect within 14 days after receipt of the notice of the claim, and if the claim is served by the claimant's legal representative, or if the builder receives a written representation letter from a homeowner's attorney, the builder must include the attorney in all subsequent substantive communications, including, without limitation, all written communications and all substantive and procedural communications, including all written communications, following the commencement of any subsequent

complaint or other legal action, except that if the builder has retained or involved legal counsel to assist the builder in this process, all communications by the builder's counsel shall only be with the claimant's legal representative, if any. (Civ. Code § 913.)

- 6) Permits a builder, within 30 days of the initial or, if requested, second inspection or testing, to offer in writing to repair the violation. (Civ. Code § 917.)
- 7) Provides that if the builder fails to complete the repair within the time specified in a repair plan, the claimant may proceed with the filing of an action. (Civ. Code § 925.)
- 8) Prohibits a builder from obtaining a release or waiver of any kind in exchange for the repair work mandated by law, and that at the conclusion of the repair, the claimant may proceed with filing an action for violation of the applicable standard or for a claim of inadequate repair, or both. (Civ. Code § 927.)
- 9) Provides that if the applicable statute of limitations has otherwise run during the repair process, the time period for filing a complaint or other legal remedies for a construction defect claim, or for a claim of inadequate repair, is extended from the time of the original claim by the claimant to 100 days after the repair is completed, whether or not the particular violation is the one being repaired. (Civ. Code § 927.)
- 10) Provides that a builder may make a cash offer and not repair a defect and that a reasonable release of claims may be obtained in exchange for the cash payment. (Civ. Code § 929.)
- 11) Requires, in order to make a claim for violation of the performance standards of 1), a homeowner need only demonstrate, in accordance with the applicable evidentiary standard, that the home does not meet the applicable standard, subject to the affirmative defenses set forth in law. (Civ. Code § 942.)
- 12) Provides that, if a claim for damages is made relating to a construction defect, the homeowner is only entitled to damages for the reasonable value of repairing any violation of the standards, the reasonable cost of repairing any damages caused by the repair efforts, the reasonable cost of repairing and rectifying any damages resulting from the failure of the home to meet the standards, the reasonable cost of removing and replacing any improper repair by the builder, reasonable relocation and storage expenses, lost business income if the home was used as a principal place of a business licensed to be operated from the home, reasonable investigative costs for each established violation, and all other costs or fees recoverable by contract or statute. (Civ. Code § 944.)

- 13) Provides that the provisions of (1) through (13) apply only to new residential units where the purchase agreement with the buyer was signed by the seller on or after January 1, 2003. (Civ. Code § 938.)
- 14) Authorizes a homeowner's association to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the members, in matters pertaining to the following:
 - a) Enforcement of the governing documents;
 - b) Damage to the common area;
 - c) Damage to a separate interest that the association is obligated to maintain or repair; and
 - d) Damage to a separate interest that arises out of, or is integrally related to, damage to the common area or a separate interest that the association is obligated to maintain or repair. (Civ. Code § 5980.)
- 15) Requires that a homeowner's association board, no later than 30 days before filing of any civil action by the association against the declarant or other developer of a common interest development for alleged damage to the common areas, alleged damage to the separate interests that the association is obligated to maintain or repair, or alleged damage to the separate interests that arises out of, or is integrally related to, damage to the common areas or separate interests that the association is obligated to maintain or repair, provide a written notice to each member of the association who appears on the records of the association when the notice is provided. (Civ. Code § 6150.)
- 16) Defines the following terms:
 - a) "Structure" means any residential dwelling, other building, or improvement located upon a lot or within a common area; and
 - b) "Claimant" or "homeowner" includes the individual owners of single-family homes, individual unit owners of attached dwellings and, in the case of a common interest development, any association. (Civ. Code § 895.)

This bill:

- 1) Specifies that, for the written notice of claim described in (3), above, the notice must:
 - a) state that the claimant alleges a violation pursuant to the construction defect laws against the builder;
 - b) be signed by the claimant; and
 - c) include:
 - i. the claimant's name, address, and preferred method of contact;
 - ii. a description of the claimed violation in reasonable detail sufficient to determine the nature and location, to the extent known, of the claimed violation; and

- iii. evidence of the claimed violation, including copies of any reasonably available photographs, estimates, or reports relating to any damage to the extent they exist at the time the notice is provided, and the specific location of the evidence.
- 2) Specifies that this notice shall have the same force and effect as a notice of commencement of a legal proceeding.
 - 3) Removes the prohibition on a builder obtaining a release or waiver in exchange for a repair, and instead permits the builder to obtain a release or waiver of any kind in exchange for the repair work one year after the conclusion of the repair.
 - 4) Provides that, if a claimant does not substantially conform to the pre-litigation procedures, the builder may bring a motion to dismiss without prejudice in any court action, and requires that this motion be granted. Specifies that the court, in its discretion, must award a prevailing party their reasonable attorney's fees and costs incurred in bringing or opposing the motion.
 - 5) Requires, in order to make a claim for a violation of the performance standards, a claimant must affirmatively demonstrate:
 - a) There is a violation of the applicable standard;
 - b) The violation caused appreciable, nonspeculative, present physical damage to another component part of the building, consistent with *Aas v. Superior Court* (2000) 24 Cal.4th 627; and
 - c) The violation is caused by the original construction.
 - 6) Prohibits an insurer from asserting repairs as a voluntary payment or as payment made without the insurer's consent, or from denying counting the costs associated with those repairs, whether pursuant to a warranty or not, against a deductible or self-insured retention.
 - 7) Specifies that an action may not be filed for a construction defect unless the conditions for filing the action have been met for each claimed violation.
 - 8) Prohibits investigative costs from being recovered, and specifies that *Stearman v. Centex Homes* (2000) 78 Cal.4th 611 is abrogated. Prohibits claims made by extrapolation, and specifies that testing of any components of the structure are limited to conditions that would realistically be expected in the location of the component part of the building.
 - 9) Permits a builder to have a newly constructed condominium builder deemed a certified building by undergoing private inspection, repairs, and reinspection during construction in addition to any inspections conducted by the local public agency.

- 10) Provides that a building may obtain certified building status by undergoing private inspection, repairs, and reinspection during construction in addition to any inspections conducted by the local public agency that must examine all of the following:
 - a) Grading;
 - b) Foundations;
 - c) Framing, flashing, windows, and drywall;
 - d) Plumbing
 - e) Exterior applications such as stucco, siding, and roofs; and
 - f) Mandatory health and safety features, including but not limited to seismic safety and fire suppression features.
- 11) Provides that, once inspections and repairs, if appropriate, during construction are conducted and approved by the inspector, the inspector must certify that the building is a certified building, and such status cannot be challenged.
- 12) Permits the builder of a certified building to establish its own process for handling post-construction claims.
- 13) Provides that a builder has the complete and unrestricted right to inspect and repair a certified building at times mutually agreed upon by the claimant and the builder within time frames established by the builder's process, and that if the claimant refuses the offer of repair or prevents, restricts, delays, or frustrates access for more than seven days from the mutually agreed upon day, then the repairs are deemed completed and the builder is deemed to have received a complete release.
- 14) Provides that, if a claimant makes a claim relating to a certified building and the builder responds by performing repairs that are inspected and approved by the inspector, the claimant is deemed to have granted a full and general release.
- 15) Prohibits the filing of an action for construction defect against the builder of a certified building, unless all of the following are satisfied:
 - a) A notice of claim is presented before the filing of the action;
 - b) Observable evidence of the alleged violation and damage has been provided to the builder; and
 - c) The repair does not receive an approval by the inspector, as specified.
- 16) Provides that an inspector hired to certify a building must meet the following criteria:
 - a) Be a private licensed architect, engineer, or general contractor;
 - b) Not have a direct or indirect financial interest in the builder, the developer, or any entity affiliated with the builder or developer.
 - c) Not have received, in the aggregate, more than 10 percent of the inspector's gross professional revenue from the builder, the builder's affiliates, or the builder's subcontractors during the two calendar years preceding the first inspection;

- d) Not be, and not have been within the preceding five years, an employee or agent of the builder, the developer, or any subcontractor that performed work on the project, and shall not have been an officer or director of the builder, the developer, or any subcontractor that performed work on the project.
 - e) The inspector must certify, in writing to the Department of Real Estate, that they meet these criteria.
- 17) Requires the Department of Real Estate, on or before July 1, 2028, to post on its website a list of inspectors eligible to perform certified building inspections.
- 18) Provides that the certified buildings provisions of (9) through (17) apply only to condominiums constructed on or after January 1, 2027.

COMMENTS

1. Author's statement

In support of this measure, the author states:

In our country, homeownership is the single most reliable pathway to intergenerational wealth and stability. But that pathway is currently only available to the wealthiest Californians. The production of condominiums, which have traditionally provided one of the most affordable homeownership options, has plummeted since the creation of our current construction defect liability laws in 2002 (SB 800, Burton). This is because the current law is skewed to reward unscrupulous litigants to the detriment of existing and future homeowners. The purpose of this bill is to establish a balanced system that facilitates timely repair of any defects in homeownership housing, and only results in litigation in those instances where the homebuilder fails to repair damage.

2. California's housing crisis

California is experiencing a serious affordable housing crisis. California homes are about twice as expensive as an average home across the country, and the monthly cost of home ownership of a mid-tier home in California has increased 81% since 2020.¹ Rents also have increased dramatically in the past decade. In 2022, the median gross rent in the state was \$1,870, which represented about an eight percent increase per year from the median gross rent in 2019.²

¹ Alex Bentz, "California Housing Affordability Tracker (1st Quarter 2025)," Legislative Analyst's Office (Apr. 21, 2025) <https://lao.ca.gov/LAOEconTax/Article/Detail/793>.

² U.S. Census Bureau, Table: Median Gross Rent by Bedroom, American Community Survey (multiple years) (accessed May 29, 2024), available at <https://data.census.gov/>.

A major contributor to these high rents and home prices is the state's lack of affordable housing, as the state is experiencing a record shortfall of available housing. It is estimated that the state is experiencing a shortfall of 1,283,734 affordable homes.³ At the same time, the state is currently losing affordable housing every year. Between 1997 and 2022, California lost 22,078 affordable homes due to expiring regulatory restrictions on government-assisted multifamily developments.⁴ Although the state built more homes in the last few years than it has in many years, it is estimated that production is still below what the state estimates is needed to be produced every year in order to meet the state's needs.⁵

3. Construction defect law

In the early 2000s, the state enacted landmark construction defect reform through SB 800 (Burton, Ch. 722, Stats. 2002) in response to various concerns of homeowners, builders, and consumer attorneys alike regarding construction defect litigation. Some of SB 800's provisions aimed to reverse the decision in the court case *Aas v. Superior Court*, which held that plaintiffs in construction defect cases must show that the defect caused damage. (*Aas v. Superior Court* (2000) 24 Cal. 4th 627.) Instead, SB 800 required only that the plaintiff show that the home does not meet the applicable standard, and set forth a comprehensive list of 45 construction performance standards that a residential building must meet.

One of the major changes that SB 800 made was to provide a right to repair for builders, so that they have the opportunity to repair any defect before a homeowner can bring a lawsuit. It requires the homeowner to first provide the builder a notice of claim for the defect. The builder would then be able to inspect the property and either repair the defect or pay the homeowner so that the homeowner can repair the defect themselves. Only if the builder's repairs fail or the builder refuses to complete a repair can a homeowner or homeowner's association file a construction defect claim in court. While rights to repair are generally disfavored because of the way in which they can prevent an aggrieved plaintiff from recovering for their harms, SB 800's right to repair was meant to encourage builders to complete repairs and for the parties to avoid court and obtain repairs quickly.

³ California Housing Partnership, "Housing Needs Dashboard," Mar. 2024, available at <https://chpc.net/housingneeds/>.

⁴ Danielle Mazzella et al, *Report 2023: Affordable Homes At Risk*, California Housing Partnership (Apr. 2023), available at <https://chpc.net/resources/2023-subsidized-affordable-housing-at-risk-report/>.

⁵ Ben Christopher, "California is losing population and building new houses. When will home prices come down?" CalMatters (May 16, 2023), <https://calmatters.org/housing/2023/05/california-exodus-housing-cost/>.

4. AB 1903 substantially rewrites construction defect laws meant to protect homeowners

AB 1903 substantially changes this construction defect regime. It does so under the premise that doing so will result in more housing and particularly more condominium construction, and that SB 800 is the cause of a substantial decline in condominium production since its passage. While data shows that condominium production is down in California, the peak in condominium production occurred after the financial crisis of 2007.⁶ Moreover, a large variety of other factors have influenced the construction of condominiums, including increases in labor and material costs, permitting requirements and fees and regulatory hurdles, local opposition to housing, the availability and quality of financing, particular demand, increases in land values, timelines for construction, and increases in the cost of insurance.⁷ One study even recognizes that, while construction defect litigation may increase costs for condominium construction, it is not the sole “or even the primary cause of relatively tepid condominium development in California.”⁸

AB 1903 makes a number of significant changes to construction defect law. First, it places additional requirements upon the homeowner or homeowner association’s notice of claim, requiring that the notice includes a description of the nature and location of the defect, evidence of the violation, including copies of any reasonably available photographs, and estimates or reports relating to the damage. If the homeowner does not comply with this notice requirement, AB 1903 permits the builder to file a motion to dismiss in any subsequent legal action, and requires the court to grant that motion without prejudice.

AB 1903 also changes the standard for construction defect claims and the costs that can be recovered in such a suit. It re-introduces the *Aas* standard, requiring that a claimant must affirmatively demonstrate that there is a violation of the applicable standard, and that this violation caused appreciable, nonspeculative, present physical damage to another component of the building. The defect also must be caused by the original construction. For any successful claim, AB 1903 prohibits recovery of any costs incurred for investigating a potential defect, and prohibits claims based on extrapolation. Extrapolation uses statistical analysis to determine how many defects of certain standard exist in a building based on known defects. It is essentially a way in which plaintiffs can estimate, using statistics, how pervasive a defect that has already been discovered in part of a building or condominium development exists in the rest of the

⁶ Gonzales & Moody, *The Financial Impacts of Construction Defect Liability on Housing Development in California*, Economic and Planning Systems [Prepared for the Turner Center] (May 2025) available at: <https://turnercenter.berkeley.edu/research-and-policy/the-financial-impacts-of-construction-defect-liability-on-housing-development-in-california/>.

⁷ Turner Center for Housing Innovation, “The cost of building housing series,” (Mar. 20, 2020) <https://turnercenter.berkeley.edu/research-and-policy/the-cost-of-building-housing-series/>.

⁸ Gonzeles & Moody, *supra* note 6.

building or development without having to invest and potentially destroy the rest of the building to confirm the defect exists in every instance. AB 1903 prohibits such extrapolative claims, and prohibits the recovery of any investigative costs that a homeowner or homeowner's association may have incurred to investigate the defect.

Lastly, AB 1903 has a number of major provisions providing builders protection from suit in many instances. AB 1903 allows a builder to obtain a release and waiver of any claims one year after completing any repairs. This would allow builders to require a release in order to complete repairs, providing the builder certainty that they will not be sued for the defect after a year of repairing it.

The final piece of this bill creates an entirely new, alternative construction defects process for "certified buildings" for buildings constructed on or after January 1, 2027. It would allow a builder to obtain a certified building status through the hiring of a private inspector to inspect the building and certify that it meets the performance standards. Once a building is certified, this status cannot be challenged, and the builder would then be able to establish their own process for handling claims of defects, and would have an unrestricted right to inspect and repair the building. If a homeowner claims a defect, and the builder completes repairs, the builder is given a statutory, full and general release of any claims. This new process is broad and comprehensive, and raises serious concerns regarding consumer protection. A builder with a certified building would be able to essentially avoid all construction defect litigation, and because the private inspector for certified buildings would be paid by the builder, serious questions arise regarding the inspector's independence and impartiality in ensuring that an inspected building meets the applicable performance standards. Such a regime would bring into question the point of having a construction defect statute at all, as the builder would hold all the power with regards to addressing (or not) any claims of defect.

5. Amendments

The bill raises serious questions regarding whether it contains adequate consumer protections, and marks a major departure from current construction defect law that already provides builders a right to repair before any litigation can be initiated. The author has agreed to various amendments, and has committed to making more if the bill passes out of the Committee. The author has agreed to remove the "certified buildings" process from the bill, as well as the prohibition on extrapolative claims and on recovering reasonable investigative costs. The author has agreed to an amendment that would limit investigatory costs unless the builder is provided 21 days' notice and an ability to attend investigations and testing after the notice of claim has been served on the builder. The author also has agreed to making the motion to dismiss permissive on the court rather than mandatory. Lastly, the author has agreed to commit to remove the requirement that a claimant prove a defect caused damage to another component of the building, and to instead make the performance standards more objective and

reasonable, should the bill pass out of the Committee. The author has agreed to make any changes to the standards not applicable to any notices of claims served before January 1, 2027, and has agreed to continue looking at the issue of the retroactivity of the bill's changes.

6. Arguments in support

According to the California Building Industries Association and a number of other industry and pro-housing groups, which support AB 1903:

Homeownership is one of the most reliable and widely supported ways to achieve long-term financial stability. However, for many Californians, especially first-time buyers, the path to ownership has become increasingly challenging due to limited housing supply, high prices, and barriers that hinder the production of affordable homes.

California's residential construction defect law, established through SB 800 (2002), was intended to create a fair and efficient process for resolving defect claims while giving builders the opportunity to repair problems before litigation. Over time, however, that system has too often shifted away from timely repairs and toward costly, prolonged litigation. As a result, homeowners are often left waiting years for issues to be resolved, while the costs and uncertainty associated with litigation have made it harder to build condominiums and other multifamily ownership housing.

AB 1903 restores the original intent of the law by strengthening the right to repair, improving clarity and transparency in the claims process, and helping ensure disputes are resolved more efficiently. By realigning incentives to address legitimate construction issues and reduce unnecessary litigation risk, the bill will better support homeowners while also making it more feasible to build attainable missing-middle homes in California.

7. Arguments in opposition

According to the Consumer Attorneys of California and a number of other homeowner's association and consumer groups, which oppose AB 1903:

[AB 1903] fundamentally dismantles California's carefully balanced Right to Repair Act (Civ. Code § 895 et seq.), which was designed to ensure that residential construction meets minimum safety and performance standards and that defects are corrected before they cause injury or significant property damage.

For more than two decades, California law has promoted early detection and repair of construction defects in exchange for limited timelines within which claims must be brought. AB 1903 upends this framework by requiring homeowners to wait until

physical damage occurs before seeking relief, while preserving short statutes of repose that will bar many claims before defects become visible. This approach undermines California's longstanding commitment to safe housing and shifts the risk of unsafe construction from builders to homeowners.

Housing is often the largest financial investment Californians will ever make. AB 1903 shifts the cost of defective construction onto homeowners who cannot afford to pay for builders' mistakes, weakens accountability for unsafe building practices, and reduces incentives to construct housing that complies with basic safety standards.

At a time when California faces an affordability crisis, the Legislature should strengthen – not undermine – consumer protections that ensure homes are safe, durable, and built to last.

SUPPORT

21st Century Alliance
Abundant Housing LA
Abundant Housing Los Angeles
American Council of Engineering Companies of California
American Subcontractors Association-California
Anthony Tordillos - Councilmember, City of San Jose
Associated General Contractors
Bay Area Council
Brian Barnacle - Councilmember, Petaluma
Cal Chamber
CalAsian Chamber of Commerce
California Building Industry Association
California Business Properties Association
California Business Roundtable
California Chamber of Commerce
California Council for Affordable Housing
California Hotel & Lodging Association
California Housing Consortium
California YIMBY
California's Largest Cities
Casita Coalition
Chamber of Progress
Chris Ricci - Modesto City Councilmember
Circulate Planning & Policy
City of Berkeley Councilmember Rashi Kesarwani
City of Burbank
City of El Cerrito
City of Los Angeles

City of Sacramento
Claremont City Councilmember, Jed Leano
Council of Infill Builders
Councilwoman Katy Yaroslavsky, City of Los Angeles
East Bay YIMBY
Emily Ann Ramos - Mayor, Mountain View
End Poverty in California (EPIC)
Everybody's Long Beach
Fieldstead and Company, INC.
Greater Conejo Valley Chamber of Commerce
Greenbelt Alliance
Gregorio Gomez - Councilmember, Farmersville
Grow the Richmond
Habitat for Humanity California
Housing Action Coalition
Housing Trust Silicon Valley
Long Beach; City of
Lucas Ramirez - Councilmember, Mountain View
Matthew Solomon, Councilmember - Emeryville
Mayor Matt Mahan, City of San Jose
Monterey Bay Economic Partnership
Monterey Park Councilmember Thomas Wong
Monterey Peninsula YIMBY
Mountain View YIMBY
Napa-solano for Everyone
Neighborhood Partnership Housing Services, Inc.
New California Coalition
New Way Homes
Northern Neighbors
Orange County Business Council
Peninsula for Everyone
People for Housing - Orange County
Phoebe Shin Venkat - Councilmember, Foster City
Rebecca Saltzman, El Cerrito Councilmember
Sacramento Councilmember Caity Maple
San Diego Housing Commission
San Diego Regional Chamber of Commerce
San Jose YIMBY
San Mateo Forward
Santa Cruz YIMBY
Santa Rosa YIMBY
SF YIMBY
South Bay YIMBY
Southern California Black Chamber of Commerce

Southern California Leadership Council
SPUR

Student Homes Coalition

The Two Hundred for Homeownership

Ventura County YIMBY

Yes! in Redwood City

YIMBY Action

YIMBY Los Angeles

YIMBY SLO

Zach Hilton – Councilmember for the City of Gilroy

OPPOSITION

Action Property Management

Avalon @ Eagles' Crossing HOA

Avenue One Condos

Berding Weil

Berkeley Balcony Collapse Victims and Survivors

Blackstone Master Association / Firstservice Residential

Broadband Agreements by Mfc

California Association of Community Managers

California Association of Realtors

California Low-income Consumer Coalition

Chapman & Intrieri, LLP

Community Associations Institute - California Legislative Action Committee

Consumer Attorneys of California

Consumer Watchdog

Hoainsuranceproject.org

Hudson Management

Kasdan Turner Thomson Booth LLP (UNREG)

Neighbors for a Better San Diego

Phoenix Commons, Inc, 55+ Cohousing

Prendiville Insurance Agency

Regent on the Park

Riley Pasek Canty Seltzer LLP

United Policyholders

Vintage Group

Walters Management

24 individuals

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

SB 1470 (Glazer, 2024) would have required a defect to materially affect the habitability or usefulness of the residential dwelling unit and be a result of a failure to meet the standard of care, would have allowed builders to receive a release after completing repairs, and would have provided for the participation of a special inspector in the inspection and approval of repair work. SB 1470 died in this Committee.

AB 919 (Grayson, 2021) would have reduced the period of repose from 10 to five years for projects built by non-profits using skilled and trained labor. AB 919 died in the Assembly Judiciary Committee.

SB 800 (Burton, Ch. 722, Stats. 2002) *See Comment 3.*

PRIOR VOTES:

Assembly Floor (Ayes 70, Noes 0)

Assembly Appropriations Committee (Ayes 11, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)

Amended Mock-up for 2025-2026 AB-1903 (Wicks, Wilson)
(Amendments may be subject to technical changes required by Legislative Counsel)

Mock-up based on Version Number 95 - Amended Senate 6/11/26

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 910 of the Civil Code is amended to read:

910. Prior to filing an action against any party alleged to have contributed to a violation of the standards set forth in Chapter 2 (commencing with Section 896), the claimant shall initiate the following prelitigation procedures:

(a) (1) The claimant or their legal representative shall provide a written notice via certified mail, overnight mail, or personal delivery to the builder, in the manner prescribed in this section, of the claimant's claim that the construction of their residence violates any of the standards set forth in Chapter 2 (commencing with Section 896).

(2) The notice shall state that the claimant alleges a violation pursuant to this title against the builder.

(3) The notice shall be signed by the claimant.

(4) The notice shall include all of the following:

(A) The claimant's name, address, and preferred method of contact.

(B) A description of the claimed violation in reasonable detail sufficient to determine the nature and location, to the extent known, of the claimed violation.

(C) Evidence of the claimed violation, including copies of any reasonably available photographs, estimates, or reports relating to any ~~damage~~**claimed violation**, to the extent they exist at the time the notice is provided, and the specific location of the evidence.

(5) The notice shall have the same force and effect as a notice of commencement of a legal proceeding.

(b) The notice requirements of this section do not preclude a homeowner from seeking redress through any applicable normal customer service procedure as set forth in any contractual, warranty, or other builder-generated document; and, if a homeowner seeks to do so, that request shall not satisfy the notice requirements of this section.

SEC. 2. Section 926 of the Civil Code is repealed.

SEC. 3. Section 926 is added to the Civil Code, to read:

926. The builder may obtain a release or waiver of any kind in exchange for the repair work pursuant to this chapter one year after the conclusion of the repair.

SEC. 4. Section 930 of the Civil Code is amended to read:

930. (a) The time periods and all other requirements in this chapter are to be strictly construed, and, unless extended by the mutual agreement of the parties in accordance with this chapter, shall govern the rights and obligations under this title. If a builder fails to act in accordance with this section within the timeframes mandated, unless extended by the mutual agreement of the parties as evidenced by a postclaim written confirmation by the affected homeowner demonstrating that they have knowingly and voluntarily extended the statutory timeframe, the claimant may proceed with filing an action. If this occurs, the standards of the other chapters of this title shall continue to apply to the action.

(b) If the claimant does not substantially ~~conform~~ comply with the requirements of this chapter, the builder may bring a motion to dismiss without prejudice any court action or other proceeding, ~~and the motion shall be granted.~~ In the alternative, the builder may bring a motion to stay until the requirements of this chapter have been satisfied. The court, in its discretion, may award the prevailing party on the motion, their reasonable attorney's fees and costs incurred in bringing or opposing the motion.

~~SEC. 5. Chapter 4.5 (commencing with Section 939) is added to Title 7 of Part 2 of Division 2 of the Civil Code, to read:~~

~~CHAPTER 4.5. Certified Buildings~~

~~939. Compliance with this chapter is optional in the sole discretion of the builder. This chapter may be used in connection with Chapter 4 (commencing with Section 910), on its own, or with alternative nonadversarial contractual provisions pursuant to Section 914.~~

~~939.1. A building may obtain a certified building status by undergoing private inspection, repairs, and reinspection during construction in addition to any inspections conducted by the local public agency. The inspections shall take place at least once relating to all of the following:~~

~~(a) Grading~~

~~(b) Foundations.~~

~~(c) Framing, flashing, windows, and drywall.~~

~~(d) Plumbing.~~

~~(e) Exterior applications such as stucco, siding, and roofs.~~

~~(f) Mandatory health and safety features, including, but not limited to, seismic safety and fire suppression features.~~

~~939.2. Once inspections and repairs, if appropriate, during construction are conducted and approved by the inspector, the inspector shall certify that the building is a certified building. Once certified, there shall not be future challenges to the status of the building as a certified building.~~

~~939.3. (a) The builder of a certified building may establish its own process for handling postconstruction claims made pursuant to this title that includes a notice provided by the claimant, inspections, and repairs by the builder. The builder may include some, none, or all of the provisions in Chapter 4 (commencing with Section 910) in the builder's process pursuant to this chapter.~~

~~(b) The builder shall pay for its own costs to determine necessary repairs. A builder shall have the complete and unrestricted right to inspect and repair a certified building at times mutually agreed upon by the claimant and the builder within timeframes established by the builder's process. If the claimant refuses the offer of repair or prevents, restricts, delays, or frustrates access for more than seven days from the mutually agreed upon day, then the repairs are deemed completed and the builder shall be deemed to have received the release described in subdivision (c).~~

~~(c) If the claimant makes a claim relating to a certified building and the builder responds by performing repairs that are inspected and approved by the inspector, the claimant shall be deemed to have granted a full and general release, including a waiver of Section 1542, related to the claims asserted in the written notice pursuant to Section 910 or as otherwise required by the builder's process established under subdivision (a). The release applies to the builder and all other parties identified in Section 936 relating to the certified building.~~

~~(d) No action may be filed unless all of the following are satisfied:~~

~~(1) A notice of claim is presented before the filing of the action.~~

~~(2) Observable evidence of the alleged violation and damage has been provided to the builder.~~

~~(3) The repair does not receive an approval by the inspector pursuant to subdivision (c) after full compliance with this chapter has been achieved.~~

~~(e) The builder may elect to use this chapter with or without a warranty. If the builder elects to provide a warranty, the warranty shall be provided to the homeowner no later than the close of escrow.~~

~~939.4. (a) For purposes of this chapter, the inspector shall meet all of the following criteria:~~

~~(1) The inspector shall be a private licensed architect, engineer, or general contractor.~~

~~(2) The inspector shall not have a direct or indirect financial interest in the builder, the developer, or any entity affiliated with the builder or developer.~~

~~(3) The inspector shall not have received, in the aggregate, more than 10 percent of the inspector's gross professional revenue from the builder, the builder's affiliates, or the builder's subcontractors during the two calendar years preceding the first inspection performed under this chapter.~~

~~(4) The inspector shall not be, and shall not have been within the preceding five years, an employee, an agent of the builder, the developer, or any subcontractor that performed work on the project and shall not have been an officer or director of the builder, the developer, or any subcontractor that performed work on the project.~~

~~(b) The inspector shall certify in writing, to the Department of Real Estate, that the inspector meets the criteria of subdivision (a).~~

~~(c) On or before July 1, 2028, the Department of Real Estate shall post on its internet website a list of inspectors eligible to perform inspection under this chapter.~~

~~939.5. This chapter shall only apply to condominium projects, as defined in Section 4125, or a townhouse development constructed on or after January 1, 2027.~~

~~SEC. 6.5.~~ Section 942 of the Civil Code is amended to read:

942. (a) In order to make a claim for violation of the standards set forth in Chapter 2 (commencing with Section 896), a claimant shall affirmatively demonstrate all of the following, in accordance with the applicable evidentiary standards:

(1) There is a violation of the applicable standard.

(2) The violation caused appreciable, nonspeculative, present physical damage to another component part of the building, consistent with Aas v. Superior Court (2000), 24 Cal.4th 627.

(3) The violation is caused by the original construction.

(b) All claims are subject to the affirmative defenses set forth in Section 945.5.

SEC. 7.6. Section 942.2 is added to the Civil Code, to read:

942.2. An insurer may not assert repairs as a voluntary payment or as a payment made without the insurer's consent, or deny counting the costs associated with those repairs, whether pursuant to a warranty or not, against a deductible or self-insured retention.

SEC. 8. ~~Section 944 of the Civil Code is amended to read:~~

~~944. If a claim for damages is made under this title, the homeowner is only entitled to damages for the reasonable value of repairing any violation of the standards set forth in this title, the reasonable cost of repairing any damages caused by the repair efforts, the reasonable cost of repairing and rectifying any damages resulting from the failure of the home to meet the standards, the reasonable cost of removing and replacing any improper repair by the builder, reasonable relocation and storage expenses, lost business income if the home was used as a principal place of a business licensed to be operated from the home, and all other costs or fees recoverable by contract or statute.~~

SEC. 97. Section 945.1 is added to the Civil Code, to read:

945.1. Notwithstanding any other law, an action may not be filed for a particular violation pursuant to this title unless the conditions for filing an action for that violation pursuant to this title have been met, ~~for each claimed violation.~~ unless otherwise agreed to by the parties.

SEC. 10.8. Section 945.2 is added to the Civil Code, to read:

945.2. No investigative costs are recoverable unless, after the written notice is served, the builder is provided notice at least 21 days before any inspections and testing and an opportunity to attend. ~~Stearman v. Centex Homes (2000) 78 Cal.App.4th 611 is abrogated. No claim for damages based on extrapolation of claims may be made. Testing of any components of the structure are limited to conditions that would realistically be expected in the location of the component part of the building.~~