
THIRD READING

Bill No: AB 1903
Author: Wicks (D) and Wilson (D), et al.
Amended: 8/21/26 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 13-0, 6/30/26

AYES: Umberg, Niello, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern,
Valladares, Wahab, Weber Pierson, Wiener

ASSEMBLY FLOOR: 70-0, 5/26/26 - See last page for vote

SUBJECT: Construction defects

SOURCE: California Building Industry Association

DIGEST: This bill makes various changes to construction defect law, including by substantially changing the applicable standards, providing the builder an opportunity to obtain a release in exchange for repairs effective one year after repairs, providing a builder the ability to bring a motion to dismiss for failing to substantially comply to pre-litigation requirements, and increasing the requirements for notices of claims, and more.

Senate Floor Amendments of 8/21/26 add to this bill's provisions that substantially amend various sections of the construction defects standards in Civil Code sections 895 and 896, including to require damage to another component part for various defects; add a new section of the standards that make any hairline cracking, efflorescence, temporary moisture condensation, or staining outside of the living space not a violation unless they result in damage to another building component; specify that the release applies effective one year after the conclusion of the repair; remove the requirement that any nonspeculative, present physical damage to another component part; make its provisions prohibiting an insurer from asserting that repairs are a voluntary payment effective July 1, 2027; remove this bill's provisions regarding investigative costs; add a provision that specifies that its amendments apply to structures subject to these provisions regardless of the date of substantial completion or close of escrow, except for when a claim for which a

notice of claim has been served before this bill's operative date, or an action or proceeding commenced before the operative date; and add a severability clause.

ANALYSIS: 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. (Civil [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;
 - 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; and
 - c) "designed moisture barrier" and "actual moisture barrier." (Civ. Code § 895.)

This bill:

- 1) Removes the definition of “designed moisture barrier” and “actual moisture barrier” and instead defines “moisture barrier” as a discrete building component or material whose primary purpose is preventing water intrusion into the building or enclosure, not to include components whose primary function is structural, aesthetic, or incidental to moisture management, such as interior or exterior finishes, including but not limited to stucco, cladding, siding materials, roof tiles, roof shingles, or other exterior weather proofing finish elements.
- 2) Amends the definition of “unintended water” to mean water that passes beyond, around, or through the final moisture barrier that is designed to prevent that passage.
- 3) Adds definitions of “living space” and “non-habitable space,” and adds a definition of “actionable water intrusion” to mean either unintended water intrusion into a living space, or unintended water intrusion beyond the final moisture barrier into a non-habitable space that causes actual damage. Specifies that water that does not pass beyond the final moisture barrier is not actionable.
- 4) Amends numerous of the 45 standards in Civil Code section 896, and removes two standards, including by requiring actionable water intrusion for various standards related to water issues, and by requiring damage to another component in numerous standards.
- 5) Specifies that, for a function or component of a structure that is not addressed by the standards, a defect is actionable if it causes damage to another component part.
- 6) Adds new provisions that specify that hairline cracking, efflorescence, temporary moisture condensation, and staining outside of the living space is not a violation of any standard if it does not result in damage to another component part.
- 7) 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 claimed violation to the extent they exist at the time the notice is provided, and the specific location of the evidence.
- 8) Specifies that this notice shall have the same force and effect as a notice of commencement of a legal proceeding.
 - 9) 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 effective one year after the conclusion of the repair.
 - 10) Provides that, if a claimant does not substantially comply to the pre-litigation procedures, the builder may bring a motion to dismiss without prejudice in any court action, or a motion to stay until the requirements are satisfied in the alternative. Specifies that the court, in its discretion, may award a prevailing party their reasonable attorney's fees and costs incurred in bringing or opposing the motion.
 - 11) 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; and
 - b) The violation is caused by the original construction.
 - 12) Prohibits, effective July 1, 2027, 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.
 - 13) Specifies that an action may not be filed for a particular violation unless the conditions for filing the action for that violation have been met, unless agreed to by the parties.
 - 14) Specifies that its amendments to the law apply to structures subject to the construction defect provisions regardless of the date of substantial completion or close of escrow, except for a claim for which a notice was served before the

operative date of these amendments and any action or proceeding commenced before the operative date of this bill.

15) Provides a severability clause.

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

SUPPORT: (Verified 8/21/26)

California Building Industry Association (source)

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

Associated General Contractors, California

Bay Area Council

Brian Barnacle - Councilmember, Petaluma

Cal Chamber

CalAsian Chamber of Commerce

California Business Properties Association

California Business Roundtable

California Chamber of Commerce

California Conference of Carpenters

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 Bakersfield

City of Berkeley Councilmember Rashi Kesarwani

City of Burbank

City of El Cerrito

City of Foster City

City of Los Angeles

City of Sacramento
City of Thousand Oaks
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, Gilroy
Zillow Group

OPPOSITION: (Verified 8/21/26)

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

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.

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.

ASSEMBLY FLOOR: 70-0, 5/26/26

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

NO VOTE RECORDED: Addis, Bryan, Connolly, Garcia, Kalra, Lee, Muratsuchi, Patel, Celeste Rodriguez, Valencia

Prepared by: Ian Dougherty / JUD. / (916) 651-4113
8/24/26 13:29:11

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