

Date of Hearing: April 28, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 2035 (Dixon) – As Amended April 22, 2026

PROPOSED CONSENT

SUBJECT: COMMON INTEREST DEVELOPMENTS: DECLARATIONS:
AMENDMENTS

KEY ISSUE: SHOULD HOMEOWNER ASSOCIATIONS THAT ARE AGE-RESTRICTED FOR SENIORS BE PERMITTED TO SEEK JUDICIAL APPROVAL TO AMEND THEIR COVENANTS, CONDITIONS AND RESTRICTIONS WITH A VOTE OF THIRTY-SEVEN PERCENT OF THE ASSOCIATION'S MEMBERSHIP?

SYNOPSIS

Homeowner associations, the governing arm of common interest developments, are required to hold elections to name members to the board that govern the day-to-day functions of the association. While many homeowner associations enjoy robust participation from association members, too frequently, homeowner associations suffer from a lack of participation in association affairs by the development's residents. In these instances, a homeowner association may fail to obtain a quorum of members voting during a board election. Until 2023, in these instances, the association was forced to repeatedly hold elections in the hopes of achieving a quorum and being authorized to replace the board. However, in 2023 the Legislature enacted AB 1458 (Ta) Chap. 303, Stats. 2023, to establish a process whereby an association can hold an election with a 20 percent quorum requirement if the association properly noticed an initial election and failed to reach a quorum.

While that bill addressed the issue of board elections, it did not change quorum requirements for amending an association's core governing documents, the Covenants, Conditions and Restrictions (CC&Rs). The author notes that one senior development in her district has been unable to amend its CC&Rs since 1988, due to a lack of quorum or support for the proposal. Accordingly, this bill would authorize large, age-restricted homeowner associations to seek judicial approval for CC&R modifications so long as at least 37 percent of the votes support the change. Based on a review of the criteria, this bill likely only applies to the association within the author's district and maintains the existing law's requirements for judicial oversight and approval of any changes.

This bill is sponsored by the above-mentioned homeowner association, Third Laguna Hills Mutual. The sponsors contend they have spent significant sums of money on voter outreach and get-out-the-vote efforts but have been unable to achieve a quorum. This bill has no formal opposition but the California Association of Realtors expresses concern that the bill may impact home values, however, they offer no amendments to remedy these concerns. This bill was previously approved by the Committee on Housing and Community Development unanimously.

SUMMARY: Authorizes homeowner associations that are age designated for seniors to amend the association's Covenants, Conditions and Restrictions with a 37 percent quorum vote. Specifically, **this bill:**

- 1) Permits the members of a homeowner association to approve amendments to their governing documents with 37% of the vote of the owners, rather than the standard 50% threshold, if the following criteria is met:
 - a) The association is a senior citizen housing development;
 - b) The association contains more than 6,000 separate interests;
 - c) More than 25 percent of the separate interests in the common interest development are occupied by tenants; and
 - d) The declaration has not been amended in at least 35 years.

EXISTING LAW:

- 1) Establishes the Davis-Stirling Common Interest Development Act and provides for the rules and regulations governing the operation of a residential common interest development and the respective rights and duties of the homeowner association and its members. (Civil Code Section 4000 *et seq.*)
- 2) Requires, annually, an owner of a separate interest within a homeowner association, to provide written notice to the association of all of the following:
 - a) The address or addresses to which notices from the association are to be delivered;
 - b) An alternate or secondary address to which notices from the association are to be delivered;
 - c) The name and address of the owner's legal representative, if any, including any person with power of attorney or other person who can be contacted in the event of the owner's extended absence from the separate interest; and
 - d) Whether the separate interest is owner-occupied, is rented out, if the parcel is developed but vacant, or if the parcel is undeveloped land. (Civil Code Section 4041.)
- 3) Requires homeowner association election ballots and two preaddressed envelopes with instructions on how to return ballots to be mailed by first-class mail or delivered by the association to every member no less than 30 days prior to the deadline for voting, and requires associations to use procedures used by California counties for ensuring confidentiality of vote by mail ballots, as specified. (Civil Code 5115 (c).)
- 4) For incorporated associations, requires a quorum at a meeting of members to be one-third of the voting power, represented in person or by proxy. Authorizes corporation bylaws to set a different quorum subject to specified restrictions. (Corporations Code 7512.)
- 5) Authorizes a homeowner association or member may petition the superior court to reduce the percentage of affirmative votes required to amend the declaration when the declaration requires more than 50% approval of the membership (or of multiple voting classes). (Civil Code 4275 (a).)

- 6) Establishes that the petition must include documentation such as the governing documents, the full amendment text, solicitation materials, vote results, and an explanation of the amendment. (*Ibid.*)
- 7) Provides that the court may approve the amendment if it finds that:
 - a) Proper notice of the hearing was given;
 - b) The balloting complied with governing documents and applicable law;
 - c) The HOA made a reasonably diligent effort to obtain votes;
 - d) More than 50% of the votes actually cast supported the amendment, including a majority of each required voting class; and
 - e) The amendment is reasonable and approval is not otherwise improper;
 - f) Authorizes the court to confirm the amendment as valid based on the votes actually received and to waive quorum or higher voting thresholds required by the governing documents. (Civil Code Section 4275 (c).)
- 8) Requires that after recordation, the HOA must deliver a copy of the amendment to all members with notice that it has been recorded. (Civil Code Section 4275 (g).)

FISCAL EFFECT: As currently in print this bill is keyed non-fiscal.

COMMENTS: Residents living within a common interest development are governed by the rules adopted by the homeowner association board and by the terms of the Covenants, Conditions and Restrictions (CC&Rs) adopted when the association was formed. Unlike governing rules, which may be amended by the board, the CC&Rs may be amended only by a majority vote of the association. If even a bare majority of the association does not participate, an association may petition the court to lower the threshold. Among the factors that must be demonstrated to a court is a declaration that 50 percent of the members voting in the election supported the change. However, the author notes that obtaining even that level of participation and agreement is difficult for some senior communities, especially those in which the actual residents of the development rent the property from the owners. This bill would adopt a narrow exception to the existing law authorizing an age restricted homeowner association for seniors to seek court approval for changes to the CC&Rs if 37 percent of the members support such a change. In support of the bill the author states:

AB 2035 provides a commonsense solution to allow large, senior citizen common interest developments to amend significantly out of date declarations when they are unable to reach quorum requirements established by their CC&Rs.

Some HOAs, such as Third Laguna Hills Mutual, are unable to meet quorum requirements for amendments to their CC&Rs and the current statutory alternative to reduce quorum requirements to 50% is insufficient. AB 2035 creates an additional alternative to reduce quorum requirements to 37% when the common interest development meets specified conditions. Specifically, the common interest development is required to be a senior citizen housing development, must contain at least 6,000 separate interest, more than 25% of those

interests are occupied by non-owner residents, and that the development's declaration has not been amended in 35 years.

This alternative will allow large, senior citizen developments to amend their CC&Rs when they are unable to meet quorum requirements while maintaining strong guardrails to ensure an equitable outcome. By maintaining the existing court petition process used for quorum reduction requests, AB 2035 ensures that this exception will only be used in specific, unique and necessary situations.

Background on homeowner association governance. There are approximately 50,000 common interest developments in California. They vary in size and structure, but generally are characterized by the following: (1) separate ownership of individual residential units coupled with an undivided interest in common property; (2) CC&Rs that limit the use of both separate interests and common property; and (3) management of common property and enforcement of restrictions by a homeowner association.

Governance of these developments and the homeowner associations that make up their governing bodies is regulated under the Davis-Stirling Act (Civil Code Section 1350 *et seq.*), which sets forth general rules governing common interest developments. Beyond the overarching state law, each individual association is also subject to specific rules and regulations set forth by the association's "governing documents." These governing documents include the recorded declaration and any other documents, such as bylaws, operating rules of the association, or articles of incorporation that govern the operation of the association. Homeowner associations are governed by volunteer boards of directors who are elected by the members of the association and who are responsible for interpreting the governing documents and state law.

CC&Rs are the foundation of homeowner association governance, and thus it is difficult to change these documents. While homeowner association boards set the day-to-day guidelines governing the association, the CC&Rs are the bedrock rules for the association. The CC&Rs are originally established by an association's developer and essentially function as the "constitution" for a common interest development. Accordingly, CC&Rs are designed to be difficult to amend. Because CC&Rs are recorded against the property, they run with the land, binding future owners to the governing documents as well as the current owners. CC&Rs often require amendments to address the changing needs of any given community that must be approved by at least a majority of *all* association members, not just those choosing to vote.

Recognizing that some CC&R changes may be necessary, and that getting a majority of members to vote much less vote yes may be nearly impossible, if an amendment to the association's CC&Rs falls short of the voting threshold required by the CCR itself, an association or member can petition a superior court to approve the amendment anyway, so long as the court finds the process was fair, the effort to reach members was diligent, and the amendment is reasonable. As a part of the court's review, it must be demonstrated that at least 50 percent of those bothering to vote did support the change.

No quorum, no problem? Not for one senior-only homeowner association, where it has been a 40-year struggle to update its CC&Rs. For one homeowner association in the author's district attempting to update their CCRs has turned into a decades-long struggle. The Third Mutual of Laguna Hills, a senior-only development that is the largest homeowner association in Laguna Woods, California, has not updated its CC&Rs since 1988. Part of the problem appears to lie in the fact that many of the residents rent units from the actual owners who may be difficult for the

association to reach and engage. The author notes that the association's managers have spent over one hundred thousand dollars on voter outreach, education, and get-out-the-vote efforts to no avail. It appears the multiple votes to update the CC&Rs have failed to achieve the 50 percent of the association quorum to meet the state standard, and that the association has struggled to win support of the 50 percent of the association's owners, as opposed to residents, needed to seek judicial review of the change.

This bill adopts a narrow pathway for senior-only homeowner associations to update CC&Rs.

Seeking to assist the Third Mutual of Laguna Hills, this bill crafts a narrow exception to the rules permitting a homeowner association to seek judicial approval of the association's proposed reforms to the CC&Rs. This bill would require only 37 percent of an association's voters to approve a CC&R update before the court would be able to review the proposal. The bill also conditions the 37 percent vote requirement to trigger judicial review so long as the association is for seniors only, contains 6,000 units, and 25 percent of those units are rented. Essentially, these conditions ensure that this bill would only apply to Third Mutual of Laguna Hills due to its large size and unique resident demographics. It should be noted that while the bill lowers the vote threshold below a majority, it does not eliminate the judicial review requirements or any of the findings that the reviewing judicial officer must make. Accordingly, if the CC&R reforms are struggling because they are truly unpopular, unsensible, or unreasonable, a neutral judge retains full discretion to reject the changes.

ARGUMENTS IN SUPPORT: This bill is sponsored by the one homeowner association it appears to assist, Third Mutual of Laguna Hills. In support of the measure they write:

Third Mutual's 67% quorum requirement would be a high bar for many HOAs and has proven impossible for us to meet. But because of Third Mutual's unique circumstances, even reaching the 50% affirmative vote of the full membership required for judicial certification has proven impossible for us, as well. As a result, our bylaws have not been updated since 1988!

The problem is that with over 6,000 units, more than a quarter of which are rented out by owners typically uninterested in governance issues, and many part time residents, we just cannot get people to vote. We've tried twice just within the last seven years and, despite hundreds of hours of volunteer time and over \$ 140,000 spent conducting the elections and trying to turn out the vote, the best we've been able to muster is a 47% turnout. Approximately 85% of the members who voted were in favor of amending the CC&Rs, but clearly, if less than half the membership votes, it is mathematically impossible to reach the 50% affirmative vote of the full membership required to petition the court for judicial approval.

AB 2035 offers a very precise approach designed to provide Third Mutual the opportunity to update our 38-year-old CC&Rs. It does so by lowering to 37% the affirmative vote required to petition the court for approval of the CC&R amendments.

REGISTERED SUPPORT / OPPOSITION:

Support

Third Mutual of Laguna Hills

Opposition

None on file

Concerns

California Association of Realtors

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