



**This bill:**

- 1) Prohibits HOA governing documents from imposing restrictions on a member's use of public roads, including parking, except for restrictions to enforce public health and safety standards and requirements imposed by local authorities.
- 2) Requires an HOA to notify association members by certified mail, return receipt requested, of a change of a person authorized to receive payment of assessments within 60 days of the change.
- 3) Makes an HOA's board liable to a homeowner for specified costs, including reconveyance fees and related expenses, and imposes a \$1,000 civil penalty, if the association fails to comply with required lien procedures.

**Background**

*HOAs.* HOAs are the legal governing bodies of common interest developments (CIDs). These developments cover a variety of community arrangements, including apartment complexes, housing cooperatives, condominiums, and planned unit developments. In 1986, California enacted the Davis-Stirling Act, which outlines the requirements for CID and HOA governance, including assessments and other fees, maintenance responsibilities, and elections. There are over 50,000 HOAs throughout California, covering 36.3% of the state's population. In L.A. County alone, there are over 16,500 HOAs.

*Davis-Stirling Act.* The Act went into effect in 1986 and is the primary state law governing CIDs and HOAs in California. The Act provides the legal framework for the creation and management of HOAs, including rules related to governance, assessments, dispute resolution, maintenance responsibilities, and member rights. The law aims to balance the authority of HOAs with the rights of individual property owners, ensuring that communities are managed efficiently and fairly. Over time, the Act has been amended to address the evolving needs of CIDs and HOAs, including increased transparency, accountability, and consumer protections. Key provisions of the Act include requirements for open meetings, financial disclosures, election procedures, and architectural review processes. The Act also provides mechanisms for resolving disputes, including internal dispute resolution and alternative dispute resolution before certain legal actions can proceed. As the majority of new housing construction in California is part of an HOA, the Act plays a critical role in shaping the environment and governance of these communities and the tens of millions of residents who reside in them.

## Comments

- 1) *Author's statement.* “Families living in HOAs deserve fairness, transparency, and clear communication from their HOA Board. Yet too often, residents face inconsistent rule enforcement and are left unaware of critical financial actions affecting their property. This bill addresses these issues by prohibiting HOAs from regulating parking on public streets except for public safety, requiring clear and verifiable notice of changes to payment systems, and establishing penalties when HOAs fail to comply with lien notification laws. By increasing accountability and transparency, this measure protects homeowners from unfair practices and ensures they are properly informed about decisions that impact their homes and finances.”
- 2) *Assessing the situation.* In an HOA, the owner(s) of each separate interest are expected to pay regular assessments to the association every year, often on a monthly basis, to cover essential operating expenses and other budgeted expenses, as determined by the board. The HOA is required to communicate who is responsible for collecting those payments—whether that’s the association itself, or a designated third-party management company. Under existing law, HOAs are required to provide a mailing address for overnight payment of assessments in the annual policy statement. If the entity, or the address of the entity, responsible for collecting those payments changes, the HOA should be notifying its members. If this notification does not occur, this can expose both the HOA and the member to harm, with an association not receiving funds essential to its operation, and a member becoming delinquent on payments. Delinquency can lead to fines and a lien on an owner’s property.

These concerns bore out in an example described by the author, where an association alleges it provided notice of the assessment recipient changing, but could not prove it. The author then missed their assessment payments, resulting in a lien on their separate interest, along with fines. This bill contains provisions to address those concerns, including more stringent requirements for the delivery of notices. This bill would require any notice of the assessment recipient changing be sent out by certified mail with return receipt. The goal is to provide proof that an HOA sent out the notice. Each HOA member would have to sign for it, which seeks to ensure the owners have notice of the change. Certified mail with return receipt for one piece of mail is approximately \$10. If this were to be required of all associations, this could have a huge fiscal impact on HOAs with larger memberships. As with any cost required for an HOA to incur, this would ultimately be passed onto the members, which means these measures could also make living in an HOA more expensive. **While this**

**provision could increase transparency, the author has agreed to amendments to require the following framework for these notices being sent out, in an attempt to reduce costs and procedural burdens while creating greater awareness of assessment recipients changing:**

- 1) For the first notice of the assessment recipient changing, the HOA shall deliver the notice by one of the following methods:**
    - a. Electronic delivery, for any HOA member who has opted into such delivery method for general notices.**
    - b. Mail with a certificate of mail, for any HOA member who has not opted into electronic delivery.**
  - 2) If after the first notice is sent out, a member has missed two consecutive assessment payments, the HOA shall deliver a second notice by certified mail with return receipt to the member.**
  - 3) The association shall also make a reasonable effort to post a physical copy of the notice in the association's common areas.**
- 3) *Consequences for consequential actions.* Under existing law, an HOA is required to recommence the notice process, prior to recording a lien on a separate interest, if the HOA does not follow the requirements of the article. As noted above in Comment 2, however, an owner may not be aware of the lien. As such, this bill seeks to impose financial liabilities on any HOA board that violates pre-lien notice requirements. It would do so by requiring a board to pay any reconveyance fee, owner fees, and a civil fine of \$1,000 to any affected separate interest owner. HOAs have difficulty recruiting members to serve on the board. If a board/board member is now required to pay fines and face civil liabilities, that could worsen such recruitment efforts and affect the ability of an HOA to function. Further, this could potentially lead to complicated legal battles between an HOA board member and an HOA member. What happens if there is a dispute over whether the board member was acting in their official duties and should not be held personally liable; or whether *every* board member must now pay the fines versus just one, and how those fees might be split? The committee may wish to consider whether there are other ways to ensure greater accountability without the potential for these unintended consequences.
- 4) *Members' Use of Public Roads.* A minor provision of this bill clarifies that an HOA may not impose restrictions on a member's use of public roads, including parking, except for specified health and safety reasons. This arises out of a

situation where the author was told she could not park on a public road, while visitors faced no restrictions for their parking on the same road. This would *not change* an HOA's ability to regulate the use of roads managed *by the association*, including parking restrictions on such. Rather, this would ensure that HOAs are not exceeding their authority and regulating roads they do not have jurisdiction over, even if they are neighboring the community.

- 5) *Opposition.* The California Association of Community Managers (CACM) expressed opposition to the bill's requirement that when the entity authorized to receive assessment payments on behalf of the HOA changes, a notice must be sent out to each member by certified mail with return receipt. Their primary concern is that this method of mail would be costly and onerous. Certified mail with return receipt would cost the HOA approximately \$9-10 per mailing. CACM also raised concern over the bill's imposition of fees on the HOA board when notice requirements are not followed and a lien is placed on a separate interest. They warn that imposing fees on the board, rather than the association, could lead to depressed willingness for members to serve on the board. The Community Associations Institute (CAI) expressed opposition to the notice requirements on the basis of cost and implementation concerns. They suggest giving an HOA more flexibility with additional notices and ability to demonstrate good faith intent prior to fees and liabilities.
- 6) *Double-referral.* This bill is also referred to the Senate Judiciary Committee.

### **Related/Prior Legislation**

**SB 1238 (Wahab, 2026)** — would provide that a person or entity that facilitates specified activities, including reviewing association operating accounts, owes a duty of care that is prudent and provides the highest good faith effort to the association and its members. *This bill is pending in the Assembly Housing and Community Development Committee.*

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

**POSITIONS:** (Communicated to the committee before noon on Wednesday, June 10<sup>th</sup>, 2026.)

### **SUPPORT:**

None received.

### **OPPOSITION:**

California Association of Community Managers (CACM)  
CAI-CLAC

**-- END --**