

Date of Hearing: April 28, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 2579 (Petrie-Norris) – As Amended March 16, 2026

As Proposed to be Amended

SUBJECT: COMMON INTEREST DEVELOPMENTS: DISCIPLINE

KEY ISSUE: SHOULD THE DEPARTMENT OF REAL ESTATE BE REQUIRED TO DEVELOP A LIST OF INFRACTIONS FOR WHICH A HOMEOWNER ASSOCIATION MAY FINE A MEMBER MORE THAN \$100?

SYNOPSIS

Homeowner associations serve as the governing system for homeowners living within a common interest development. While most homeowner associations are content to focus on managing the financial condition of the association, and planning for needed repairs, landscaping, and other maintenance, the existing law does vest homeowner association boards with the ability to fine members of the association who violate association rules. Some boards, particularly those placing a heavy emphasis on maintaining aesthetic uniformity within a community, could ruthlessly fine their neighbors for relatively minor violations of association policies. Seeking to ensure that relatively minor neighborhood disputes do not cascade into costly litigation, last year, the Legislature enacted AB 130 (Committee on Budget) Chap. 22, Stats. 2025, to cap most homeowner association fines at \$100. As a result of AB 130 several homeowner associations across the state now believe they have lost a vital tool to police the behavior of their neighbors.

This bill seeks to strike a balance between the overly punitive nature of some pre-AB 130 homeowner association enforcement regimes and ensuring that homeowner associations maintain the tools necessary to protect the health and safety of their communities. To that end, as proposed to be amended, this bill would task the Department of Real Estate with developing a list of violations for which a homeowner association could fine a member more than \$100. The bill directs the Department to take extensive stakeholder input before developing the list and requires the Department to accept public comment prior to publishing the final list in 2028.

This measure is supported by homeowner association boards and association management companies. The supporters contend that AB 130 went too far and removed important tools for homeowner associations. This measure has no known opposition. The proposed amendments were agreed to in the Committee on Housing and Community Development, which approved this bill unanimously, but to due to legislative deadlines and related logistics the amendments will be adopted by this Committee.

SUMMARY: Requires the Department of Real Estate to establish a list of violations that permit a homeowner association to fine a member more than \$100 dollars. Specifically, **this bill:**

- 1) Requires the Department of Real Estate, on or before January 1, 2028 to develop and publish a list of specified violations for which a homeowner association may impose a monetary penalty in excess of \$100, notwithstanding any other provision of law.

- 2) Requires the list developed pursuant to 1) to include clear definitions of violations and only address violations posing significant risks to health, safety, or the integrity of the common interest development.
- 3) Requires the Department of Real Estate, in developing the list of violations pursuant to 1) to focus on violations that include, but are not limited to, the following:
 - a) Violations that create a risk of fire or other life safety hazards;
 - b) Violations resulting in environmental harms;
 - c) Violations involving unpermitted construction or alterations;
 - d) Violations related to animal control and pose risks to other residents;
 - e) Violations that constitute a failure to maintain property in a manner as to create health or safety risks;
 - f) Violations that involve violence of the threat thereof; and
 - g) Violations that cause damage to common areas or facilities.
- 4) Requires the Department of Real Estate, before finalizing the list specified in 1) to seek input from the following stakeholders:
 - a) Members of common interest developments from a regionally diverse section of the state;
 - b) Members of age-restricted communities;
 - c) Members of associations on fixed incomes;
 - d) Association board members; and
 - e) Association management professionals.
- 5) Requires the Department of Real Estate to publish a list of proposed violations and accept public comment on the list prior to publishing the final list.
- 6) Clarifies that a member of a homeowner association engaged in the habitual violation of an association rule is not deemed to have cured the violation simply because they are not presently engaging in the violation at the time the association board meets to consider penalties.

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) Provides that if homeowner association's board adopts or has adopted a policy imposing any monetary penalty, including any fee, on any association member for a violation of the governing documents, including any monetary penalty relating to the activities of a guest or tenant of the member, the board must adopt and distribute to each member, in the annual policy statement, a schedule of the monetary penalties that may be assessed for those violations, which must be in accordance with authorization for member discipline contained in the governing documents. (Civil Code Section 5850 (a).)
- 3) Requires any monetary penalty imposed by a homeowner association to be reasonable. (*Ibid.*)
- 4) Requires a monetary penalty for a violation of the governing documents not exceed the lesser of the following:
 - a) The monetary penalty stated in the schedule of monetary penalties or supplement that is in effect at the time of the violation; or
 - b) One hundred dollars (\$100). (Civil Code Section 5850 (c).)
- 5) Authorizes, notwithstanding 4), a homeowner association to impose a monetary penalty exceeding \$100 if the violation may result in an adverse health or safety impact on the common area or another member's property, and requires the board to make a written finding of that impact in an open meeting prior to imposing the penalty. (Civil Code Section 5850 (d).)
- 6) Requires a homeowner association to provide written notice to a member at least 10 days prior to a meeting to consider discipline or impose a monetary charge, including the nature of the violation and the member's right to attend and be heard. (Civil Code Section 5855 (a).)
- 7) Requires a homeowner association to provide a member with an opportunity to cure a violation prior to the disciplinary hearing and prohibits discipline if the violation is cured or if the member commits to curing the violation within a reasonable timeframe. (Civil Code Section 5855 (c).)
- 8) Prohibits the imposition of interest or late fees on monetary penalties imposed by a homeowner association. (Civil Code Section 5850 (e).)

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

COMMENTS: Homeowner associations govern common interest developments, and generally exist to manage the day-to-day affairs of the association's finances and maintain common areas within the development. To effectuate these duties associations are permitted to adopt rules and guidelines for residents within the association, and in some circumstances issue fines for violations of these rules. While some fines may be reasonable, for example damaging portions of the common area, others can be considered somewhat trivial, including failing to paint one's front door an approved color or maintaining a mailbox that does not meet community guidelines. To rein in excessive penalties being imposed on residents for trivial rule violations, last year the Legislature capped such penalties at \$100 unless a violation impacted the health and safety of others within the development. (AB 130 (Committee on Budget) Chap. 22, Stats. 2025.) However, some homeowner associations now believe that AB 130 limits their ability to properly police the behavior of their neighbors. This bill would task the Department of Real Estate with

developing a list of violations that, in addition to those related to health and safety, may exceed \$100. In support of this bill the author states:

After the Legislature limited Homeowners Association fines to \$100 in 2025, there has been an uptick in violations that threaten the health and safety of residents without a meaningful deterrent. In many cases, the only way for an HOA to enforce rules is to hire an attorney and take the matter to court, which ultimately increases costs for all residents.

If one resident's actions threaten the health and safety of an entire community, an HOA needs the appropriate tools to mitigate that behavior so that the responsibility lies with the offender, not the entire community.

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.

In order to maintain the common areas of the association, existing law enables association board to adopt rules and regulations for the community. These typically include requirements that properties be maintained, that exterior construction be conducted in accordance with association guidelines, and that activities occurring within common areas adhere to various codes of conduct so as not to disturb neighbors. While many homeowner associations adopt a live-and-let-live approach to governance, only cracking down on neighbors who disturb the peace or damage the common areas, others adopt draconian rules and regulations governing nearly every aspect of a resident's life. Based on documents provided to the Committee by proponents of the bill, some associations go so far as to act as a second local government for those within the association. These associations enforce rules including association-specific speed limits, parking restrictions, rental restrictions, pet restrictions, and quiet hours. In addition to these rules, many associations strictly enforce aesthetic requirements including limits on the color and type of doors and mailboxes, mandating the use of specific roofing materials, and bans on patio furniture and security cameras.

Given complaints about overzealous enforcement of minor violations by some homeowner associations, last year, the Legislature enacted the aforementioned AB 130. That bill aimed to ensure that homeowner associations did not supplant local government and law enforcement within the association's boundaries and sought to balance the need for homeowner associations to maintain their rules while simultaneously ensuring that petty neighborhood disputes do not

lead to unnecessarily harsh financial penalties or costly litigation. However, many associations now bemoan their inability to properly police their neighborhoods.

As proposed to be amended, this bill would task the Department of Real Estate with developing a list of violations for which a homeowner association may impose a fine in excess of \$100.

The bill currently in print establishes an extensive list of violations for which fines in excess of \$100 could be imposed. However, in conversations between the staff of this Committee, the Committee on Housing and Community Development, and the author, it became clear that the list in the bill in print may be both over- and under-inclusive. To ensure that adequately addressing homeowner association fine authority does not require annual legislative updates to strike a proper balance, the author agreed to amend the bill to task the Department of Real Estate with developing the violation list discussed above. Not only will this allow a more thorough public vetting of the list but also enable the Department to utilize the regulatory process to more swiftly update the list should the need arise. Accordingly, proposed amendments will remove the list of violations in the bill in print and replace that language with provisions tasking the Department of Real Estate with developing the violation list.

Recognizing that some homeowner associations may need greater fine authority than provided in AB 130, this bill would task the Department of Real Estate with developing a list of violations for which an association could impose penalties in excess of \$100 by 2028. The bill outlines the types of violations that the Department is required to focus on, largely those related to community safety, but also provides the Department with latitude to make its decisions on what violations to include in the final list. The bill requires the Department of Real Estate to conduct extensive stakeholder engagement when crafting the list, including seeking input from association boards, members from associations from a geographically diverse area of the state, and from association members on fixed incomes. The bill requires the Department to publish a preliminary list of violations that would permit penalties in excess of \$100 and requires the Department to receive and consider public comment before publishing the final list of violations sufficiently severe to warrant exceeding the \$100 cap.

ARGUMENTS IN SUPPORT: This bill is supported by both homeowner association board and homeowner association management companies. In support of the bill, the California Association of Community managers writes:

Homeowner associations are an important part of California's housing stock, as they are self-sufficient communities that alleviate local governments of various obligations and maintain the quality of life for its residents. One of the most fundamental obligations of an association is to protect its members from health and safety violations such as fire hazards, unstable structures, uninhabitable conditions and physical threats by other residents. Under current law, none of these would be able to be enforced beyond a one-time \$100 fine, which does little to deter significant misconduct. Because of this overly broad cap, boards of directors have been unable to fulfill their fiduciary duty to their residents.

AB 2579 builds off the existing health and safety exception in current law and refines it to create a process where health and safety violations that may exceed the \$100 cap. We believe that AB 2579 enhances the health and safety of homeowners, allows associations to function more effectively, and preserves the protection for homeowners from being fined for minor infractions.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Community Managers
California Building Industry Association
Community Associations Institute - California Legislative Action Committee

Opposition

None on file

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