

Date of Hearing: January 13, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Marc Berman, Chair

AB 739 (Jackson) – As Amended January 5, 2026

NOTE: This bill is double referred and if passed by this Committee will be re-referred to the Assembly Committee on Housing and Community Development.

SUBJECT: Common interest developments: managing agent fees: executive officer training.

SUMMARY: Requires that the annual policy statement sent to members of a common interest development by a homeowners' association (HOA) include a statement of all fees charged by the managing agent employed by the association, requires the Department of Real Estate (DRE) to develop an education course for executive officers of the association that is validated by the Secretary of State, and requires that executive officers complete 12 hours of education within a specified timeframe.

EXISTING LAW:

- 1) Establishes the Real Estate Law to provide for regulation of real estate salespersons, real estate brokers, transactions associated with the purchase or lease new homes or subdivided interests, and the sales of timeshare interests to consumers in California. (Business and Professions Code (BPC) §§ 10000 *et seq.*)
- 2) Establishes the DRE to administer the Real Estate Law. (BPC § 10004)
- 3) Provides for the DRE's administration of the Subdivided Lands Act and the Vacation Ownership and Timeshare Act of 2004. (BPC §§ 11000 *et seq.* and 11240 *et seq.*)
- 4) Requires that any person intending to offer subdivided lands in California for sale or lease to file an application for a public report with the DRE consisting of a notice of intention and a completed questionnaire that includes specified information related to the proposed project. (BPC § 11010)
- 5) Requires that, upon issuance of a public report, a copy shall be given to the prospective purchaser by the owner, subdivider or agent. (BPC § 11018.1(a))
- 6) Requires that, if the subdivision is a common interest development, the owner shall give a statement to the prospective purchaser at the same time that a copy of the public report is given detailing their rights and obligations as a member of a common interest development. (BPC § 11018.1(c))
- 7) Defines a "common interest development manager" as an individual who for compensation, or in expectation of compensation, provides or contracts to provide management or financial services, or represents himself or herself to act in the capacity of providing management or financial services to a [*homeowners'*] association. (BPC § 11501(a))
- 8) Clarifies that a "common interest development manager" also means:

- a) An individual who is a partner in a partnership, a shareholder or officer in a corporation, or who, in any other business entity acts in a capacity to advise, supervise, and direct the activity of a registrant or provisional registrant, or who acts as a principal on behalf of a company that provides the services of a common interest development manager.
- b) An individual operating under a fictitious business name who provides the services of a common interest development manager.

(BPC § 11501(b))

- 9) Establishes that a person may only call themselves a “certified common interest development manager” if they meet certain qualifications and training requirements. (BPC §§ 11592-11506)
- 10) Establishes the Davis-Stirling Common Interest Development Act, which governs the formation, development, and maintenance of common interest development properties in California. (Civil Code (CIV) §§ 4000 *et. seq.*)
- 11) Requires the board of an HOA to send an annual policy statement to its members, within 30 to 90 days before the end of its fiscal year, containing information about association policies that includes specified information. (CIV § 5310)
- 12) Requires that, to the extent funds are available, the Department of Consumer Affairs and the DRE shall develop an online education course for HOA board members regarding the role, duties, laws, and responsibilities of directors and prospective directors, and the nonjudicial foreclosure process. (CIV § 5400)
- 13) Requires that, unless their governing documents impose a more stringent standard, the board of an HOA shall review the following on a monthly basis:
 - a) A current reconciliation of the HOA’s operating accounts;
 - b) A current reconciliation of the HOA’s reserve accounts;
 - c) The current year’s actual operating revenues and expenses compared to the current year’s budget;
 - d) The latest account statements prepared by the financial institutions where the HOA has its operating and reserve accounts;
 - e) An income and expense statement for the HOA’s operating and reserve accounts; and
 - f) The check register, monthly general ledger, and delinquent assessment receivable reports.

(BPC § 5500)

THIS BILL:

- 1) Requires that the annual policy statement sent by a board of an HOA to its membership also include a statement of all fees charged by the managing agent.

- 2) Requires the DRE to develop an education course for executive officers of an HOA that is validated by the Secretary of State and includes content regarding all of the following:
 - a) Information on the monthly review requirements for board members;
 - b) Fiduciary duties;
 - c) Management duties; and
 - d) All other applicable provisions of the Davis-Sterling Act.
- 3) Requires each of the following, commencing on the date of the development of the education course:
 - a) An executive officer appointed or elected on or before the date of development of the education course shall complete 12 hours of the education course within two years of the date of the development; and
 - b) An executive officer appointed or elected after the date of the development of the education course shall complete 12 hours of the course within two years of appointment or election to their officer position.
- 4) Clarifies that, for purposes of this bill, “executive officer” means the president, vice-president, treasurer, or secretary of the HOA.

FISCAL EFFECT: Unknown; this bill is keyed fiscal by the Legislative Counsel.

COMMENTS:

Purpose. This bill is sponsored by the author. According to the author:

Fees charged by HOA managing agents are often complex and confusing for association members who want to understand exactly what they are paying and want insight into third-party vendors. AB 739 is a transparency measure to require a summary of HOA fee information be provided to the association’s board members while guaranteeing homeowners the right to access this information. Providing HOA members with clear, digestible fee information is critical to ensure they can make informed decisions about their communities.

Background.

Department of Real Estate. In 1917, the Legislature passed the Real Estate Law and created the California Real Estate Commission. Following a lengthy constitutional challenge in the courts, the 1919 Realty Act created the State Real Estate Department, which became operational in November of 1919. The current DRE, the successor entity of that earlier department, is empowered to enforce the Real Estate Law (Business and Professions Code (BPC) § 10000 et seq.), the Subdivided Lands Act (BPC § 11000 et seq.), and the Vacation Ownership and Timeshare Act of 2004 (BPC § 11240 et seq.). DRE regulations are found in Title 10 of the California Code of Regulations (10 CCR), § 2705 et seq.

The Real Estate Law requires licensure of persons who: 1) represent sellers and buyers of real property or business opportunities; 2) represent tenants and landlords in the rental or leasing of

real property or business opportunities; 3) assist persons involved in land transactions with the federal or state government; 4) solicit for, negotiate, or service mortgage loans; and 5) represent buyers and sellers in exchanges of real property sales contracts and provides services to those who are contract holders.

The Subdivided Lands Act protects consumers who purchase or lease new homes or subdivided interests in California. This law requires the developer of subdivided interests to seek and obtain a Subdivision Public Report from DRE. This report is designed by law to protect the public from fraud and misrepresentation by documenting the developer's commitments to consumers. The Vacation Ownership and Timeshare Act of 2004 provides parallel consumer protections relating to the sales of timeshare interests to consumers in California.

Pursuant to these required public reports, developers must disclose a host of specific information related to the size, scope, impact, and estimated costs of the proposed project to DRE. Specific to common interest developments (CID)s, these reports must include details regarding the proposed HOA that will manage the development, estimated operational expenses to continually maintain the CID, and other relevant information including "any unusual or potentially harmful financial or conveyance arrangements¹".

Common Interest Developments. Common interest developments (CIDs) are property developments characterized by a separate, private ownership of dwelling space coupled with an undivided interest in a common property, restricted by covenants and conditions that limit the use of common area, and the separate ownership interests and the management of common property and enforcement of restrictions by an HOA. There are over 50,000 CIDs in the state that range in size from three to 27,000 units, with the average CID having 286 residents. CIDs make up roughly 4.7 million housing units, and 36% of Californians (over 14 million Californians) live in a CID. These rates are even higher for homeowners, with approximately 65% of homeowners living in a CID. CIDs include condominiums, community apartment projects, housing cooperatives, and planned unit developments. CIDs must abide by the Davis-Stirling Common Interest Development Act as well as the governing documents of the HOAs, including bylaws, declaration, and operating rules.

Davis-Stirling Common Interest Development Act. The Davis-Stirling Act went into effect in 1986 and is the primary body of law governing CIDs 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 Davis-Stirling Act has been amended to address the evolving needs of CIDs and to increase transparency, accountability, and consumer protections. Key provisions 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 CIDs continue to represent a significant portion of California's housing stock, the Davis-Stirling Act plays a critical role in shaping the living environment and governance of millions of residents across the state.

¹ California Department of Real Estate, *Subdivision Public Report Application Guide*, June 2011.

HOAs and Community Managers. HOAs are governed by volunteer board members and are comprised of residents of the CID. Often, an individual buying property in a CID are obligated to join the HOA as part of their condition of sale. HOAs are responsible with setting and enforcing rules or restrictions over the CID, maintaining the common areas of the property, communicating with property owners within the CID, and collecting dues or fees from members of the CID.

In order to facilitate the day-to-day operations of a common interest community, HOAs will often contract with outside entities and professionals such as attorneys, CPAs, landscapers, and property management companies. There are even many individuals and companies serving as full-suite “common interest development managers”, or “community managers”, that HOAs can contract with to handle the majority of responsibilities for managing a CID. Among other duties, they organize and attend board meetings, prepare board agendas and accompanying materials, prepare and provide notices on behalf of the association, enforce disciplinary actions, handle requests from vendors, and maintain general accounting.

Moreover, the Business and Professions Code provides a title-protected pathway for a person to become a “certified common interest development manager”. The certification program requires a certified common interest development manager to successfully complete at least 30 hours of education in laws relevant to CIDs such as the Davis-Stirling Act, the Unruh Civil Rights Act, the California Fair Employment and Housing Act, and the American Disabilities Act. It also requires training in managerial and business skills such as risk management, insurance coverage, contract negotiation, ethics and professional conduct, supervision of employees, and more. These trainings are administered by professional associations that must meet a number of qualifications, and these associations may require additional trainings or education requirements for their respective certification program. For example, the California Association for Certified Managers (CACM) requires 30 hours of continuing education every three years for all individuals they certify to maintain current status, and offers a “master” certification program that can be obtained through an additional 20 hours of continuing education.

There has been increasing controversy surrounding the relationship between HOAs and managing agents, particularly in the author’s district. According to the author, concerns from homeowners have arisen regarding management of their respective HOA, including the managing and transparency of finances. Some homeowners, and even HOA board members, allege that management companies obfuscate the fees they charge for services rendered, passing on higher costs to the HOA and members of the community. While language contained in the Davis-Stirling Act gives homeowners the right to inquire about all fees, contracts, and operations conducted by their respective HOA—and, resultantly, the management company the HOA works with—the author contends that the complexity of searching for this information disincentivizes Californians from using this right.

Consequently, the author has amended this measure, which previously required community managers to obtain a real estate broker license, to instead bring greater transparency and up-to-date information to HOA board members and homeowners alike. This bill would require that “a statement of all fees charged by the managing agent” be included in the annual policy statement that HOAs send to homeowners. Additionally, this bill would require the DRE to develop an education course, validated by the Secretary of State, for executive officers of HOAs that includes information related to the fiduciary, management, and reporting duties of the association. The bill requires that, upon development of the education course, executive officers of HOAs shall complete a mandatory 12 hours of training, either within two years of the creation

of the course (for executive officers appointed or elected prior to the course development), or within two years of appointment or election of a new executive officer.

Current Related Legislation. None on file.

Prior Related Legislation. AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, enacted statutory changes to facilitate implementation of the Budget Act of 2025 as it relates to housing and homelessness, including capping HOA disciplinary fines and adding electronic voting rules.

AB 1410 (Rodriguez), Chapter 858, Statutes of 2022, made various updates and changes to the Davis-Sterling Common Interest Development Act, including imposing limits on scenarios under which HOA boards may take disciplinary action against members.

ARGUMENTS IN SUPPORT:

This bill is supported by the **California Association of Realtors**, the **Inland Valleys Association of Realtors**, the **Greater Palm Springs Realtors**, and the **California Desert Association of Realtors**. In a joint letter of support, they write: “AB 739 seeks to provide a very basic level of transparency to help HOA boards as well as community members understand what they are paying for their professional management. It’s truly not much more than a law that requires a simple, yearly, summarized receipt to the community that paid the bills.”

ARGUMENTS IN OPPOSITION:

The **California Association of Community Managers** are opposed to this bill unless it is amended to “clarify that the fees to be provided to the board are the total base fee, fee schedule charges and reimbursable expenses,” and to “allow homeowners to receive this information upon request.”

The **Community Associations Institute** is opposed to this bill unless it is amended to “remove the mandatory training requirement” and requests the author “work with stakeholders on alternative approaches that support, rather than hinder, volunteer board service.”

POLICY ISSUE(S) FOR CONSIDERATION:

Barriers to Board Recruitment. As described in the analysis, the board of an HOA is entirely comprised of volunteers from the community. In a letter to this committee, the Community Associations Institute—which represents roughly 55,000 CIDs and their respective HOAs—notes that recruitment of willing residents to serve on the board of an HOA is already a difficult process. Service on the board of an HOA is not only a time commitment to attend meetings and conduct business, but many board members must often handle additional requests, communications, or grievances from community residents. Requiring 12 hours of mandatory training in order to serve as an executive officer may further hinder board recruitment, and particularly make it harder for HOAs to recruit young and diverse members of the community that can offer valuable perspective.

The bill also does not clarify what party would be responsible for paying for training. It is unreasonable to place additional financial burden on individuals volunteering to serve on the

board. At the same time, if the HOA itself must pay for the training, this would increase housing costs by passing down increased administrative cost of the HOA to homeowners.

Education Course Development and Administration. This bill tasks the DRE with developing and administering the mandatory education course for HOA executive officers. This would be an unprecedented shift in the DRE's responsibilities; typically, the DRE approves or certifies required trainings, but the actual courses are developed and administered by outside entities, typically third-party vendors or nonprofit trade associations.

Additionally, the wider topic of community interest developments and HOAs are generally outside of the scope of the DRE. Beyond initial approval of a public report by developers, where the DRE has insight into the operational and financial structure of a proposed HOA, the DRE has little oversight of CIDs, HOAs, or community managers. In fact, the Davis-Stirling Act is largely enforced through private legal action.

AMENDMENTS:

To address the policy concerns raised in this analysis, strike Section 2 from the bill, with amendments to be adopted in the Assembly Committee on Housing and Community Development.

REGISTERED SUPPORT:

California Association of Realtors
California Desert Association of Realtors
Greater Palm Springs Realtors
Inland Valleys Association of Realtors

REGISTERED OPPOSITION:

California Association of Community Managers (*unless amended*)
Community Associations Institute - California Legislative Action Committee (*unless amended*)

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