

Date of Hearing: January 14, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

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

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

SUMMARY: Requires the annual policy statement of common interest developments (CIDs) to include a statement of all fees charged by a homeowner's association's (HOA's) managing agent and requires the Department of Real Estate (DRE) to develop an education course for HOA executive officers. Specifically, **this bill**:

- 1) Adds a statement of all fees charged by the HOA managing agent (property manager) to the list of required materials to be included in an HOA board's annual policy statement, which is provided to all HOA members within 30 to 90 days before the end of each fiscal year.
- 2) Requires DRE to develop an education course for HOA executive officers that is validated by the Secretary of State. The education course must include training on:
 - a) Information on the duties of the HOA board, including the board's role in reviewing all major financial statements and account activity.
 - b) Fiduciary duties;
 - c) Management duties; and
 - d) All other applicable provisions of the Davis-Stirling Act.
- 3) Requires an executive officer to complete the education course in 2), consisting of 12 hours of education, within one of the following timeframes:
 - a) Two years of the date of the development of the education course for executive officers appointed or elected before the date of the development of the course; or
 - b) Two years of appointment or election for executive officers appointed or elected after the course is developed.
- 4) Defines "executive officer" as the president, vice president, secretary, or treasurer of the HOA.

EXISTING LAW:

- 1) Requires each HOA board to distribute an annual policy statement that provides members with information about association policies within 30-90 days before the end of the fiscal year that includes all of the following information:
 - a) The name and address of the person designated to receive official communications to the HOA;

- b) A statement explaining that an HOA member can request to have notices sent to up to two different addresses;
 - c) The location, if any, designated by the HOA for the posting of any general notices;
 - d) Notice that a member may receive general notices by individual delivery;
 - e) Notice of a member's right to receive copies of any meeting minutes;
 - f) The statement of HOA assessment collection policies;
 - g) A statement describing the HOA's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments;
 - h) ~~A~~ statement describing the HOA's discipline policy, if any, including any schedule of penalties for violations of the governing documents;
 - i) A summary of HOA dispute resolution procedures;
 - j) A summary of any requirements for association approval of a physical change to property; and
 - k) The mailing address for overnight payment of assessments. (Civil Code (CIV) 5310)
- 2) Requires an HOA to distribute an annual budget report within 30-90 days of the end of the fiscal year. (CIV 5300).
 - 3) Allows an HOA member to inspect association records, including management contracts and corresponding invoices. (CIV 5200 & 5210)
 - 4) Establishes an optional certification program for "certified common interest development manager(s)." Business and Professions Code (BCP) 11502.

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: 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."

Common Interest Developments: 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. They are characterized by a separate 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. CIDs are governed by the Davis-Stirling Common Interest Development Act (the Act) as well as the governing documents of the association, including bylaws, declaration, and operating rules.

Davis-Stirling Common Interest Development Act: The 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.

Annual Policy Statements and Budget Reports: Under the Act, each HOA board must provide all HOA members with an Annual Policy Statement (Statement) before the end of each fiscal year, summarizing key HOA rules, procedures, and member rights. The Statement functions as a practical, consolidated reference for how the HOA operates. It must include basic contact and notice information, explain members' options for receiving official HOA communications and meeting materials, and outline core governance policies like assessment collection and enforcement, lien and legal remedies for nonpayment, disciplinary and penalty policies, dispute resolution procedures, and any requirements for obtaining HOA approval for physical changes made to a member's property. The Statement must also identify where HOA general notices are posted and must provide the address where members can send overnight payments of assessments. The Statement is meant to promote transparency and ensure members have clear, accessible information about their rights and the HOA's day-to-day practices.

This bill would add a requirement for the Statement to include a list of all fees charged to the HOA by the HOA property manager. In doing so, this bill seeks to increase transparency for HOA members on how their money is being spent. However, under current law, HOAs are already required to annually provide all members with the budget and year-end financial statements each fiscal year, which include the fees charged by the managing agent, through the Annual Budget Report. Homeowners are also currently allowed to inspect HOA records, which include property management contracts and corresponding invoices, under current law.

In light of the existing requirements under the Davis-Stirling Act, the Committee may wish to consider whether the Annual Policy Statement is the appropriate place for HOA members to receive access to this information, and whether all members of each HOA across the state will want that level of detail on property management fees included in their Policy Statement. The Committee may instead wish to consider alternative ways to expand member access to details of fees charged to the HOA by the management company, such as a requirement to make a detailed

fee breakdown available for electronic delivery upon member request. This approach may strike a better balance between increased transparency (providing a member with the requested information without them having to search through all HOA records) and feasibility for the HOA (reducing the burden of preparing Annual Policy Statements and avoiding providing members with information that may not be useful to them).

Mandatory Certification through DRE: This bill would add a new certification requirement to the Davis-Stirling Act, requiring all HOA “executive officers,” defined as the president, vice president, secretary, or treasurer of the HOA, to obtain a mandatory certification developed and administered by DRE. Currently, DRE’s primary involvement with HOAs comes through the Subdivided Lands Act as part of its subdivision public report approval process. When a developer creates a CID, DRE must review and issue a Subdivision Public Report before sales occur. To secure this report, the developer must disclose detailed information about the formation, structure, financial obligations, and projected operations of the HOA. This gives DRE a front-end regulatory role, ensuring that the HOA is set up transparently and that consumers are warned about financial or governance issues before homes are sold. After formation, DRE does not regulate HOA operations; that authority shifts to Davis-Stirling (Civil Code) and local enforcement mechanisms. As such, DRE’s involvement is consumer protection at the point of home sale, not ongoing HOA oversight.

All executive officers would be expected to complete this new 12-hour training within either two years of DRE’s development of the training for existing officers, or two years of election for officers elected after the training is developed. The training developed by DRE would be required to cover the duties of the HOA board, fiduciary duties, management duties, and training on all other applicable provisions of the Act.

Requiring this training may increase each HOA’s compliance with the Act and could help ensure that HOA Boards have a baseline understanding of their legal, fiduciary, and management obligations under the Act. At the same time, the requirement may impose new administrative and cost burdens on associations and volunteer board members, particularly for small or self-managed HOAs with limited resources. The 12-hour training requirement could discourage participation in HOA leadership roles or exacerbate existing vacancies in executive officer positions. Furthermore, this requirement would shift DRE’s involvement in HOAs from a front-end regulatory role at the point of sale, to an ongoing role in regulating HOA governance and training the executive board. As such, the Committee may wish to consider striking the requirement for mandatory certification of HOA executive officers through DRE from the bill.

Arguments in Support: The California Association of REALTORS, the California Desert Association of REALTORS, Inland Valley Association of REALTORS, and the Greater Palm Springs REALTORS, write in support: “All of the information that AB 739 would require should technically be available to HOA board members and their community members under existing regulations and practices. However, until that information is required to be provided in a simplified, usable form, it will remain elusive. In conclusion, AB 739 is a modest measure which represents a straightforward, common-sense step toward greater transparency and accountability in California’s HOAs. By requiring an annual, easy-to-understand disclosure of all management fees—both base and additional charges—this legislation empowers boards and homeowners to make informed decisions about their communities.”

Arguments in Opposition: The California Association of Community Managers (CACM) writes in an oppose unless amended position: “CACM agrees that the board of directors should have clear visibility into the fees charged by managing agents, and that homeowners also have a right to access this information. Current law requires the association to annually provide all homeowners with the budget and year-end financial statements, which show the fees charged by the managing agent. Current law also allows homeowners to inspect association records, which include the management contract, as well as corresponding invoices.

Accordingly, we respectfully oppose AB 739 unless it is amended to:

1. Clarify that the fees to be provided to the board are the total base fee, fee schedule charges and reimbursable expenses.
2. Allow homeowners to receive this information upon request.”

Committee Amendments: To address the policy considerations outlined in this analysis, the committee may wish to consider the following amendments:

- 1) Strike all existing provisions from the bill.
- 2) Create the following new Civil Code Section 5378:

5378. The association shall deliver through electronic means a statement of fees charged by the managing agent as, as described in subparagraph (e) of Section 5500, upon written request by a member.

- 3) Amend CIV 5500 as follows:

5500. Unless the governing documents impose more stringent standards, the board shall do all of the following:

...

(e) Review, on an annual basis, a statement of fees charged by the managing agent, including the following:

(1) The reporting period covered by the disclosure.

(2) The total number of residential units in the association during the reporting period.

(3) The total amount billed and paid by the association to the management company during the reporting period.

(4) A breakdown of the total amount described in (3), into the following categories:

(i) Base management fee, which include amounts paid pursuant to fixed or recurring compensation specified in the management agreement.

(ii) Fee-schedule charges, which include amounts paid for additional or optional services provided pursuant to a fee schedule adopted by the board of directors as part of the management agreement.

(iii) Reimbursable expenses, which include amounts paid to reimburse the management company for third-party costs or expenses incurred on behalf of the association

Double Referred: This bill was also referred to the Committee on Business and Professions, where it will be heard on January 13, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

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

Opposition

California Association of Community Managers (CACM)
Community Associations Institute California Legislative Action Committee

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