

ASSEMBLY THIRD READING

AB 739 (Jackson)

As Amended January 15, 2026

Majority vote

SUMMARY

Requires a homeowner's association (HOA) to electronically deliver a statement of fees charged by the HOA managing agents (property managers), upon the written request of a HOA member, and requires the HOA board to review the statement of fees on an annual basis.

Major Provisions

- 1) Requires the HOA to electronically deliver a statement of fees charged by the property manager to any HOA member upon written request.
- 2) Requires the HOA board to annually review a statement of fees charged by the property manager, which includes the following:
 - a) The reporting period covered by the fee disclosure;
 - b) The total number of homes in the HOA during the reporting period;
 - c) The total amount billed and paid by the HOA to the management company during the reporting period;
 - d) A breakdown of the total amount in 2) c), in the following categories:
 - i) Base management fees, 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; and
 - iii) Reimbursable expenses, which include amounts paid to reimburse the management company for third-party costs or expenses incurred on behalf of the association.

COMMENTS

Common Interest Developments (CIDs): 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.

HOA Transparency: 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.

HOAs are also 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. There are generally three types of fees that a property management company may charge to an HOA: base management fees, fee schedule charges, and reimbursable expenses. Base management fees include amounts paid pursuant to fixed or recurring compensation specified in the property management contract. A property management company may also charge one-off fees, known as 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 property management agreement. Lastly, a property management company may charge a HOA for reimbursable expenses, such as expenses for third party costs or expenses paid for by the property manager on behalf of the HOA.

This bill seeks to increase transparency regarding fees charged to HOAs by property managers. It would require the HOA board to annual review a statement of fees charged to the HOA by the property manager, which must include the following information:

- 1) The reporting period covered by the fee disclosure;
- 2) The total number of homes in the HOA during the reporting period;

- 3) The total amount billed to and paid by the HOA to the management company;
- 4) A breakdown of the total amount paid by the following charges:
 - a) Base management fee;
 - b) Fee schedule charges; and
 - c) Reimbursable expenses.

Under this bill, any member of the HOA can request this schedule of property management fees in writing, and the HOA must electronically deliver it to the requestor.

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."

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

None on file for current bill version.

FISCAL COMMENTS

None.

VOTES

ASM BUSINESS AND PROFESSIONS: 17-0-1

YES: Berman, Ahrens, Alanis, Bains, Bauer-Kahan, Caloza, Chen, Elhawary, Hadwick, Haney, Irwin, Jackson, Krell, Lowenthal, Macedo, Nguyen, Pellerin

ABS, ABST OR NV: Johnson

ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-0-1

YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks

ABS, ABST OR NV: Wilson

UPDATED

VERSION: January 15, 2026

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FN: 0002216