

SENATE RULES COMMITTEE

AB 739

Office of Senate Floor Analyses

(916) 651-4171

THIRD READING

Bill No: AB 739
Author: Jackson (D)
Amended: 8/21/26 in Senate
Vote: 21

SENATE HOUSING COMMITTEE: 10-0, 6/10/26

AYES: Arreguín, Seyarto, Cabaldon, Caballero, Cortese, Durazo, Grayson, Ochoa
Bogh, Padilla, Pérez

SENATE JUDICIARY COMMITTEE: 11-0, 6/16/26

AYES: Umberg, Niello, Allen, Caballero, Durazo, Laird, Reyes, Stern,
Valladares, Wahab, Wiener

NO VOTE RECORDED: Ashby, Weber Pierson

ASSEMBLY FLOOR: 75-0, 1/29/26 - See last page for vote

SUBJECT: Common interest developments: managing agent fees

SOURCE: Author

DIGEST: This bill requires a homeowner's association (HOA) board to review the fees charged by a managing agent on an annual basis, and provide an electronic copy of the fees upon written request of an association member.

Senate Floor Amendments of 8/21/26 address chaptering conflicts with SB 1238 (Wahab).

ANALYSIS:

Existing law:

- 1) Requires an HOA board to distribute an annual budget report and policy statement 30-90 days before the end of the fiscal year, that provides members

with information about association policies and 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.
- 2) Requires an HOA Board, notwithstanding more stringent standards, to review all of the following on a monthly basis:
- a) A current reconciliation of the association's operating accounts.
 - b) A current reconciliation of the association'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 association has its operating and reserve accounts.

- e) An income and expense statement for the association's operating and reserve accounts.
 - f) The check register, monthly general ledger, and delinquent assessment receivable reports.
- 3) Allows an HOA member to inspect association records, including management contracts and corresponding invoices.

This bill:

- 1) Requires an HOA to deliver, through electronic means, a statement of fees charged by the managing agent, upon written request by a member.
- 2) Requires an HOA Board, notwithstanding more stringent standards, to review a statement of fees charged by the managing agent on an annual basis, including:
 - a) The reporting period covered by the disclosure.
 - b) The total number of separate interests in the association during the time period covered by the statement of fees.
 - c) The total amount billed and paid by the association to the managing agent during the time period covered by the statement of fees.
 - d) The breakdown of the total amount described in (c) into 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.
 - iii) Reimbursable expenses, which include amounts paid to reimburse the managing agent for third-party costs or expenses incurred on behalf of the association.

Background

Davis-Stirling Act (Act). The Act went into effect in 1986 and is the primary state law governing Common Interest Developments (CIDs) 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.

Annual Policy Statements and Budget Reports. Under the Davis-Stirling Act, each HOA must provide an annual policy statement and annual budget report to each member before the end of each fiscal year, as specified. Where the annual policy statement summarizes key rules, procedures, and member rights, the annual budget report includes the association's pro forma operating budget, a summary of its reserves, and a variety of financial statements, as specified. The combination of these two documents are intended to promote transparency and good governance within associations and ensure members receive the information they need.

Comments

- 1) *Author's statement.* "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."
- 2) *Promoting clarity in statute.* Existing law already requires the fees charged by a managing agent to be included in an association's pro forma operating budget and/or its annual budget report. Additionally, association members are already permitted to inspect association records, including management contracts and corresponding invoices. The existing provisions are intended to address concerns that managing agent fees are unchecked and difficult to find. This bill additionally requires an association to deliver an electronic statement of

managing fees to any member, upon written request. Further, this bill details the kinds of financial information related to managing agents that HOA Boards should be reviewing on a regular basis. These proposals appear narrowly tailored to achieve the impact of greater transparency in HOAs when an association contracts with a managing agent for their services.

3) *Double-referred*. This bill was heard in the Senate Judiciary Committee on June 16th, where it received a vote of 11-0.

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

SUPPORT: (Verified 8/21/26)

California Association of Realtors

OPPOSITION: (Verified 8/21/26)

None received.

ARGUMENTS IN SUPPORT: The California Association of Realtors write in support of this bill, stating that it will help increase transparency in HOAs and ensure homeowners are more informed about the duties and responsibilities of the HOA management company they pay for.

ARGUMENTS IN OPPOSITION: None received.

ASSEMBLY FLOOR: 75-0, 1/29/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Arambula, Gipson, Ransom, Celeste Rodriguez, Valencia

Prepared by: Ryan Hardmeyer / HOUSING / (916) 651-4124
8/24/26 12:12:10

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