

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1184 (Patterson)
Version: January 15, 2026
Hearing Date: June 30, 2026
Fiscal: No
Urgency: No
ID

SUBJECT

Common interest developments: association management and meeting procedures

DIGEST

This bill prohibits a majority of the board of directors of a homeowner's association from communicating by a series of communications outside of a board meeting, as specified, and requires the board to disclose in annual budget reports when the homeowner's association becomes involved in litigation, and makes various other changes to the laws regarding homeowner's associations.

EXECUTIVE SUMMARY

Common Interest Developments (CIDs) are self-governing housing developments comprised of individually-owned housing units and common space that all homeowners and residents of the common interest development can enjoy. The rules for CIDs are tightly prescribed by law, and are governed by a homeowner's association (HOA). The HOA is responsible for maintaining common areas, and is responsible for the repair of interruptions of utilities that begin in the common area. The HOA is governed by a board of directors elected by the members of the HOA, who may only make decisions of the board at open meetings. HOA elections must be conducted by secret ballot, and must follow specified procedures.

The author of this bill, AB 1184, asserts that it will increase transparency within HOAs and their boards by prohibiting a majority of the board from communicating outside of a board meeting by a series of communications to deliberate or act on any item of business, except in an emergency, and except for informational or ministerial communications. It also requires that, if an HOA becomes involved in litigation, the board provide notice of this litigation as part of its annual budget report, and must list the case name in any minutes regarding an executive session in which the litigation was considered. AB 1184 also requires electronic recordings of open board meetings to be

treated as association records open to inspection by members, and requires minutes of board meetings to include specified information, among other changes.

AB 1184 is author-sponsored, and the Committee has received no letters of support. It is opposed by the California Association of Realtors and one individual. It previously passed out of the Senate Housing Committee by a vote of 10 to 0.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the Davis-Stirling Common Interest Development Act (Act), providing rules and regulations governing the establishment and operation of residential common interest developments (CIDs) and the rights and responsibilities of a CID's homeowner association (HOA) and its members. (Civ. Code §§ 4000 et seq.)
- 2) Specifies that a CID is created whenever a separate interest coupled with an interest in a common area or membership in an association is conveyed, provided that a declaration, condominium plan, if any, and a final map or parcel map are recorded. (Civ. Code § 4200.)
- 3) Requires HOA elections regarding assessments that legally must be voted on, the installation and removal of HOA board of directors, amendments to the governing documents, and the grant of an exclusive use of common area be held by secret ballot, as specified. Requires an HOA to hold an election for a board of directors seat at the expiration of the corresponding director's term and at least once every four years. (Civ. Code § 5100.)
- 4) Requires the board to provide general notice of a proposed rule change at least 28 days before making the rule change, except when the board determines that an immediate rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the HOA. Requires the HOA to provide, as soon as possible after making a rule change, but no more than 15 days after, a general notice of the rule change, which must include the text of the rule change, a description of the purpose and effect of the rule change, and the date that the rule change expires. (Civ. Code § 4360.)
- 5) Prohibits the board from taking any action on any item of business outside of a board meeting, and prohibits the board from conducting a meeting via a series of electronic transmissions, including electronic mail, except for an emergency board meeting. For an emergency board meeting by electronic transmissions, all directors must consent to the meeting by electronic transmissions, and the written consents must be filed with the minutes of the board meeting. (Civ. Code § 4910.)

- 6) Permits the board to adjourn to, or meet in, executive session to consider litigation, matters relating to the formation of contracts with third parties, member discipline, personnel matters, or to meet with a member, upon the member's request, regarding payment of assessments, and specifies that any matter discussed in executive session must be generally noted in the minutes of the immediately-following board meeting that is open to the entire membership. (Civ. Code § 4935.)
- 7) Specifies that the minutes, minutes proposed for adoption, or a summary of the minutes of any board meeting, other than an executive session, must be available to members within 30 days of the meeting, and must be distributed to any member upon request and upon reimbursement of the HOA's costs for that distribution. (Civ. Code § 4950.)
- 8) Requires all votes of an HOA election to be counted and tabulated by the inspector or inspectors of elections, or their designee, in public at a properly noticed open meeting of the board or members, and permits any candidate or other member of the HOA to witness the counting and tabulation of votes. Requires the tabulated results to be promptly reported to the board and recorded in the minutes of the next meeting of the board and made available for review by members of the HOA. (Civ. Code § 5120.)
- 9) Requires the HOA to make available association records, as defined, available for specified time periods and on specified timeframes for inspection and copying by a member upon request, and permits the HOA to bill the requesting member for the direct and actual cost of copying and mailing requested documents, as specified. (Civ. Code §§ 5200-5205.)
- 10) Permits a member to bring an action to enforce that member's right to inspect and copy association records, and specifies that, if a court finds that the HOA unreasonably withheld access to the records, the court must award reasonable costs and expenses, including reasonable attorney's fees, and may assess a civil penalty of up to 500 dollars for the denial of each separate written request. (Civ. Code § 5235.)

This bill:

- 1) Specifies that, if an emergency rule change is made by the board, the general notice about the rule change must include the text of the rule change, a description of the purpose and effect of the rule change, and the date when the rule change will expire.
- 2) Prohibits a majority of directors from using, outside of a meeting otherwise authorized, a series of communications to deliberate or act on any item of business within the authority of the board, except in an emergency. Specifies that informational or ministerial communications that do not solicit responses, do not

involve discussion among the majority of directors, and do not result in board action are not prohibited.

- 3) Specifies that, if the HOA becomes involved in litigation, the board must provide notice of that occurrence as part of the required annual budget report distributed to members, and permits any member receiving this notice to request the name of the court and the case number of the litigation.
- 4) Specifies that, if the board considers litigation during an executive session, the minutes of the immediately following open meeting must note the matter and include the case name.
- 5) Specifies that, if an open session meeting of the board is electronically recorded using audio, or audio and video, the recording must be considered a record of the association, and made available to members on the same basis as written meeting minutes. Requires that notice be given at the beginning of every open session of the board that the meeting is being recorded.
- 6) Prohibits a member from being charged to distribute to the member board meeting minutes that are distributed electronically, specifies that posting the minutes on the HOA's website satisfies this requirement, and requires that members be directed to the HOA's website to obtain a copy.
- 7) Requires the minutes, or proposed minutes, to include, but not be limited to:
 - a) The date, time, and location of the meeting;
 - b) The type of meeting, including but not limited to, regular, special, emergency, executive, or committee;
 - c) Whether notice and an agenda were given to the membership;
 - d) The names of directors present and absent; and
 - e) Whether members are also present, and the names and titles of any guest speakers.
- 8) Specifies that the rules for elections by secret ballot prescribed by the Davis-Sterling Act do not apply to elections for the amendment of the operating rules.
- 9) Requires that, for election results recorded in the minutes of the next board meeting, the election results must state the term of each elected director.
- 10) Prohibits the HOA from charging a member requesting an association record when the documents are emailed, are already in electronic format, and do not require redacting.
- 11) Specifies that a member of an HOA may bring a civil action to enforce the member's right to inspect and copy association records, and specifies that, if the court finds

that the HOA unreasonably withheld access to the association records, the court must award reasonable attorney's fees and court costs, and may impose the specified civil penalty for each violation.

COMMENTS

1. Common Interest Developments in California

Common Interest Developments (CIDs) are self-governing housing developments comprised of individually-owned housing units and common space that all homeowners and residents of the CID can enjoy. Arrangements of CIDs can vary widely, from condominiums, townhouses, and detached single-family homes, to apartment-like high rises. They may be comprised of only a few housing units, or thousands. CIDs are commonly referred to as homeowner associations, or HOAs, for the body that provides for the CID's self-governance. There are an estimated 51,700 CIDs in the state, housing an estimated 14,489,00 Californians.¹

The laws that regulate CIDs are encompassed in the Davis-Sterling Common Interest Development Act (Act) (Civ. Code §§ 4000 et seq.). Many of the rules and structural elements of a CID are determined by the Declaration of Covenants, Conditions, and Restrictions (CC&Rs) that are filed with the county recorder when the CID is established by the developer. All homeowners in the CID are also members of the HOA, which manages and operates the CID and maintains its common space, and collects monthly dues from the HOA members to cover the CID's expenses.

The HOA elects a board of directors (board), and passes bylaws outlining the governance rules of the HOA. An HOA's board also can establish rules governing a broad variety of topics relating to the CID and what members can and cannot do with their individual units and in the common areas. The HOA exists as essentially its own, self-governing municipal government for the development, "regulating many aspects of [the homeowners'] daily lives." (*Villa Milano Homeowners Ass'n v. Il Davorge* (2000) 84 Cal.App.4th 819, 836.)

2. The Davis-Sterling Act and the rules regarding CIDs

The rules regarding CIDs are encompassed in the Davis-Sterling Common Interest Development Act (Act). (Civ. Code §§ 4000 et seq.) Under the Act, the board has a number of duties and powers for the management of the community, including setting the regular, monthly assessments that members must pay in order to cover communal expenses. When a homeowner in the CID does not pay their assessments, the HOA

¹ Foundation for Community Association Research, *Community Association Fact Book 2025: 2025 U.S. National and State Statistical Review* (2025).

board has the authority to impose a lien and foreclose on the individual's property. (Civ. Code §§ 5660, 5700.)

The board also must conduct board meetings for conducting the HOA's affairs. These meetings are generally open meetings, and the board must create minutes of its meetings and make those minutes available to members within 30 days of the meeting. (Civ. Code § 4950.) The board is prohibited from taking any action on an item of business of the board outside of a board meeting, and cannot conduct a board meeting electronically outside of emergency circumstances. (Civ. Code § 4910.)

One of the other responsibilities of the board is to prepare and provide to members an annual budget report for the HOA. This budget report must include: a pro forma operating budget that shows the estimated revenue and expenses for the HOA; a summary of the HOA's reserve funds and reserve funding plan; statements regarding whether the HOA will defer specified major repairs or replacements, whether the board plans to levy any special assessments, and whether the HOA has any outstanding loans; and a summary of the HOA's insurance policies, among other items. (Civ. Code § 5300.)

3. AB 1184 makes various changes to the Davis-Sterling Act

AB 1184 makes changes to various different provisions of the Act relating to conduct of the board and transparency. These changes, as outlined below, are meant to provide HOA members with more information regarding their HOA and its operation, according to the author.

a. Emergency rule changes

The board sets the operating rules for the HOA, consistent with the CID's CC&Rs. For rules or amendments to rules that deal with members' use of the common area or their separate interest, including regarding any aesthetic or architectural standards for members' units, member discipline and the HOA's schedule of fines for violations of the rules of the HOA, the rules and standards for dispute resolution, payment plans for assessments, and the process for reviewing a member's proposed change to their unit, and the procedures for elections, the board must provide members general notice of the proposed rule at least 28 days before adopting the rule. (Civ. Code §§ 4355-4360.) This notice of a proposed rule or rule change does not apply to a rule change required to address an imminent threat to public health or safety. The board must also provide general notice to the membership within 15 days after making the rule change.

If five percent of the membership wishes to reverse a rule change of the board, they can petition to do so. (Civ. Code § 4365.) The HOA must then hold a vote on the rule change, following the normal processes for HOA elections, including that the vote be by secret ballot.

AB 1184 changes two parts of this process. First, it specifies that, if an emergency rule change is made by the board that thus is not required to provide the 28-day notice, the general notice provided 15 days after adopting the emergency rule change must include the text of the rule change, a description of the purpose and effect of the rule change, and the date when the rule change will expire. The notice must already include this information, so the author may wish to consider removing this provision in the bill.

AB 1184 also exempts from the requirement that HOA elections be by secret ballot and pursuant to the other elections rules under the Act a vote of the membership regarding an amendment to the operating rules. This would generally apply, as described above, to when five percent of the HOA membership requests to reverse a rule change of the board, as rule changes are otherwise typically done by the board without a vote of the membership. Why such a vote among the membership should not be by secret ballot or the HOA's standard elections processes is unclear. Secret balloting is an essential part of HOA elections, and the process outlined within the Act aims to fashion HOA elections like municipal elections. This ensures the reliability and integrity of the election, and members' ability to vote their conscience. The author may want to consider removing section of the bill or refashioning it to instead ensure that votes of board members regarding rule changes are reflected in board meeting minutes.

b. Notice of Litigation

AB 1184 also includes provisions requiring HOAs to provide information related to litigation in which the HOA is involved. It would require the board to provide notice to members in the annual budget report of any litigation in which the HOA becomes involved. While it does not specify what this notice will be, it does permit a member to request the name of the court case and the case number.

This provision is meant to increase transparency around the litigation and corresponding legal expenses of an HOA, so that members know if the HOA is being sued or is using HOA funds to sue another party. It should be noted that this does not limit the type of litigation that must be disclosed; this could include litigation against or by a former employee or manager of the HOA, construction defect litigation, or litigation brought by a member against the HOA regarding a dispute. While civil suits typically are public records, requiring the HOA to disclose litigation could mean disclosing sensitive personnel matters or matters against members who are not complying with HOA rules or paying their dues.

c. Board of directors communications

AB 1184 also places new limits and requirements on HOA board communications and records. Current law prohibits the board from taking any action on an item of business outside of a board meeting, and prohibits the board from conducting a board meeting by email except for emergency meetings under certain conditions. (Civ. Code § 4910.)

AB 1184 goes further than these limitations. It specifically prohibits a majority of board members from deliberating or acting on a business item within the authority of the board by a series of communications, outside of a permitted meeting, except in an emergency. It permits informational or ministerial communications that: do not solicit responses, do not involve discussion among a majority of directors, and do not result in board action. This places additional limitations on the communication or deliberations that board members may do outside of an official board meeting, with a limited exception for informational or ministerial communications.

d. Board meeting minutes and electronic recording

As previously mentioned, board meetings are generally open meetings. Minutes also must be taken for the meetings, and must be made available to members within 30 days of the board meeting. (Civ. Code § 4950.) These minutes must be distributed to any member upon request and upon reimbursement of the HOA's costs for that distribution.

AB 1184 requires such board meeting minutes to include specified information, specifically: the date, time, and location of the meeting; the type of meeting, such as a regular, special, emergency, executive, or committee meeting; whether notice and an agenda of the meeting was given to the membership; the names of present and absent directors; whether members are also present, and the names and titles of any guest speakers. If the results of a board election are included in the minutes as currently required by the Act, AB 1184 requires the minutes to include the term for each elected director.

AB 1184 prohibits an HOA from charging to provide a member with the minutes electronically, but also specifies that posting the minutes on the HOA's website is sufficient as electronic distribution. In such a case, the HOA must direct members to the HOA's website to obtain a copy of the minutes.

These provisions would require that HOAs include a minimal level of information in their meeting minutes about the meeting and directors' and members' attendance. They also would help ensure access to those minutes electronically. However, they do specify that posting meeting minutes on the HOA's website satisfies the HOA's obligation to provide meeting minutes when requested by a member, in which case the member must be directed to the HOA's website. What if a member wishes to obtain a physical copy of the minutes, or cannot use the internet? Under the rules regarding association records (of which board meeting minutes are included), a member *may* request meeting minutes electronically but do not *have* to. The author should consider revising these provisions of AB 1184 to ensure that members wishing to receive physical copies of board meeting minutes can still do so.

e. Association records

The Act makes certain documents and records of the HOA “association records” subject to inspection by the membership. Association records include certain financial documents of the HOA, agendas and minutes of member and board meetings, executed contracts of the HOA, governing documents, membership lists, elections materials, and others. (Civ. Code § 5200.) The HOA must make any association records available within specified time frames at the request of a member for copying and inspection, but the HOA can bill the requesting member for the direct and actual cost of copying and providing the records. (Civ. Code § 5205.) A member may bring an action to enforce their right to inspect and copy association records, and if a court finds that the HOA unreasonably withheld access to the records, the court must award the member reasonable costs and expenses, including reasonable attorney’s fees, and may impose a civil penalty of up to 500 dollars. (Civ. Code 5235.)

AB 1184 prohibits an HOA from charging a member who requests to inspect association records when the records are already in electronic format, do not need any redacting, and are emailed to the member. It also specifies that, if open board meetings are electronically recorded, the recordings are to be considered association records to be made available to members on the same basis as written meeting minutes. For any such recorded meetings, notice must be given at the beginning of the meeting that it is being recorded.

Finally, AB 1184 makes a few changes to the cause of action for an HOA that fails to provide a member access to association records. These changes clarify that a court must award reasonable attorney’s fees and court costs, rather than reasonable costs and expenses, and clarify that the civil penalty is available for each violation, not a denial of each separate written request for the records. These changes limit what an HOA member can recover, as one violation may encompass multiple requests by the member for the same record.

4. Amendments

The author has agreed to amendments that will remove Section 11 from the bill, reorder the changes made by Section 4 of the bill to be appropriately in the section of the Davis Sterling Act related to the annual budget report, add protections for litigation involving the HOA and members for nonpayment of dues or violating HOA rules and litigation involving health and safety issues, specify that an HOA member may still obtain a physical copy of the minutes when the HOA provides the minutes on the website, and make a variety of other changes. A mock-up of these amendments is attached at the end of this analysis.

5. Arguments in support

In support of this measure, the author states:

AB 1184 ensures California homeowners have information about decisions made by homeowner's associations (HOAs) affecting their properties. It enacts common-sense transparency measures, such as allowing HOA residents to access the recordings of board meetings and requiring HOAs to notify members of pending litigation against the HOA. Reforms in AB 1184 enhance information availability for members of the HOA.

6. Arguments in opposition

According to the California Association of Realtors, which is opposed to AB 1184:

Current law already provides a strong governance framework. HOAs must comply with the Davis-Stirling Act's open-meeting requirements, provide annual disclosures, and follow strict notice procedures. Boards are permitted to use email and other communication tools for routine coordination, provided no action is taken outside a properly noticed meeting. While C.A.R. supports transparency and accountability within homeowners' associations (HOAs), AB 1184 goes well beyond litigation disclosure and introduces several operational mandates that would significantly disrupt the ability of HOA boards – many of which are volunteer-run – to function efficiently and cost-effectively. [...]

These changes would create significant operational challenges within HOAs. Specifically, limiting email-based communication would slow everyday decision-making and force more frequent formal meetings – making it harder to recruit and retain volunteer board members. Furthermore, treating recordings as official records could discourage managers from using them for routine notetaking and increase record-retention costs, while eliminating secret ballots for operating-rule amendments removes a long-standing consumer-protection mechanism without any clear rationale for this change.

SUPPORT

None received

OPPOSITION

California Association of Realtors
One individual

RELATED LEGISLATION

Pending Legislation:

SB 1238 (Wahab, 2026) provides that a person or entity that facilitates specified activities for the HOA, including reviewing HOA operating accounts, owes a duty of care to the HOA and its members. SB 1238 is currently pending before the Assembly Judiciary Committee.

SB 1007 (Menjivar, 2026) prohibits an HOA from increasing a regular assessment by more than eight percent without the approval of the majority of a quorum of members. SB 1007 is currently pending before the Assembly Housing and Community Development Committee.

AB 2439 (Blanca Rubio, 2026) prohibits the governing documents of a CID from imposing restrictions on a member's use of public roads, requires the HOA to notify members of a change in the person or entity authorized to receive payment for assessments, and makes the board of the association liable for the reconveyance fee, costs, and a civil penalty of \$1,000 when the association fails to comply with statutory provisions related to delinquent assessments, as specified. AB 2439 is currently pending on the Senate floor.

Prior Legislation:

AB 805 (Torres, Ch. 180, Stats. 2012) comprehensively reorganized and recodified the Davis-Sterling Common Interest Development Act into its current code sections and Civil Code sections 4000 et seq., and made a number of substantive changes to the Act, including by broadening the requirement that the HOA file a notice of release of a lien recorded in error.

(Sterling, Ch. 874, Stats. 1985) established the Davis-Sterling Common Interest Development Act.

PRIOR VOTES:

Senate Housing Committee (Ayes 10, Noes 0)

Assembly Floor (Ayes 69, Noes 0)

Assembly Housing and Community Development Committee (Ayes 11, Noes 0)

Amended Mock-up for 2025-2026 AB-1184 (Patterson (A))
(Amendments may be subject to technical amendments required by Legislative Counsel)

Mock-up based on Version Number 96 - Amended Assembly 1/15/26

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited, as the Homeowner Association Accountability and Transparency Act of 2026.

SEC. 2. Section 4360 of the Civil Code is amended to read:

4360. (a) The board shall provide general notice pursuant to Section 4045 of a proposed rule change at least 28 days before making the rule change. The notice shall include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. Notice is not required under this subdivision if the board determines that an immediate rule change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the association.

(b) A decision on a proposed rule change shall be made at a board meeting, after consideration of any comments made by association members.

(c) As soon as possible after making a rule change, but not more than 15 days after making the rule change, the board shall deliver general notice pursuant to Section 4045 of the rule change. ~~If the rule change was an emergency rule change made under subdivision (d), the notice shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date that the rule change expires.~~

(d) If the board determines that an immediate rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the association, it may make an emergency rule change, and no notice is required, as specified in subdivision (a). An emergency rule change is effective for 120 days, unless the rule change provides for a shorter effective period. A rule change made under this subdivision may not be readopted under this subdivision.

(e) If an emergency rule change is made under subdivision (d), the general notice about the rule change shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date when the rule change will expire.

SEC. 3. Section 4910 of the Civil Code is amended to read:

4910. (a) The board shall not take action on any item of business outside of a board meeting.

(b) (1) Notwithstanding Section 7211 of the Corporations Code, the board shall not conduct a meeting via a series of electronic transmissions, including, but not limited to, electronic mail, except as specified in paragraph (2).

(2) Electronic transmissions may be used as a method of conducting an emergency board meeting if all directors, individually or collectively, consent in writing to that action, and if the written consent or consents are filed with the minutes of the board meeting. These written consents may be transmitted electronically.

(c) A majority of the directors shall not, outside a meeting authorized by this article, use a series of communications to deliberate or act on any item of business within the authority of the board, except in an emergency. Informational or ministerial communications that do not solicit responses, do not involve discussion among a majority of directors, and do not result in board action are not prohibited by this subdivision.

~~**SEC. 4.** Section 4921 is added to the Civil Code, to read:~~

~~**4921.** (a) If an association becomes involved in litigation, the board shall provide notice of that occurrence as a part of the annual budget report distributed to members pursuant to Section 5300.~~

~~**(b) Any member receiving notice pursuant to subdivision (a) may request the name of the court and case number of any litigation.**~~

~~**SEC. 4.**~~ **SEC. 5.** Section 4935 of the Civil Code is amended to read:

4935. (a) The board may adjourn to, or meet solely in, executive session to consider litigation, matters relating to the formation of contracts with third parties, member discipline, personnel matters, or to meet with a member, upon the member's request, regarding the member's payment of assessments, as specified in Section 5665.

(b) The board shall adjourn to, or meet solely in, executive session to discuss member discipline, if requested by the member who is the subject of the discussion. That member shall be entitled to attend the executive session.

(c) The board shall adjourn to, or meet solely in, executive session to discuss a payment plan pursuant to Section 5665.

(d) The board shall adjourn to, or meet solely in, executive session to decide whether to foreclose on a lien pursuant to subdivision (b) of Section 5705.

(e) Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership. Discussions regarding ongoing litigation shall have the case ~~name~~ *name, case number, and name of the court* included as part of the executive session meeting minutes.

~~SEC. 5~~ **SEC. 6.** Section 4941 is added to the Civil Code, to read:

4941. (a) If open session meetings of the board are electronically recorded using audio, or audio and video, the recordings shall be considered a record of the association, and shall be made available to members on the same basis as written meeting minutes.

(b) ~~*For meetings that are being recorded, notice*~~ **Notice** shall be given at the beginning of every open session of the board that the meeting is being recorded.

~~SEC. 6.~~ **SEC. 7.** Section 4950 of the Civil Code is amended to read:

4950. (a) The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any board meeting, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member upon request and upon reimbursement of the association's costs for making that distribution. There shall be no charge for minutes that are distributed electronically. Posting the minutes on the association's website satisfies this requirement, and members shall be directed to the association's website to obtain a copy. *If a member requests a physical copy of the minutes, the association shall make the minutes available pursuant to Section 5205. Associations are not obligated to have or continue to maintain an association internet website.*

(b) The minutes, or proposed minutes, shall include, but not be limited to, all of the following:

(1) The date of the meeting.

(2) The time of the meeting.

(3) The location of the meeting.

(4) The type of meeting, including, but not limited to, regular, special, emergency, *open*, executive, or committee.

(5) Whether notice and an agenda of the meeting was given to the membership.

(6) The names of the directors present.

(7) The names of absent directors.

(8) Whether members are also present, and names and titles of any guest speakers.

(c) The annual policy statement, prepared pursuant to Section 5310, shall inform the members of their right to obtain copies of board meeting minutes and of how and where to do so.

SEC. 7. ~~SEC. 8.~~ Section 5100 of the Civil Code is amended to read:

5100. (a) (1) Notwithstanding any other law or provision of the governing documents, elections regarding assessments legally requiring a vote, election and removal of directors, amendments to the governing documents, or the grant of exclusive use of common area pursuant to Section 4600 shall be held by secret ballot in accordance with the procedures set forth in this article.

(2) Paragraph (1) shall not apply to an amendment of the operating rules.

(3) An association shall hold an election for a seat on the board of directors in accordance with the procedures set forth in this article at the expiration of the corresponding director's term and at least once every four years.

(b) This article also governs an election on any topic that is expressly identified in the operating rules as being governed by this article.

(c) The provisions of this article apply to both incorporated and unincorporated associations, notwithstanding any contrary provision of the governing documents.

(d) The procedures set forth in this article shall apply to votes cast directly by the membership, but do not apply to votes cast by delegates or other elected representatives.

(e) In the event of a conflict between this article and the provisions of the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code) relating to elections, the provisions of this article shall prevail.

(f) Directors shall not be required to be elected pursuant to this article if the governing documents provide that one member from each separate interest is a director.

SEC. 8. ~~SEC. 9.~~ Section 5120 of the Civil Code is amended to read:

5120. (a) All votes shall be counted and tabulated by the inspector or inspectors of elections, or the designee of the inspector or inspectors of elections, in public at a properly noticed open meeting of the board or members. Any candidate or other member of the association may witness the counting and tabulation of the votes. A person, including a member of the association or an employee of the management company, shall not open or otherwise review any ballot before the time and place at which the ballots are counted and tabulated. The inspector or inspectors of elections, or the designee of the inspector or inspectors of elections, may verify the member's information and signature on the outer envelope prior to the meeting at which ballots are tabulated. Once a secret ballot is received by the inspector or inspectors of elections, it shall be irrevocable.

(b) The tabulated results of the election shall be promptly reported to the board and shall be recorded in the minutes of the next meeting of the board and shall be available for review by members of the association. For the election results for director positions, the meeting minutes shall state the term for each elected director.

(c) Within 15 days of the election, the association shall give general notice pursuant to Section 4045 of the tabulated results of the election.

(d) A person, including a member of the association or an employee of the management company, shall not open or otherwise review any tally sheet of votes cast by electronic secret ballots before the time and place at which the ballots are counted and tabulated.

SEC. 9. ~~**SEC. 10.**~~ Section 5205 of the Civil Code is amended to read:

5205. (a) The association shall make available association records for the time periods and within the timeframes provided in Section 5210 for inspection and copying by a member of the association, or the member's designated representative.

(b) A member of the association may designate another person to inspect and copy the specified association records on the member's behalf. The member shall make this designation in writing.

(c) The association shall make the specified association records available for inspection and copying in the association's business office within the common interest development.

(d) If the association does not have a business office within the development, the association shall make the specified association records available for inspection and copying at a place agreed to by the requesting member and the association.

(e) If the association and the requesting member cannot agree upon a place for inspection and copying pursuant to subdivision (d) or if the requesting member

submits a written request directly to the association for copies of specifically identified records, the association may satisfy the requirement to make the association records available for inspection and copying by delivering copies of the specifically identified records to the member by individual delivery pursuant to Section 4040 within the timeframes set forth in subdivision (b) of Section 5210.

(f) The association may bill the requesting member only for the direct and actual cost of copying and mailing requested documents. The association shall inform the member of the amount of the copying and mailing costs, and the member shall agree to pay those costs, before copying and sending the requested documents. There shall be no charge for the emailing of documents already in electronic format and that do not require any redacting.

(g) In addition to the direct and actual costs of copying and mailing documents, the association may bill the requesting member an amount not in excess of ten dollars (\$10) per hour, and not to exceed two hundred dollars (\$200) total per written request, for the time actually and reasonably involved in redacting an enhanced association record. If the enhanced association record includes a reimbursement request, the person submitting the reimbursement request shall be solely responsible for removing all personal identification information from the request. The association shall inform the member of the estimated costs, and the member shall agree to pay those costs, before retrieving the requested documents.

(h) Requesting parties shall have the option of receiving specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered. The cost of duplication shall be limited to the direct cost of producing the copy of a record in that electronic format. The association may deliver specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that prevents the records from being altered.

~~SEC. 11. Section 5235 of the Civil Code is amended to read:~~

~~5235. (a) A member of an association may bring a civil action to enforce that member's right to inspect and copy the association records. If a court finds that the association unreasonably withheld access to the association records, the court shall award the member reasonable attorney's fees and court costs, and the court may impose a civil penalty of up to five hundred dollars (\$500) for each violation.~~

~~(b) A cause of action under this section may be brought in small claims court if the amount of the demand does not exceed the jurisdiction of that court.~~

~~(c) A prevailing association may recover any costs if the court finds the action to be frivolous, unreasonable, or without foundation.~~

SEC. 11. Section 5300 of the Civil Code is amended to read:

5300. (a) Notwithstanding a contrary provision in the governing documents, an association shall distribute an annual budget report 30 to 90 days before the end of its fiscal year.

(b) Unless the governing documents impose more stringent standards, the annual budget report shall include all of the following information:

(1) A pro forma operating budget, showing the estimated revenue and expenses on an accrual basis.

(2) A summary of the association's reserves, prepared pursuant to Section 5565.

(3) A summary of the reserve funding plan adopted by the board, as specified in paragraph (5) of subdivision (b) of Section 5550. The summary shall include notice to members that the full reserve study plan is available upon request, and the association shall provide the full reserve plan to any member upon request.

(4) A statement as to whether the board has determined to defer or not undertake repairs or replacement of any major component with a remaining life of 30 years or less, including a justification for the deferral or decision not to undertake the repairs or replacement.

(5) A statement as to whether the board, consistent with the reserve funding plan adopted pursuant to Section 5560, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

(6) A statement as to the mechanism or mechanisms by which the board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacements or repairs, or alternative mechanisms.

(7) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the association is obligated to maintain. The statement shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Section 5570, and may not assume a rate of return on cash reserves in excess of 2 percent above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made.

(8) A statement as to whether the association has any outstanding loans with an original term of more than one year, including the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to be retired.

(9) A summary of the association's property, general liability, earthquake, flood, and fidelity insurance policies. For each policy, the summary shall include the name of the insurer, the type of insurance, the policy limit, and the amount of the deductible, if any. To the extent that any of the required information is specified in the insurance policy declaration page, the association may meet its obligation to disclose that information by making copies of that page and distributing it with the annual budget report. The summary distributed pursuant to this paragraph shall contain, in at least 10-point boldface type, the following statement:

"This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

(10) When the common interest development is a condominium project, a statement describing the status of the common interest development as a Federal Housing Administration (FHA)-approved condominium project pursuant to FHA guidelines, including whether the common interest development is an FHA-approved condominium project. The statement shall be in at least 10-point font on a separate piece of paper and in the following form:

"Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner's ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the Federal Housing Administration."

(11) When the common interest development is a condominium project, a statement describing the status of the common interest development as a federal Department of

Veterans Affairs (VA)-approved condominium project pursuant to VA guidelines, including whether the common interest development is a VA-approved condominium project. The statement shall be in at least 10-point font on a separate piece of paper and in the following form:

“Certification by the federal Department of Veterans Affairs may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

This common interest development [is/is not (circle one)] a condominium project. The association of this common interest development [is/is not (circle one)] certified by the federal Department of Veterans Affairs.”

(12) A copy of the completed “Charges For Documents Provided” disclosure identified in Section 4528. For purposes of this section, “completed” means that the “Fee for Document” section of the form individually identifies the costs associated with providing each document listed on the form.

(13) A statement listing any active litigation in which the association is named as a party including the name of the court and the case number of the litigation. For the purposes of this section, “active litigation” means any civil action or proceeding that has been commenced, currently pending in any state or federal court, and has not yet been finally resolved, closed, or dismissed.

“Litigation” shall not include any small claims actions, superior court actions seeking judicial foreclosure, actions to obtain a monetary judgment regarding any debt of a member, actions by which an association is seeking to enforce the governing documents against a member, or any action which by disclosing its existence would pose a threat to the health and safety of any individual.

(c) The annual budget report shall be made available to the members pursuant to Section 5320.

(d) The summary of the association’s reserves disclosed pursuant to paragraph (2) of subdivision (b) shall not be admissible in evidence to show improper financial management of an association, provided that other relevant and competent evidence of the financial condition of the association is not made inadmissible by this provision.

(e) The Assessment and Reserve Funding Disclosure Summary form, prepared pursuant to Section 5570, shall accompany each annual budget report or summary of the annual budget report that is delivered pursuant to this article.