OFFICE OF THE GOVERNOR

SEP 2 9 2026

To the Members of the California State Assembly:

I am signing Assembly Bill 2050, which strengthens long-term financial planning for homeowners associations (HOAs).

Common interest developments rely on associations to maintain shared roofs, utilities, paving, and other major components. These maintenance obligations and costs already exist, but when HOAs do not adequately prepare for them, homeowners are often left facing sudden, costly special assessments. Those obligations do not disappear when they are deferred as they can result in aging buildings left unrepaired or costs shifted to the families who purchase homes later. This bill addresses that risk through a practical framework, operating on the principle that it is more sustainable for households to absorb gradual, predictable contributions over time than to face large, unexpected bills during an emergency.

Beginning in 2032, this bill requires associations to use updated reserve studies to identify expected maintenance costs and make regular contributions toward them. Importantly, the legislation does not require associations to fully fund all future liabilities today. Instead, it establishes a consistent process for building reserves incrementally, ensuring funds are available when major repairs become due. Sound reserve practices can also help preserve access to conventional mortgage financing, supporting both current homeowners and future buyers.

If an association projects a reserve shortfall, it must prioritize a portion of its annual budget for reserves before relying on a special assessment. This encourages boards to manage costs and address known obligations gradually, while preserving existing homeowner protections when a larger assessment is necessary. This approach carefully balances the near-term cost of responsible planning against the greater risk of sudden, unpredictable expenses later.

Recognizing that this transition requires careful preparation, the bill's 2032 operative date gives associations time to adjust their financial strategies responsibly. Moving forward, the Legislature should closely monitor implementation to ensure these new standards successfully balance both long-term maintenance obligations and homeowner affordability.

Sincerely,

Gavin Newsom