State of Arizona House of Representatives Fiftieth Legislature First Regular Session 2011

HOUSE BILL 2609

AN ACT

AMENDING SECTIONS 33-1248, 33-1261, 33-1804 AND 33-1808, ARIZONA REVISED STATUTES; RELATING TO CONDOMINIUMS AND PLANNED COMMUNITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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Be it enacted by the Legislature of the State of Arizona: Section 1. Section 33-1248, Arizona Revised Statutes, is amended to read:

33-1248. Open meetings: exceptions

- A. Notwithstanding any provision in the declaration, bylaws or other documents to the contrary, all meetings of the UNIT OWNERS' association and THE board of directors, AND ANY REGULARLY SCHEDULED COMMITTEE MEETINGS, are open to all members of the association or any person designated by a member in writing as the member's representative and all members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings. The board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a member or a member's designated representative to speak ONCE AFTER THE BOARD HAS DISCUSSED A SPECIFIC AGENDA ITEM BUT before the board takes formal action on an THAT item under discussion in addition to any other opportunities to speak. The board shall provide for a reasonable number of persons to speak on each side of an issue. Any portion of a meeting may be closed only if that portion of the meeting is limited to consideration of one or more of the following:
- 1. Legal advice from an attorney for the board or the association. On final resolution of any matter for which the board received legal advice or that concerned pending or contemplated litigation, the board may disclose information about that matter in an open meeting except for matters that are required to remain confidential by the terms of a settlement agreement or judgment.
 - 2. Pending or contemplated litigation.
- 3. Personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association, including records of the association directly related to the personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association.
- 4. Matters relating to the job performance of, compensation of, health records of or specific complaints against an individual employee of the association or an individual employee of a contractor of the association who works under the direction of the association.
- 5. DISCUSSION OF A UNIT OWNER'S APPEAL OF ANY VIOLATION CITED OR PENALTY IMPOSED BY THE ASSOCIATION EXCEPT ON REQUEST OF THE AFFECTED UNIT OWNER THAT THE MEETING BE HELD IN AN OPEN SESSION.
- B. Notwithstanding any provision in the condominium documents, all meetings of the UNIT OWNERS' association and the board shall be held in this state. A meeting of the UNIT OWNERS' association shall be held at least once each year. Special meetings of the UNIT OWNERS' association may be called by the president, by a majority of the board of directors or by unit owners

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having at least twenty-five per cent, or any lower percentage specified in the bylaws, of the votes in the association. Unless otherwise provided in the articles or the bylaws of the association, Not fewer than ten nor more than fifty days in advance of any meeting of the unit owners, the secretary shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit owner. The notice of any meeting of the unit owners shall state the time and place of the meeting. The notice of any special meeting of the unit owners shall also state the purpose for which the meeting is called, including the general nature of any proposed amendment to the declaration or bylaws, any changes in assessments that require approval of the unit owners and any proposal to remove a director or officer. The failure of any unit owner to receive actual notice of a meeting of the unit owners does not affect the validity of any action taken at that meeting.

- C. Unless otherwise provided in the articles or bylaws of the association NOTWITHSTANDING ANY PROVISION IN THE DECLARATION, BYLAWS OR OTHER CONDOMINIUM DOCUMENTS, for meetings of the board of directors that are held after the termination of declarant control of the association, notice to unit owners of meetings of the board of directors shall be given at least forty-eight hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means as determined by the board of directors. An affidavit of notice by an officer of the association is prima facie evidence that notice was given as prescribed by this section. Notice to unit owners of meetings of the board of directors is not required if emergency circumstances require action by the board before notice can be given. Any notice of a board meeting shall state the time and place of the meeting. The failure of any unit owner to receive actual notice of a meeting of the board of directors does not affect the validity of any action taken at that meeting.
- D. NOTWITHSTANDING ANY PROVISION IN THE DECLARATION, BYLAWS OR OTHER CONDOMINIUM DOCUMENTS, FOR MEETINGS OF THE BOARD OF DIRECTORS THAT ARE HELD AFTER THE TERMINATION OF DECLARANT CONTROL OF THE ASSOCIATION, ALL OF THE FOLLOWING APPLY:
 - 1. THE AGENDA SHALL BE AVAILABLE TO ALL UNIT OWNERS ATTENDING.
- 2. AN EMERGENCY MEETING OF THE BOARD OF DIRECTORS MAY BE CALLED TO DISCUSS BUSINESS OR TAKE ACTION THAT CANNOT BE DELAYED UNTIL THE NEXT REGULARLY SCHEDULED BOARD MEETING. THE MINUTES OF THE EMERGENCY MEETING SHALL STATE THE REASON NECESSITATING THE EMERGENCY MEETING. THE MINUTES OF THE EMERGENCY MEETING SHALL BE READ AND APPROVED AT THE NEXT REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS.
- 3. A QUORUM OF THE BOARD OF DIRECTORS MAY MEET BY MEANS OF A TELEPHONE CONFERENCE IF A SPEAKERPHONE IS AVAILABLE IN THE MEETING ROOM THAT ALLOWS BOARD MEMBERS AND UNIT OWNERS TO HEAR ALL PARTIES WHO ARE SPEAKING DURING THE MEETING.

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- 4. ANY QUORUM OF THE BOARD OF DIRECTORS THAT MEETS INFORMALLY TO DISCUSS ASSOCIATION BUSINESS, INCLUDING WORKSHOPS, SHALL COMPLY WITH THE OPEN MEETING AND NOTICE PROVISIONS OF THIS SECTION WITHOUT REGARD TO WHETHER THE BOARD VOTES OR TAKES ANY ACTION ON ANY MATTER AT THAT INFORMAL MEETING.
- E. IT IS THE POLICY OF THIS STATE AS REFLECTED IN THIS SECTION THAT ALL MEETINGS OF A CONDOMINIUM, WHETHER MEETINGS OF THE UNIT OWNERS' ASSOCIATION OR MEETINGS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION, BE CONDUCTED OPENLY AND THAT NOTICES AND AGENDAS BE PROVIDED FOR THOSE MEETINGS THAT CONTAIN THE INFORMATION THAT IS REASONABLY NECESSARY TO INFORM THE UNIT OWNERS OF THE MATTERS TO BE DISCUSSED OR DECIDED AND TO ENSURE THAT UNIT OWNERS HAVE THE ABILITY TO SPEAK AFTER DISCUSSION OF AGENDA ITEMS, BUT BEFORE A VOTE OF THE BOARD OF DIRECTORS IS TAKEN. TOWARD THIS END, ANY PERSON OR ENTITY THAT IS CHARGED WITH THE INTERPRETATION OF THESE PROVISIONS SHALL TAKE INTO ACCOUNT THIS DECLARATION OF POLICY AND SHALL CONSTRUE ANY PROVISION OF THIS SECTION IN FAVOR OF OPEN MEETINGS.
- D. F. This section does not apply to timeshare plans or associations that are subject to chapter 20 of this title.
 - Sec. 2. Section 33-1261, Arizona Revised Statutes, is amended to read: 33-1261. Flag display: for sale or lease signs; political petitions; applicability
- A. Notwithstanding any provision in the condominium documents, an association shall not prohibit the outdoor display of any of the following:
- 1. The American flag or an official or replica of a flag of the United States army, navy, air force, marine corps or coast guard by a unit owner on that unit owner's property if the American flag or military flag is displayed in a manner consistent with the federal flag code (P.L. 94-344; 90 Stat. 810; 4 United States Code sections 4 through 10).
 - 2. The POW/MIA flag.
 - 3. The Arizona state flag.
 - 4. An Arizona Indian nations flag.
- B. The association shall adopt reasonable rules and regulations regarding the placement and manner of display of the American flag, the military flag, the POW/MIA flag, the Arizona state flag or an Arizona Indian nations flag. The association rules may regulate the location and size of flagpoles but shall not prohibit the installation of a flagpole.
- C. Notwithstanding any provision in the condominium documents, an association shall not prohibit OR CHARGE A FEE FOR THE USE OR PLACEMENT OF the indoor or outdoor display of a for sale, FOR RENT OR FOR LEASE sign and a sign rider by a unit owner on that owner's property IN ANY COMBINATION, including a sign that indicates the unit owner is offering the property for sale by owner. The size of a sign offering a property for sale FOR RENT OR FOR LEASE shall be in conformance with the industry standard size sign, which shall not exceed eighteen by twenty-four inches, and the industry standard size sign rider, which shall not exceed six by twenty-four inches. THIS SUBSECTION APPLIES ONLY TO A COMMERCIALLY PRODUCED SIGN AND AN ASSOCIATION

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MAY PROHIBIT THE USE OF SIGNS THAT ARE NOT COMMERCIALLY PRODUCED. With respect to real estate for sale, FOR RENT or FOR lease in the condominium, an association shall not prohibit IN ANY WAY OTHER THAN IS SPECIFICALLY AUTHORIZED BY THIS SECTION or otherwise regulate any of the following:

- 1. Temporary open house signs or a unit owner's for sale sign. The association shall not require the use of particular signs indicating an open house or real property for sale and may not further regulate the use of temporary open house or for sale signs that are industry standard size and that are owned or used by the seller or the seller's agent.
- 2. Open house hours. The association may not limit the hours for an open house for real estate that is for sale in the condominium, except that the association may prohibit an open house being held before 8:00 a.m. or after 6:00 p.m. and may prohibit open house signs on the common elements of the condominium.
- 3. An owner's or an owner's agent's FOR RENT OR for lease sign unless an association's documents prohibit or restrict leasing of a unit or units. An association shall not further regulate a FOR RENT OR for lease sign or require the use of a particular FOR RENT OR for lease sign other than the FOR RENT OR for lease sign shall not be any larger than the industry standard size sign of eighteen by twenty-four inches and on or in the unit owner's property. If RENTAL OR leasing of a unit is allowed, the association may prohibit AN open house FOR RENTAL OR leasing being held before 8:00 a.m. or after 6:00 p.m.
- D. Notwithstanding any provision in the condominium documents, an association shall not prohibit but may reasonably regulate the circulation of political petitions, including candidate nomination petitions or petitions in support of or opposition to an initiative, referendum or recall or other political issue on property dedicated to the public within the association. A condominium is not required to comply with this subsection if the condominium restricts vehicular or pedestrian access to the condominium. Nothing in this subsection requires a condominium to make its common elements available for the circulation of political petitions to anyone who is not an owner or resident of the community.
- E. AN ASSOCIATION OR MANAGING AGENT THAT VIOLATES SUBSECTION C OF THIS SECTION FORFEITS AND EXTINGUISHES THE LIEN RIGHTS AUTHORIZED UNDER SECTION 33-1256 AGAINST THAT UNIT FOR A PERIOD OF SIX CONSECUTIVE MONTHS FROM THE DATE OF THE VIOLATION.
- E. F. This section does not apply to timeshare plans or associations that are subject to chapter 20 of this title.
 - Sec. 3. Section 33-1804, Arizona Revised Statutes, is amended to read: 33-1804. Open meetings; exceptions
- A. Notwithstanding any provision in the declaration, bylaws or other documents to the contrary, all meetings of the MEMBERS' association and THE board of directors, AND ANY REGULARLY SCHEDULED COMMITTEE MEETINGS, are open to all members of the association or any person designated by a member in

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writing as the member's representative and all members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings. The board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a member or member's designated representative to speak ONCE AFTER THE BOARD HAS DISCUSSED A SPECIFIC AGENDA ITEM BUT before the board takes formal action on an THAT item under discussion in addition to any other opportunities to speak. The board shall provide for a reasonable number of persons to speak on each side of an issue. Any portion of a meeting may be closed only if that closed portion of the meeting is limited to consideration of one or more of the following:

- 1. Legal advice from an attorney for the board or the association. On final resolution of any matter for which the board received legal advice or that concerned pending or contemplated litigation, the board may disclose information about that matter in an open meeting except for matters that are required to remain confidential by the terms of a settlement agreement or judgment.
 - 2. Pending or contemplated litigation.
- 3. Personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association, including records of the association directly related to the personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association.
- 4. Matters relating to the job performance of, compensation of, health records of or specific complaints against an individual employee of the association or an individual employee of a contractor of the association who works under the direction of the association.
- 5. DISCUSSION OF A MEMBER'S APPEAL OF ANY VIOLATION CITED OR PENALTY IMPOSED BY THE ASSOCIATION EXCEPT ON REQUEST OF THE AFFECTED MEMBER THAT THE MEETING BE HELD IN AN OPEN SESSION.
- B. Notwithstanding any provision in the community documents, all meetings of the MEMBERS' association and the board shall be held in this state. A meeting of the MEMBERS' association shall be held at least once each year. Special meetings of the MEMBERS' association may be called by the president, by a majority of the board of directors or by members having at least twenty-five per cent, or any lower percentage specified in the bylaws, of the votes in the association. Unless otherwise provided in the articles or bylaws of the association. Not fewer than ten nor more than fifty days in advance of any meeting of the members the secretary shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address for each lot, parcel or unit owner or to any other mailing address designated in writing by a member. The notice shall state the time and place of the meeting. A notice of any special meeting of the members shall also state the

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purpose for which the meeting is called, including the general nature of any proposed amendment to the declaration or bylaws, changes in assessments that require approval of the members and any proposal to remove a director or an officer. The failure of any member to receive actual notice of a meeting of the members does not affect the validity of any action taken at that meeting.

- C. Unless otherwise provided in the articles or bylaws of the association NOTWITHSTANDING ANY PROVISION IN THE DECLARATION, BYLAWS OR OTHER COMMUNITY DOCUMENTS, for meetings of the board of directors that are held after the termination of declarant control of the association, notice to members of meetings of the board of directors shall be given at least forty-eight hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means as determined by the board of directors. An affidavit of notice by an officer of the corporation is prima facie evidence that notice was given as prescribed by this section. Notice to members of meetings of the board of directors is not required if emergency circumstances require action by the board before notice can be given. Any notice of a board meeting shall state the time and place of the meeting. The failure of any member to receive actual notice of a meeting of the board of directors does not affect the validity of any action taken at that meeting.
- D. NOTWITHSTANDING ANY PROVISION IN THE DECLARATION, BYLAWS OR OTHER COMMUNITY DOCUMENTS, FOR MEETINGS OF THE BOARD OF DIRECTORS THAT ARE HELD AFTER THE TERMINATION OF DECLARANT CONTROL OF THE ASSOCIATION, ALL OF THE FOLLOWING APPLY:
 - 1. THE AGENDA SHALL BE AVAILABLE TO ALL MEMBERS ATTENDING.
- 2. AN EMERGENCY MEETING OF THE BOARD OF DIRECTORS MAY BE CALLED TO DISCUSS BUSINESS OR TAKE ACTION THAT CANNOT BE DELAYED UNTIL THE NEXT REGULARLY SCHEDULED BOARD MEETING. THE MINUTES OF THE EMERGENCY MEETING SHALL STATE THE REASON NECESSITATING THE EMERGENCY MEETING. THE MINUTES OF THE EMERGENCY MEETING SHALL BE READ AND APPROVED AT THE NEXT REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS.
- 3. A QUORUM OF THE BOARD OF DIRECTORS MAY MEET BY MEANS OF A TELEPHONE CONFERENCE IF A SPEAKERPHONE IS AVAILABLE IN THE MEETING ROOM THAT ALLOWS BOARD MEMBERS AND ASSOCIATION MEMBERS TO HEAR ALL PARTIES WHO ARE SPEAKING DURING THE MEETING.
- 4. ANY QUORUM OF THE BOARD OF DIRECTORS THAT MEETS INFORMALLY TO DISCUSS ASSOCIATION BUSINESS, INCLUDING WORKSHOPS, SHALL COMPLY WITH THE OPEN MEETING AND NOTICE PROVISIONS OF THIS SECTION WITHOUT REGARD TO WHETHER THE BOARD VOTES OR TAKES ANY ACTION ON ANY MATTER AT THAT INFORMAL MEETING.
- E. IT IS THE POLICY OF THIS STATE AS REFLECTED IN THIS SECTION THAT ALL MEETINGS OF A PLANNED COMMUNITY, WHETHER MEETINGS OF THE MEMBERS' ASSOCIATION OR MEETINGS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION, BE CONDUCTED OPENLY AND THAT NOTICES AND AGENDAS BE PROVIDED FOR THOSE MEETINGS THAT CONTAIN THE INFORMATION THAT IS REASONABLY NECESSARY TO INFORM THE MEMBERS OF THE MATTERS TO BE DISCUSSED OR DECIDED AND TO ENSURE THAT MEMBERS HAVE THE ABILITY TO SPEAK AFTER DISCUSSION OF AGENDA ITEMS, BUT BEFORE A VOTE

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OF THE BOARD OF DIRECTORS IS TAKEN. TOWARD THIS END, ANY PERSON OR ENTITY THAT IS CHARGED WITH THE INTERPRETATION OF THESE PROVISIONS SHALL TAKE INTO ACCOUNT THIS DECLARATION OF POLICY AND SHALL CONSTRUE ANY PROVISION OF THIS SECTION IN FAVOR OF OPEN MEETINGS.

Sec. 4. Section 33-1808, Arizona Revised Statutes, is amended to read: 33-1808. Flag display: political signs: caution signs: for sale or lease signs; political petitions

- A. Notwithstanding any provision in the community documents, an association shall not prohibit the outdoor display of any of the following:
- 1. The American flag or an official or replica of a flag of the United States army, navy, air force, marine corps or coast guard by an association member on that member's property if the American flag or military flag is displayed in a manner consistent with the federal flag code (P.L. 94-344; 90 Stat. 810; 4 United States Code sections 4 through 10).
 - 2. The POW/MIA flag.
 - 3. The Arizona state flag.
 - 4. An Arizona Indian nations flag.
- B. The association shall adopt reasonable rules and regulations regarding the placement and manner of display of the American flag, the military flag, the POW/MIA flag, the Arizona state flag or an Arizona Indian nations flag. The association rules may regulate the location and size of flagpoles but shall not prohibit the installation of a flagpole.
- C. Notwithstanding any provision in the community documents, an association shall not prohibit the indoor or outdoor display of a political sign by an association member on that member's property, except that an association may prohibit the display of political signs earlier than forty five SEVENTY-ONE days before the day of an election and later than seven THREE days after an election day. An association may regulate the size and number of political signs that may be placed on a member's property if the association's regulation is no more restrictive than CONFORMS TO any applicable city, town or county ordinance that regulates the size and number of political signs on residential property. If the city, town or county in which the property is located does not regulate the size and number of political signs on residential property, the association shall permit at least one NOT LIMIT THE NUMBER OF political sign with SIGNS, EXCEPT THAT the maximum AGGREGATE TOTAL dimensions of twenty-four inches by twenty-four inches ALL POLITICAL SIGNS on a member's property SHALL NOT EXCEED NINE SQUARE FEET. THIS SUBSECTION APPLIES ONLY TO A COMMERCIALLY PRODUCED SIGN AND AN ASSOCIATION MAY PROHIBIT THE USE OF SIGNS THAT ARE NOT COMMERCIALLY PRODUCED. For the purposes of this subsection, "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer.

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- D. Notwithstanding any provision in the community documents, an association shall not prohibit the use of cautionary signs regarding children if the signs are used and displayed as follows:
 - 1. The signs are displayed in residential areas only.
 - The signs are removed within one hour of children ceasing to play.
- 3. The signs are displayed only when children are actually present within fifty feet of the sign.
 - 4. The temporary signs are no taller than three feet in height.
 - 5. The signs are professionally manufactured or produced.
- E. Notwithstanding any provision in the community documents, an association shall not prohibit children who reside in the planned community from engaging in recreational activity on residential roadways that are under the jurisdiction of the association and on which the posted speed limit is twenty-five miles per hour or less.
- F. Notwithstanding any provision in the community documents, an association shall not prohibit OR CHARGE A FEE FOR THE USE OR PLACEMENT OF the indoor or outdoor display of a for sale, FOR RENT OR FOR LEASE sign and a sign rider by an association member on that member's property IN ANY COMBINATION, including a sign that indicates the member is offering the property for sale by owner. The size of a sign offering a property for sale, FOR RENT OR FOR LEASE shall be in conformance with the industry standard size sign, which shall not exceed eighteen by twenty-four inches, and the industry standard size sign rider, which shall not exceed six by twenty-four inches. THIS SUBSECTION APPLIES ONLY TO A COMMERCIALLY PRODUCED SIGN AND AN ASSOCIATION MAY PROHIBIT THE USE OF SIGNS THAT ARE NOT COMMERCIALLY PRODUCED. With respect to real estate for sale, FOR RENT or FOR lease in the planned community, an association shall not prohibit IN ANY WAY OTHER THAN IS SPECIFICALLY AUTHORIZED BY THIS SECTION or otherwise regulate any of the following:
- 1. Temporary open house signs or a unit owner's MEMBER'S for sale sign. The association shall not require the use of particular signs indicating an open house or real property for sale and may not further regulate the use of temporary open house or for sale signs that are industry standard size and that are owned or used by the seller or the seller's agent.
- 2. Open house hours. The association may not limit the hours for an open house for real estate that is for sale in the planned community, except that the association may prohibit an open house being held before 8:00 a.m. or after 6:00 p.m. and may prohibit open house signs on the common areas of the planned community.
- 3. An owner's or an owner's agent's FOR RENT OR for lease sign unless an association's documents prohibit or restrict leasing of a member's property. An association shall not further regulate a FOR RENT OR for lease sign or require the use of a particular FOR RENT OR for lease sign other than the FOR RENT OR for lease sign shall not be any larger than the industry standard size sign of eighteen by twenty-four inches on or in the member's

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 property. If RENTAL OR leasing of a member's property is not prohibited or restricted, the association may prohibit AN open house FOR RENTAL OR leasing being held before 8:00 a.m. or after 6:00 p.m.

- G. Notwithstanding any provision in the community documents, an association shall not prohibit but may reasonably regulate the circulation of political petitions, including candidate nomination petitions or petitions in support of or opposition to an initiative, referendum or recall or other political issue on property dedicated to the public within the association. A planned community is not required to comply with this subsection if the planned community restricts vehicular or pedestrian access to the planned community. Nothing in this subsection requires a planned community to make its common elements available for the circulation of political petitions to anyone who is not an owner or resident of the community.
- H. AN ASSOCIATION OR MANAGING AGENT THAT VIOLATES SUBSECTION F OF THIS SECTION FORFEITS AND EXTINGUISHES THE LIEN RIGHTS AUTHORIZED UNDER SECTION 33-1807 AGAINST THAT MEMBER'S PROPERTY FOR A PERIOD OF SIX CONSECUTIVE MONTHS FROM THE DATE OF THE VIOLATION.

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