

~~homeowners' associations; foreclosure process~~  
(now: HOAs; expense liens; special assessment)

State of Arizona  
Senate  
Fifty-seventh Legislature  
Second Regular Session  
2026

# **CHAPTER 162**

## **SENATE BILL 1246**

AN ACT

AMENDING SECTIONS 33-1256 AND 33-1807, ARIZONA REVISED STATUTES; RELATING  
TO CONDOMINIUMS AND PLANNED COMMUNITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 33-1256, Arizona Revised Statutes, is amended to  
3 read:

4 33-1256. Common expense liens; priority; mechanics' and  
5 materialmen's liens; notice; applicability

6 A. The association has a common expense lien on a unit for any  
7 assessment levied against that unit from the time the assessment becomes  
8 due. The association's common expense lien may be foreclosed in the same  
9 manner as a mortgage on real estate but may be foreclosed only if the unit  
10 owner has been and remains delinquent in the payment of ~~assessments~~, ANY  
11 ASSESSMENT OR PORTION OF THE ASSESSMENT for a period of ~~one year~~ EIGHTEEN  
12 MONTHS or in the amount of ~~\$1,200~~ \$10,000 or more, whichever occurs first,  
13 as determined on the date the action is filed. FOR ANY SPECIAL ASSESSMENT  
14 WITH AN INITIAL VALUE OF \$10,000 OR MORE, ONLY THE EIGHTEEN-MONTH  
15 DELINQUENCY THRESHOLD APPLIES. The association board of directors shall  
16 exercise reasonable efforts to communicate with the unit owner and offer a  
17 reasonable payment plan before filing a foreclosure action. If an  
18 assessment is payable in installments, the full amount of the assessment  
19 is a COMMON EXPENSE lien from the time the first installment of the  
20 assessment becomes due.

21 B. Notwithstanding any provision in the condominium documents, unit  
22 owner expenses are not enforceable as common expense liens under this  
23 section. The association has a JUDGMENT lien for unit owner expenses  
24 after the entry of a judgment in a civil suit for those unit owner  
25 expenses from a court of competent jurisdiction and the recording of that  
26 judgment in the office of the county recorder as otherwise provided by  
27 law. The association's judgment lien for unit owner expenses may not be  
28 foreclosed and is effective only on conveyance of any interest in the real  
29 property.

30 C. A common expense lien under this section is prior to all other  
31 liens, interests and encumbrances on a unit except:

32 1. Liens and encumbrances recorded before the recordation of the  
33 declaration.

34 2. A recorded first mortgage on the unit, a seller's interest in a  
35 first contract for sale pursuant to chapter 6, article 3 of this title on  
36 the unit recorded before the COMMON EXPENSE lien arising pursuant to  
37 subsection A of this section or a recorded first deed of trust on the  
38 unit.

39 3. Liens for real estate taxes and other governmental assessments  
40 or charges against the unit.

41 D. Subsection C of this section does not affect the priority of  
42 mechanics' or materialmen's liens. The common expense lien under this  
43 section is not subject to chapter 8 of this title.

1 E. Unless the declaration otherwise provides, if two or more  
2 associations have common expense liens created at any time on the same  
3 real estate, those COMMON EXPENSE liens have equal priority.

4 F. Recording the declaration constitutes record notice and  
5 perfection of the common expense lien. Further recordation of any claim  
6 of common expense lien under this section is not required.

7 G. A common expense lien is extinguished unless proceedings to  
8 enforce the COMMON EXPENSE lien are instituted within six years after the  
9 full amount of the assessments becomes due.

10 H. This section does not prohibit:

11 1. Actions to recover sums for which subsection A or B of this  
12 section creates a lien.

13 2. An association from taking a deed in lieu of foreclosure.

14 I. A judgment or decree in any action brought under this section  
15 may include costs and reasonable attorney fees for the prevailing party.

16 J. The association on written request shall furnish to a  
17 lienholder, escrow agent, unit owner or person designated by a unit owner  
18 a statement setting forth the amount of any unpaid liens prescribed by  
19 subsection A or B of this section against the unit. The statement shall  
20 be furnished within ten days after receipt of the request. The statement  
21 is binding on the association if the statement is requested by an escrow  
22 agency that is licensed pursuant to title 6, chapter 7. Failure to  
23 provide the statement to the escrow agent within the time provided for in  
24 this subsection extinguishes any lien for any unpaid assessment then due.

25 K. Notwithstanding any provision in the condominium documents or in  
26 any contract between the association and a management company or any other  
27 agent of the association, including any agreement or contract with any  
28 attorney, unless the unit owner directs otherwise, all payments received  
29 on a unit owner's account shall be applied first to any unpaid  
30 assessments, due but not delinquent assessments, unpaid charges for late  
31 payment of those assessments if authorized in the declaration, unpaid  
32 reasonable collection fees and costs incurred or applied by the  
33 association and unpaid attorney fees and costs incurred with respect to  
34 those assessments if awarded by a court, in that order, with any remaining  
35 amounts applied next to other unpaid fees, charges and monetary penalties  
36 or interest and late charges on any of those amounts.

37 L. For a delinquent account for unpaid common expense liens, the  
38 association shall provide the following written notice to the unit owner  
39 at the unit owner's address as provided to the association at least thirty  
40 days before authorizing an attorney, or a collection agency that is not  
41 acting as the association's managing agent, to begin collection activity  
42 on behalf of the association:

43 Your account is delinquent. If you do not bring your account  
44 current or make arrangements that are approved by the  
45 association to bring your account current within thirty days

1 after the date of this notice, your account will be turned  
2 over for further collection proceedings. Such collection  
3 proceedings could include bringing a foreclosure action  
4 against your property.

5 The notice shall be in ~~boldfaced~~ BOLD-FACED type or all capital letters  
6 and shall include the contact information for the person that the unit  
7 owner may contact to discuss payment. The notice shall be sent by  
8 certified mail, return receipt requested, and may be included within other  
9 correspondence sent to the unit owner regarding the unit owner's  
10 delinquent account.

11 M. Except for condominiums that have fewer than fifty units and  
12 that do not contract with a third party to perform management services on  
13 behalf of the association, the association shall provide a statement of  
14 account in lieu of a periodic payment book to the unit owner with the same  
15 frequency that assessments are provided for in the declaration. The  
16 statement of account shall include the current account balance due and the  
17 immediately preceding ledger history. If the association offers the  
18 statement of account by electronic means, a unit owner may opt to receive  
19 the statement electronically. The association may stop providing any  
20 further statements of account to a unit owner if collection activity  
21 begins by an attorney, or a collection agency that is not acting as the  
22 association's managing agent, regarding that unit owner's unpaid account.  
23 After collection activity begins, a unit owner may request statements of  
24 account by written request to the attorney or collection agency. Any  
25 request by a unit owner for a statement of account after collection  
26 activity begins by an attorney or a collection agency that is not acting  
27 as the association's managing agent must be fulfilled by the attorney or  
28 the collection agency responsible for the collection. The statement of  
29 account provided by the attorney or collection agency responsible for the  
30 collection shall include all amounts claimed to be owing to resolve the  
31 delinquency through the date set forth in the statement, including  
32 attorney fees and costs, regardless of whether such amounts have been  
33 reduced to judgment.

34 N. An agent for the association may collect on behalf of the  
35 association directly from a unit owner the assessments and other amounts  
36 owed by cash or check, by mailed or hand-delivered bank drafts, checks,  
37 cashier's checks or money orders, by credit, charge or debit card or by  
38 other electronic means. For any form of payment other than for cash or  
39 for mailed or hand-delivered bank drafts, checks, cashier's checks or  
40 money orders, the agent may charge a convenience fee to the unit owner  
41 that is approximately the amount charged to the agent by a third-party  
42 service provider.

43 O. The association may not transfer ownership or control of debt  
44 for common expense liens or unit owner expenses.

1 ~~0.~~ P. This section does not apply to timeshare plans or  
2 associations that are subject to chapter 20 of this title.

3 Sec. 2. Section 33-1807, Arizona Revised Statutes, is amended to  
4 read:

5 33-1807. Common expense liens; priority; mechanics' and  
6 materialmen's liens; notice

7 A. The association has a common expense lien on a property for any  
8 assessment levied against that property from the time the assessment  
9 becomes due. The association's common expense lien may be foreclosed in  
10 the same manner as a mortgage on real estate but may be foreclosed only if  
11 the owner has been and remains delinquent in the payment of any assessment  
12 or portion of the assessment for a period of eighteen months or in the  
13 amount of \$10,000 or more, whichever occurs first, as determined on the  
14 date the action is filed. **FOR ANY SPECIAL ASSESSMENT WITH AN INITIAL**  
15 **VALUE OF \$10,000 OR MORE, ONLY THE EIGHTEEN-MONTH DELINQUENCY THRESHOLD**  
16 **APPLIES.** The association board of directors shall exercise reasonable  
17 efforts to communicate with the member and offer a reasonable payment plan  
18 before filing a foreclosure action. If an assessment is payable in  
19 installments, the full amount of the assessment is a common expense lien  
20 from the time the first installment of the assessment becomes due.

21 B. Notwithstanding any provision in the community documents, member  
22 expenses are not enforceable as common expense liens under this section.  
23 The association has a judgment lien for member expenses after the entry of  
24 a judgment in a civil suit for those member expenses from a court of  
25 competent jurisdiction and the recording of that judgment in the office of  
26 the county recorder as otherwise provided by law. The association's  
27 judgment lien for member expenses may not be foreclosed and is effective  
28 only on conveyance of any interest in the real property.

29 C. A common expense lien under this section is prior to all other  
30 liens, interests and encumbrances on a property except:

31 1. Liens and encumbrances recorded before the recordation of the  
32 declaration.

33 2. A recorded first mortgage on the property, a seller's interest  
34 in a first contract for sale pursuant to chapter 6, article 3 of this  
35 title on the property recorded before the common expense lien arising  
36 pursuant to subsection A of this section or a recorded first deed of trust  
37 on the property.

38 3. Liens for real estate taxes and other governmental assessments  
39 or charges against the property.

40 D. Subsection C of this section does not affect the priority of  
41 mechanics' or materialmen's liens. The common expense lien under this  
42 section is not subject to chapter 8 of this title.

43 E. Unless the declaration otherwise provides, if two or more  
44 associations have common expense liens created at any time on the same  
45 real estate those common expense liens have equal priority.

1 F. Recording the declaration constitutes record notice and  
2 perfection of the common expense lien. Further recordation of any claim  
3 of common expense lien under this section is not required.

4 G. A common expense lien is extinguished unless proceedings to  
5 enforce the common expense lien are instituted within six years after the  
6 full amount of the assessment becomes due.

7 H. This section does not prohibit:

8 1. Actions to recover amounts for which subsection A or B of this  
9 section creates a lien.

10 2. An association from taking a deed in lieu of foreclosure.

11 I. A judgment or decree in any action brought under this section  
12 may include costs and reasonable attorney fees for the prevailing party.

13 J. On written request, the association shall furnish to a  
14 lienholder, escrow agent, member or person designated by a member a  
15 statement setting forth the amount of any unpaid liens prescribed by  
16 subsection A or B of this section against the property. The association  
17 shall furnish the statement within ten days after receipt of the request.  
18 The statement is binding on the association if the statement is requested  
19 by an escrow agency that is licensed pursuant to title 6, chapter 7.  
20 Failure to provide the statement to the escrow agent within the time  
21 provided for in this subsection extinguishes any lien for any unpaid  
22 assessment then due.

23 K. Notwithstanding any provision in the community documents or in  
24 any contract between the association and a management company or any other  
25 agent of the association, including any agreement or contract with any  
26 attorney, unless the member directs otherwise, all payments received on a  
27 member's account shall be applied first to any unpaid assessments, due but  
28 not delinquent assessments, unpaid charges for late payment of those  
29 assessments if authorized in the declaration, unpaid reasonable collection  
30 fees and costs incurred or applied by the association, and unpaid attorney  
31 fees and costs incurred with respect to those assessments if awarded by a  
32 court, in that order, with any remaining amounts applied next to other  
33 unpaid fees, charges and monetary penalties or interest and late charges  
34 on any of those amounts.

35 L. For a delinquent account for unpaid common expense liens, the  
36 association shall provide the following written notice to the member at  
37 the member's address as provided to the association at least thirty days  
38 before authorizing an attorney, or a collection agency that is not acting  
39 as the association's managing agent, to begin collection activity on  
40 behalf of the association:

41 Your account is delinquent. If you do not bring your account  
42 current or make arrangements that are approved by the  
43 association to bring your account current within thirty days  
44 after the date of this notice, your account will be turned  
45 over for further collection proceedings. Such collection

1 proceedings could include bringing a foreclosure action  
2 against your property.

3 The notice shall be in bold-faced type or all capital letters and shall  
4 include the contact information for the person that the member may contact  
5 to discuss payment. The notice shall be sent by certified mail, return  
6 receipt requested, and may be included within other correspondence sent to  
7 the member regarding the member's delinquent account.

8 M. Except for planned communities that have fewer than fifty lots  
9 and that do not contract with a third party to perform management services  
10 on behalf of the association, the association shall provide a statement of  
11 account in lieu of a periodic payment book to the member with the same  
12 frequency that assessments are provided for in the declaration. The  
13 statement of account shall include the current account balance due and the  
14 immediately preceding ledger history. If the association offers the  
15 statement of account by electronic means, a member may opt to receive the  
16 statement electronically. The association may stop providing any further  
17 statements of account to a member if collection activity begins by an  
18 attorney, or a collection agency that is not acting as the association's  
19 managing agent, regarding that member's unpaid account. After collection  
20 activity begins, a member may request statements of account by written  
21 request to the attorney or collection agency. Any request by a member for  
22 a statement of account after collection activity begins by an attorney or  
23 a collection agency that is not acting as the association's managing agent  
24 must be fulfilled by the attorney or the collection agency responsible for  
25 the collection. The statement of account provided by the attorney or  
26 collection agency responsible for the collection shall include all amounts  
27 claimed to be owing to resolve the delinquency through the date set forth  
28 in the statement, including attorney fees and costs, regardless of whether  
29 such amounts have been reduced to judgment.

30 N. An agent for the association may collect on behalf of the  
31 association directly from a member the assessments and other amounts owed  
32 by cash or check, by mailed or hand-delivered bank drafts, checks,  
33 cashier's checks or money orders, by credit, charge or debit card or by  
34 other electronic means. For any form of payment other than for cash or  
35 for mailed or hand-delivered bank drafts, checks, cashier's checks or  
36 money orders, the agent may charge a convenience fee to the member that is  
37 approximately the amount charged to the agent by a third-party service  
38 provider.

39 O. The association may not transfer ownership or control of debt  
40 for common expense liens or member expenses.

APPROVED BY THE GOVERNOR JUNE 19, 2026.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 22, 2026.