

REFERENCE TITLE: homeowners' associations; assessments; liens; payments

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 2614

Introduced by
Representative Blackman

AN ACT

AMENDING SECTIONS 33-1202, 33-1256, 33-1802 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 33-1202, Arizona Revised Statutes, is amended to
3 read:

4 33-1202. Definitions

5 In the condominium documents, unless specifically provided otherwise
6 or the context otherwise requires, and in this chapter:

7 1. "Affiliate of a declarant" means any person who controls, is
8 controlled by or is under common control with a declarant.

9 2. "Allocated interests" means the undivided interests in the
10 common elements, the common expense liability and votes in the association
11 allocated to each unit.

12 3. "Articles of incorporation" means the instrument by which an
13 incorporated association or unit owners' association is formed and
14 organized under this state's corporate statutes.

15 4. "Assessment" means the share of monies that is required for the
16 payment of common expenses and that the association assesses ~~periodically~~
17 against ~~each~~ A unit PURSUANT TO THE DECLARATION OR THIS CHAPTER.

18 5. "Association" or "unit owners' association" means the unit
19 owners' association organized under section 33-1241.

20 6. "Board of directors" means the body, regardless of its name,
21 designated in the declaration and given general management powers to act
22 on behalf of the association.

23 7. "Bylaws" means the bylaws required by section 33-1246.

24 8. "Common elements" means all portions of a condominium other than
25 the units.

26 9. "Common expense liability" means the liability for common
27 expenses allocated to each unit pursuant to section 33-1217 or 33-1255.

28 10. "Common expense lien" means the lien for assessments, charges
29 for late payment of assessments if authorized in the declaration,
30 reasonable collection fees and costs incurred or applied by the
31 association and reasonable attorney fees and costs that are incurred with
32 respect to those assessments, if the attorney fees and costs are awarded
33 by a court.

34 11. "Common expenses" means expenditures made by or financial
35 liabilities of the association, together with any allocations to reserves.

36 12. "Condominium" means real estate, portions of which are
37 designated for separate ownership and the remainder of which is designated
38 for common ownership solely by the owners of the separate portions. Real
39 estate is not a condominium unless the undivided interests in the common
40 elements are vested in the unit owners.

41 13. "Condominium documents" means the declaration, bylaws, articles
42 of incorporation, if any, and rules, if any.

43 14. "Declarant" means any person or group of persons who reserves,
44 is granted or succeeds to any special declarant right.

1 15. "Declaration" means any instruments, however denominated, that
2 create a condominium and any amendments to those instruments.

3 16. "Development rights" means any right or combination of rights
4 reserved by or granted to a declarant in the declaration to do any of the
5 following:

6 (a) Add real estate to a condominium.

7 (b) Create easements, units, common elements or limited common
8 elements within a condominium.

9 (c) Subdivide units, convert units into common elements or convert
10 common elements into units.

11 (d) Withdraw real estate from a condominium.

12 (e) Make the condominium part of a larger condominium or planned
13 community.

14 (f) Amend the declaration during any period of declarant control,
15 pursuant to section 33-1243, subsection E, to comply with applicable law
16 or to correct any error or inconsistency in the declaration, if the
17 amendment does not adversely affect the rights of any unit owner.

18 (g) Amend the declaration during any period of declarant control,
19 pursuant to section 33-1243, subsection E, to comply with the rules or
20 guidelines, in effect from time to time, of any governmental or
21 quasi-governmental entity or federal corporation guaranteeing or insuring
22 mortgage loans or governing transactions involving mortgage instruments.

23 17. "Identifying number" means a symbol or address that identifies
24 one unit in a condominium.

25 18. "Leasehold condominium" means a condominium in which all or a
26 portion of the real estate is subject to a lease the expiration or
27 termination of which will terminate the condominium or reduce its size.

28 19. "Limited common element" means a portion of the common elements
29 specifically designated as a limited common element in the declaration and
30 allocated by the declaration or by operation of section 33-1212, paragraph
31 2 or 4 for the exclusive use of one or more but fewer than all of the
32 units.

33 20. "Person" means:

34 (a) A natural person, corporation, business trust, estate, trust,
35 partnership, association, joint venture, government, governmental
36 subdivision or agency, or other legal or commercial entity.

37 (b) In the case of a subdivision trust, as defined in section
38 6-801, the beneficiary of the trust who holds the right to subdivide,
39 develop or sell the real estate rather than the trust or trustee.

40 21. "Real estate":

41 (a) Means any legal, equitable, leasehold or other estate or
42 interest in, over or under land, including structures, fixtures and other
43 improvements and interests which by custom, usage or law pass with a
44 conveyance of land though not described in the contract of sale or
45 instrument of conveyance.

1 (b) Includes parcels with or without upper or lower boundaries and
2 spaces that may be filled with air or water.

3 22. "Rules" means the provisions, if any, adopted pursuant to the
4 declaration or bylaws governing maintenance and use of the units and
5 common elements.

6 23. "Special declarant rights" means any right or combination of
7 rights reserved by or granted to a declarant in the declaration to do any
8 of the following:

9 (a) Construct improvements provided for in the declaration.

10 (b) Exercise any development right.

11 (c) Maintain sales offices, management offices, signs advertising
12 the condominium, and models.

13 (d) Use easements through the common elements for the purpose of
14 making improvements within the condominium or within real estate that may
15 be added to the condominium.

16 (e) Appoint or remove any officer of the association or any board
17 member during any period of declarant control.

18 24. "Unit" means a portion of the condominium designated for
19 separate ownership or occupancy.

20 25. "Unit owner" means:

21 (a) A declarant or other person who owns a unit or, unless
22 otherwise provided in the lease, a lessee of a unit in a leasehold
23 condominium whose lease expires simultaneously with any lease the
24 expiration or termination of which will remove the unit from the
25 condominium but does not include a person having an interest in a unit
26 solely as security for an obligation.

27 (b) In the case of a contract for conveyance, as defined in section
28 33-741, of real property, the purchaser of the unit.

29 26. "Unit owner expenses":

30 (a) Means fees, charges, late charges and monetary penalties or
31 interest that is imposed pursuant to section 33-1242, subsection A,
32 paragraphs 10, 11 and 12.

33 (b) Does not include any amount that is included in a common
34 expense lien.

35 Sec. 2. Section 33-1256, Arizona Revised Statutes, is amended to
36 read:

37 33-1256. Common expense liens; priority; mechanics' and
38 materialmen's liens; notice; applicability

39 A. The association has a common expense lien on a unit for any
40 assessment levied against that unit from the time the assessment becomes
41 due. The association's common expense lien may be foreclosed in the same
42 manner as a mortgage on real estate but may be foreclosed only if the unit
43 owner has been and remains delinquent in the payment of assessments, for a
44 period of one year or in the amount of \$1,200 or more, whichever occurs
45 first, as determined on the date the action is filed. The association

1 board of directors shall exercise reasonable efforts to communicate with
2 the unit owner and offer a reasonable payment plan before filing a
3 foreclosure action. If an assessment is payable in installments, the full
4 amount of the assessment is a **COMMON EXPENSE** lien from the time the first
5 installment of the assessment becomes due.

6 B. Notwithstanding any provision in the condominium documents, unit
7 owner expenses are not enforceable as common expense liens under this
8 section. The association has a **JUDGMENT** lien for unit owner expenses
9 after the entry of a judgment in a civil suit for those unit owner
10 expenses from a court of competent jurisdiction and the recording of that
11 judgment in the office of the county recorder as otherwise provided by
12 law. The association's judgment lien for unit owner expenses may not be
13 foreclosed and is effective only on conveyance of any interest in the real
14 property.

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

17 1. Liens and encumbrances recorded before the recordation of the
18 declaration.

19 2. A recorded first mortgage on the unit, a seller's interest in a
20 first contract for sale pursuant to chapter 6, article 3 of this title on
21 the unit recorded before the **COMMON EXPENSE** lien arising pursuant to
22 subsection A of this section or a recorded first deed of trust on the
23 unit.

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

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

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

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

35 G. A common expense lien is extinguished unless proceedings to
36 enforce the **COMMON EXPENSE** lien are instituted within six years after the
37 full amount of the assessments becomes due.

38 H. This section does not prohibit:

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

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

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

44 J. The association on written request shall furnish to a
45 lienholder, escrow agent, unit owner or person designated by a unit owner

1 a statement setting forth the amount of any unpaid liens prescribed by
2 subsection A or B of this section against the unit. The statement shall
3 be furnished within ten days after receipt of the request. The statement
4 is binding on the association if the statement is requested by an escrow
5 agency that is licensed pursuant to title 6, chapter 7. Failure to
6 provide the statement to the escrow agent within the time provided for in
7 this subsection extinguishes any lien for any unpaid assessment then due.

8 K. Notwithstanding any provision in the condominium documents or in
9 any contract between the association and a management company or any other
10 agent of the association, including any agreement or contract with any
11 attorney, unless the unit owner directs otherwise **IN AN INSTRUMENT SIGNED**
12 **BY THE UNIT OWNER**, all payments received on a unit owner's account shall
13 be applied first to any unpaid assessments, due but not delinquent
14 assessments, unpaid charges for late payment of those assessments if
15 authorized in the declaration, unpaid reasonable collection fees and costs
16 incurred or applied by the association and unpaid attorney fees and costs
17 incurred with respect to those assessments if awarded by a court, in that
18 order, with any remaining amounts applied next to other unpaid fees,
19 charges and monetary penalties or interest and late charges on any of
20 those amounts.

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

27 Your account is delinquent. If you do not bring your account
28 current or make arrangements that are approved by the
29 association to bring your account current within thirty days
30 after the date of this notice, your account will be turned
31 over for further collection proceedings. Such collection
32 proceedings could include bringing a foreclosure action
33 against your property.

34 The notice shall be in ~~boldfaced~~ **BOLD-FACED** type or all capital letters
35 and shall include the contact information for the person that the unit
36 owner may contact to discuss payment. The notice shall be sent by
37 certified mail, return receipt requested, and may be included within other
38 correspondence sent to the unit owner regarding the unit owner's
39 delinquent account.

40 M. Except for condominiums that have fewer than fifty units and
41 that do not contract with a third party to perform management services on
42 behalf of the association, the association shall provide a statement of
43 account in lieu of a periodic payment book to the unit owner with the same
44 frequency that assessments are provided for in the declaration. The
45 statement of account shall include the current account balance due and the

1 immediately preceding ledger history. If the association offers the
 2 statement of account by electronic means, a unit owner may opt to receive
 3 the statement electronically. The association may stop providing any
 4 further statements of account to a unit owner if collection activity
 5 begins by an attorney, or a collection agency that is not acting as the
 6 association's managing agent, regarding that unit owner's unpaid account.
 7 After collection activity begins, a unit owner may request statements of
 8 account by written request to the attorney or collection agency. Any
 9 request by a unit owner for a statement of account after collection
 10 activity begins by an attorney or a collection agency that is not acting
 11 as the association's managing agent must be fulfilled by the attorney or
 12 the collection agency responsible for the collection. The statement of
 13 account provided by the attorney or collection agency responsible for the
 14 collection shall include all amounts claimed to be owing to resolve the
 15 delinquency through the date set forth in the statement, including
 16 attorney fees and costs, regardless of whether such amounts have been
 17 reduced to judgment.

18 N. An agent for the association may collect on behalf of the
 19 association directly from a unit owner the assessments and other amounts
 20 owed by cash or check, by mailed or hand-delivered bank drafts, checks,
 21 cashier's checks or money orders, by credit, charge or debit card or by
 22 other electronic means. For any form of payment other than for cash or
 23 for mailed or hand-delivered bank drafts, checks, cashier's checks or
 24 money orders, the agent may charge a convenience fee to the unit owner
 25 that is approximately the amount charged to the agent by a third-party
 26 service provider. The association may not transfer ownership or control
 27 of debt for common expense liens or unit owner expenses.

28 O. This section does not apply to timeshare plans or associations
 29 that are subject to chapter 20 of this title.

30 Sec. 3. Section 33-1802, Arizona Revised Statutes, is amended to
 31 read:

32 33-1802. Definitions

33 In this chapter and in the community documents, unless the context
 34 otherwise requires:

35 1. "ASSESSMENT" MEANS THE SHARE OF MONIES THAT IS REQUIRED FOR THE
 36 PAYMENT OF COMMON EXPENSES AND THAT THE ASSOCIATION ASSESSES AGAINST A
 37 PROPERTY PURSUANT TO THE DECLARATION OR THIS CHAPTER.

38 ~~1.~~ 2. "Association":

39 (a) Means a nonprofit corporation or unincorporated association of
 40 owners that is created pursuant to a declaration to own and operate
 41 portions of a planned community and that has the power under the
 42 declaration to assess association members to pay the costs and expenses
 43 incurred in the performance of the association's obligations under the
 44 declaration.

(b) Does not include a nonprofit corporation or unincorporated association of owners that is created or incorporated before January 1, 1974 and that does not have authority to enforce covenants, conditions or restrictions related to the use, occupancy or appearance of the separately owned lots, parcels or units in a real estate development, unless the nonprofit corporation or unincorporated association of owners elects to be subject to this chapter pursuant to section 33-1801, subsection D.

~~2.~~ 3. "Common expense lien" means the lien for assessments, charges for late payment of assessments if authorized in the declaration, reasonable collection fees and costs **THAT ARE** incurred or applied by the association and reasonable attorney fees and costs that are incurred with respect to those assessments, if the attorney fees and costs are awarded by a court.

~~3.~~ 4. "Community documents" means the declaration, bylaws, articles of incorporation, if any, and rules, if any.

~~4.~~ 5. "Declaration" means any instruments, however denominated, that establish a planned community and any amendment to those instruments.

~~5.~~ 6. "Member expenses":

(a) Means fees, charges, late charges and monetary penalties or interest.

(b) Does not include any amount that is included in a common expense lien.

~~6.~~ 7. "Planned community":

(a) Means a real estate development that includes real estate owned and operated by or real estate on which an easement to maintain roadways or a covenant to maintain roadways is held by a nonprofit corporation or unincorporated association of owners, that is created for the purpose of managing, maintaining or improving the property and in which the declaration expressly states both that the owners of separately owned lots, parcels or units are mandatory members and that the owners are required to pay assessments to the association for these purposes.

(b) Does not include any of the following:

(i) A timeshare plan or a timeshare association that is governed by chapter 20 of this title.

(ii) A condominium that is governed by chapter 9 of this title.

(iii) A real estate development that is not managed or maintained by an association.

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

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

A. The association has a common expense lien on a property for any assessment levied against that property from the time the assessment becomes due. The association's common expense lien may be foreclosed in the same manner as a mortgage on real estate but may be foreclosed only if

1 the owner has been and remains delinquent in the payment of any assessment
2 or portion of the assessment for a period of eighteen months or in the
3 amount of \$10,000 or more, whichever occurs first, as determined on the
4 date the action is filed. The association board of directors shall
5 exercise reasonable efforts to communicate with the member and offer a
6 reasonable payment plan before filing a foreclosure action. If an
7 assessment is payable in installments, the full amount of the assessment
8 is a common expense lien from the time the first installment of the
9 assessment becomes due.

10 B. Notwithstanding any provision in the community documents, member
11 expenses are not enforceable as common expense liens under this
12 section. The association has a judgment lien for member expenses after
13 the entry of a judgment in a civil suit for those member expenses from a
14 court of competent jurisdiction and the recording of that judgment in the
15 office of the county recorder as otherwise provided by law. The
16 association's judgment lien for member expenses may not be foreclosed and
17 is effective only on conveyance of any interest in the real property.

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

20 1. Liens and encumbrances recorded before the recordation of the
21 declaration.

22 2. A recorded first mortgage on the property, a seller's interest
23 in a first contract for sale pursuant to chapter 6, article 3 of this
24 title on the property recorded before the common expense lien arising
25 pursuant to subsection A of this section or a recorded first deed of trust
26 on the property.

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

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

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

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

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

41 H. This section does not prohibit:

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

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

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

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

K. Notwithstanding any provision in the community documents or in any contract between the association and a management company or any other agent of the association, including any agreement or contract with any attorney, unless the member directs otherwise **IN AN INSTRUMENT SIGNED BY THE MEMBER**, all payments received on a member's account shall be applied first to any unpaid assessments, due but not delinquent assessments, unpaid charges for late payment of those assessments if authorized in the declaration, unpaid reasonable collection fees and costs incurred or applied by the association, and unpaid attorney fees and costs incurred with respect to those assessments if awarded by a court, in that order, with any remaining amounts applied next to other unpaid fees, charges and monetary penalties or interest and late charges on any of those amounts.

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

Your account is delinquent. If you do not bring your account current or make arrangements that are approved by the association to bring your account current within thirty days after the date of this notice, your account will be turned over for further collection proceedings. Such collection proceedings could include bringing a foreclosure action against your property.

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

M. Except for planned communities that have fewer than fifty lots and that do not contract with a third party to perform management services on behalf of the association, the association shall provide a statement of

1 account in lieu of a periodic payment book to the member with the same
2 frequency that assessments are provided for in the declaration. The
3 statement of account shall include the current account balance due and the
4 immediately preceding ledger history. If the association offers the
5 statement of account by electronic means, a member may opt to receive the
6 statement electronically. The association may stop providing any further
7 statements of account to a member if collection activity begins by an
8 attorney, or a collection agency that is not acting as the association's
9 managing agent, regarding that member's unpaid account. After collection
10 activity begins, a member may request statements of account by written
11 request to the attorney or collection agency. Any request by a member for
12 a statement of account after collection activity begins by an attorney or
13 a collection agency that is not acting as the association's managing agent
14 must be fulfilled by the attorney or the collection agency responsible for
15 the collection. The statement of account provided by the attorney or
16 collection agency responsible for the collection shall include all amounts
17 claimed to be owing to resolve the delinquency through the date set forth
18 in the statement, including attorney fees and costs, regardless of whether
19 such amounts have been reduced to judgment.

20 N. An agent for the association may collect on behalf of the
21 association directly from a member the assessments and other amounts owed
22 by cash or check, by mailed or hand-delivered bank drafts, checks,
23 cashier's checks or money orders, by credit, charge or debit card or by
24 other electronic means. For any form of payment other than for cash or
25 for mailed or hand-delivered bank drafts, checks, cashier's checks or
26 money orders, the agent may charge a convenience fee to the member that is
27 approximately the amount charged to the agent by a third-party service
28 provider. The association may not transfer ownership or control of debt
29 for common expense liens or member expenses.