

REFERENCE TITLE: homeowners' associations; rules; enforcement

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

SB 1674

Introduced by
Senator Kavanagh

AN ACT

AMENDING SECTIONS 33-1202, 33-1215, 33-1243, 33-1245 AND 33-1811, 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 unit.

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~~ F, to comply with applicable
16 law 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~~ F, 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 33-1215, Arizona Revised Statutes, is amended to
36 read:

37 33-1215. Contents of declaration

38 A. The declaration shall contain:

39 1. The name of the condominium, which shall include the word
40 "condominium" or be followed by the words "a condominium", and the name of
41 the association.

42 2. The name of every county in which any portion of the condominium
43 is located.

44 3. A legal description of the real estate included in the
45 condominium.

1 4. A description of the boundaries of each unit created by the
2 declaration, including each unit's identifying number.

3 5. A description of any limited common elements, other than those
4 specified in section 33-1212, paragraphs 2 and 4, but the declaration
5 shall contain a description of any porches, balconies, patios and
6 entryways, if any, as provided in section 33-1219, subsection B, paragraph
7 11.

8 6. A description of any development rights and other special
9 declarant rights, together with a legal description of the real estate to
10 which each of those rights applies, any time limit within which each of
11 those rights must be exercised and any other conditions or limitations
12 under which the rights described in this paragraph may be exercised or
13 will lapse.

14 7. An allocation to each unit of the allocated interests in the
15 manner described in section 33-1217.

16 8. Any restrictions on use, occupancy and alienation of the units.

17 9. All matters required by sections 33-1216, 33-1217, 33-1218,
18 33-1219 and 33-1226 and section 33-1243, subsection ~~E~~ F.

19 10. A statement that the assessment obligation of the unit owner
20 under section 33-1255 is secured by a lien on the owner's unit in favor of
21 the association pursuant to section 33-1256.

22 11. If the condominium is a conversion from multifamily rental to
23 condominiums, a statement containing all of the following:

24 (a) A statement that the property is a conversion from multifamily
25 rental to condominiums.

26 (b) The date original construction was completed.

27 (c) The name and address of the original owner, builder, developer
28 and general contractor as shown on the applicable city, town or county
29 building permit.

30 (d) The name and address of each subsequent owner as determined by
31 a search of the county recorder's records in the county in which the
32 property is located.

33 (e) The subdivider's agreement to provide the following information
34 on request:

35 (i) The name and address of any builder, developer, general
36 contractor, subcontractor, architect and engineer who designed or made
37 improvements to the property immediately before the first condominium was
38 sold.

39 (ii) A specific description of all improvements made.

40 B. If a city, town or county is unable to produce a building permit
41 as required in subsection A, paragraph 11, subdivision (c) of this
42 section, the subdivider shall submit a letter from the applicable city,
43 town or county stating that the information required by subsection A,
44 paragraph 11, subdivision (c) of this section is not available.

1 C. The declaration may contain any other matters the declarant
2 deems appropriate.

3 Sec. 3. Section 33-1243, Arizona Revised Statutes, is amended to
4 read:

5 33-1243. Board of directors and officers; conflict; powers;
6 limitations; removal; annual audit; applicability

7 A. Except as provided in the declaration, the bylaws, subsection B
8 of this section or other provisions of this chapter, the board of
9 directors may act in all instances on behalf of the association.

10 B. The board of directors shall not act on behalf of the
11 association to amend the declaration, terminate the condominium, elect
12 members of the board of directors or determine the qualifications, powers
13 and duties or terms of office of board of directors members. Except as
14 provided in subsection ~~H~~ I of this section, the board of directors may
15 fill vacancies in its membership for the unexpired portion of any term.

16 C. If any contract, decision or other action for compensation taken
17 by or on behalf of the board of directors would benefit any member of the
18 board of directors or any person who is a parent, grandparent, spouse,
19 child or sibling of a member of the board of directors or a parent or
20 spouse of any of those persons, that member of the board of directors
21 shall declare a conflict of interest for that issue. The member shall
22 declare the conflict in an open meeting of the board OF DIRECTORS before
23 the board OF DIRECTORS discusses or takes action on that issue and that
24 member may then vote on that issue. Any contract entered into in
25 violation of this subsection is void and unenforceable.

26 D. NOTWITHSTANDING ANY PROVISION OF THE CONDOMINIUM DOCUMENTS TO
27 THE CONTRARY, THE ASSOCIATION HAS BOTH THE AUTHORITY AND THE DUTY, WITH
28 REASONABLE DISCRETION, TO ENFORCE THE ASSOCIATION'S GOVERNING DOCUMENTS TO
29 PROTECT PROPERTY VALUES IN THE CONDOMINIUM. TO BE REASONABLE, THE
30 ASSOCIATION'S ENFORCEMENT MAY NOT BE OPTIONAL, ARBITRARY, CAPRICIOUS OR
31 SELECTIVE AND MUST TREAT ALL UNIT OWNERS FAIRLY. ALL ENFORCEMENT ACTIONS
32 TAKEN BY THE ASSOCIATION ARE A PUBLIC RECORD OF THE ASSOCIATION AND ARE
33 SUBJECT TO THE PROVISIONS OF SECTION 33-1258.

34 ~~D~~. E. Except as provided in the declaration, within thirty days
35 after adoption of any proposed budget for the condominium, the board of
36 directors shall provide a summary of the budget to all the unit owners.
37 Unless the board of directors is expressly authorized in the declaration
38 to adopt and amend budgets from time to time, any budget or amendment
39 shall be ratified by the unit owners in accordance with the procedures set
40 forth in this subsection. If ratification is required, the board of
41 directors shall set a date for a meeting of the unit owners to consider
42 ratification of the budget not fewer than fourteen or more than thirty
43 days after mailing of the summary. Unless at that meeting a majority of
44 all the unit owners or any larger vote specified in the declaration
45 rejects the budget, the budget is ratified, whether or not a quorum is

1 present. If the proposed budget is rejected, the periodic budget last
2 ratified by the unit owners shall be continued until such time as the unit
3 owners ratify a subsequent budget proposed by the board of directors.

4 ~~F.~~ F. The declaration may provide for a period of declarant
5 control of the association, during which period a declarant or persons
6 designated by the declarant may appoint and remove the officers and
7 members of the board of directors. Regardless of the period provided in
8 the declaration, a period of declarant control terminates not later than
9 the earlier of:

10 1. Ninety days after conveyance of seventy-five percent of the
11 units that may be created to unit owners other than a declarant.

12 2. Four years after all declarants have ceased to offer units for
13 sale in the ordinary course of business.

14 ~~F.~~ G. A declarant may voluntarily surrender the right to appoint
15 and remove officers and members of the board of directors before
16 termination of the period prescribed in subsection ~~F~~ F of this section,
17 but in that event the declarant may require, for the duration of the
18 period of declarant control, that specified actions of the association or
19 board of directors, as described in a recorded instrument executed by the
20 declarant, be approved by the declarant before they become effective.

21 ~~G.~~ H. Not later than the termination of any period of declarant
22 control the unit owners shall elect a board of directors of at least three
23 members, at least a majority of whom must be unit owners. The board of
24 directors shall elect the officers. The board OF DIRECTORS members and
25 officers shall take office on election.

26 ~~H.~~ I. Notwithstanding any provision of the declaration or bylaws
27 to the contrary, all of the following apply to a meeting at which a member
28 of the board of directors, other than a member appointed by the declarant,
29 is proposed to be removed from the board of directors:

30 1. The unit owners who are eligible to vote at the time of the
31 meeting may remove any member of the board of directors, other than a
32 member appointed by the declarant, by a majority vote of those voting on
33 the matter at a meeting of the unit owners.

34 2. The meeting of the unit owners shall be called pursuant to this
35 section and action may be taken only if a quorum is present.

36 3. The unit owners may remove any member of the board of directors
37 with or without cause, other than a member appointed by the declarant.

38 4. For purposes of calling for removal of a member of the board of
39 directors, other than a member appointed by the declarant, the following
40 apply:

41 (a) In an association with one thousand or fewer members, on
42 receipt of a petition that calls for removal of a member of the board of
43 directors and that is signed by the number of persons who are eligible to
44 vote in the association at the time the person signs the petition equal to
45 at least twenty-five percent of the votes in the association or by the

1 number of persons who are eligible to vote in the association at the time
2 the person signs the petition equal to at least one hundred votes in the
3 association, whichever is less, the board shall call and provide written
4 notice of a special meeting of the association as prescribed by section
5 33-1248, subsection B.

6 (b) Notwithstanding section 33-1248, subsection B, in an
7 association with more than one thousand members, on receipt of a petition
8 that calls for removal of a member of the board of directors and that is
9 signed by the number of persons who are eligible to vote in the
10 association at the time the person signs the petition equal to at least
11 ten percent of the votes in the association or by the number of persons
12 who are eligible to vote in the association at the time the person signs
13 the petition equal to at least one thousand votes in the association,
14 whichever is less, the board OF DIRECTORS shall call and provide written
15 notice of a special meeting of the association. The board OF DIRECTORS
16 shall provide written notice of a special meeting as prescribed by section
17 33-1248, subsection B.

18 (c) The special meeting shall be called, noticed and held within
19 thirty days after receipt of the petition.

20 (d) If all of the requirements of this subsection for calling a
21 special meeting are met and the board of directors fails to call, notice
22 and hold a special meeting within thirty days after receipt of the
23 petition, the members of the board of directors are deemed removed from
24 office effective at midnight of the thirty-first day.

25 (e) For purposes of a special meeting called pursuant to this
26 subsection, a quorum is present if the number of owners who are eligible
27 to vote in the association at the time the person attends the meeting
28 equal to at least twenty percent of the votes of the association or the
29 number of persons who are eligible to vote in the association at the time
30 the person attends the meeting equal to at least one thousand votes,
31 whichever is less, is present at the meeting in person or as otherwise
32 allowed by law.

33 (f) If a civil action is filed regarding the removal of a board OF
34 DIRECTORS member, the prevailing party in the civil action shall be
35 awarded its reasonable attorney fees and costs.

36 (g) The board of directors shall retain all documents and other
37 records relating to the proposed removal of the member of the board of
38 directors and any election or other action taken for that director's
39 replacement for at least one year after the date of the special meeting
40 and shall allow members to inspect those documents and records pursuant to
41 section 33-1258.

42 (h) A petition that calls for the removal of the same member of the
43 board of directors shall not be submitted more than once during each term
44 of office for that member.

1 2. Any other contract or lease between the association and a
2 declarant or an affiliate of a declarant.

3 3. Any contract or lease that is not bona fide or was
4 unconscionable to the unit owners at the time entered into under the
5 circumstances then prevailing.

6 B. The board of directors shall notify the appropriate contractual
7 party of the termination at least thirty days before termination.

8 C. This section does not apply to any lease if the termination of
9 the lease would terminate the condominium or reduce its size.

10 D. If a contract covered by this section fails to contain the
11 provisions required by subsection A of this section, the contract is
12 voidable at the option of the association.

13 E. This section does not apply to timeshare plans or associations
14 that are subject to chapter 20 of this title.

15 Sec. 5. Section 33-1811, Arizona Revised Statutes, is amended to
16 read:

17 33-1811. Board of directors; contracts; conflict; duties

18 A. If any contract, decision or other action for compensation taken
19 by or on behalf of the board of directors would benefit any member of the
20 board of directors or any person who is a parent, grandparent, spouse,
21 child or sibling of a member of the board of directors or a parent or
22 spouse of any of those persons, that member of the board of directors
23 shall declare a conflict of interest for that issue. The member shall
24 declare the conflict in an open meeting of the board before the board
25 discusses or takes action on that issue and that member may then vote on
26 that issue. Any contract entered into in violation of this section is
27 void and unenforceable.

28 B. NOTWITHSTANDING ANY PROVISION OF THE COMMUNITY DOCUMENTS TO THE
29 CONTRARY, THE ASSOCIATION HAS BOTH THE AUTHORITY AND THE DUTY, WITH
30 REASONABLE DISCRETION, TO ENFORCE THE ASSOCIATION'S GOVERNING DOCUMENTS TO
31 PROTECT PROPERTY VALUES IN THE PLANNED COMMUNITY. TO BE REASONABLE, THE
32 ASSOCIATION'S ENFORCEMENT MAY NOT BE OPTIONAL, ARBITRARY, CAPRICIOUS OR
33 SELECTIVE AND MUST TREAT ALL MEMBERS FAIRLY. ALL ENFORCEMENT ACTIONS
34 TAKEN BY THE ASSOCIATION ARE A PUBLIC RECORD OF THE ASSOCIATION AND ARE
35 SUBJECT TO THE PROVISIONS OF SECTION 33-1805.