

REFERENCE TITLE: **dispute resolution process; real estate**

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

SB 1158

Introduced by
Senators Rogers: Finchem

AN ACT

AMENDING SECTIONS 32-2199.01, 32-2199.02, 32-2199.04 AND 33-1270, ARIZONA REVISED STATUTES; AMENDING TITLE 33, CHAPTER 16, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2; RELATING TO PROPERTY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-2199.01, Arizona Revised Statutes, is amended
3 to read:

4 32-2199.01. Hearing; rights and procedures

5 A. For a dispute between an owner and a condominium association or
6 planned community association that is regulated pursuant to title 33,
7 chapter 9 or 16, the owner or association may petition the department for
8 a hearing concerning violations of condominium documents or planned
9 community documents or violations of the statutes that regulate
10 condominiums or planned communities. The petitioner shall file a petition
11 with the department and pay a filing fee in an amount ~~to be established by~~
12 ~~the commissioner~~ NOT TO EXCEED THE SUPERIOR COURT APPLICATION FEES
13 PURSUANT TO SECTION 12-284 PER PETITION. EACH PETITION MAY CONSIST OF NOT
14 MORE THAN FOUR DISTINCT AND SEPARATE COMPLAINTS OF ALLEGED STATUTORY OR
15 GOVERNING DOCUMENT VIOLATIONS. The filing fee shall be deposited in the
16 condominium and planned community hearing office fund established by
17 section 32-2199.05. On dismissal of a petition at the request of the
18 petitioner before a hearing is scheduled or by stipulation of the parties
19 before a hearing is scheduled, the filing fee shall be refunded to the
20 petitioner. The department does not have jurisdiction to hear:

21 1. Any dispute among or between owners to which the association is
22 not a party.

23 2. Any dispute between an owner and any person, firm, partnership,
24 corporation, association or other organization that is engaged in the
25 business of designing, constructing or selling a condominium as defined in
26 section 33-1202 or any property or improvements within a planned community
27 as defined in section 33-1802, including any person, firm, partnership,
28 corporation, association or other organization licensed pursuant to this
29 chapter, arising out of or related to the design, construction, condition
30 or sale of the condominium or any property or improvements within a
31 planned community.

32 B. The petition shall be in writing on a form approved by the
33 department, shall list the complaints and shall be signed by or on behalf
34 of the persons filing and include their addresses, stating that a hearing
35 is desired, and shall be filed with the department.

36 C. On receipt of the petition and the filing fee, the department
37 shall mail by certified mail a copy of the petition along with notice to
38 the named respondent that a response is required within twenty days after
39 mailing of the petition showing cause, if any, why the petition should be
40 dismissed.

41 D. After receiving the response, the commissioner or the
42 commissioner's designee shall promptly review the petition for hearing
43 and, if justified, refer the petition to the office of administrative
44 hearings. The commissioner may dismiss a petition for hearing if it

1 appears to the commissioner's satisfaction that the disputed issue or
2 issues have been resolved by the parties.

3 E. Failure of the respondent to answer is deemed an admission of
4 the allegations made in the petition, and the commissioner shall issue a
5 default decision.

6 F. Informal disposition may be made of any contested case.

7 G. Either party or the party's authorized agent may inspect any
8 file of the department that pertains to the hearing, if the authorization
9 is filed in writing with the department.

10 H. At a hearing conducted pursuant to this section, a corporation
11 may be represented by a corporate officer, employee or contractor of the
12 corporation who is not a member of the state bar if:

13 1. The corporation has specifically authorized the officer,
14 employee or contractor of the corporation to represent it.

15 2. The representation is not the officer's, employee's or
16 contractor of the corporation's primary duty to the corporation but is
17 secondary or incidental to the officer's, employee's or contractor of the
18 corporation's, limited liability company's, limited liability
19 partnership's, sole proprietor's or other lawfully formed and operating
20 entity's duties relating to the management or operation of the
21 corporation.

22 Sec. 2. Section 32-2199.02, Arizona Revised Statutes, is amended to
23 read:

24 32-2199.02. Orders; penalties; disposition

25 A. The administrative law judge may order any party to abide by the
26 statute, condominium documents, community documents or contract provision
27 at issue and may levy a civil penalty **NOT TO EXCEED \$500** on the basis of
28 each **violation COMPLAINT OR ANY OTHER MONETARY OR NONMONETARY PENALTY**
29 **PRESCRIBED BY STATUTE**. All monies collected pursuant to this article
30 shall be deposited in the condominium and planned community hearing office
31 fund established by section 32-2199.05 to be used to offset the cost of
32 administering the administrative law judge function. If the petitioner
33 prevails, the administrative law judge shall order the respondent to pay
34 to the petitioner the filing fee required by section 32-2199.01.

35 B. The order issued by the administrative law judge is binding on
36 the parties unless a rehearing is granted pursuant to section 32-2199.04
37 based on a petition setting forth the reasons for the request for
38 rehearing, in which case the order issued at the conclusion of the
39 rehearing is binding on the parties. The order issued by the
40 administrative law judge is enforceable through contempt of court
41 proceedings and is subject to judicial review as prescribed by section
42 41-1092.08.

1 Sec. 3. Section 32-2199.04, Arizona Revised Statutes, is amended to
2 read:

3 32-2199.04. Rehearing; appeal

4 A. A person aggrieved by a decision of the administrative law judge
5 may apply for a rehearing by filing with the commissioner a petition in
6 writing pursuant to section 41-1092.09 **AND SUBMITTING A FILING FEE AS**
7 **PRESCRIBED IN SECTION 32-2199.01**. Within ten days after filing such A
8 petition, the commissioner shall serve notice of the request on the other
9 party by mailing a copy of the petition in the manner prescribed in
10 section 32-2199.01 for notice of hearing.

11 B. The filing of a petition for rehearing temporarily suspends the
12 operation of the administrative law judge's action. If the petition is
13 granted, the administrative law judge's action is suspended pending the
14 decision on the rehearing.

15 C. In the order granting or denying a rehearing, the commissioner
16 shall include a statement of the particular grounds and reasons for the
17 commissioner's action on the petition and shall promptly mail a copy of
18 the order to the parties who have appeared in support of or in opposition
19 to the petition for rehearing. **IF THE REQUEST FOR REHEARING IS DENIED,**
20 **THE FILING FEE SHALL BE RETURNED TO THE REQUESTING PARTY.**

21 D. In a rehearing conducted pursuant to this section, a corporation
22 may be represented by a corporate officer or employee who is not a member
23 of the state bar if:

24 1. The corporation has specifically authorized such officer or
25 employee to represent it.

26 2. Such representation is not the officer's or employee's primary
27 duty to the corporation but is secondary or incidental to such officer's
28 or employee's duties relating to the management or operation of the
29 corporation.

30 Sec. 4. Section 33-1270, Arizona Revised Statutes, is amended to
31 read:

32 33-1270. Department of real estate; enforcement

33 A. ~~Nothing in~~ This chapter ~~shall be construed to~~ **DOES NOT** increase
34 or decrease or otherwise affect any rights or powers granted to the
35 commissioner of the department of real estate under title 32, chapter 20
36 with respect to the issuance of public reports.

37 B. The commissioner of the department of real estate shall require
38 compliance with ~~section~~ **SECTIONS** 33-1215 and ~~section~~ 33-1219 in connection
39 with the administration of the subdivision laws of this state under title
40 32, chapter 20, article 4. The commissioner ~~shall~~ **IS** not ~~be~~ required to
41 administer or enforce any other provisions of this chapter **BUT SHALL**
42 **ADMINISTER THE DISPUTE RESOLUTION PROCESS AUTHORIZED UNDER SECTION**
43 **32-2199.01.**

1 Sec. 5. Title 33, chapter 16, Arizona Revised Statutes, is amended
2 by adding article 2, to read:

3 ARTICLE 2. ADMINISTRATION

4 33-1831. State real estate department; enforcement

5 A. THIS CHAPTER DOES NOT INCREASE OR DECREASE OR OTHERWISE AFFECT
6 ANY RIGHTS OR POWERS GRANTED TO THE STATE REAL ESTATE COMMISSIONER UNDER
7 TITLE 32, CHAPTER 20 WITH RESPECT TO THE ISSUANCE OF PUBLIC REPORTS.

8 B. THE STATE REAL ESTATE COMMISSIONER SHALL REQUIRE COMPLIANCE WITH
9 THE RELEVANT PORTIONS OF SECTIONS 33-1215 AND 33-1219 FOR PLANNED
10 COMMUNITIES IN CONNECTION WITH THE ADMINISTRATION OF THE SUBDIVISION LAWS
11 OF THIS STATE UNDER TITLE 32, CHAPTER 20, ARTICLE 4. THE STATE REAL
12 ESTATE COMMISSIONER IS NOT REQUIRED TO ENFORCE ANY OTHER PROVISIONS OF
13 THIS CHAPTER BUT SHALL ADMINISTER THE DISPUTE RESOLUTION PROCESS
14 AUTHORIZED UNDER SECTION 32-2199.01.