

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 4011
(Reference to printed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.
[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<Green strikeout in carets>> indicates a section removed from the bill.

- 1 The bill as proposed to be amended is reprinted as follows:
2 Section 1. Section 33-1242, Arizona Revised Statutes, is amended to
3 read:
4 33-1242. Powers of unit owners' association; notice to unit
5 owner of violation
6 A. Subject to the provisions of the declaration, the association
7 may:
8 1. Adopt and amend bylaws and rules.
9 2. Adopt and amend budgets for revenues, expenditures and reserves
10 and collect assessments for common expenses from unit owners.
11 3. Hire and discharge managing agents and other employees, agents
12 and independent contractors.
13 4. Institute, defend or intervene in litigation or administrative
14 proceedings in its own name on behalf of itself or two or more unit owners
15 on matters affecting the condominium.
16 5. Make contracts and incur liabilities.
17 6. Regulate the use, maintenance, repair, replacement and
18 modification of common elements.
19 7. Cause additional improvements to be made as a part of the common
20 elements.
21 8. Acquire, hold, encumber and convey in its own name any right,
22 title or interest to real or personal property, except that common
23 elements may be conveyed or subjected to a security interest only pursuant
24 to section 33-1252.
25 9. Grant easements, leases, licenses and concessions through or
26 over the common elements.

1 10. Impose and receive any payments, fees or charges for the use,
2 rental or operation of the common elements other than limited common
3 elements described in section 33-1212, paragraphs 2 and 4 and for services
4 provided to unit owners.

5 11. Impose charges for late payment of assessments after the
6 association has provided notice that the assessment is overdue or provided
7 notice that the assessment is considered overdue after a certain date and,
8 after notice and an opportunity to be heard, impose reasonable monetary
9 penalties on unit owners for violations of the declaration, bylaws and
10 rules of the association.

11 12. Impose reasonable charges for the preparation and recordation
12 of amendments to the declaration or statements of unpaid assessments.

13 13. Provide for the indemnification of its officers and executive
14 board of directors and maintain directors' and officers' liability
15 insurance.

16 14. Assign its right to future income, including the right to
17 receive common expense assessments, but only to the extent the declaration
18 expressly provides.

19 15. Be a member of a master association or other entity owning,
20 maintaining or governing in any respect any portion of the common elements
21 or other property benefitting or related to the condominium or the unit
22 owners in any respect.

23 16. Exercise any other powers conferred by the declaration or
24 bylaws.

25 17. Exercise all other powers that may be exercised in this state
26 by legal entities of the same type as the association.

27 18. Exercise any other powers necessary and proper for the
28 governance and operation of the association.

29 B. A unit owner who receives a written notice that the condition of
30 the property owned by the unit owner is in violation of a requirement of
31 the condominium documents without regard to whether a monetary penalty is
32 imposed by the notice may provide the association with a written response
33 by sending the response by certified mail within twenty-one calendar days
34 after the date of the notice. The response shall be sent to the address
35 identified in the notice.

36 C. Within ten business days after receipt of the certified mail
37 containing the response from the unit owner, the association shall respond
38 to the unit owner with a written explanation regarding the notice that
39 shall provide at least the following information unless previously
40 provided in the notice of violation:

41 1. The provision of the condominium documents that has allegedly
42 been violated.

43 2. The date of the violation or the date the violation was
44 observed.

1 3. The first and last name of the person or persons who observed
2 the violation.

3 4. The process the unit owner must follow to contest the notice.

4 D. Unless the information required in subsection C, paragraph 4 of
5 this section is provided in the notice of violation, the association shall
6 not proceed with any action to enforce the condominium documents,
7 including the collection of attorney fees, before or during the time
8 prescribed by subsection C of this section regarding the exchange of
9 information between the association and the unit owner and shall give the
10 unit owner written notice of the unit owner's option to petition for an
11 administrative hearing on the matter in the state real estate department
12 pursuant to section 32-2199.01. At any time before or after completion
13 of the exchange of information pursuant to this section, the unit owner
14 may petition for a hearing pursuant to section 32-2199.01 if the dispute
15 is within the jurisdiction of the state real estate department as
16 prescribed in section 32-2199.01.

17 E. [IN ADDITION TO THE DUTIES PRESCRIBED BY STATUTE AND THE
18 CONDOMINIUM DOCUMENTS.] THE ASSOCIATION HAS ~~[A DUTY]~~ [THE FOLLOWING DUTIES
19 TO THE MEMBERS OF THE ASSOCIATION:

20 1.] TO ACT REASONABLY IN THE EXERCISE OF ITS DISCRETIONARY POWERS
21 [, INCLUDING RULEMAKING, ENFORCEMENT AND DESIGN CONTROL POWERS]. ~~[FOR THE~~
22 PURPOSES OF THIS SUBSECTION, "DUTY TO ACT REASONABLY" INCLUDES THE DUTY TO
23 EXERCISE DISCRETIONARY POWERS NEUTRALLY;]

24 [2. TO TREAT UNIT OWNERS] FAIRLY~~[, WITHOUT FAVORITISM AND IN A~~
25 NONARBITRARY FASHION].

26 [3. TO PROVIDE UNIT OWNERS REASONABLE ACCESS TO INFORMATION ABOUT
27 THE ASSOCIATION, THE COMMON ELEMENTS AND THE FINANCIAL AFFAIRS OF THE
28 ASSOCIATION.

29 4. TO USE ORDINARY CARE AND PRUDENCE IN MANAGING THE PROPERTY AND
30 FINANCIAL AFFAIRS OF THE CONDOMINIUM THAT ARE SUBJECT TO ITS CONTROL.]

31 Sec. 2. Title 33, chapter 16, article 1, Arizona Revised Statutes, is
32 amended by adding section 33-1821, to read:

33 33-1821. Association's duty to act reasonably

34 ~~[A.]~~ [IN ADDITION TO THE DUTIES PRESCRIBED BY STATUTE AND THE
35 COMMUNITY DOCUMENTS.] THE ASSOCIATION HAS ~~[A DUTY]~~ [THE FOLLOWING DUTIES
36 TO THE MEMBERS OF THE ASSOCIATION:

37 1.] TO ACT REASONABLY IN THE EXERCISE OF ITS DISCRETIONARY POWERS
38 [, INCLUDING RULEMAKING, ENFORCEMENT AND DESIGN CONTROL POWERS].

39 ~~[B. FOR THE PURPOSES OF THIS SECTION, "DUTY TO ACT REASONABLY"~~
40 INCLUDES THE DUTY TO EXERCISE DISCRETIONARY POWERS NEUTRALLY;]

41 [2. TO TREAT MEMBERS] FAIRLY~~[, WITHOUT FAVORITISM AND IN A~~
42 NONARBITRARY FASHION].

43 [3. TO PROVIDE MEMBERS REASONABLE ACCESS TO INFORMATION ABOUT THE
44 ASSOCIATION, THE COMMON ELEMENTS AND THE FINANCIAL AFFAIRS OF THE
45 ASSOCIATION.

1 4. TO USE ORDINARY CARE AND PRUDENCE IN MANAGING THE PROPERTY AND
2 FINANCIAL AFFAIRS OF THE COMMUNITY THAT ARE SUBJECT TO ITS CONTROL.]

3 Enroll and engross to conform

4 Amend title to conform

NEAL CARTER

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02/16/2026

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C: MR

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