

House Engrossed

HOAs; duties

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

HOUSE BILL 4011

AN ACT

AMENDING SECTION 33-1242, ARIZONA REVISED STATUTES; AMENDING TITLE 33,
CHAPTER 16, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION
33-1821; 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 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; definition
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.
27 10. Impose and receive any payments, fees or charges for the use,
28 rental or operation of the common elements other than limited common
29 elements described in section 33-1212, paragraphs 2 and 4 and for services
30 provided to unit owners.
31 11. Impose charges for late payment of assessments after the
32 association has provided notice that the assessment is overdue or provided
33 notice that the assessment is considered overdue after a certain date and,
34 after notice and an opportunity to be heard, impose reasonable monetary
35 penalties on unit owners for violations of the declaration, bylaws and
36 rules of the association.
37 12. Impose reasonable charges for the preparation and recordation
38 of amendments to the declaration or statements of unpaid assessments.
39 13. Provide for the indemnification of its officers and executive
40 board of directors and maintain directors' and officers' liability
41 insurance.
42 14. Assign its right to future income, including the right to
43 receive common expense assessments, but only to the extent the declaration
44 expressly provides.

1 15. Be a member of a master association or other entity owning,
2 maintaining or governing in any respect any portion of the common elements
3 or other property benefitting or related to the condominium or the unit
4 owners in any respect.

5 16. Exercise any other powers conferred by the declaration or
6 bylaws.

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

9 18. Exercise any other powers necessary and proper for the
10 governance and operation of the association.

11 B. A unit owner who receives a written notice that the condition of
12 the property owned by the unit owner is in violation of a requirement of
13 the condominium documents without regard to whether a monetary penalty is
14 imposed by the notice may provide the association with a written response
15 by sending the response by certified mail within twenty-one calendar days
16 after the date of the notice. The response shall be sent to the address
17 identified in the notice.

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

23 1. The provision of the condominium documents that has allegedly
24 been violated.

25 2. The date of the violation or the date the violation was
26 observed.

27 3. The first and last name of the person or persons who observed
28 the violation.

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

30 D. Unless the information required in subsection C, paragraph 4 of
31 this section is provided in the notice of violation, the association shall
32 not proceed with any action to enforce the condominium documents,
33 including the collection of attorney fees, before or during the time
34 prescribed by subsection C of this section regarding the exchange of
35 information between the association and the unit owner and shall give the
36 unit owner written notice of the unit owner's option to petition for an
37 administrative hearing on the matter in the state real estate department
38 pursuant to section 32-2199.01. At any time before or after completion
39 of the exchange of information pursuant to this section, the unit owner
40 may petition for a hearing pursuant to section 32-2199.01 if the dispute
41 is within the jurisdiction of the state real estate department as
42 prescribed in section 32-2199.01.

1 E. THE ASSOCIATION HAS A DUTY TO ACT REASONABLY IN THE EXERCISE OF
2 ITS DISCRETIONARY POWERS. FOR THE PURPOSES OF THIS SUBSECTION, "DUTY TO
3 ACT REASONABLY" INCLUDES THE DUTY TO EXERCISE DISCRETIONARY POWERS
4 NEUTRALLY, FAIRLY, WITHOUT FAVORITISM AND IN A NONARBITRARY FASHION.

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

7 33-1821. Association's duty to act reasonably; definition

8 A. THE ASSOCIATION HAS A DUTY TO ACT REASONABLY IN THE EXERCISE OF
9 ITS DISCRETIONARY POWERS.

10 B. FOR THE PURPOSES OF THIS SECTION, "DUTY TO ACT REASONABLY"
11 INCLUDES THE DUTY TO EXERCISE DISCRETIONARY POWERS NEUTRALLY, FAIRLY,
12 WITHOUT FAVORITISM AND IN A NONARBITRARY FASHION.