

REFERENCE TITLE: condominiums; planned communities; assessments

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

SB 1500

Introduced by
Senator Gowan

AN ACT

AMENDING SECTIONS 33-1242 AND 33-1803, 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 33-1242, Arizona Revised Statutes, is amended to
3 read:
4 33-1242. Powers of unit owners' association; assessment
5 limitation; proposed increase requirements; notice
6 to unit owner of violation; response; hearing
7 A. Subject to the provisions of the declaration, the association
8 may:
9 1. Adopt and amend bylaws and rules.
10 2. Adopt and amend budgets for revenues, expenditures and reserves
11 and collect assessments for common expenses from unit owners.
12 3. Hire and discharge managing agents and other employees, agents
13 and independent contractors.
14 4. Institute, defend or intervene in litigation or administrative
15 proceedings in its own name on behalf of itself or two or more unit owners
16 on matters affecting the condominium.
17 5. Make contracts and incur liabilities.
18 6. Regulate the use, maintenance, repair, replacement and
19 modification of common elements.
20 7. Cause additional improvements to be made as a part of the common
21 elements.
22 8. Acquire, hold, encumber and convey in its own name any right,
23 title or interest to real or personal property, except that common
24 elements may be conveyed or subjected to a security interest only pursuant
25 to section 33-1252.
26 9. Grant easements, leases, licenses and concessions through or
27 over the common elements.
28 10. Impose and receive any payments, fees or charges for the use,
29 rental or operation of the common elements other than limited common
30 elements described in section 33-1212, paragraphs 2 and 4 and for services
31 provided to unit owners.
32 11. Impose charges for late payment of assessments after the
33 association has provided notice that the assessment is overdue or provided
34 notice that the assessment is considered overdue after a certain date and,
35 after notice and an opportunity to be heard, impose reasonable monetary
36 penalties on unit owners for violations of the declaration, bylaws and
37 rules of the association.
38 12. Impose reasonable charges for the preparation and recordation
39 of amendments to the declaration or statements of unpaid assessments.
40 13. Provide for the indemnification of its officers and executive
41 board of directors and maintain directors' and officers' liability
42 insurance.

1 14. Assign its right to future income, including the right to
2 receive common expense assessments, but only to the extent the declaration
3 expressly provides.

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

8 16. Exercise any other powers conferred by the declaration or
9 bylaws.

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

12 18. Exercise any other powers necessary and proper for the
13 governance and operation of the association.

14 B. UNLESS LIMITATIONS IN THE CONDOMINIUM DOCUMENTS WOULD RESULT IN
15 A LOWER LIMIT FOR THE ASSESSMENT OR A HIGHER APPROVAL PERCENTAGE, THE
16 ASSOCIATION OR THE BOARD OF DIRECTORS SHALL NOT IMPOSE A REGULAR
17 ASSESSMENT THAT IS MORE THAN THREE PERCENT GREATER THAN THE IMMEDIATELY
18 PRECEDING FISCAL YEAR'S ASSESSMENT WITHOUT THE APPROVAL OF AT LEAST
19 SIXTY-SEVEN PERCENT OF THE MEMBERS OF THE ASSOCIATION.

20 C. BEFORE APPROVING ANY INCREASE IN THE REGULAR ASSESSMENT OR AN
21 INCREASE IN A VENDOR CONTRACT, WHETHER FOR A SPECIALIZED OR ROUTINE
22 PROJECT, THE BOARD OF DIRECTORS MUST PROVIDE DETAILED INFORMATION AND A
23 DETAILED EXPLANATION TO THE UNIT OWNERS. STATEMENTS SUCH AS "POTENTIAL
24 INCREASE" OR "PROJECTS TO BE DETERMINED", OR SIMILAR STATEMENTS, DO NOT
25 CONSTITUTE SUFFICIENTLY DETAILED INFORMATION OR EXPLANATION. THE BOARD OF
26 DIRECTORS SHALL MAKE AVAILABLE TO THE UNIT OWNERS ALL OF THE FOLLOWING
27 WITH RESPECT TO THE PROPOSED INCREASE:

28 1. A DETAILED FINANCIAL JUSTIFICATION FOR THE INCREASE, TO INCLUDE
29 LINE-BY-LINE BUDGET DETAIL.

30 2. A COMPARISON OF EXPENSES, YEAR OVER YEAR.

31 3. A DETAILED BREAKDOWN OF COSTS.

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

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

1 C. Unless reserved to the members of the association, the board of
2 directors may impose reasonable charges for the late payment of
3 assessments. A payment by a member is deemed late if it is unpaid fifteen
4 or more days after its due date, unless the community documents provide
5 for a longer period. Charges for the late payment of assessments are
6 limited to the greater of ~~fifteen dollars~~ \$15 or ten percent of the amount
7 of the unpaid assessment and may be imposed only after the association has
8 provided notice that the assessment is overdue or provided notice that the
9 assessment is considered overdue after a certain date. Any monies paid by
10 the member for an unpaid assessment shall be applied first to the
11 principal amount unpaid and then to the interest accrued.

12 ~~B.~~ D. After notice and an opportunity to be heard, the board of
13 directors may impose reasonable monetary penalties on members for
14 violations of the declaration, bylaws and rules of the
15 association. Notwithstanding any provision in the community documents,
16 the board of directors shall not impose a charge for a late payment of a
17 penalty that exceeds the greater of ~~fifteen dollars~~ \$15 or ten percent of
18 the amount of the unpaid penalty. A payment is deemed late if it is
19 unpaid fifteen or more days after its due date, unless the declaration,
20 bylaws or rules of the association provide for a longer period. Any
21 monies paid by a member for an unpaid penalty shall be applied first to
22 the principal amount unpaid and then to the interest accrued. Notice
23 pursuant to this subsection shall include information pertaining to the
24 manner in which the penalty shall be enforced.

25 ~~C.~~ E. A member who receives a written notice that the condition of
26 the property owned by the member is in violation of the community
27 documents without regard to whether a monetary penalty is imposed by the
28 notice may provide the association with a written response by sending the
29 response by certified mail within twenty-one calendar days after the date
30 of the notice. The response shall be sent to the address identified in
31 the notice.

32 ~~D.~~ F. Within ten business days after receipt of the certified mail
33 containing the response from the member, the association shall respond to
34 the member with a written explanation regarding the notice that shall
35 provide at least the following information unless previously provided in
36 the notice of violation:

- 37 1. The provision of the community documents that has allegedly been
38 violated.
- 39 2. The date of the violation or the date the violation was
40 observed.
- 41 3. The first and last name of the person or persons who observed
42 the violation.
- 43 4. The process the member must follow to contest the notice.

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