



MULCAHY LAW FIRM, P.C.

Quick Summary of 2025 Pending Arizona Legislation Pertaining to HOAs and Condos

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The 2025 Arizona Legislature is in session and it is going to be a BIG year for HOA and condo bills! Set forth below is a quick summary of the pending bills. All the bills below apply to planned communities and condominiums unless otherwise indicated.

SIGNED BY GOVERNOR:

SB 1039 - HOMEOWNER'S ASSOCIATIONS; MEETINGS; RECORDINGS: This bill requires that if a board records a meeting that is OPEN to members, the board shall keep a copy of the recording for at least six months and make the unedited recording available to any member on request. (Signed by Governor on 3/31/25)

HB 2322 - CONDOMINIUMS; COMMERCIAL STRUCTURES; RESIDENTIAL STRUCTURES: This bill addresses assessments on commercial versus residential structures in a condominium. Also included in this bill are definitions of commercial structure, common expenses and residential structure. Applies ONLY to Condominiums. (Signed by Governor on 4/7/25)

SB 1494 - COMMON EXPENSE LIENS; FORECLOSURE; AMOUNT: Amends ARS Section 33-1807. For purposes of allowing foreclosure of an assessment lien, increases the minimum assessment delinquency time period from one year to EIGHTEEN MONTHS, and dollar amount from \$1,200 to \$10,000. In the second sentence of 33-1807(A), changes "assessments" to "any assessment or portion of the assessment." Other technical corrections. Applies to Planned Communities. (Signed by Governor on 4/18/2025)

MINORITY/MAJORITY CONCUR REFUSE (Concurrence Recommended by Majority):

SB 1378 - POLITICAL SIGNS; HOMEOWNERS' ASSOCIATIONS: This bill changes the definition of "Political sign" to include a sign or flag. (As of 4/22/25)

PASSED IN SENATE - MOVED TO HOUSE:

SB 1337 - HOMEOWNER'S ASSOCIATIONS; VIOLATIONS; NOTICES: This bill requires prescribed information to be included in an original notice of violation rather than providing it later in response to an owner. Allows owners who receive a written notice of violation to request (electronically or by certified mail) the name of the person who observed the violation. It also allows owners to respond electronically to a written notice of violation. (Moved to House on 2/26/25)

SB 1535 - HOMEOWNER'S ASSOCIATIONS; ADDRESS LIGHTS: This bill provides that associations (regardless of the governing documents) may not prohibit lighted home address signs that meet the certain criteria. (Moved to House on 3/5/25)

PASSED IN HOUSE - MOVED TO SENATE:

HB 2442 - HOMEOWNERS' ASSOCIATIONS; BUDGET RATIFICATION; REQUIREMENTS:

Defines Assessments as “charges applied to each owner/member to fund the anticipated common expenses based on the approved annual or supplemental budget or approved special expenditure, and each owner/member’s common expense liability.”

Clarifies definitions of common expenses, common expense liability and member expenses.

Imposes a duty on boards to develop an annual operating budget based on a “reasonably prudent and good faith estimate” of annual operating, maintenance and reserve costs.

Requires boards to make proposed budgets available to owners at least 48 hours before any budget approval meeting.

Prior to budget implementation, requires board to call an informal meeting (with 72-hours’ notice) to explain the budget and answer owners’ questions.

Prohibits the use of reserve funds for any purpose other than what is stated in the declaration without approval of owners.

For unanticipated or unbudgeted operating expenses, requires board to develop and approve supplemental amendment to annual budget (pursuant to the rules of annual budget approval).

Requires that any board vote to approve a special assessment or secure financing must be ratified by a majority vote of owners (or larger percentage if provided in declaration).

Unless the governing documents provide a lower limit, prohibits planned community boards from increasing regular assessments more than 10% each year (based on the immediately preceding year assessment amount) without approval of the majority of members voting at a meeting called for that purpose.

Contains technical corrections. (Moved to Senate on 3/18/25)

HB 2723 - MUNICIPALITIES; ASSOCIATIONS; RESTRICTIONS: This bill defines circumstances under which a municipality is allowed to require developers to establish associations. Provides that associations may NOT be required to adopt rules/regs more restrictive than any municipal rules/regs. Applies ONLY to associations established after July 24, 2014. Applies ONLY to Planned Communities. (Moved to Senate on 3/3/25)

HB 2865 - HOMEOWNERS' ASSOCIATIONS; ATTORNEY FEES: This bill addresses attorney fees and related costs as follows: Regardless of the governing documents, associations may not charge any owner/member for attorney fees/costs incurred by the association and Owners/members may recover attorney fees/costs from the association IF they prevail in legal proceedings. Does NOT apply to association disputes with any parties other than owners who are not declarants. Applies to Planned Communities and Condominiums. (Moved to Senate on 2/27/25)

HB 2866 - HOMEOWNER'S ASSOCIATIONS; UNLAWFUL ENFORCEMENT; DAMAGES: Provides for damages against associations that attempt to enforce illegal governing document provisions as follows: \$1,000 for a 1st attempt to enforce, and \$2,500 for 2nd and subsequent attempts to enforce. Such damages accrue based on the number of attempts to enforce regardless of whether enforcement is attempted against the same or different owners/members. Owners/members may pursue such damages against the association in any court of competent jurisdiction. Applies to Planned Communities and Condominiums. (Moved to Senate on 3/3/25)

Please feel free to contact info@mulcahylawfirm.com with any questions.