

Board of Directors Removal Process

HOA/Condo Board Removal Process

Removing a director from the board of an HOA or Condominium in Arizona is a serious matter, and the statutory requirements for this process are outlined in <u>A.R.S. 33-1813</u> and <u>A.R.S. 33-1243</u>. It is important to remember that these provisions of Arizona law override any conflicting provisions in an association's governing documents, and they do not apply to board members who were appointed by the developer.

The Removal Process as Outlined in Arizona Law

1. Petition for Removal of Director:

- (a) For associations with 1,000 or fewer members: A petition for removal of a director must be presented to the board, and must be signed by the number of persons who are eligible to cast at least 25% of the votes in the association or 100 votes in the association, whichever is less; OR
- (b) For associations with more than 1,000 members: A petition for removal of a director must be presented to the board, and must be signed by the number of persons who are eligible to cast at least 10% of the votes in the association or 1,000 votes in the association, whichever is less.

If your Board has received a removal petition, first determine if the removal petition is valid:

- (a) All **signatures** on the removal petition should be carefully **verified** by the association's attorney or management company to ensure that each signature is from a record owner, and that only 1 owner per lot has signed the petition;
- (b) The association's governing documents should be reviewed by the association's legal counsel to determine which owners are actually **eligible to sign** the petition (e.g., owners who are delinquent in payment of assessments could potentially not be eligible to vote or sign the petition under the association's documents); and
- (c) This validation process should be completed **quickly**, as the statutes require a meeting to be held within 30 days of the association's receipt of a valid petition.

If the petition is found to be **NOT valid**, we recommend that the association's attorney draft a letter to the members explaining why the submitted removal petition is invalid. Since a removal petition often indicates some level of dissatisfaction within your association, we further suggest that the board increase communication efforts with the association's members and be open and available to answer members' questions.

If the petition IS valid, the board must act quickly to call, notice and hold a special meeting as specified in Item 2 below.

2. <u>Special Meeting</u>: A special meeting of the members to address the removal petition must be called, noticed and held within **30 days** after receipt of a valid removal petition. This is a very short timeline for the board to secure a meeting location and prepare/mail a notice of the special meeting along with an absentee ballot for the removal vote. To add to this urgency, under Arizona law, members/owners must also receive notice of this special removal meeting at least **10 days in advance** of the removal meeting date. (See A.R.S. 33-1804(B) and A.R.S. 33-1248(B).)

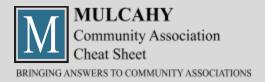
For a vote at this special meeting to be valid, a quorum must first be established as specified in Item 3 below.

Finally, it is important to remember that if the board receives a valid petition for removal, but the board fails to call, notice, and hold a special meeting within 30 days after such receipt, the board member(s) subject to the petition **will be deemed to**

This publication discusses significant points of law as they apply to community associations and is not intended to offer specific legal advice or responses to individual circumstances or problems. MULCAHY LAW FIRM, P.C.

3001 East Carnelback Road Suite 130, Phoenix, Arizona 85016 Phone: 602.241.1093; E-Mail: <u>info@mulcahylawfirm.com</u>

www.mulcahylawfirm.com MULCAHY LAW FIRM, P.C. All Rights Reserved



have been removed from office effective at midnight of the 31st day.

3. <u>**Ouorum:**</u> A quorum for the removal meeting is established if the number of eligible voting owners participating (either in person or as otherwise allowed by law) equals **at least 20%** of the votes of the association, or **1,000 votes**, whichever is less.

4. <u>Majority Required to Remove Director</u>: Once a quorum is established, a board member can be removed from office with or without cause by a **majority vote** of all **participating** eligible voting members.

5. <u>Retention of Documents</u>: The board must retain all documents and records related to a proposed board member removal for **at least 1 year** after the special meeting date, and shall allow member inspection of these records pursuant to Arizona law. (See A.R.S. 33-1805 and A.R.S. 33-1258.)

6. <u>Only One Removal Attempt Per Term</u>: A petition for removal of a board member shall be submitted only once during each term of office for that board member.

7. <u>Filling Board Vacancies Following a Removal</u>: After the removal of **at least 1 but fewer than a majority of board members**, vacancies shall be filled as provided in the association's governing documents.

After the removal of **a majority of board members**, **OR** if the association's **governing documents do not provide a method for filling board vacancies**, the association shall hold an **election** for the replacement of the removed directors at a separate members' meeting that is held **no longer than 30 days** after the meeting at which the board members were removed.

8. <u>Eligibility to Serve After Removal</u>: A board member who is removed pursuant to A.R.S. 33-1813 or A.R.S. 33-1243 is not eligible to serve on the board again until after the expiration of that board member's term of office, unless the association's governing documents specifically provide for a longer period of ineligibility.

Summary: Director Removal Process	
Petition	Lesser of 25%/100 votes (≤1,000 members). Lesser of 10%/1,000 votes (>1,000 members).
Validation	Check eligibility and signatures; Notify members if invalid.
Special Meeting	Call and Hold within 30 days; 10-day notice; Quorum = lesser of 20%/1,000 votes.
Vote	Removal = Majority vote of participating eligible members.
Vacancy Filling	Per documents or, if majority removed, new election within 30 days.
Document Retention	Keep all related documents for one (1) year; Allow inspection by members.
Repeated Attempts	Only 1 removal attempt per board member, per term.
Re-Election Restriction	Removed director(s) ineligible until term expires (unless documents specify longer).

If you need help navigating the director removal process or responding to a petition, contact our office at <u>info@mulcahylawfirm.com</u>.