

The Arizona Legislature began the 2025 Legislative Session on January 13, 2025, and adjourned on June 27, 2025. During the 2025 Legislative Session, Governor Hobbs signed four (4) bills into law that directly impact HOAs/condos and four (4) other bills which may be of interest to HOAs and condos. All bills went into effect on September 26th, 2025 (unless otherwise indicated below). Finally, the Arizona Corporation Commission also issued new business filing policies, many of which went into effect on June 16, 2025. A summary of these new policies are also included below.

## **Bills Directly Impacting Community Associations**

### **Summary of Senate Bill 1039 - HOA Recording of Meetings**

Applies to both Planned Communities and Condominiums.

- Amends A.R.S. Section 33-1804 of the Planned Communities Act and A.R.S. Section 33-1248 of the Condominium Act.
- Requires that if a Board records a meeting that is OPEN to the 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 in compliance with A.R.S. Sections 33-1805(A) and 33-1258(A).

### **Summary of Senate Bill 1378 - HOAs; “Political Sign” Includes Flags**

Applies to both Planned Communities and Condominiums.

- Amends A.R.S. Section 33-1808 of the Planned Communities Act and A.R.S. Section 33-1261 of the Condominium Act.
- Changes the definition of “Political sign” to include a sign “or flag.”

### **Summary of Senate Bill 1494 - Planned Communities; Foreclosure of Assessment Liens**

Applies only to Planned Communities, not Condominiums.

- Amends A.R.S. Section 33-1807 of the Planned Communities Act.
- Changes the threshold for allowing the foreclosure of an assessment lien as follows:
  - Increases the minimum assessment delinquency time period from one year to **EIGHTEEN MONTHS**, and
  - Increases the minimum assessment delinquency dollar amount from \$1,200 to **\$10,000**

- In the second sentence of Section 33-1807(A), which addresses foreclosure when an owner is delinquent in payment, the word “assessments” is changed to “any assessment or portion of the assessment.”
- Makes other technical corrections.

### **Summary of House Bill 2322 - Condominiums; Assessments; Commercial vs Residential**

Applies only to Condominiums, not Planned Communities.

- Amends A.R.S. Section 33-1255 of the Condominium Act, and makes corresponding technical corrections to A.R.S. Sections 33-1202 and 33-1217.
- Addresses the allocation of assessments on commercial versus residential structures in a condominium.
- Regardless of any provisions in the governing documents, if a condominium includes one or more commercial structures that are separate from one or more residential structures, all of the following apply:
  - Any common expense, or portion thereof, that exclusively benefits the commercial structures shall be assessed exclusively against the units in the commercial structures, whether assessed in a general or special assessment or otherwise;
  - Any common expense, or portion thereof, that exclusively benefits the residential structures shall be assessed exclusively against the units in the residential structures, whether assessed in a general or special assessment or otherwise;
  - Any common expense, or portion thereof, that benefits both the commercial and residential structures shall be assessed in proportion to the category of the structures benefitted, whether assessed in a general or special assessment or otherwise. The proportional share of the common expenses that benefit the commercial structures shall be assessed against the units in the commercial structures on a pro-rata basis, and the proportional share of the common expenses that benefit the residential structures shall be assessed against the units in the residential structures on a pro-rata basis.
  - In any dispute over the allocation of a common expense, or portion thereof, the Association shall make available (as prescribed by A.R.S. Section 33-1258) all records relating to the Association’s allocation of a common expense, or portion thereof. The Association may not withhold a record based on the pendency of litigation relating to the allocation of a common expense, or portion thereof, if the record would otherwise be available to a unit owner under Section 33-1258.

- After any period of Declarant control ends, the unit owners may approve, ONLY by a UNANIMOUS vote, a different allocation of a common expense, or portion thereof, than what is prescribed by this subsection.
- Defines commercial structure, common expenses and residential structure.
- States that it applies to any condominium existing on or after the effective date of the act.

## **Bills of Interest to Community Associations**

### **Summary of Senate Bill 1022 - Small Claims Court; Jurisdictional Limit**

Amends A.R.S. Section 22-503.

- Raises the small claims court jurisdictional limit to \$5,000 from \$3,500.

### **Summary of Senate Bill 1070 - Tax Deed Land Sales; Procedures**

Amends A.R.S. Section 42-18303.

- Allows a Board of Supervisors to sell real property in the county held by the state by tax deed to the owner of contiguous real property that is used for commercial, agricultural or residential purposes (*Note: this bill added the terms “commercial” and “agricultural”*), and the board may accept an offer by the contiguous owner to purchase the property if ALL of the following conditions apply:
  - Both the property offered for sale and the contiguous property were at one time under common ownership. If there is more than one contiguous property owner offering to purchase, the board shall accept the offer from the owner that demonstrates the owner’s contiguous property was most recently under common ownership with the property offered for sale.
  - The property offered for sale cannot be separately used for commercial, agricultural or residential purposes, as applicable, pursuant to applicable building codes and ordinances of the jurisdiction in which the property is located due to its size or configuration (*Note: this bill removed the phrase “or recorded common area restrictions” from the end of this sentence*).
  - The contiguous property owner agrees to submit a request to the county assessor to jointly assess the contiguous properties pursuant to A.R.S. Section 42-15058.

- Allows a Board of Supervisors to sell real property in the county held by the state by tax deed to a Homeowners' Association IF the real property is part of a common area maintained by the Homeowners' Association as determined by the county assessor.
- Allows a Board of Supervisors to establish procedures for accepting monetary offers and selling real property in the county held by the state by tax deed over the counter if the real property is not eligible for sale under certain subsections of the statute (E,F, or G) and was offered for sale and not sold at the auction held pursuant to subsection A of the statute.
- Allows a Board of Supervisors to establish procedures for accepting monetary offers under subsection F of the statute (i.e., contiguous real property).

### **Summary of Senate Bill 1182 - Municipalities; Counties; Construction Hours**

Adds A.R.S. Sections 9-500.52 (Municipalities) and 11-269.30 (Counties).

- Provides that a Municipality or County may not enact or enforce any noise ordinance, rule or regulation that prohibits any general construction activities between May 1 and October 15 of each year between the hours of 5:00 a.m. and 7:00 p.m. each business day and between the hours of 7:00 a.m. and 7:00 p.m. on Saturday IF the construction work is being performed pursuant to a validly issued building permit issued by the Municipality or County.
- Requires that Municipalities and Counties shall allow concrete to be poured at least one hour before the time that general construction activities are regularly scheduled to begin.
- This law is an emergency measure that **went into effect on May 13, 2025**.

**NOTE:** *HOAs can be more restrictive with construction hours because these statutes apply only to municipalities and counties. What this could change for Associations is that they may have to utilize enforcement mechanisms provided in their governing documents, rather than relying on municipalities/counties for code enforcement, against construction activities falling outside the Association's permitted hours but within the hours allowed in the new statutes.*

*HOA governing documents are contracts between property owners and associations, by which property owners agree to be bound upon their purchase of a property under the governance of an association. Absent a state or local law that specifically prohibits HOAs from restricting construction activity hours, HOAs are permitted (in compliance with the provisions of their governing documents) to pass rules/restrictions on hours of construction that are more restrictive than existing local or state laws.*

## **Summary of House Bill 2928 - Accessory Dwelling Units; Requirements**

Amends A.R.S. Sections 9-461.18, 9-500.39, 9-500.49 (municipalities) and 11-269.17 (counties). Adds A.R.S. Section 11-810.01 (counties).

- Applies the “population of more than 75,000 persons” threshold to the entirety of Section 9-461.18, which addresses municipal regulation of Accessory Dwelling Units (ADUs), rather than to only subsection (A) of that statute, which addresses regulation on lots where single-family dwellings are allowed.
- Provides that Section 9-461.18 (municipal regulation of ADUs) does not apply to lots that are in the vicinity of certain specified airports AND have a noise level of greater than 65 decibels; i.e., the 65 decibel level threshold language was added to Sec. 9-461.18(G)(3).
- Allows municipalities (Sec. 9-500.39) and counties (Sec. 11-269.17) to require the owner of a vacation or short-term rental to reside on the property if the property contains an ADU and IF a Certificate of Occupancy, Certificate of Completion or similar final approval for the ADU was issued by the municipality or county **on or after September 14, 2024**. (See Secs. 9-500.39(B)(9) and 11-269.17(B)(9).) Specifies that these paragraphs do NOT apply to owners IF the Certificate of Occupancy, Certificate of Completion or similar final approval for the ADU was issued by the municipality or county **on or before September 13, 2024**.
- Exempts certain historical properties from A.R.S. Sec. 9-500.49, which addresses municipal review and approval of site and development plans, land divisions, lot line adjustments, etc. The exempted historical properties are parcels of land in areas designated: (a) as a district of historical significance pursuant to A.R.S. Sec. 9-462.01(A)(10), (b) as historic on the National Register of Historic Places, or (c) historic by a local government.
- Provides that the revisions to ARS Sec. 9-500.49 (historical property exemption) are **effective from and after December 31, 2025**.
- Adds provisions and requirements for the regulation of ADUs by counties (ARS Sec. 11-810.01) that are substantially similar to the provisions for the regulation of ADUs by municipalities set forth in ARS Sec. 9-461.18, as amended.
- Specifies that if a county fails to adopt development regulations as required by Sec. 11-810.01 **on or before January 1, 2026**, ADUs shall be allowed on all lots or parcels zoned for residential use in the county without limits.
- Specifies that Sec. 11-810.01 (county ADU regulation) does NOT prohibit restrictive covenants concerning ADUs entered into between private parties, and that a county may not condition a permit or license or the

use of an ADU on adopting or implementing a restrictive covenant between private parties (similar to language in the municipal ADU regulation statute).

- Specifies that if a new ADU will not be connected to a sewer system, or if the sewer system lacks capacity to serve the new ADU, a county may require that any septic system that will be used to serve the ADU be adequately sized BEFORE the construction of the ADU.
- Makes other technical corrections.

## **New Business Filing Policies of the Arizona Corporation Commission**

The Arizona Corporation Commission (ACC) has announced new business filing policies, many of which went into effect **on June 16, 2025**.

The **four (4) new policies** outlined below are designed to help protect business owners from fraudulent filings while also improving the customer experience.

### **Policy 1 – Two Forms of ID Required when Filing**

When filing on behalf of a business, filers will now be required to present **two (2) forms of identification\*** as follows:

- One (1) “Primary Form” AND one (1) “Secondary Form,” or
- Two (2) “Primary Forms.”

#### **Acceptable Primary Forms of ID:**

1. State-Issued Driver's License,
2. State-Issued Photo ID,
3. Real ID,
4. Passport or Passport Card,
5. Permanent Resident Card,
6. Employment Authorization Document with Photo,
7. U.S. Military ID, or
8. Tribal ID.

#### **Acceptable Secondary Forms of ID:**

1. Form W-2,

2. Birth Certificate,
3. Voter Registration Card,
4. Fingerprint Clearance Card,
5. Health Insurance Card, or
6. Pay Stub.

\* A different procedure will apply for verifying the identity of any service company filers and law firm “runners.”

**Effective Dates for Policy 1:**

- In-person filings: **June 16, 2025.**
- Online, fax and mail filings: **TBA** (to be implemented in conjunction with the Corporations Division’s new online filing system scheduled to launch sometime soon).

**Policy 2 – “Signing Authority Form” for LLCs**

LLCs will now be offered the option to complete a “Signing Authority Form” to help ensure that only properly authorized persons can sign on behalf of the LLC.

This Signing Authority Form may be completed ONLY by an existing and registered member or manager of an LLC. For currently existing LLCs, the Signing Authority Form may be completed and submitted ONLY:

- In person,
- With appropriate identification, AND
- In the presence of ACC staff.

Once submitted, this Signing Authority Form will be retained and validated against all subsequent business filings of the LLC.

The sole purpose of this Signing Authority Form is for an LLC to designate what person(s), OTHER THAN existing members or managers, may sign on behalf of the LLC. It is not intended, and may not be used, to limit any ability of a member or manager to sign on behalf of the LLC.

**Effective Dates for Policy 2:**

- In-person: **June 16, 2025.**
- Online: **TBA** (to be implemented in conjunction with the Corporations Division’s new online filing system scheduled to launch later this year).

### **Policy 3 – “Attestation of Existence” for LLCs**

Each January, the ACC’s Corporations Division will identify and send electronic notices to all LLCs that have not filed any documentation with the ACC in two (2) years.

These electronic notices will be sent to the statutory agent and/or business owner(s) of the LLC and will request an electronic response to verify that the LLC remains in active existence and continues conducting business. The response will merely require clicking a “respond” button through the ACC’s online portal.

If a response is not received within sixty (60) days, the Corporations Division will commence the administrative dissolution process for the LLC on the grounds of failure to keep current its statutory agent and/or principal address information. Once the dissolution process is initiated, the LLC’s status in the ACC records will change to “pending inactive” until the 120-day administrative dissolution process is completed.

#### **Effective Date for Policy 3:**

- Online: **TBA** (to be implemented in conjunction with the Corporations Division’s new online filing system scheduled to launch later this year).

### **Policy 4 – Filers May Use Their Own Annual Report and Certificate of Disclosure Forms**

Corporations are now allowed the option to submit their own Annual Report and Certificate of Disclosure forms, but ONLY IF such forms:

- Satisfy all statutory requirements, and
- Are accompanied by the ACC’S Guidance Worksheet.

The purpose of the Guidance Worksheet is to ensure that any self-drafted Annual Report and/or Certificate of Disclosure forms include all statutory requirements. The ACC will reject any self-drafted Annual Report and Certificate of Disclosure forms that are submitted without the Guidance Worksheet.

All filers may continue to utilize the Annual Report and Certificate of Disclosure forms provided by the ACC.

#### **Effective Dates for Policy 4:**

- In-person filings: **June 16, 2025.**
- Online, fax and mail filings: **June 16, 2025.**

As always, please do not hesitate to reach out to our office for questions or assistance with any of these new ACC policies.