AZ Community Law Legislative Update (2026)

2026 Arizona Legislative Update Regarding Community Associations

The Arizona Legislature began the 2026 Legislative Session on January 12, 2026, and adjourned on June 13, 2026. During the 2026 Legislative Session, Governor Hobbs signed seven (7) bills into law that directly impact HOAs/condos and one (1) other bill which may be of interest to HOAs and condos. All bills summarized below will go into effect on September 12th, 2026.

Bills Directly Impacting Community Associations

Summary of Senate Bill 1184 - HOAs; Uniformed Services Division Flags

Applies to both Planned Communities and Condominiums.

Expands existing protections for flags of the uniformed services of the United States by providing that "Division Flags" of the Army, Navy, Marine Corps, Air Force, Space Force or Coast Guard are included in the category of flags that associations may not prohibit. Defines "Division Flag" as "a flag that is officially authorized by the United States Army, Navy, Marine Corps, Air Force, Space Force or Coast Guard to represent a division level unit, that bears the unit's approved insignia, designation or nickname and that is used for ceremonial, identification or representational purposes."

For condominiums, this bill also eliminates A.R.S. § **33-1261(L)** which currently provides that a condominium association forfeits its lien rights for six (6) months if it violates A.R.S. § **33-1261(C)** (for sale/for rent/for lease sign rules).

Summary of Senate Bill 1246 - HOAs; Expense Liens; Special Assessment

Applies to both Planned Communities and Condominiums.

Aligns condominium common expense lien foreclosure thresholds with last year's changes for planned communities: an association may foreclose its lien only if the owner has been delinquent for at least eighteen (18) months or owes $10,000 or more in unpaid assessments, whichever occurs first.

For both condominiums and planned communities, provides that for any special assessment with an initial value of $10,000 or more, only the eighteen-month delinquency threshold applies.

Summary of Senate Bill 1290 - Open Meetings; Planned Communities

Applies only to Planned Communities, not Condominiums.

This bill amends A.R.S. § 33-1804(A), which governs closed portions of board meetings, to prohibit boards from taking any action (including votes or decisions) in a closed session. It does this by adding the phrase "WITHOUT ACTION" to the final sentence of the introductory paragraph of A.R.S. § 33-1804(A), so that it will read: *"Any portion of a meeting may be closed only if that closed portion of the meeting is limited to consideration WITHOUT ACTION of one or more of the following:"*

Practically, this means boards may not take votes or make decisions in closed session. All actions must be taken in an open meeting where members are entitled to attend, subject to statutory exceptions.

Note: A recent Arizona Court of Appeals case, *AZNH Revocable Trust v. Sunland Springs Village Homeowners Association*, No. 1 CA-CV 25-0424 (Ariz. Ct. App. Apr. 28, 2026), clarifies that both HOA and condominium boards should not take action in executive (closed) session, except as allowed by statute. This decision applies to both A.R.S. § 33-1804 (planned communities) and A.R.S. § 33-1248 (condominiums) and is separate from, but consistent with, SB 1290's "WITHOUT ACTION" change.

Summary of Senate Bill 1808 - Homeowners' Associations; Allied Countries' Flags

Applies to both Planned Communities and Condominiums.

Provides that, regardless of anything in the governing documents, associations may not prohibit the display of "a flag from a nation that is allied with the United States as a major non-NATO ally and that was established on May 14, 1948." This description corresponds to only the national flag of Israel, and this addition to the statute is intended to protect the display of that flag on homes within HOAs/condos, even if the CC&Rs or rules attempt to restrict it.

Summary of House Bill 2342 - Homeowners' Associations; Shade Structures

Applies only to Planned Communities, not Condominiums.

Provides that, regardless of the governing documents, associations may not prohibit the backyard installation or use of a shade structure; but they may adopt reasonable rules regarding the size, placement or appearance of a shade structure IF those rules do not prevent the installation, impair the functioning, restrict the use or unreasonably affect the cost of the structure and are not more restrictive than applicable municipal zoning ordinances regarding shade structure height and setbacks for single-family homes.

Also defines "shade structure" as "a commercially produced or professionally manufactured moveable or permanent structure that is designed to protect an area from sunlight, including an umbrella, awning, shade sail, gazebo, pergola or canopy."

Summary of House Bill 2397 - Homeowners' Associations; Property Covenants; Disclosures

Applies to both Planned Communities and Condominiums.

Provides significant expansion of and changes to resale disclosure requirements for condominiums and planned communities, as follows:

> Provides that disclosure obligations are tied to "acceptance of the purchaser's offer" instead of merely a "pending sale," and allows for electronic transmission of the required disclosure items to the purchaser. Also specifies that disclosure may be sent to the purchaser's "designated" agent instead of authorized agent. For associations with 50 or more units, the seller must provide written notice to the association that includes the purchaser's email address in addition to the purchaser's name and mailing address.

Adds the following to the list of items to be included in the disclosure package:

1. A final plat;
2. Board-approved minutes from the previous 3 open Board meetings;
3. CONDOS - All insurance certificates stating coverage limits and deductibles maintained by the Association on the subject property (in addition to the currently required statement of whether the property is insured by the Association)
4. Statement as to whether the community is under Declarant control and percentage of properties currently owned by Declarant;
5. CONDOS - Statement of whether a corporation or LLC owns and leases 35% or more of the units;
6. Statement that the purchaser may view entirety of reports that have been summarized in the disclosure within 10 days following a written request to the Association by the purchaser;
7. If the subject property is governed by multiple Associations, a statement that the property is subject to each Association's disclosure report and corresponding resale disclosure fee.

Adds the following to be included in the dated disclosure statement:

1. Payment schedule for the annual assessment along with remaining installments;
2. Payment schedules for any approved and assessed special assessment, if any;
3. Amount and purpose of any special assessment approved but not yet assessed OR submitted for owner approval within the past four (4) months, if any;
4. CONDOS - Any known material deficiency or condition of the subject unit's limited common elements OR common elements for which the purchaser will be directly assessed for repair costs within six (6) months of purchase, if any;
5. Current amount of any unpaid annual assessment, lien due to the Association (under A.R.S. §§ 33-1256 or 33-1807) or lis pendens recorded by the Association on the subject property;
6. The amount and purpose of any title transfer fee, and the like, authorized by the Declaration;
7. The Association's most recent income and expenses financial statements for all operating and reserve accounts;
8. Any outstanding and unresolved violation cited against the subject property, if any.

Changes to existing disclosure requirements:

1. Specifies that included Bylaws and Rules must be current, and that the included Declaration must be the current recorded Declaration;
2. If the most recent reserve study is more than 10 pages, allows a summary to be provided in the disclosure package instead of the full report;
3. Requires the purchaser to sign a contractual acknowledgement statement (to be included in the disclosure package) at the close of escrow (instead of "within 14 calendar days") and changes the required statement language to the following:

   I HEREBY ACKNOWLEDGE THAT WITH THE PURCHASE OF THIS HOME OR PROPERTY, I WILL BE CONTRACTUALLY BOUND TO THE VALID COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RECORDED DECLARATION, AND WILL BE CONTRACTUALLY BOUND TO PAY ALL COMMON EXPENSE ASSESSMENTS APPLIED TO MY HOME OR PROPERTY AS AUTHORIZED IN THE DECLARATION AND TITLE 33, CHAPTER 9 OR 16, ARIZONA REVISED STATUTES, AS APPLICABLE. IF I FAIL TO PAY

COMMON EXPENSE ASSESSMENTS, I MAY BE SUBJECT TO COLLECTION ACTIVITY BY THE ASSOCIATION UP TO AND INCLUDING FORECLOSURE ACTION, <u>WITHOUT THE EQUITY PROTECTION OF THE HOMESTEAD ACT</u> PURSUANT TO TITLE 33, CHAPTER 8, ARIZONA REVISED STATUTES.

Removes the <u>lien extinguishment</u> consequence for an Association's failure to timely provide the required disclosure information. (**<u>Note</u>**: This bill does not eliminate the lien extinguishment consequences set forth in A.R.S. § 33-1256(J) (Condominiums) and A.R.S. § 33-1807(J) (Planned Communities); it just removes the redundant language in A.R.S. §§ 33-1260 and 33-1806.)

Adds a <u>good faith reliance</u> provision stating that all disclosures provided under these statutes "shall be based on good faith reliance on Association records or information, <u>without the need for independent investigation or validation</u>."

Changes the standard for an owner's/Association's liability from a mere "failure to disclose" to "knowingly or recklessly failing" to disclose or "knowingly or recklessly providing materially false or misleading statements" in the disclosure. Adds the phrase "as awarded by the Court" to the provision for recovery of reasonable attorney fees.

Specifies that an <u>Owner may request</u> the Association to update a disclosure report if thirty days or more have passed since the date of the original report, and that the Association may charge a fee of not more than $50 for such an update.

<u>Summary of House Bill 4011 - HOAs; Duties</u>

Applies to both Planned Communities and Condominiums.

Imposes upon associations a "duty to act reasonably" in the exercise of their discretionary powers, and describes "duty to act reasonably" as a "duty to exercise discretionary powers neutrally, fairly, without favoritism and in a nonarbitrary fashion."

This statute largely codifies existing Arizona case law requiring boards to treat owners fairly and to act reasonably when enforcing covenants or making discretionary decisions; it reinforces best practices rather than introducing a completely new standard.

Bills of Interest to Community Associations

<u>Summary of Senate Bill 1473 - Assisted Living Home; Occupancy</u>

This law applies to municipalities and counties rather than HOAs. However, it is relevant to associations because it eliminates certain local government barriers to small assisted living homes (10 or fewer residents) and makes it easier for these homes to operate in residential neighborhoods. As a result, we anticipate an increase in the number of small assisted living homes within HOA and condominium communities.

Importantly, this law does not change an association's ability to enforce its CC&Rs, including restrictions related to parking, noise, and other nuisance-type issues.