



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

FACT SHEET FOR H.B. 2648

motor vehicle manufacturers; TPT; exemption
(NOW: condominiums; planned communities; lien; assessment)

Purpose

Bifurcates association liens into common expense liens and liens for member expenses. Specifies that a member expense lien may not be foreclosed and is effective only on conveyance of any interest in the real property. Requires the association board of directors to exercise all reasonable efforts to communicate with the unit owner, negotiate reasonable payment plans or apply any relevant and applicable collections remedies before filing a foreclosure action.

Background

A condominium association and a planned community association have a lien on a unit for any assessment levied against that unit from the time the assessment becomes due. An association's lien may be foreclosed in the same manner as a mortgage but may be foreclosed only if the owner has been delinquent in the payment of monies secured by the lien, excluding reasonable collection fees, reasonable attorney fees and costs incurred with respect to those assessments, for a period of one year or in the amount of \$1,200 or more, whichever occurs first. Proceedings to enforce an association's lien must begin within six years after the full amount of the assessment becomes due ([A.R.S. § 33-1256](#)).

A condominium association and a planned community association may: 1) impose and receive any payments, fees or charges for the use, rental or operation of the common elements and for services provided to unit owners; 2) impose charges for late payment of assessments after the association has provided notice that the assessment is overdue or considered overdue after a certain date and, after notice and an opportunity to be heard, impose reasonable monetary penalties on unit owners for violations of the declaration, bylaws and rules of the association; and 3) impose reasonable charges for the preparation and recordation of amendments to the declaration or statements of unpaid assessments ([A.R.S. § 33-1242](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires an association board of directors to exercise all reasonable efforts to communicate with the unit owner, negotiate reasonable payment plans or apply any relevant and applicable collection remedies before filing a foreclosure action.
2. Defines *member expenses* as fees, charges, late charges and monetary penalties or interest imposed by an HOA, excluding any amount of a common expense lien.

FACT SHEET

H.B. 2648

Page 2

3. Specifies that an association has a lien for member expenses after the entry of a judgment in a civil suit for the expenses.
4. Specifies that a lien for member expenses may not be foreclosed and is effective only on conveyance of any interest in the real property.
5. Defines *common expense lien* as the lien for assessments, charges for late payment of assessments if authorized in the declaration, reasonable collection fees and costs incurred or applied by the association and reasonable attorney fees and costs that are incurred with respect to those assessments, if the attorney fees and costs are awarded.
6. Clarifies that a common expense lien may be foreclosed only if the owner has been delinquent in the payment of any *assessments* secured by the common expense lien.
7. Defines *assessment* as the share of monies required for the payment of common expenses and that the association assesses periodically against each unit.
8. Specifies that a common expense lien is extinguished unless proceedings to enforce the lien are instituted within six years after the assessments become due.
9. Prohibits an association from transferring ownership or control of debt for common expense liens or member expenses.
10. Allows, rather than requires, a judgment or decree in a foreclosure action to include costs and reasonable attorney fees for the prevailing party.
11. Exempts only a common expense lien from the statutory requirements of the homestead exemption.
12. Specifies that a failure to provide an escrow agent with a statement that sets forth the amount of any unpaid common expense liens or member expenses extinguishes any common expense lien then due.
13. Adds, to the items required to be paid by any payment received on a unit owner's account, due but not delinquent assessments and costs incurred or applied by the association.
14. Makes technical and conforming changes.
15. Becomes effective on the general effective date.

House Action

WM	2/8/24	W/D	
COM	2/13/24	DPA/SE	9-0-1-0
3 rd Read	2/26/24		56-0-3-0-1

Prepared by Senate Research
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MG/cs