



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, Second Regular Session*

**AMENDED**  
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 or unit owner expenses. Specifies that a member or unit owner expense lien may not be foreclosed and is effective only on conveyance of any interest in real property. Requires the association board of directors to exercise reasonable efforts to communicate with the unit owner and offer a reasonable payment plan 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 reasonable efforts to communicate with the unit owner and offer a reasonable payment plan before filing a foreclosure action.
2. Defines *member expenses* and, for condominium associations, *unit owner expenses* as fees, charges, late charges and monetary penalties or interest imposed by an HOA, excluding any amount of a common expense lien.

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 member or unit owner expenses are not enforceable as common expense liens, notwithstanding any provision in the association documents.
5. Specifies that a lien for member or unit owner expenses may not be foreclosed and is effective only on conveyance of any interest in the real property.
6. 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.
7. Clarifies that a common expense lien may be foreclosed only if the owner has been and remains delinquent in the payment of any *assessments*.
8. Defines *assessment* as the share of monies required for the payment of common expenses and that the association assesses periodically against each unit.
9. Specifies that a common expense lien is extinguished unless proceedings to enforce the lien are instituted within six years after the assessments become due.
10. Prohibits an association from transferring ownership or control of debt for common expense liens or member or unit owner expenses.
11. Allows, rather than requires, a judgment or decree in a foreclosure action to include costs and reasonable attorney fees for the prevailing party.
12. Exempts only a common expense lien from the statutory requirements of the homestead exemption.
13. Removes the association board of directors and every unit owner as entities on which a furnished statement is binding.
14. 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.
15. Makes technical and conforming changes.
16. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Specifies that a common expense lien may be foreclosed only if the owner remains delinquent in the payment of any *assessments*.

2. Requires the association board of directors to communicate with the unit owner and offer a reasonable payment plan before filing a foreclosure action, rather than to negotiate reasonable payment plans or apply any relevant and applicable collection remedies before filing a foreclosure action.
3. Removes the association board of directors and every unit owner as entities on which a furnished statement is binding.
4. Makes technical and conforming changes.

Amendments Adopted for Committee of the Whole

- Makes technical changes.

House Action

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

Senate Action

FICO	3/11/24	DPA	6-0-1
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Prepared by Senate Research

April 1, 2024

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