

# EXHIBIT “1”

State of Arizona  
Senate  
Fifty-fourth Legislature  
First Regular Session  
2019

**CHAPTER 200**  
**SENATE BILL 1531**

AN ACT

AMENDING SECTIONS 33-1256 AND 33-1807, ARIZONA REVISED STATUTES; RELATING  
TO CONDOMINIUMS AND PLANNED COMMUNITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 33-1256, Arizona Revised Statutes, is amended to  
3 read:

4 33-1256. Lien for assessments; priority; mechanics' and  
5 materialmen's liens; notice; applicability

6 A. The association has a lien on a unit for any assessment levied  
7 against that unit from the time the assessment becomes due. The  
8 association's lien for assessments, for charges for late payment of those  
9 assessments, for reasonable collection fees and for reasonable attorney  
10 fees and costs incurred with respect to those assessments may be  
11 foreclosed in the same manner as a mortgage on real estate but may be  
12 foreclosed only if the owner has been delinquent in the payment of monies  
13 secured by the lien, excluding reasonable collection fees, reasonable  
14 attorney fees and charges for late payment of and costs incurred with  
15 respect to those assessments, for a period of one year or in the amount of  
16 ~~one thousand two hundred dollars~~ \$1,200 or more, whichever occurs first,  
17 AS DETERMINED ON THE DATE THE ACTION IS FILED. Fees, charges, late  
18 charges, monetary penalties and interest charged pursuant to section  
19 33-1242, subsection A, paragraphs 10, 11 and 12, other than charges for  
20 late payment of assessments, are not enforceable as assessments under this  
21 section. If an assessment is payable in installments, the full amount of  
22 the assessment is a lien from the time the first installment of the  
23 assessment becomes due. The association has a lien for fees, charges,  
24 late charges, other than charges for late payment of assessments, monetary  
25 penalties or interest charged pursuant to section 33-1242, subsection A,  
26 paragraphs 10, 11 and 12 after the entry of a judgment in a civil suit for  
27 those fees, charges, late charges, monetary penalties or interest from a  
28 court of competent jurisdiction and the recording of that judgment in the  
29 office of the county recorder as otherwise provided by law. The  
30 association's lien for monies other than for assessments, for charges for  
31 late payment of those assessments, for reasonable collection fees and for  
32 reasonable attorney fees and costs incurred with respect to those  
33 assessments may not be foreclosed and is effective only on conveyance of  
34 any interest in the real property.

35 B. A lien for assessments, for charges for late payment of those  
36 assessments, for reasonable collection fees and for reasonable attorney  
37 fees and costs incurred with respect to those assessments under this  
38 section is prior to all other liens, interests and encumbrances on a unit  
39 except:

40 1. Liens and encumbrances recorded before the recordation of the  
41 declaration.

42 2. A recorded first mortgage on the unit, a seller's interest in a  
43 first contract for sale pursuant to chapter 6, article 3 of this title on

1 the unit recorded prior to the lien arising pursuant to subsection A of  
2 this section or a recorded first deed of trust on the unit.

3 3. Liens for real estate taxes and other governmental assessments  
4 or charges against the unit.

5 C. Subsection B of this section does not affect the priority of  
6 mechanics' or materialmen's liens or the priority of liens for other  
7 assessments made by the association. The lien under this section is not  
8 subject to chapter 8 of this title.

9 D. Unless the declaration otherwise provides, if two or more  
10 associations have liens for assessments created at any time on the same  
11 real estate, those liens have equal priority.

12 E. Recording of the declaration constitutes record notice and  
13 perfection of the lien for assessments, for charges for late payment of  
14 those assessments, for reasonable collection fees and for reasonable  
15 attorney fees and costs incurred with respect to those assessments.  
16 Further recordation of any claim of lien for assessments under this  
17 section is not required.

18 F. A lien for unpaid assessments is extinguished unless proceedings  
19 to enforce the lien are instituted within ~~three~~ SIX years after the full  
20 amount of the assessments becomes due.

21 G. This section does not prohibit:

22 1. Actions to recover sums for which subsection A of this section  
23 creates a lien. ~~or does not prohibit~~

24 2. An association from taking a deed in lieu of foreclosure.

25 H. A judgment or decree in any action brought under this section  
26 shall include costs and reasonable attorney fees for the prevailing party.

27 I. The association on written request shall furnish to a  
28 lienholder, escrow agent, unit owner or person designated by a unit owner  
29 a statement setting forth the amount of unpaid assessments against the  
30 unit. The statement shall be furnished within ten days after receipt of  
31 the request and the statement is binding on the association, the board of  
32 directors and every unit owner if the statement is requested by an escrow  
33 agency that is licensed pursuant to title 6, chapter 7. Failure to  
34 provide the statement to the escrow agent within the time provided for in  
35 this subsection ~~shall extinguish~~ EXTINGUISHES any lien for any unpaid  
36 assessment then due.

37 J. Notwithstanding any provision in the condominium documents or in  
38 any contract between the association and a management company, unless the  
39 member UNIT OWNER directs otherwise, all payments received on a member's  
40 UNIT OWNER'S account shall be applied first to any unpaid assessments, for  
41 unpaid charges for late payment of those assessments, for UNPAID  
42 reasonable collection fees and for unpaid attorney fees and costs incurred  
43 with respect to those assessments, in that order, with any remaining

1 amounts applied next to other unpaid fees, charges and monetary penalties  
2 or interest and late charges on any of those amounts.

3 K. FOR A DELINQUENT ACCOUNT FOR UNPAID ASSESSMENTS OR FOR CHARGES  
4 RELATED TO UNPAID ASSESSMENTS, THE ASSOCIATION SHALL PROVIDE THE FOLLOWING  
5 WRITTEN NOTICE TO THE UNIT OWNER AT THE UNIT OWNER'S ADDRESS AS PROVIDED  
6 TO THE ASSOCIATION AT LEAST THIRTY DAYS BEFORE AUTHORIZING AN ATTORNEY, OR  
7 A COLLECTION AGENCY THAT IS NOT ACTING AS THE ASSOCIATION'S MANAGING  
8 AGENT, TO BEGIN COLLECTION ACTIVITY ON BEHALF OF THE ASSOCIATION:

9 YOUR ACCOUNT IS DELINQUENT. IF YOU DO NOT BRING YOUR ACCOUNT  
10 CURRENT OR MAKE ARRANGEMENTS THAT ARE APPROVED BY THE  
11 ASSOCIATION TO BRING YOUR ACCOUNT CURRENT WITHIN THIRTY DAYS  
12 AFTER THE DATE OF THIS NOTICE, YOUR ACCOUNT WILL BE TURNED  
13 OVER FOR FURTHER COLLECTION PROCEEDINGS. SUCH COLLECTION  
14 PROCEEDINGS COULD INCLUDE BRINGING A FORECLOSURE ACTION  
15 AGAINST YOUR PROPERTY.

16 THE NOTICE SHALL BE IN BOLD FACED TYPE OR ALL CAPITAL LETTERS AND SHALL  
17 INCLUDE THE CONTACT INFORMATION FOR THE PERSON THAT THE UNIT OWNER MAY  
18 CONTACT TO DISCUSS PAYMENT. THE NOTICE SHALL BE SENT BY CERTIFIED MAIL,  
19 RETURN RECEIPT REQUESTED, AND MAY BE INCLUDED WITHIN OTHER CORRESPONDENCE  
20 SENT TO THE UNIT OWNER REGARDING THE UNIT OWNER'S DELINQUENT ACCOUNT.

21 L. BEGINNING JANUARY 1, 2020, EXCEPT FOR CONDOMINIUMS THAT HAVE  
22 FEWER THAN FIFTY UNITS AND THAT DO NOT CONTRACT WITH A THIRD PARTY TO  
23 PERFORM MANAGEMENT SERVICES ON BEHALF OF THE ASSOCIATION, THE ASSOCIATION  
24 SHALL PROVIDE A STATEMENT OF ACCOUNT IN LIEU OF A PERIODIC PAYMENT BOOK TO  
25 THE UNIT OWNER WITH THE SAME FREQUENCY THAT ASSESSMENTS ARE PROVIDED FOR  
26 IN THE DECLARATION. THE STATEMENT OF ACCOUNT SHALL INCLUDE THE CURRENT  
27 ACCOUNT BALANCE DUE AND THE IMMEDIATELY PRECEDING LEDGER HISTORY. IF THE  
28 ASSOCIATION OFFERS THE STATEMENT OF ACCOUNT BY ELECTRONIC MEANS, A UNIT  
29 OWNER MAY OPT TO RECEIVE THE STATEMENT ELECTRONICALLY. THE ASSOCIATION  
30 MAY STOP PROVIDING ANY FURTHER STATEMENTS OF ACCOUNT TO A UNIT OWNER IF  
31 COLLECTION ACTIVITY BEGINS BY AN ATTORNEY, OR A COLLECTION AGENCY THAT IS  
32 NOT ACTING AS THE ASSOCIATION'S MANAGING AGENT, REGARDING THAT UNIT  
33 OWNER'S UNPAID ACCOUNT. AFTER COLLECTION ACTIVITY BEGINS, A UNIT OWNER  
34 MAY REQUEST STATEMENTS OF ACCOUNT BY WRITTEN REQUEST TO THE ATTORNEY OR  
35 COLLECTION AGENCY. ANY REQUEST BY A UNIT OWNER FOR A STATEMENT OF ACCOUNT  
36 AFTER COLLECTION ACTIVITY BEGINS BY AN ATTORNEY OR A COLLECTION AGENCY  
37 THAT IS NOT ACTING AS THE ASSOCIATION'S MANAGING AGENT MUST BE FULFILLED  
38 BY THE ATTORNEY OR THE COLLECTION AGENCY RESPONSIBLE FOR THE COLLECTION.  
39 THE STATEMENT OF ACCOUNT PROVIDED BY THE ATTORNEY OR COLLECTION AGENCY  
40 RESPONSIBLE FOR THE COLLECTION SHALL INCLUDE ALL AMOUNTS CLAIMED TO BE  
41 OWING TO RESOLVE THE DELINQUENCY THROUGH THE DATE SET FORTH IN THE  
42 STATEMENT, INCLUDING ATTORNEY FEES AND COSTS, REGARDLESS OF WHETHER SUCH  
43 AMOUNTS HAVE BEEN REDUCED TO JUDGMENT.

1 M. AN AGENT FOR THE ASSOCIATION MAY COLLECT ON BEHALF OF THE  
2 ASSOCIATION DIRECTLY FROM A UNIT OWNER THE ASSESSMENTS AND OTHER AMOUNTS  
3 OWED BY CASH OR CHECK, BY MAILED OR HAND-DELIVERED BANK DRAFTS, CHECKS,  
4 CASHIER'S CHECKS OR MONEY ORDERS, BY CREDIT, CHARGE OR DEBIT CARD OR BY  
5 OTHER ELECTRONIC MEANS. FOR ANY FORM OF PAYMENT OTHER THAN FOR CASH OR  
6 FOR MAILED OR HAND-DELIVERED BANK DRAFTS, CHECKS, CASHIER'S CHECKS OR  
7 MONEY ORDERS, THE AGENT MAY CHARGE A CONVENIENCE FEE TO THE UNIT OWNER  
8 THAT IS APPROXIMATELY THE AMOUNT CHARGED TO THE AGENT BY A THIRD-PARTY  
9 SERVICE PROVIDER.

10 ~~N.~~ N. This section does not apply to timeshare plans or  
11 associations that are subject to chapter 20 of this title.

12 Sec. 2. Section 33-1807, Arizona Revised Statutes, is amended to  
13 read:

14 33-1807. Lien for assessments; priority; mechanics' and  
15 materialmen's liens; notice

16 A. The association has a lien on a unit for any assessment levied  
17 against that unit from the time the assessment becomes due. The  
18 association's lien for assessments, for charges for late payment of those  
19 assessments, for reasonable collection fees and for reasonable attorney  
20 fees and costs incurred with respect to those assessments may be  
21 foreclosed in the same manner as a mortgage on real estate but may be  
22 foreclosed only if the owner has been delinquent in the payment of monies  
23 secured by the lien, excluding reasonable collection fees, reasonable  
24 attorney fees and charges for late payment of and costs incurred with  
25 respect to those assessments, for a period of one year or in the amount of  
26 ~~one thousand two hundred dollars~~ \$1,200 or more, whichever occurs first,  
27 AS DETERMINED ON THE DATE THE ACTION IS FILED. Fees, charges, late  
28 charges, monetary penalties and interest charged pursuant to section  
29 33-1803, other than charges for late payment of assessments are not  
30 enforceable as assessments under this section. If an assessment is  
31 payable in installments, the full amount of the assessment is a lien from  
32 the time the first installment of the assessment becomes due. The  
33 association has a lien for fees, charges, late charges, other than charges  
34 for late payment of assessments, monetary penalties or interest charged  
35 pursuant to section 33-1803 after the entry of a judgment in a civil suit  
36 for those fees, charges, late charges, monetary penalties or interest from  
37 a court of competent jurisdiction and the recording of that judgment in  
38 the office of the county recorder as otherwise provided by law. The  
39 association's lien for monies other than for assessments, for charges for  
40 late payment of those assessments, for reasonable collection fees and for  
41 reasonable attorney fees and costs incurred with respect to those  
42 assessments may not be foreclosed and is effective only on conveyance of  
43 any interest in the real property.

1           B. A lien for assessments, for charges for late payment of those  
2 assessments, for reasonable collection fees and for reasonable attorney  
3 fees and costs incurred with respect to those assessments under this  
4 section is prior to all other liens, interests and encumbrances on a unit  
5 except:

6           1. Liens and encumbrances recorded before the recordation of the  
7 declaration.

8           2. A recorded first mortgage on the unit, a seller's interest in a  
9 first contract for sale pursuant to chapter 6, article 3 of this title on  
10 the unit recorded prior to the lien arising pursuant to subsection A of  
11 this section or a recorded first deed of trust on the unit.

12           3. Liens for real estate taxes and other governmental assessments  
13 or charges against the unit.

14           C. Subsection B of this section does not affect the priority of  
15 mechanics' or materialmen's liens or the priority of liens for other  
16 assessments made by the association. The lien under this section is not  
17 subject to chapter 8 of this title.

18           D. Unless the declaration otherwise provides, if two or more  
19 associations have liens for assessments created at any time on the same  
20 real estate those liens have equal priority.

21           E. Recording of the declaration constitutes record notice and  
22 perfection of the lien for assessments, for charges for late payment of  
23 assessments, for reasonable collection fees and for reasonable attorney  
24 fees and costs incurred with respect to those assessments. Further  
25 recordation of any claim of lien for assessments under this section is not  
26 required.

27           F. A lien for an unpaid assessment is extinguished unless  
28 proceedings to enforce the lien are instituted within ~~three~~ SIX years  
29 after the full amount of the assessment becomes due.

30           G. This section does not prohibit:

31           1. Actions to recover amounts for which subsection A of this  
32 section creates a lien.

33           2. An association from taking a deed in lieu of foreclosure.

34           H. A judgment or decree in any action brought under this section  
35 shall include costs and reasonable attorney fees for the prevailing party.

36           I. On written request, the association shall furnish to a  
37 lienholder, escrow agent, unit owner or person designated by a unit owner  
38 a statement setting forth the amount of any unpaid assessment against the  
39 unit. The association shall furnish the statement within ten days after  
40 receipt of the request, and the statement is binding on the association,  
41 the board of directors and every unit owner if the statement is requested  
42 by an escrow agency that is licensed pursuant to title 6, chapter 7.  
43 Failure to provide the statement to the escrow agent within the time

1 provided for in this subsection ~~shall extinguish~~ EXTINGUISHES any lien for  
2 any unpaid assessment then due.

3 J. Notwithstanding any provision in the community documents or in  
4 any contract between the association and a management company, unless the  
5 member directs otherwise, all payments received on a member's account  
6 shall be applied first to any unpaid assessments, ~~for~~ unpaid charges for  
7 late payment of those assessments, ~~for~~ UNPAID reasonable collection fees  
8 and ~~for~~ unpaid attorney fees and costs incurred with respect to those  
9 assessments, in that order, with any remaining amounts applied next to  
10 other unpaid fees, charges and monetary penalties or interest and late  
11 charges on any of those amounts.

12 K. FOR A DELINQUENT ACCOUNT FOR UNPAID ASSESSMENTS OR FOR CHARGES  
13 RELATED TO UNPAID ASSESSMENTS, THE ASSOCIATION SHALL PROVIDE THE FOLLOWING  
14 WRITTEN NOTICE TO THE MEMBER AT THE MEMBER'S ADDRESS AS PROVIDED TO THE  
15 ASSOCIATION AT LEAST THIRTY DAYS BEFORE AUTHORIZING AN ATTORNEY, OR A  
16 COLLECTION AGENCY THAT IS NOT ACTING AS THE ASSOCIATION'S MANAGING AGENT,  
17 TO BEGIN COLLECTION ACTIVITY ON BEHALF OF THE ASSOCIATION:

18 YOUR ACCOUNT IS DELINQUENT. IF YOU DO NOT BRING YOUR ACCOUNT  
19 CURRENT OR MAKE ARRANGEMENTS THAT ARE APPROVED BY THE  
20 ASSOCIATION TO BRING YOUR ACCOUNT CURRENT WITHIN THIRTY DAYS  
21 AFTER THE DATE OF THIS NOTICE, YOUR ACCOUNT WILL BE TURNED  
22 OVER FOR FURTHER COLLECTION PROCEEDINGS. SUCH COLLECTION  
23 PROCEEDINGS COULD INCLUDE BRINGING A FORECLOSURE ACTION  
24 AGAINST YOUR PROPERTY.

25 THE NOTICE SHALL BE IN BOLDFACED TYPE OR ALL CAPITAL LETTERS AND SHALL  
26 INCLUDE THE CONTACT INFORMATION FOR THE PERSON THAT THE MEMBER MAY CONTACT  
27 TO DISCUSS PAYMENT. THE NOTICE SHALL BE SENT BY CERTIFIED MAIL, RETURN  
28 RECEIPT REQUESTED, AND MAY BE INCLUDED WITHIN OTHER CORRESPONDENCE SENT TO  
29 THE MEMBER REGARDING THE MEMBER'S DELINQUENT ACCOUNT.

30 L. BEGINNING JANUARY 1, 2020, EXCEPT FOR PLANNED COMMUNITIES THAT  
31 HAVE FEWER THAN FIFTY LOTS AND THAT DO NOT CONTRACT WITH A THIRD PARTY TO  
32 PERFORM MANAGEMENT SERVICES ON BEHALF OF THE ASSOCIATION, THE ASSOCIATION  
33 SHALL PROVIDE A STATEMENT OF ACCOUNT IN LIEU OF A PERIODIC PAYMENT BOOK TO  
34 THE MEMBER WITH THE SAME FREQUENCY THAT ASSESSMENTS ARE PROVIDED FOR IN  
35 THE DECLARATION. THE STATEMENT OF ACCOUNT SHALL INCLUDE THE CURRENT  
36 ACCOUNT BALANCE DUE AND THE IMMEDIATELY PRECEDING LEDGER HISTORY. IF THE  
37 ASSOCIATION OFFERS THE STATEMENT OF ACCOUNT BY ELECTRONIC MEANS, A MEMBER  
38 MAY OPT TO RECEIVE THE STATEMENT ELECTRONICALLY. THE ASSOCIATION MAY STOP  
39 PROVIDING ANY FURTHER STATEMENTS OF ACCOUNT TO A MEMBER IF COLLECTION  
40 ACTIVITY BEGINS BY AN ATTORNEY, OR A COLLECTION AGENCY THAT IS NOT ACTING  
41 AS THE ASSOCIATION'S MANAGING AGENT, REGARDING THAT MEMBER'S UNPAID  
42 ACCOUNT. AFTER COLLECTION ACTIVITY BEGINS, A MEMBER MAY REQUEST  
43 STATEMENTS OF ACCOUNT BY WRITTEN REQUEST TO THE ATTORNEY OR COLLECTION  
44 AGENCY. ANY REQUEST BY A MEMBER FOR A STATEMENT OF ACCOUNT AFTER

1 COLLECTION ACTIVITY BEGINS BY AN ATTORNEY OR A COLLECTION AGENCY THAT IS  
2 NOT ACTING AS THE ASSOCIATION'S MANAGING AGENT MUST BE FULFILLED BY THE  
3 ATTORNEY OR THE COLLECTION AGENCY RESPONSIBLE FOR THE COLLECTION. THE  
4 STATEMENT OF ACCOUNT PROVIDED BY THE ATTORNEY OR COLLECTION AGENCY  
5 RESPONSIBLE FOR THE COLLECTION SHALL INCLUDE ALL AMOUNTS CLAIMED TO BE  
6 OWING TO RESOLVE THE DELINQUENCY THROUGH THE DATE SET FORTH IN THE  
7 STATEMENT, INCLUDING ATTORNEY FEES AND COSTS, REGARDLESS OF WHETHER SUCH  
8 AMOUNTS HAVE BEEN REDUCED TO JUDGMENT.

9 M. AN AGENT FOR THE ASSOCIATION MAY COLLECT ON BEHALF OF THE  
10 ASSOCIATION DIRECTLY FROM A MEMBER THE ASSESSMENTS AND OTHER AMOUNTS OWED  
11 BY CASH OR CHECK, BY MAILED OR HAND-DELIVERED BANK DRAFTS, CHECKS,  
12 CASHIER'S CHECKS OR MONEY ORDERS, BY CREDIT, CHARGE OR DEBIT CARD OR BY  
13 OTHER ELECTRONIC MEANS. FOR ANY FORM OF PAYMENT OTHER THAN FOR CASH OR  
14 FOR MAILED OR HAND-DELIVERED BANK DRAFTS, CHECKS, CASHIER'S CHECKS OR  
15 MONEY ORDERS, THE AGENT MAY CHARGE A CONVENIENCE FEE TO THE MEMBER THAT IS  
16 APPROXIMATELY THE AMOUNT CHARGED TO THE AGENT BY A THIRD-PARTY SERVICE  
17 PROVIDER.

APPROVED BY THE GOVERNOR MAY 8, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2019.