

PROPOSED  
SENATE AMENDMENTS TO S.B. 1531  
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

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 foreclosed  
11 in the same manner as a mortgage on real estate but may be foreclosed only  
12 if the owner has been delinquent in the payment of monies secured by the  
13 lien, excluding reasonable collection fees, reasonable attorney fees and  
14 charges for late payment of and costs incurred with respect to those  
15 assessments, for a period of one year or in the amount of ~~one thousand two~~  
16 ~~hundred dollars~~ \$1,200 or more, whichever occurs first, **AS DETERMINED ON**  
17 **THE DATE THE ACTION IS FILED.** Fees, charges, late charges, monetary  
18 penalties and interest charged pursuant to section 33-1242, subsection A,  
19 paragraphs 10, 11 and 12, other than charges for late payment of  
20 assessments, are not enforceable as assessments under this section. If an  
21 assessment is payable in installments, the full amount of the assessment is  
22 a lien from the time the first installment of the assessment becomes due.  
23 The association has a lien for fees, charges, late charges, other than  
24 charges for late payment of assessments, monetary penalties or interest  
25 charged pursuant to section 33-1242, subsection A, paragraphs 10, 11 and 12

1 after the entry of a judgment in a civil suit for those fees, charges, late  
2 charges, monetary penalties or interest from a court of competent  
3 jurisdiction and the recording of that judgment in the office of the county  
4 recorder as otherwise provided by law. The association's lien for monies  
5 other than for assessments, for charges for late payment of those  
6 assessments, for reasonable collection fees and for reasonable attorney  
7 fees and costs incurred with respect to those assessments may not be  
8 foreclosed and is effective only on conveyance of any interest in the real  
9 property.

10 B. A lien for assessments, for charges for late payment of those  
11 assessments, for reasonable collection fees and for reasonable attorney  
12 fees and costs incurred with respect to those assessments under this  
13 section is prior to all other liens, interests and encumbrances on a unit  
14 except:

15 1. Liens and encumbrances recorded before the recordation of the  
16 declaration.

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

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

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

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

30 E. Recording of the declaration constitutes record notice and  
31 perfection of the lien for assessments, for charges for late payment of

1 those assessments, for reasonable collection fees and for reasonable  
2 attorney fees and costs incurred with respect to those assessments.  
3 Further recordation of any claim of lien for assessments under this section  
4 is not required.

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

8 G. This section does not prohibit:

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

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

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

14 I. The association on written request shall furnish to a lienholder,  
15 escrow agent, unit owner or person designated by a unit owner a statement  
16 setting forth the amount of unpaid assessments against the unit. The  
17 statement shall be furnished within ten days after receipt of the request  
18 and the statement is binding on the association, the board of directors and  
19 every unit owner if the statement is requested by an escrow agency that is  
20 licensed pursuant to title 6, chapter 7. Failure to provide the statement  
21 to the escrow agent within the time provided for in this subsection ~~shall~~  
22 ~~extinguish~~ EXTINGUISHES any lien for any unpaid assessment then due.

23 J. Notwithstanding any provision in the condominium documents or in  
24 any contract between the association and a management company, unless the  
25 ~~member~~ UNIT OWNER directs otherwise, all payments received on a ~~member's~~  
26 UNIT OWNER'S account shall be applied first, IN THE ORDER THE DEBT WAS  
27 ACCRUED, to any unpaid assessments, ~~for~~ unpaid charges for late payment of  
28 those assessments, ~~for~~ UNPAID reasonable collection fees and ~~for~~ unpaid  
29 attorney fees and costs incurred with respect to those assessments AND  
30 UNPAID INTEREST ON ANY OF THOSE AMOUNTS. ~~, in that order, with~~ Any  
31 remaining amounts SHALL BE applied, ~~next~~ IN THE ORDER THE DEBT WAS ACCRUED,

1 to other unpaid fees, charges and monetary penalties or interest and late  
2 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 LAST KNOWN ADDRESS AT  
6 LEAST FIFTEEN DAYS BEFORE AUTHORIZING AN ATTORNEY FOR THE ASSOCIATION TO  
7 BEGIN A COLLECTION ACTION:

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

16 THE NOTICE SHALL BE IN BOLDFACED 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 MAY BE INCLUDED WITHIN OTHER  
19 CORRESPONDENCE SENT TO THE UNIT OWNER REGARDING THE UNIT OWNER'S DELINQUENT  
20 ACCOUNT.

21 L. FOR THOSE ASSOCIATIONS THAT ARE MANAGED BY A PERSON OTHER THAN A  
22 DIRECT EMPLOYEE OF THE ASSOCIATION, THE ASSOCIATION SHALL PROVIDE A  
23 STATEMENT OF ACCOUNT IN LIEU OF A PERIODIC PAYMENT BOOK TO THE UNIT OWNER  
24 WITH THE SAME FREQUENCY THAT ASSESSMENTS ARE PROVIDED FOR IN THE  
25 DECLARATION. THE STATEMENT OF ACCOUNT SHALL INCLUDE THE CURRENT ACCOUNT  
26 BALANCE DUE AND THE IMMEDIATELY PRECEDING LEDGER HISTORY. THE ASSOCIATION  
27 MAY NOT PROVIDE ANY FURTHER STATEMENTS OF ACCOUNT TO A UNIT OWNER IF A  
28 CIVIL ACTION IS FILED REGARDING THAT UNIT OWNER'S UNPAID ACCOUNT.

29 M. AN AGENT FOR THE ASSOCIATION MAY COLLECT ON BEHALF OF THE  
30 ASSOCIATION DIRECTLY FROM A UNIT OWNER THE ASSESSMENTS AND OTHER AMOUNTS  
31 OWED BY CASH OR CHECK, OR CREDIT, CHARGE OR DEBIT CARD OR BY OTHER

1 ELECTRONIC MEANS. THE AGENT MAY CHARGE A CONVENIENCE FEE TO THE UNIT OWNER  
2 THAT CONSISTS OF THE AMOUNT CHARGED TO THE AGENT BY A THIRD-PARTY SERVICE  
3 PROVIDER AND NOT MORE THAN THREE PERCENT OF THE AMOUNT OF THE PAYMENT MADE.

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

6 Sec. 2. Section 33-1803, Arizona Revised Statutes, is amended to  
7 read:

8 33-1803. Assessment limitation; penalties; notice to member of  
9 violation

10 A. Unless limitations in the community documents would result in a  
11 lower limit for the assessment, the association shall not impose a regular  
12 assessment that is more than twenty percent greater than the immediately  
13 preceding fiscal year's assessment without the approval of the majority of  
14 the members of the association. Unless reserved to the members of the  
15 association, the board of directors may impose reasonable charges for the  
16 late payment of assessments. A payment by a member is deemed late if it is  
17 unpaid fifteen or more days after its due date, unless the community  
18 documents provide for a longer period. Charges for the late payment of  
19 assessments are limited to the greater of ~~fifteen dollars~~ \$15 or ten  
20 percent of the amount of the unpaid assessment and may be imposed only  
21 after the association has provided notice that the assessment is overdue or  
22 provided notice that the assessment is considered overdue after a certain  
23 date. ~~Any monies paid by the member for an unpaid assessment shall be~~  
24 ~~applied first to the principal amount unpaid and then to the interest~~  
25 ~~accrued.~~

26 B. After notice and an opportunity to be heard, the board of  
27 directors may impose reasonable monetary penalties on members for  
28 violations of the declaration, bylaws and rules of the  
29 association. Notwithstanding any provision in the community documents, the  
30 board of directors shall not impose a charge for a late payment of a  
31 penalty that exceeds the greater of ~~fifteen dollars~~ \$15 or ten percent of

1 the amount of the unpaid penalty. A payment is deemed late if it is unpaid  
2 fifteen or more days after its due date, unless the declaration, bylaws or  
3 rules of the association provide for a longer period. ~~Any monies paid by a~~  
4 ~~member for an unpaid penalty shall be applied first to the principal amount~~  
5 ~~unpaid and then to the interest accrued.~~ Notice pursuant to this  
6 subsection ~~shall include~~ INCLUDES information pertaining to the manner in  
7 which the penalty shall be enforced.

8 C. A member who receives a written notice that the condition of the  
9 property owned by the member is in violation of the community documents  
10 without regard to whether a monetary penalty is imposed by the notice may  
11 provide the association with a written response by sending the response by  
12 certified mail within twenty-one calendar days after the date of the  
13 notice. The response shall be sent to the address identified in the  
14 notice.

15 D. Within ten business days after receipt of the certified mail  
16 containing the response from the member, the association shall respond to  
17 the member with a written explanation regarding the notice that ~~shall~~  
18 ~~provide~~ PROVIDES at least the following information unless previously  
19 provided in the notice of violation:

- 20 1. The provision of the community documents that has allegedly been  
21 violated.
- 22 2. The date of the violation or the date the violation was observed.
- 23 3. The first and last name of the person or persons who observed the  
24 violation.
- 25 4. The process the member must follow to contest the notice.

26 E. Unless the information required in subsection D, paragraph 4 of  
27 this section is provided in the notice of violation, the association shall  
28 not proceed with any action to enforce the community documents, including  
29 the collection of attorney fees, before or during the time prescribed by  
30 subsection D of this section regarding the exchange of information between  
31 the association and the member and shall give the member written notice of

1 the member's option to petition for an administrative hearing on the matter  
2 in the state real estate department pursuant to section 32-2199.01. At any  
3 time before or after completion of the exchange of information pursuant to  
4 this section, the member may petition for a hearing pursuant to section  
5 32-2199.01 if the dispute is within the jurisdiction of the state real  
6 estate department as prescribed in section 32-2199.01.

7 Sec. 3. Section 33-1807, Arizona Revised Statutes, is amended to  
8 read:

9 33-1807. Lien for assessments; priority; mechanics' and  
10 materialmen's liens; notice

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

1 the recording of that judgment in the office of the county recorder as  
2 otherwise provided by law. The association's lien for monies other than  
3 for assessments, for charges for late payment of those assessments, for  
4 reasonable collection fees and for reasonable attorney fees and costs  
5 incurred with respect to those assessments may not be foreclosed and is  
6 effective only on conveyance of any interest in the real property.

7 B. A lien for assessments, for charges for late payment of those  
8 assessments, for reasonable collection fees and for reasonable attorney  
9 fees and costs incurred with respect to those assessments under this  
10 section is prior to all other liens, interests and encumbrances on a unit  
11 except:

12 1. Liens and encumbrances recorded before the recordation of the  
13 declaration.

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

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

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

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

27 E. Recording of the declaration constitutes record notice and  
28 perfection of the lien for assessments, for charges for late payment of  
29 assessments, for reasonable collection fees and for reasonable attorney  
30 fees and costs incurred with respect to those assessments. Further



1 recordation of any claim of lien for assessments under this section is not  
2 required.

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

6 G. This section does not prohibit:

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

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

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

12 I. On written request, the association shall furnish to a  
13 lienholder, escrow agent, unit owner or person designated by a unit owner a  
14 statement setting forth the amount of any unpaid assessment against the  
15 unit. The association shall furnish the statement within ten days after  
16 receipt of the request, and the statement is binding on the association,  
17 the board of directors and every unit owner if the statement is requested  
18 by an escrow agency that is licensed pursuant to title 6, chapter 7.  
19 Failure to provide the statement to the escrow agent within the time  
20 provided for in this subsection ~~shall extinguish~~ EXTINGUISHES any lien for  
21 any unpaid assessment then due.

22 J. Notwithstanding any provision in the community documents or in  
23 any contract between the association and a management company, unless the  
24 member directs otherwise, all payments received on a member's account shall  
25 be applied first, IN THE ORDER THE DEBT WAS ACCRUED, to any unpaid  
26 assessments, ~~for~~ unpaid charges for late payment of those assessments, ~~for~~  
27 UNPAID reasonable collection fees and ~~for~~ unpaid attorney fees and costs  
28 incurred with respect to those assessments AND UNPAID INTEREST ON ANY OF  
29 THOSE AMOUNTS. ~~, in that order, with~~ Any remaining amounts SHALL BE  
30 applied, ~~next~~ IN THE ORDER THE DEBT WAS ACCRUED, to other unpaid fees,

1 charges and monetary penalties or interest and late charges on any of those  
2 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 MEMBER AT THE MEMBER'S LAST KNOWN ADDRESS AT LEAST  
6 FIFTEEN DAYS BEFORE AUTHORIZING AN ATTORNEY FOR THE ASSOCIATION TO BEGIN A  
7 COLLECTION ACTION:

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

16 THE NOTICE SHALL BE IN BOLDFACED TYPE OR ALL CAPITAL LETTERS AND SHALL  
17 INCLUDE THE CONTACT INFORMATION FOR THE PERSON THAT THE MEMBER MAY CONTACT  
18 TO DISCUSS PAYMENT. THE NOTICE MAY BE INCLUDED WITHIN OTHER CORRESPONDENCE  
19 SENT TO THE MEMBER REGARDING THE MEMBER'S DELINQUENT ACCOUNT.

20 L. FOR THOSE ASSOCIATIONS THAT ARE MANAGED BY A PERSON OTHER THAN A  
21 DIRECT EMPLOYEE OF THE ASSOCIATION, THE ASSOCIATION SHALL PROVIDE A  
22 STATEMENT OF ACCOUNT IN LIEU OF A PERIODIC PAYMENT BOOK TO THE MEMBER WITH  
23 THE SAME FREQUENCY THAT ASSESSMENTS ARE PROVIDED FOR IN THE DECLARATION.  
24 THE STATEMENT OF ACCOUNT SHALL INCLUDE THE CURRENT ACCOUNT BALANCE DUE AND  
25 THE IMMEDIATELY PRECEDING LEDGER HISTORY. THE ASSOCIATION MAY NOT PROVIDE  
26 ANY FURTHER STATEMENTS OF ACCOUNT TO A MEMBER IF A CIVIL ACTION IS FILED  
27 REGARDING THAT MEMBER'S UNPAID ACCOUNT.

1 M. AN AGENT FOR THE ASSOCIATION MAY COLLECT ON BEHALF OF THE  
2 ASSOCIATION DIRECTLY FROM A MEMBER THE ASSESSMENTS AND OTHER AMOUNTS OWED  
3 BY CASH OR CHECK, OR CREDIT, CHARGE OR DEBIT CARD OR BY OTHER ELECTRONIC  
4 MEANS. THE AGENT MAY CHARGE A CONVENIENCE FEE TO THE MEMBER THAT CONSISTS  
5 OF THE AMOUNT CHARGED TO THE AGENT BY A THIRD-PARTY SERVICE PROVIDER AND  
6 NOT MORE THAN THREE PERCENT OF THE AMOUNT OF THE PAYMENT MADE."

7 Amend title to conform

DAVID C. FARNSWORTH

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02/13/2019  
12:39 PM  
C: MYR