



2025 CAI Arizona Legislative Session Report

Community Associations Institute (CAI) Arizona Legislative Action Committee (AZ LAC) spent the 2025 legislative session advocating on behalf of the approximately [2,249,000 Arizonans living in 892,800 homes in more than 10,100 community associations across the state](#). Arizona's legislative session began on January 13 and adjourned June 27, 2025. The legislative session was originally expected to adjourn in May, however the legislature voted to extend the legislative session until all major bills had been addressed. Below are highlights from the 2025 Arizona State Legislature:

SB1039 - Homeowner's associations; meetings; recordings

AZ LAC **supported** this bill, as it promoted further transparency for associations by allowing for the viewing of recorded meetings. SB1039 requires associations that record official meetings to retain an unedited copy of the recording for at least six months and to make that copy available to unit owners upon request.

Status: Successfully PASSED, signed by Governor. Effective 90 days after legislature adjournment.

SB1378 - Political signs; Homeowners' associations

AZ LAC **monitored** this bill, which amends the definition of "political sign" to specify that a sign can also be a flag.

AZ LAC monitored this legislation for any amendments that could harm community associations by restricting the authority to impose reasonable rules and regulations, in line with [CAI's Political and Non-Commercial Signs Public Policy](#).

Status: PASSED, signed by Governor. Effective 90 days after legislature adjournment.

SB1494 - Common expense liens; foreclosure; amount

AZ LAC **opposed** this bill when first introduced, given its unreasonable limitations on an association's ability to fine and foreclose per practices consistent with [CAI's Foreclosures by Community Associations to Collect Delinquent Assessments Public Policy](#). However, AZ LAC ultimately took a neutral position on the bill, having **successfully negotiated amendments** which

lessened the negative impact of SB 1494 by maintaining existing statutes regarding lien priorities, and setting a reasonable delinquency period.

The bill increases the monetary threshold for HOA foreclosure from \$1,200 to \$10,000, and allows an association to foreclose if any assessment, or portion of any assessment, is delinquent for 18 months. This bill only applies to planned communities and not to condominiums.

Status: PASSED, signed by Governor. Effective 90 days after legislature adjournment.

SB1535- Homeowner's associations; address lights

AZ LAC **opposed** this bill, which would have restricted a condominium or community board or association from prohibiting the installation or use of a lighted home address devices that display house numbers. Under this legislation, these devices would be permitted to flash red and blue to signal emergencies, and have low-light adjustments. These devices would have been required to be street-visible and not exceed 250 lux in brightness. Boards would be bale to adopt rules regarding the placement of the equipment, and lighting restrictions, provided those rules do not impair device function or efficiency. A court would have been required to award reasonable attorney fees and costs to any party who substantially prevails in an action against a board or association for a violation of this legislation. AZ LAC opposed the bill due to the unnecessary burdens it placed on community association governance.

Status: Successfully DIED in Senate.

HB2322- Condominiums; commercial structures; residential structures

AZ LAC **monitored** this bill, which outlines how “common expenses” are to be managed when a condominium complex includes a “commercial structure” that is separate from a “residential structure”, and provides a list of examples and instructions on how the common expenses or a portion of the common expenses are to be divided between residential units and the commercial unit. In the event of a dispute over the allocation of a common expense or a portion of a common expense, the condominium association bears the burden of proving by clear and convincing evidence that it has allocated the common expense or portion of a common expense in compliance with this legislation. AZ LAC **monitored** this bill for any amendments that could impact community associations.

Status: PASSED, signed by Governor. Effective 90 days after legislature adjournment.

HB2865 - Homeowners' associations; attorney fees

AZ LAC **opposed** this bill due to the unnecessary burdens on community association governance, in conflict with the attorney fee guidelines set forth in CAI’s [Alternative Dispute Resolution Public Policy](#).

This legislation would have prohibited a community and condominium association from charging or assessing attorney’s fees and related costs onto unit owners, current or former. It

also would have required all parties in litigation, arbitration, mediation, administrative action or other claims actions to bear their own attorney fees and related costs, unless these costs are recovery costs ordered by a court against a community or condominium association.

Call to action email campaigns were sent to advocates in Arizona, urging them to email their Representatives and Senators to oppose the bill and HB2866 (which was introduced by the same sponsor as a companion measure). In total, 754 advocates sent 1080 emails to 85 legislators.

Status: Successfully DIED in Senate.

HB2866 - Homeowner's associations; unlawful enforcement; damages

AZ LAC **opposed** this bill due to the unnecessary burdens on community association governance, in conflict with the general guidelines set forth in CAI's [Alternative Dispute Resolution Public Policy](#).

This legislation sought to hold an Association liable for damages to a unit if a law is broken while enforcing any provision, bylaws, or rules. The legislation lists a scale of maximum damages based on the number of attempts to enforce the action and provides that a unit owner would have recourse for damages against an Association in any court of competent jurisdiction.

CAI launched virtual call to action email campaigns were sent to advocates, urging them to email their Representatives and Senators to oppose the bill and HB2865 (which was introduced by the same sponsor as a companion measure). In total, 754 advocates sent 1080 emails to 85 legislators.

Status: Successfully DIED in Senate.

HB2442 - Homeowners' associations; budget ratification; requirements

AZ LAC **opposed** this bill due to the unnecessary burdens on the community association budget approval process.

This legislation sought to update budget procedures for condominiums and planned communities, clarify boards' obligations, and establish stricter approval requirements for major financial decisions. This legislation would have required boards, after the declarant control period, to develop an annual operating budget based on reasonable, good-faith estimates of maintenance, operation, and reserve costs, and required boards to make proposed budgets available to owners at least 48 hours before the meeting at which approval is considered.

Under this legislation, if the approved budget raises assessments above the percentage change in the Consumer Price Index, owners would have been required to ratify the new budget, or the board could retain the existing one until owners ratify a subsequent proposal. The legislation would have prevented boards from reallocating reserve funds for other uses, or from imposing

special assessments without owner approval. If a board failed to follow these requirements, any resulting actions or assessments would have been invalid and unenforceable. When an association owns an unprofitable commercial facility, a membership vote would have been required to decide on continuing operations.

CAI launched a virtual call to action email campaign, urging advocates to email their Representatives to oppose the bill. In total, 638 advocates sent 1352 emails to 58 Representatives by 638 advocates.

Status: Successfully DIED in Senate.

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