

REFERENCE TITLE: homeowners' associations; meetings

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2270

Introduced by
Representative Parker B

AN ACT

AMENDING SECTIONS 33-1243, 33-1248, 33-1804 AND 33-1813, 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 33-1243, Arizona Revised Statutes, is amended to
3 read:

4 33-1243. Board of directors and officers; conflict; powers;
5 limitations; removal; annual audit; applicability

6 A. Except as provided in the declaration, the bylaws, subsection B
7 of this section or other provisions of this chapter, the board of
8 directors may act in all instances on behalf of the association.

9 B. The board of directors shall not act on behalf of the
10 association to amend the declaration, terminate the condominium, elect
11 members of the board of directors or determine the qualifications, powers
12 and duties or terms of office of board of directors members. Except as
13 provided in subsection H of this section, the board of directors may fill
14 vacancies in its membership for the unexpired portion of any term.

15 C. If any contract, decision or other action for compensation taken
16 by or on behalf of the board of directors would benefit any member of the
17 board of directors or any person who is a parent, grandparent, spouse,
18 child or sibling of a member of the board of directors or a parent or
19 spouse of any of those persons, that member of the board of directors
20 shall declare a conflict of interest for that issue. The member shall
21 declare the conflict in an open meeting of the board before the board
22 discusses or takes action on that issue and that member may then vote on
23 that issue. Any contract entered into in violation of this subsection is
24 void and unenforceable.

25 D. Except as provided in the declaration, within thirty days after
26 adoption of any proposed budget for the condominium, the board of
27 directors shall provide a summary of the budget to all the unit owners.
28 Unless the board of directors is expressly authorized in the declaration
29 to adopt and amend budgets from time to time, any budget or amendment
30 shall be ratified by the unit owners in accordance with the procedures set
31 forth in this subsection. If ratification is required, the board of
32 directors shall set a date for a meeting of the unit owners to consider
33 ratification of the budget not fewer than fourteen or more than thirty
34 days after mailing of the summary. Unless at that meeting a majority of
35 all the unit owners or any larger vote specified in the declaration
36 rejects the budget, the budget is ratified, whether or not a quorum is
37 present. If the proposed budget is rejected, the periodic budget last
38 ratified by the unit owners shall be continued until such time as the unit
39 owners ratify a subsequent budget proposed by the board of directors.

40 E. The declaration may provide for a period of declarant control of
41 the association, during which period a declarant or persons designated by
42 the declarant may appoint and remove the officers and members of the board
43 of directors. Regardless of the period provided in the declaration, a
44 period of declarant control terminates not later than the earlier of:

1 1. Ninety days after conveyance of seventy-five percent of the
2 units that may be created to unit owners other than a declarant.

3 2. Four years after all declarants have ceased to offer units for
4 sale in the ordinary course of business.

5 F. A declarant may voluntarily surrender the right to appoint and
6 remove officers and members of the board of directors before termination
7 of the period prescribed in subsection E of this section, but in that
8 event the declarant may require, for the duration of the period of
9 declarant control, that specified actions of the association or board of
10 directors, as described in a recorded instrument executed by the
11 declarant, be approved by the declarant before they become effective.

12 G. Not later than the termination of any period of declarant
13 control the unit owners shall elect a board of directors of at least three
14 members, at least a majority of whom must be unit owners. The board of
15 directors shall elect the officers. The board members and officers shall
16 take office on election.

17 H. Notwithstanding any provision of the declaration or bylaws to
18 the contrary, all of the following apply to a meeting at which a member of
19 the board of directors, other than a member appointed by the declarant, is
20 proposed to be removed from the board of directors:

21 1. The unit owners who are eligible to vote at the time of the
22 meeting may remove any member of the board of directors, other than a
23 member appointed by the declarant, by a majority vote of those voting on
24 the matter at a meeting of the unit owners.

25 2. The meeting of the unit owners shall be called pursuant to this
26 section and action may be taken only if a quorum is present.

27 3. The unit owners may remove any member of the board of directors
28 with or without cause, other than a member appointed by the declarant.

29 4. For purposes of calling for removal of a member of the board of
30 directors, other than a member appointed by the declarant, the following
31 apply:

32 (a) In an association with one thousand or fewer members, on
33 receipt of a petition that calls for removal of a member of the board of
34 directors and that is signed by the number of persons who are eligible to
35 vote in the association at the time the person signs the petition equal to
36 at least twenty-five percent of the votes in the association or by the
37 number of persons who are eligible to vote in the association at the time
38 the person signs the petition equal to at least one hundred votes in the
39 association, whichever is less, the board shall call and provide written
40 notice of a special meeting of the association as prescribed by section
41 33-1248, subsection ~~B~~ C.

42 (b) Notwithstanding section 33-1248, subsection B, in an
43 association with more than one thousand members, on receipt of a petition
44 that calls for removal of a member of the board of directors and that is
45 signed by the number of persons who are eligible to vote in the

1 association at the time the person signs the petition equal to at least
2 ten percent of the votes in the association or by the number of persons
3 who are eligible to vote in the association at the time the person signs
4 the petition equal to at least one thousand votes in the association,
5 whichever is less, the board shall call and provide written notice of a
6 special meeting of the association. The board shall provide written
7 notice of a special meeting as prescribed by section 33-1248,
8 subsection ~~B~~ C.

9 (c) The special meeting shall be called, noticed and held within
10 thirty days after receipt of the petition.

11 (d) If all of the requirements of this subsection for calling a
12 special meeting are met and the board of directors fails to call, notice
13 and hold a special meeting within thirty days after receipt of the
14 petition, the members of the board of directors are deemed removed from
15 office effective at midnight of the thirty-first day.

16 (e) For purposes of a special meeting called pursuant to this
17 subsection, a quorum is present if the number of owners who are eligible
18 to vote in the association at the time the person attends the meeting
19 equal to at least twenty percent of the votes of the association or the
20 number of persons who are eligible to vote in the association at the time
21 the person attends the meeting equal to at least one thousand votes,
22 whichever is less, is present at the meeting in person or as otherwise
23 allowed by law.

24 (f) If a civil action is filed regarding the removal of a board
25 member, the prevailing party in the civil action shall be awarded its
26 reasonable attorney fees and costs.

27 (g) The board of directors shall retain all documents and other
28 records relating to the proposed removal of the member of the board of
29 directors and any election or other action taken for that director's
30 replacement for at least one year after the date of the special meeting
31 and shall allow members to inspect those documents and records pursuant to
32 section 33-1258.

33 (h) A ~~petition that calls for the removal of the same~~ member of the
34 board of directors shall not be ~~submitted~~ **SUBJECTED TO A RECALL VOTE** more
35 than once during each term of office for that member.

36 5. On removal of at least one but fewer than a majority of the
37 members of the board of directors at a special meeting of the membership
38 called pursuant to this subsection, the vacancies shall be filled as
39 provided in the condominium documents.

40 6. On removal of a majority of the members of the board of
41 directors at a special meeting of the membership called pursuant to this
42 subsection, or if the condominium documents do not provide a method for
43 filling board vacancies, the association shall hold an election for the
44 replacement of the removed directors at a separate meeting of the members

1 of the association that is held not later than thirty days after the
2 meeting at which the members of the board of directors were removed.

3 7. A member of the board of directors who is removed pursuant to
4 this subsection is not eligible to serve on the board of directors again
5 until after the expiration of the removed board member's term of office,
6 unless the condominium documents specifically provide for a longer period
7 of ineligibility.

8 I. For an association in which board members are elected from
9 separately designated voting districts, a member of the board of
10 directors, other than a member appointed by the declarant, may be removed
11 only by a vote of the members from that voting district, and only the
12 members from that voting district are eligible to vote on the matter or be
13 counted for purposes of determining a quorum.

14 J. Unless any provision in the condominium documents requires an
15 annual audit by a certified public accountant, the board of directors
16 shall provide for an annual financial audit, review or compilation of the
17 association. The audit, review or compilation shall be completed no later
18 than one hundred eighty days after the end of the association's fiscal
19 year and shall be made available on request to the unit owners within
20 thirty days after its completion.

21 K. This section does not apply to timeshare plans or associations,
22 or the period of declarant control under timeshare instruments, that are
23 subject to chapter 20 of this title.

24 Sec. 2. Section 33-1248, Arizona Revised Statutes, is amended to
25 read:

26 33-1248. Open meetings; exceptions; notice; policy statement

27 A. Notwithstanding any provision in the declaration, bylaws or
28 other documents to the contrary, all meetings of the unit owners'
29 association and the board of directors, and any ~~regularly scheduled~~
30 RULEMAKING, ENFORCEMENT, DESIGN CONTROL OR FINANCIAL ADVISORY committee
31 meetings, HOWEVER DENOMINATED, are open to all members of the association
32 or any person designated by a member in writing as the member's
33 representative and all members or designated representatives so desiring
34 shall be ~~permitted~~ ALLOWED to attend and speak at an appropriate time
35 during the deliberations and proceedings. The board OR COMMITTEE may
36 place reasonable time restrictions on those persons speaking during the
37 meeting but shall ~~permit~~ ALLOW a member or a member's designated
38 representative to speak once after the board OR COMMITTEE has discussed a
39 specific agenda item but before the board OR COMMITTEE takes formal action
40 on that item in addition to any other opportunities to speak. The board
41 OR COMMITTEE shall provide for a reasonable number of persons to speak on
42 each side of an issue. Persons attending may audiotape or videotape those
43 portions of the meetings of the board of directors, MEETINGS OF COMMITTEES
44 and meetings of the members that are open. The board of directors OR
45 COMMITTEES of the association shall not require advance notice of the

1 audiotaping or videotaping and may adopt reasonable rules governing the
2 audiotaping or videotaping of open portions of the meetings of the board
3 OF DIRECTORS, THE COMMITTEES and the membership, but such rules shall not
4 preclude such audiotaping or videotaping by those attending, unless the
5 board OR COMMITTEE audiotapes or videotapes the meeting and makes the
6 unedited audiotapes or videotapes available to ~~members~~ UNIT OWNERS on
7 request without restrictions on ~~its~~ THEIR use as evidence in any dispute
8 resolution process. Any portion of a BOARD OF DIRECTORS OR DESIGNATED
9 COMMITTEE meeting may be closed only if that portion of the meeting is
10 limited to consideration of one or more of the following, WITHOUT ACTION:

11 1. Legal advice from an attorney for the board or the association.
12 ~~On final resolution of any matter for which the board received legal~~
13 ~~advice or that concerned pending or contemplated litigation, the board may~~
14 ~~disclose information about that matter in an open meeting except for~~
15 ~~matters that are required to remain confidential by the terms of a~~
16 ~~settlement agreement or judgment.~~

17 2. Pending or contemplated litigation.

18 3. Personal, health or financial information about an individual
19 member of the association, an individual employee of the association or an
20 individual employee of a contractor for the association, including records
21 of the association directly related to the personal, health or financial
22 information about an individual member of the association, an individual
23 employee of the association or an individual employee of a contractor for
24 the association. CITED VIOLATIONS OF THE CONDOMINIUM DOCUMENTS AND ANY
25 ASSOCIATED PENALTY IMPOSED, ALONG WITH DELINQUENCIES IN THE PAYMENTS OF
26 ASSESSMENTS AND ANY FEES OR FINES IMPOSED BY THE ASSOCIATION ON ANY UNIT
27 OWNER, DO NOT CONSTITUTE PERSONAL OR FINANCIAL INFORMATION FOR THE
28 PURPOSES OF THIS PARAGRAPH, EXCEPT THAT THE CONSIDERATION OF PERSONAL
29 HEALTH OR FINANCIAL HARDSHIPS THAT AFFECT THE ABILITY OF THE UNIT OWNER TO
30 PAY THE ASSESSMENT OR COMPLY WITH THE CONDOMINIUM DOCUMENTS MAY BE
31 CONSIDERED IN A CLOSED MEETING.

32 4. Matters relating to the job performance of, compensation of,
33 health records of or specific complaints against an individual employee of
34 the association or an individual employee of a contractor of the
35 association who works under the direction of the association.

36 5. Discussion of a unit owner's appeal of any violation cited or
37 penalty imposed by the association ~~except on request of the affected unit~~
38 ~~owner that the meeting be held in an open session~~ ON THE SPECIFIC REQUEST
39 OF THE UNIT OWNER FOR THAT APPEAL TO BE HEARD IN CLOSED SESSION.

40 6. THE REVIEW, NEGOTIATION AND CONSIDERATION OF PROPRIETARY BID
41 PROPOSALS FROM POTENTIAL CONTRACTORS BEFORE AWARDING A CONTRACT FOR THE
42 DESIRED SERVICES.

43 7. NEGOTIATIONS WITH A FINANCIAL INSTITUTION TO OBTAIN FINANCING OR
44 ANY OTHER ENTITY TO ACQUIRE PROPERTY IF THE DECISION TO ENTER INTO THOSE
45 NEGOTIATIONS WAS FIRST APPROVED BY THE BOARD OF DIRECTORS IN OPEN SESSION.

1 B. Notwithstanding any provision in the condominium documents, all
 2 meetings of the unit owners' association and the board OF DIRECTORS AND
 3 ITS DESIGNATED COMMITTEES shall be held in this state. AFTER TERMINATION
 4 OF THE PERIOD OF DECLARANT CONTROL, a FORMAL meeting of the unit owners'
 5 association shall be held at least once each year TO ELECT BOARD OF
 6 DIRECTORS MEMBERS TO FILL NEW OR EXPIRED TERMS AND TO CONDUCT ANY OTHER
 7 BUSINESS OF THE UNIT OWNERS. IF AN ANNUAL MEETING OF THE UNIT OWNERS IS
 8 CALLED BUT FAILS TO REACH A QUORUM, THAT MEETING MUST BE RECONVENED WITH A
 9 REDUCED QUORUM REQUIREMENT OF HALF OF THE ORIGINAL NUMBER OF UNIT OWNERS
 10 REQUIRED FOR A QUORUM. IF THE ORIGINAL MEETING PARTICIPATION WOULD
 11 SATISFY THE REDUCED QUORUM REQUIREMENT, THE MEETING MAY BE RECONVENED
 12 IMMEDIATELY. IF THE ORIGINAL MEETING PARTICIPATION WOULD NOT SATISFY THE
 13 REDUCED QUORUM REQUIREMENT, THE RECONVENED MEETING MUST BE CALLED NOT LESS
 14 THAN FIVE OR MORE THAN THIRTY DAYS AFTER THE ORIGINAL MEETING. ALL
 15 PREVIOUSLY SUBMITTED ABSENTEE BALLOTS REMAIN VALID FOR THE RECONVENED
 16 MEETING AND THE DEADLINE FOR SUBMITTING ANY ADDITIONAL ABSENTEE BALLOTS IS
 17 EXTENDED TO THE RECONVENED MEETING DATE. IF THE RECONVENED MEETING QUORUM
 18 IS NOT ACHIEVED, ALL CURRENT BOARD OF DIRECTORS MEMBER TERMS ARE EXTENDED
 19 FOR ONE YEAR. Special meetings of the unit owners' association may be
 20 called by the president, by a majority of the board of directors or by
 21 unit owners having at least twenty-five percent, or any lower percentage
 22 specified in the bylaws, of the votes in the association.

23 C. Not fewer than ten ~~not~~ OR more than fifty CALENDAR days in
 24 advance of any meeting of the unit owners, the ~~secretary~~ ASSOCIATION shall
 25 cause WRITTEN notice to be hand delivered or sent prepaid by United States
 26 mail to the mailing address of each unit or to any other mailing address
 27 designated in writing by the unit owner, INCLUDING AN EMAIL ADDRESS. The
 28 notice of any meeting of the unit owners shall state the date, time and
 29 place of the meeting. The notice of any annual, regular or special
 30 meeting of the unit owners shall also state the purpose for which the
 31 meeting is called, including the general nature of any proposed amendment
 32 to the declaration or bylaws, any changes in assessments that require
 33 approval of the unit owners and any proposal to remove a director or
 34 officer. The failure of any unit owner to receive actual notice of a
 35 meeting of the unit owners does not affect the validity of any action
 36 taken at that meeting.

37 ~~C. Before entering into any closed portion of a meeting of the~~
 38 ~~board of directors, or on notice of a meeting under subsection D of this~~
 39 ~~section that will be closed, the board shall identify the paragraph under~~
 40 ~~subsection A of this section that authorizes the board to close the~~
 41 ~~meeting.~~

42 D. Notwithstanding any provision in the declaration, bylaws or
 43 other condominium documents, for meetings of the board of directors ~~that~~
 44 ~~are held after the termination of declarant control of the association~~ OR
 45 DESIGNATED COMMITTEES, notice to unit owners of OPEN meetings of the board

1 of directors OR COMMITTEE shall be given at least forty-eight hours in
2 advance of the meeting by newsletter, conspicuous posting or any other
3 reasonable means as determined by the board of directors. An affidavit of
4 notice by an officer of the association is prima facie evidence that
5 notice was given as prescribed by this section. Notice to unit owners of
6 meetings of the board of directors is not required if emergency
7 circumstances require action by the board before notice can be given. Any
8 notice of a board meeting OR COMMITTEE MEETING shall state the date, time,
9 ~~and~~ place AND METHOD of the meeting. The failure of any unit owner to
10 receive actual notice of a meeting of the board of directors OR COMMITTEE
11 does not affect the validity of any action taken at that meeting.

12 E. Notwithstanding any provision in the declaration, bylaws or
13 other condominium documents, for OPEN meetings of the board of directors
14 ~~that are held after the termination of declarant control of the~~
15 ~~association~~ OR DESIGNATED COMMITTEES, all of the following apply:

16 1. The DRAFT agenda shall be POSTED OR OTHERWISE MADE available to
17 all unit owners ~~attending~~ AT LEAST FORTY-EIGHT HOURS BEFORE THE MEETING
18 AND MAY BE REVISED AS REQUIRED BY THE BOARD PRESIDENT OR COMMITTEE
19 CHAIRPERSON TO ADD OR REMOVE AGENDA ITEMS BASED ON DEVELOPMENTS SINCE THE
20 DRAFT WAS ISSUED. IF THE MEETING AGENDA INCLUDES PROPOSED APPROVAL OF AN
21 ANNUAL BUDGET OR A POLICY OR RULE, THAT PROPOSED BUDGET, POLICY OR RULE
22 SHALL BE POSTED ALONG WITH THE NOTICE OF THE MEETING.

23 2. An emergency meeting of the board of directors may be called to
24 discuss business or take action that cannot be delayed for the forty-eight
25 hours required for notice. At any emergency meeting called by the board
26 of directors, the board of directors may act only on emergency
27 matters. The minutes of the emergency meeting shall state the reason
28 necessitating the emergency meeting. The minutes of the emergency meeting
29 shall be read and approved at the next regularly scheduled meeting of the
30 board of directors.

31 3. A quorum of the board of directors OR A DESIGNATED COMMITTEE may
32 meet by means of ~~a telephone conference~~ VOICE, VIDEO OR REMOTE MEETING
33 TECHNOLOGY if a ~~speakerphone~~ SPEAKER is available in the ACTUAL OR VIRTUAL
34 meeting room that allows board members and unit owners to hear all parties
35 who are speaking during the meeting. IF REMOTE MEETING TECHNOLOGY IS
36 USED, THE ASSOCIATION SHALL PROVIDE ACCESS AND OPPORTUNITY TO SPEAK AT
37 THAT REMOTE MEETING PURSUANT TO SUBSECTION A OF THIS SECTION TO ANY UNIT
38 OWNERS WISHING TO PARTICIPATE.

39 4. ANY MOTION BROUGHT FORWARD FOR ACTION RELATED TO THE CLOSED
40 SESSION TOPICS AUTHORIZED IN SUBSECTION A OF THIS SECTION MAY BE CONDUCTED
41 IN A MANNER THAT DOES NOT DISCLOSE ANY PRIVILEGED OR CONFIDENTIAL
42 INFORMATION. UNIT OWNERS WHO ARE PRESENT MUST BE PROVIDED AN OPPORTUNITY
43 TO SPEAK TO THE ISSUE PURSUANT TO SUBSECTION A OF THIS SECTION.

44 ~~4.~~ 5. Any quorum of the board of directors that meets informally
45 OR COMMUNICATES IN THE OFFICIAL CAPACITY OF THE BOARD OF DIRECTORS to

1 discuss association business, including workshops, shall comply with the
2 open meeting and notice provisions of this section without regard to
3 whether the board OF DIRECTORS votes or takes any action on any matter at
4 that informal meeting OR DURING THAT COMMUNICATION. THIS PARAGRAPH DOES
5 NOT APPLY TO ANY DISCUSSION OF ASSOCIATION ISSUES IN SOCIAL OR PERSONAL
6 GATHERINGS OR COMMUNICATIONS, INFORMAL MEETINGS OR DISCUSSIONS AS UNIT
7 OWNERS, TRAINING SESSIONS FOR BOARD OF DIRECTORS MEMBERS OR COMMUNICATIONS
8 TO ESTABLISH MEETING AGENDAS, EVEN IF A QUORUM OF THE BOARD OF DIRECTORS
9 PARTICIPATES.

10 6. DRAFT MINUTES OF ALL OPEN MEETINGS OF THE BOARD OF DIRECTORS,
11 DESIGNATED COMMITTEES OR UNIT OWNERS SHALL BE EITHER POSTED OR MADE
12 AVAILABLE ON REQUEST WITHIN TEN BUSINESS DAYS AFTER THE MEETING.

13 F. It is the policy of this state as reflected in this section that
14 all meetings of a condominium, whether meetings of the unit owners'
15 association, ~~OR~~ meetings of the board of directors OR MEETINGS OF
16 DESIGNATED COMMITTEES of the association, be conducted openly and that
17 notices and agendas be provided for those meetings that contain the
18 information that is reasonably necessary to inform the unit owners of the
19 matters to be discussed or decided and to ensure that unit owners have the
20 ability to speak after discussion of agenda items, but before a vote of
21 the board of directors, COMMITTEES or members is taken. Toward this end,
22 any person or entity that is charged with the interpretation of these
23 provisions, including members of the board ~~OR~~ OF directors and any
24 community manager, shall take into account this declaration of policy and
25 shall construe any provision of this section in favor of open meetings.
26 ANY ACTION TAKEN BY THE BOARD OF DIRECTORS IN VIOLATION OF THIS POLICY
27 STATEMENT IS NULL AND VOID.

28 G. This section does not apply to timeshare plans or associations
29 that are subject to chapter 20 of this title.

30 Sec. 3. Section 33-1804, Arizona Revised Statutes, is amended to
31 read:

32 33-1804. Open meetings; exceptions; notice; policy statement

33 A. Notwithstanding any provision in the declaration, bylaws or
34 other documents to the contrary, all meetings of the members' association
35 and the board of directors, and any ~~regularly scheduled~~ RULEMAKING,
36 ENFORCEMENT, DESIGN CONTROL OR FINANCIAL ADVISORY committee meetings,
37 HOWEVER DENOMINATED, are open to all members of the association or any
38 person designated by a member in writing as the member's representative
39 and all members or designated representatives so desiring shall be
40 ~~permitted~~ ALLOWED to attend and speak at an appropriate time during the
41 deliberations and proceedings. The board OR COMMITTEE may place
42 reasonable time restrictions on those persons speaking during the meeting
43 but shall ~~permit~~ ALLOW a member or member's designated representative to
44 speak once after the board OR COMMITTEE has discussed a specific agenda
45 item but before the board OR COMMITTEE takes formal action on that item in

1 addition to any other opportunities to speak. The board OR COMMITTEE
2 shall provide for a reasonable number of persons to speak on each side of
3 an issue. Persons attending may audiotape or videotape those portions of
4 the meetings of the board of directors, MEETINGS OF COMMITTEES and
5 meetings of the members that are open. The board of directors AND
6 COMMITTEES of the association shall not require advance notice of the
7 audiotaping or videotaping and may adopt reasonable rules governing the
8 audiotaping and videotaping of open portions of the meetings of the board,
9 THE COMMITTEES and the membership, but such rules shall not preclude such
10 audiotaping or videotaping by those attending, unless the board OR
11 COMMITTEE audiotapes or videotapes the meeting and makes the unedited
12 audiotapes or videotapes available to members on request without
13 restrictions on ~~its~~ THEIR use as evidence in any dispute resolution
14 process. Any portion of a BOARD OR DESIGNATED COMMITTEE meeting may be
15 closed only if that closed portion of the meeting is limited to
16 consideration of one or more of the following, WITHOUT ACTION:

17 1. Legal advice from an attorney for the board or the association.
18 ~~On final resolution of any matter for which the board received legal~~
19 ~~advice or that concerned pending or contemplated litigation, the board may~~
20 ~~disclose information about that matter in an open meeting except for~~
21 ~~matters that are required to remain confidential by the terms of a~~
22 ~~settlement agreement or judgment.~~

23 2. Pending or contemplated litigation.

24 3. Personal, health or financial information about an individual
25 member of the association, an individual employee of the association or an
26 individual employee of a contractor for the association, including records
27 of the association directly related to the personal, health or financial
28 information about an individual member of the association, an individual
29 employee of the association or an individual employee of a contractor for
30 the association. CITED VIOLATIONS OF THE COMMUNITY DOCUMENTS AND ANY
31 ASSOCIATED PENALTY IMPOSED, ALONG WITH DELINQUENCIES IN THE PAYMENTS OF
32 ASSESSMENTS AND ANY FEES OR FINES IMPOSED BY THE ASSOCIATION ON ANY
33 MEMBER, DO NOT CONSTITUTE PERSONAL OR FINANCIAL INFORMATION FOR THE
34 PURPOSES OF THIS PARAGRAPH, EXCEPT THAT THE CONSIDERATION OF PERSONAL
35 HEALTH OR FINANCIAL HARDSHIPS THAT AFFECT THE ABILITY OF THE MEMBER TO PAY
36 THE ASSESSMENT OR COMPLY WITH THE COMMUNITY DOCUMENTS MAY BE CONSIDERED IN
37 A CLOSED MEETING.

38 4. Matters relating to the job performance of, compensation of,
39 health records of or specific complaints against an individual employee of
40 the association or an individual employee of a contractor of the
41 association who works under the direction of the association.

42 5. Discussion of a member's appeal of any violation cited or
43 penalty imposed by the association ~~except on request of the affected~~
44 ~~member that the meeting be held in an open session~~ ON THE SPECIFIC REQUEST
45 OF THE MEMBER FOR THAT APPEAL TO BE HEARD IN CLOSED SESSION.

1 6. THE REVIEW, NEGOTIATION AND CONSIDERATION OF PROPRIETARY BID
2 PROPOSALS FROM POTENTIAL CONTRACTORS BEFORE AWARDING A CONTRACT FOR THE
3 DESIRED SERVICES.

4 7. NEGOTIATIONS WITH A FINANCIAL INSTITUTION TO OBTAIN FINANCING OR
5 ANY OTHER ENTITY TO ACQUIRE PROPERTY IF THE DECISION TO ENTER INTO THOSE
6 NEGOTIATIONS WAS FIRST APPROVED BY THE BOARD IN OPEN SESSION.

7 B. Notwithstanding any provision in the community documents, all
8 meetings of the members' association and the board AND ITS DESIGNATED
9 COMMITTEES shall be held in this state. AFTER TERMINATION OF THE PERIOD
10 OF DECLARANT CONTROL, a FORMAL meeting of the members' association shall
11 be held at least once each year TO ELECT BOARD MEMBERS TO FILL NEW OR
12 EXPIRED TERMS AND TO CONDUCT ANY OTHER BUSINESS OF THE MEMBERS. IF AN
13 ANNUAL MEETING OF THE MEMBERS IS CALLED BUT FAILS TO REACH A QUORUM, THAT
14 MEETING MUST BE RECONVENED WITH A REDUCED QUORUM REQUIREMENT OF HALF OF
15 THE ORIGINAL NUMBER OF MEMBERS REQUIRED FOR A QUORUM. IF THE ORIGINAL
16 MEETING PARTICIPATION WOULD SATISFY THE REDUCED QUORUM REQUIREMENT, THE
17 MEETING MAY BE RECONVENED IMMEDIATELY. IF THE ORIGINAL MEETING
18 PARTICIPATION WOULD NOT SATISFY THE REDUCED QUORUM REQUIREMENT, THE
19 RECONVENED MEETING MUST BE CALLED NOT LESS THAN FIVE OR MORE THAN THIRTY
20 DAYS AFTER THE ORIGINAL MEETING. ALL PREVIOUSLY SUBMITTED ABSENTEE
21 BALLOTS REMAIN VALID FOR THE RECONVENED MEETING AND THE DEADLINE FOR
22 SUBMITTING ANY ADDITIONAL ABSENTEE BALLOTS IS EXTENDED TO THE RECONVENED
23 MEETING DATE. IF THE RECONVENED MEETING QUORUM IS NOT ACHIEVED, ALL
24 CURRENT BOARD MEMBER TERMS ARE EXTENDED FOR ONE YEAR. Special meetings of
25 the members' association may be called by the president, by a majority of
26 the board of directors or by members having at least twenty-five percent,
27 or any lower percentage specified in the bylaws, of the votes in the
28 association.

29 C. Not fewer than ten ~~not~~ OR more than fifty CALENDAR days in
30 advance of any meeting of the members the ~~secretary~~ ASSOCIATION shall
31 cause WRITTEN notice to be ~~hand-delivered~~ HAND DELIVERED or sent prepaid
32 by United States mail to the mailing address for each lot, parcel or unit
33 owner or to any other mailing address designated in writing by a member,
34 INCLUDING AN EMAIL ADDRESS. The notice shall state the date, time and
35 place of the meeting. A notice of any annual, regular or special meeting
36 of the members shall also state the purpose for which the meeting is
37 called, including the general nature of any proposed amendment to the
38 declaration or bylaws, changes in assessments that require approval of the
39 members and any proposal to remove a director or an officer. The failure
40 of any member to receive actual notice of a meeting of the members does
41 not affect the validity of any action taken at that meeting.

42 ~~C. Before entering into any closed portion of a meeting of the~~
43 ~~board of directors, or on notice of a meeting under subsection D of this~~
44 ~~section that will be closed, the board shall identify the paragraph under~~

1 ~~subsection A of this section that authorizes the board to close the~~
2 ~~meeting.~~

3 D. Notwithstanding any provision in the declaration, bylaws or
4 other community documents, for meetings of the board of directors ~~that are~~
5 ~~held after the termination of declarant control of the association~~ OR
6 DESIGNATED COMMITTEES, notice to members of OPEN meetings of the board of
7 directors OR COMMITTEE shall be given at least forty-eight hours in
8 advance of the meeting by newsletter, conspicuous posting or any other
9 reasonable means as determined by the board of directors. An affidavit of
10 notice by an officer of the corporation is prima facie evidence that
11 notice was given as prescribed by this section. Notice to members of
12 meetings of the board of directors is not required if emergency
13 circumstances require action by the board before notice can be given. Any
14 notice of a board meeting OR COMMITTEE MEETING shall state the date, time,
15 ~~and~~ place AND METHOD of the meeting. The failure of any member to receive
16 actual notice of a meeting of the board of directors OR COMMITTEE does not
17 affect the validity of any action taken at that meeting.

18 E. Notwithstanding any provision in the declaration, bylaws or
19 other community documents, for OPEN meetings of the board of directors
20 ~~that are held after the termination of declarant control of the~~
21 ~~association~~ OR DESIGNATED COMMITTEES, all of the following apply:

22 1. The DRAFT agenda shall be POSTED OR OTHERWISE MADE available to
23 all members ~~attending~~ AT LEAST FORTY-EIGHT HOURS BEFORE THE MEETING AND
24 MAY BE REVISED AS REQUIRED BY THE BOARD PRESIDENT OR COMMITTEE CHAIRPERSON
25 TO ADD OR REMOVE AGENDA ITEMS BASED ON DEVELOPMENTS SINCE THE DRAFT WAS
26 ISSUED. IF THE MEETING AGENDA INCLUDES PROPOSED APPROVAL OF AN ANNUAL
27 BUDGET OR A POLICY OR RULE, THAT PROPOSED BUDGET, POLICY OR RULE SHALL BE
28 POSTED ALONG WITH THE NOTICE OF THE MEETING.

29 2. An emergency meeting of the board of directors may be called to
30 discuss business or take action that cannot be delayed for the forty-eight
31 hours required for notice. At any emergency meeting called by the board
32 of directors, the board of directors may act only on emergency
33 matters. The minutes of the emergency meeting shall state the reason
34 necessitating the emergency meeting. The minutes of the emergency meeting
35 shall be read and approved at the next regularly scheduled meeting of the
36 board of directors.

37 3. A quorum of the board of directors OR A DESIGNATED COMMITTEE may
38 meet by means of ~~a telephone conference~~ VOICE, VIDEO OR REMOTE MEETING
39 TECHNOLOGY if a ~~speakerphone~~ SPEAKER is available in the ACTUAL OR VIRTUAL
40 meeting room that allows board members and association members to hear all
41 parties who are speaking during the meeting. IF REMOTE MEETING TECHNOLOGY
42 IS USED, THE ASSOCIATION SHALL PROVIDE ACCESS AND OPPORTUNITY TO SPEAK AT
43 THAT REMOTE MEETING PURSUANT TO SUBSECTION A OF THIS SECTION TO ANY
44 MEMBERS WISHING TO PARTICIPATE.

1 4. ANY MOTION BROUGHT FORWARD FOR ACTION RELATED TO THE CLOSED
2 SESSION TOPICS AUTHORIZED IN SUBSECTION A OF THIS SECTION MAY BE CONDUCTED
3 IN A MANNER THAT DOES NOT DISCLOSE ANY PRIVILEGED OR CONFIDENTIAL
4 INFORMATION. MEMBERS WHO ARE PRESENT MUST BE PROVIDED AN OPPORTUNITY TO
5 SPEAK TO THE ISSUE PURSUANT TO SUBSECTION A OF THIS SECTION.

6 ~~4.~~ 5. Any quorum of the board of directors that meets informally
7 OR COMMUNICATES IN THE OFFICIAL CAPACITY OF THE BOARD to discuss
8 association business, including workshops, shall comply with the open
9 meeting and notice provisions of this section without regard to whether
10 the board votes or takes any action on any matter at that informal meeting
11 OR DURING THAT COMMUNICATION. THIS PARAGRAPH DOES NOT APPLY TO ANY
12 DISCUSSION OF ASSOCIATION ISSUES IN SOCIAL OR PERSONAL GATHERINGS OR
13 COMMUNICATIONS, INFORMAL MEETINGS OR DISCUSSIONS AS MEMBERS, TRAINING
14 SESSIONS FOR BOARD MEMBERS OR COMMUNICATIONS TO ESTABLISH MEETING AGENDAS,
15 EVEN IF A QUORUM OF THE BOARD PARTICIPATES.

16 6. DRAFT MINUTES OF ALL OPEN MEETINGS OF THE BOARD OF DIRECTORS,
17 DESIGNATED COMMITTEES OR MEMBERS SHALL BE EITHER POSTED OR MADE AVAILABLE
18 ON REQUEST WITHIN TEN BUSINESS DAYS AFTER THE MEETING.

19 F. It is the policy of this state as reflected in this section that
20 all meetings of a planned community, whether meetings of the members'
21 association, ~~or~~ meetings of the board of directors OR MEETINGS OF
22 DESIGNATED COMMITTEES of the association, be conducted openly and that
23 notices and agendas be provided for those meetings that contain the
24 information that is reasonably necessary to inform the members of the
25 matters to be discussed or decided and to ensure that members have the
26 ability to speak after discussion of agenda items, but before a vote of
27 the board of directors, COMMITTEES or members is taken. Toward this end,
28 any person or entity that is charged with the interpretation of these
29 provisions, including members of the board of directors and any community
30 manager, shall take into account this declaration of policy and shall
31 construe any provision of this section in favor of open meetings. ANY
32 ACTION TAKEN BY THE BOARD OF DIRECTORS IN VIOLATION OF THIS POLICY
33 STATEMENT IS NULL AND VOID.

34 Sec. 4. Section 33-1813, Arizona Revised Statutes, is amended to
35 read:

36 33-1813. Removal of board member; special meeting

37 A. Notwithstanding any provision of the declaration or bylaws to
38 the contrary, all of the following apply to a meeting at which a member of
39 the board of directors, other than a member appointed by the declarant, is
40 proposed to be removed from the board of directors:

41 1. The members of the association who are eligible to vote at the
42 time of the meeting may remove any member of the board of directors, other
43 than a member appointed by the declarant, by a majority vote of those
44 voting on the matter at a meeting of the members.

1 2. The meeting of the members shall be called pursuant to this
2 section and action may be taken only if a quorum is present.

3 3. The members of the association may remove any member of the
4 board of directors with or without cause, other than a member appointed by
5 the declarant.

6 4. For purposes of calling for removal of a member of the board of
7 directors, other than a member appointed by the declarant, the following
8 apply:

9 (a) In an association with one thousand or fewer members, on
10 receipt of a petition that calls for removal of a member of the board of
11 directors and that is signed by the number of persons who are eligible to
12 vote in the association at the time the person signs the petition equal to
13 at least twenty-five percent of the votes in the association or by the
14 number of persons who are eligible to vote in the association at the time
15 the person signs the petition equal to at least one hundred votes in the
16 association, whichever is less, the board shall call and provide written
17 notice of a special meeting of the association as prescribed by section
18 33-1804, subsection ~~B~~ C.

19 (b) Notwithstanding section 33-1804, subsection B, in an
20 association with more than one thousand members, on receipt of a petition
21 that calls for removal of a member of the board of directors and that is
22 signed by the number of persons who are eligible to vote in the
23 association at the time the person signs the petition equal to at least
24 ten percent of the votes in the association or by the number of persons
25 who are eligible to vote in the association at the time the person signs
26 the petition equal to at least one thousand votes in the association,
27 whichever is less, the board shall call and provide written notice of a
28 special meeting of the association. The board shall provide written
29 notice of a special meeting as prescribed by section 33-1804,
30 subsection ~~B~~ C.

31 (c) The special meeting shall be called, noticed and held within
32 thirty days after receipt of the petition.

33 (d) If all of the requirements of this subsection for calling a
34 special meeting are met and the board of directors fails to call, notice
35 and hold a special meeting within thirty days after receipt of the
36 petition, the members of the board of directors are deemed removed from
37 office effective at midnight of the thirty-first day.

38 (e) For purposes of a special meeting called pursuant to this
39 subsection, a quorum is present if the number of owners who are eligible
40 to vote in the association at the time the person attends the meeting
41 equal to at least twenty percent of the votes of the association or the
42 number of persons who are eligible to vote in the association at the time
43 the person attends the meeting equal to at least one thousand votes,
44 whichever is less, is present at the meeting in person or as otherwise
45 allowed by law.

1 (f) If a civil action is filed regarding the removal of a board
2 member, the prevailing party in the civil action shall be awarded its
3 reasonable attorney fees and costs.

4 (g) The board of directors shall retain all documents and other
5 records relating to the proposed removal of the member of the board of
6 directors and any election or other action taken for that director's
7 replacement for at least one year after the date of the special meeting
8 and shall allow members to inspect those documents and records pursuant to
9 section 33-1805.

10 (h) A ~~petition that calls for the removal of the same~~ member of the
11 board of directors shall not be ~~submitted~~ **SUBJECTED TO A RECALL VOTE** more
12 than once during each term of office for that member.

13 5. On removal of at least one but fewer than a majority of the
14 members of the board of directors at a special meeting of the membership
15 called pursuant to this subsection, the vacancies shall be filled as
16 provided in the community documents.

17 6. On removal of a majority of the members of the board of
18 directors at a special meeting of the membership called pursuant to this
19 subsection, or if the community documents do not provide a method for
20 filling board vacancies, the association shall hold an election for the
21 replacement of the removed directors at a separate meeting of the members
22 of the association that is held not later than thirty days after the
23 meeting at which the members of the board of directors were removed.

24 7. A member of the board of directors who is removed pursuant to
25 this subsection is not eligible to serve on the board of directors again
26 until after the expiration of the removed board member's term of office,
27 unless the community documents specifically provide for a longer period of
28 ineligibility.

29 B. For an association in which board members are elected from
30 separately designated voting districts, a member of the board of
31 directors, other than a member appointed by the declarant, may be removed
32 only by a vote of the members from that voting district, and only the
33 members from that voting district are eligible to vote on the matter or be
34 counted for purposes of determining a quorum.