REFERENCE TITLE: elections; homeowners' associations

State of Arizona Senate Fifty-sixth Legislature Second Regular Session 2024

SB 1294

Introduced by Senator Kavanagh

AN ACT

AMENDING SECTIONS 33-1250 AND 33-1812, ARIZONA REVISED STATUTES; RELATING TO CONDOMINIUMS AND PLANNED COMMUNITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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 Be it enacted by the Legislature of the State of Arizona: Section 1. Section 33-1250, Arizona Revised Statutes, is amended to read:

33-1250. <u>Voting; proxies; absentee ballots; applicability;</u> definitions

- A. If only one of the multiple owners of a unit is present at a meeting of the association, the owner is entitled to cast all the votes allocated to that unit. If more than one of the multiple owners are present, the votes allocated to that unit may be cast only in accordance with the agreement of a majority in interest of the multiple owners unless the declaration expressly provides otherwise. There is majority agreement if any one of the multiple owners casts the votes allocated to that unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the unit.
- B. During the period of declarant control, votes allocated to a unit may be cast pursuant to a proxy duly executed by a unit owner. If a unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of votes by the other owners of the unit through a duly executed proxy. A unit owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the association. A proxy is void if it is not dated or purports to be revocable without notice. The proxy is revoked on presentation of a later dated proxy executed by the same unit owner. A proxy terminates one year after its date, unless it specifies a shorter term or unless it states that it is coupled with an interest and is irrevocable.
- C. Notwithstanding any provision in the condominium documents, after termination of the period of declarant control, votes allocated to a unit may not be cast pursuant to a proxy IN ANY FORM, INCLUDING BY THE USE OF DELEGATES. EXCEPT AS PRESCRIBED BY SUBSECTION F OF THIS SECTION, the association shall provide for votes to be cast in person and by absentee ballot and, in addition, the association may provide for voting by some other form of delivery, including the use of e-mail and fax delivery AT A MEETING. ABSENTEE BALLOTS MAY BE TRANSMITTED AND RETURNED IN PAPER FORMAT BY HAND DELIVERY OR UNITED STATES MAIL OR ELECTRONICALLY BY FAX OR EMAIL. INSTEAD OF ABSENTEE BALLOTS, THE ASSOCIATION BOARD OF DIRECTORS MAY VOTE TO AUTHORIZE THE USE OF AN ONLINE VOTING SYSTEM PURSUANT TO SECTION 10-3708, SUBJECT TO THIS SECTION. IF AN ONLINE VOTING SYSTEM IS USED, THE ASSOCIATION MUST PROVIDE NOTICE THAT ANY UNIT OWNER HAS THE OPTION TO REQUEST AN IN-PERSON OR ABSENTEE BALLOT.
- D. Notwithstanding section 10-3708 or the ANY provisions of the condominium documents, any action taken at an annual, regular or special meeting of the members UNIT OWNERS OR ON A BALLOT MEASURE WITHOUT A MEETING shall comply with all of the following if absentee ballots or ballots provided by some other form of delivery are used:

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- 1. THE CONDOMINIUM DOCUMENTS MAY ESTABLISH THE ELIGIBILITY OF ANY UNIT OWNER TO VOTE OR SIGN A PETITION BUT MAY NOT BE MORE RESTRICTIVE THAN:
- (a) REQUIRING THE PERSON TO BE A UNIT OWNER OF RECORD FOR THE CONDOMINIUM.
- (b) REQUIRING THE PERSON TO BE CURRENT ON ALL COMMON EXPENSE ASSESSMENTS ONLY AND MAY NOT REQUIRE THE PERSON TO BE CURRENT ON OTHER ASSESSMENTS OR CHARGES.
- 2. ALL VOTES CAST BY UNIT OWNERS FOR A BOARD ELECTION, RECALL ELECTION OR BALLOT MEASURES MUST BE BY SECRET BALLOT EXCEPT AS PRESCRIBED BY SUBSECTION F OF THIS SECTION. THE ASSOCIATION SHALL PROVIDE FOR A MANAGEMENT COMPANY EMPLOYEE, A THIRD PARTY OR A RESIDENT OR UNIT OWNER IN THE CONDOMINIUM WHO IS NOT RELATED TO OR RESIDING WITH ANY BOARD MEMBER OR BOARD MEMBER CANDIDATE TO RECEIVE, SEPARATE AND SECURELY STORE THE COMPLETED BALLOTS AND VOTER IDENTIFICATION FOR SUBSEQUENT TABULATION. ANY BALLOT AND IDENTIFICATION RECEIVED FROM AN INELIGIBLE VOTER MUST BE CLEARLY MARKED OR STAMPED "NOT ELIGIBLE TO VOTE" AND RETAINED SEPARATELY FROM ALL OTHER BALLOTS.
 - 1. 3. The ballot shall set forth each proposed action.
- 2. 4. EXCEPT WHEN VOTING ON CANDIDATES, the ballot shall provide an opportunity to vote for or against each proposed action.
- 5. THE BALLOT TO ELECT BOARD POSITIONS MUST IDENTIFY THE NUMBER AND TERM OF EACH BOARD POSITION TO BE FILLED, ALONG WITH THE NAMES OF ALL ELIGIBLE CANDIDATES WISHING TO BE CONSIDERED FOR THOSE POSITIONS. THE CONDOMINIUM DOCUMENTS MAY ESTABLISH ELIGIBILITY OF A UNIT OWNER TO RUN FOR OFFICE OR BE LISTED ON THE BALLOT BUT MAY NOT BE MORE RESTRICTIVE THAN THE FOLLOWING:
- (a) REQUIRING THE CANDIDATE TO BE AN ELIGIBLE VOTER AS PRESCRIBED BY PARAGRAPH 1 OF THIS SUBSECTION.
- (b) IF REQUIRED BY THE CONDOMINIUM DOCUMENTS, REQUIRING THE CANDIDATE TO BE A RESIDENT OF THE CONDOMINIUM.
- (c) REQUIRING THAT THE CANDIDATE HAVE NO UNRESOLVED CITED VIOLATION OF THE CONDOMINIUM DOCUMENTS THAT WERE ENFORCED FAIRLY AND EQUALLY FOR ALL UNIT OWNERS.
- (d) REQUIRING THAT THE CANDIDATE RESPOND TO THE CALL FOR CANDIDATE NOMINATIONS AND WITHIN THE TIME SPECIFIED BY THE ASSOCIATION.
- (e) IF REQUIRED BY THE CONDOMINIUM DOCUMENTS, REQUIRING THAT THE CANDIDATE SUBMIT A TIMELY NOMINATION PETITION SIGNED BY THE NUMBER OF ELIGIBLE UNIT OWNERS SPECIFIED.
- (f) IF THE ASSOCIATION USES A NOMINATION COMMITTEE TO FACILITATE THE SOLICITATION OF CANDIDATES WILLING TO RUN, THAT COMMITTEE MAY NOT ELIMINATE ANY OTHERWISE ELIGIBLE CANDIDATES.
- 6. IF THE DECLARATION ASSIGNS A WEIGHTING FACTOR TO THE VOTES ALLOCATED TO ANY UNIT, THE BALLOT MUST CLEARLY IDENTIFY THE ASSIGNED WEIGHTING FACTOR FOR THAT UNIT'S VOTE.

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- 3. 7. The ballot is valid for only one specified election, or meeting of the members OR BALLOT MEASURE and expires automatically after the completion of the election, or meeting OR BALLOT MEASURE.
- 4. 8. The ballot specifies the MAILING ADDRESS, FAX NUMBER AND EMAIL ADDRESS THAT MAY BE USED, ALONG WITH THE time and date by which the ballot must be delivered to the board of directors in order to be counted, which shall be at least seven days after the date that the board delivers the unvoted ballot to the member UNIT OWNER.
- 5. 9. The ballot does not authorize another person to cast votes on behalf of the member UNIT OWNER.
- 6. 10. The completed ballot shall contain BE ACCOMPANIED BY EITHER A SEPARATE IDENTIFICATION DOCUMENT THAT LISTS the DATE, name, the address AND UNIT NUMBER and either the actual or electronic signature of the person voting, except that if the condominium documents permit secret ballots, only OR the envelope CONTAINING THE COMPLETED BALLOT shall contain LIST the DATE, name, the address AND UNIT NUMBER and either the actual or electronic signature of the voter.
- 7. 11. ALL COMPLETED ballots, VOTER IDENTIFICATION DOCUMENTS, WRITTEN CONSENTS, ONLINE VOTING SYSTEM REPORTS, SIGNED envelopes and related materials, including sign-in sheets if used, shall be retained in electronic or paper format and made available for unit owner inspection for at least one year after completion of the election.
- D. E. Votes cast by absentee ballot or other form of delivery, including the use of e-mail and fax delivery, OR BY USE OF AN ONLINE VOTING SYSTEM are valid for the purpose of establishing a quorum.
- F. FOR ANY BALLOT MEASURE THAT IS AUTHORIZED BY THE CONDOMINIUM DOCUMENTS OR THIS CHAPTER AND THAT IS TO BE DECIDED BY A SPECIFIED PERCENTAGE OF ALL ALLOCATED VOTES IN THE CONDOMINIUM, THE ASSOCIATION MAY HOLD THAT VOTE AT A MEETING OF THE UNIT OWNERS OR BY USING THE PROCESS OF A NONSECRET WRITTEN CONSENT WITHOUT A MEETING AS PRESCRIBED BY SECTION 10-3704 OR A SECRET WRITTEN BALLOT WITHOUT A MEETING AS PRESCRIBED BY SECTION 10-3708, SUBJECT TO THE PROVISIONS OF THIS SECTION.
- G. IF THE VALIDITY OF ANY ELECTION OR BALLOT MEASURE IS CHALLENGED BY ANY UNIT OWNER WITHIN ONE YEAR OF THAT ELECTION OR BALLOT MEASURE AND THE ASSOCIATION OR ANY COURT OF APPROPRIATE JURISDICTION IS PRESENTED WITH CREDIBLE EVIDENCE OF A SUBSTANTIVE VIOLATION OF THIS SECTION, THE ASSOCIATION BOARD OF DIRECTORS OR THE COURT SHALL INVALIDATE THE ELECTION OR BALLOT MEASURE AND REQUIRE THAT THE ELECTION OR BALLOT MEASURE BE REPEATED IN COMPLIANCE WITH THIS SECTION.
- $\stackrel{\text{E.}}{\text{H.}}$ Notwithstanding subsection C of this section, an association for a timeshare plan as defined in section 32-2197 may permit ALLOW votes by a proxy that is duly executed by a unit owner.
- F. I. If the declaration requires that votes on specified matters affecting the condominium be cast by lessees rather than unit owners of leased units all of the following apply:

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- 1. The provisions of Subsections A and B of this section apply to lessees as if they were unit owners.
- 2. Unit owners who have leased their units to other persons shall not cast votes on those specified matters.
- 3. Lessees are entitled to notice of meetings, access to records and other rights respecting those matters as if they were unit owners. Unit owners shall also be given notice, in the manner prescribed in section 33-1248, of all meetings at which lessees may be entitled to vote.
- ${f G.}$ J. Unless the declaration provides otherwise, votes allocated to a unit owned by the association shall not be cast.
- H. K. This section does not apply to timeshare plans or associations that are subject to chapter 20 of this title.
 - T. L. For the purposes of this section: —
- 1. "Period of declarant control" means the time during which the declarant or persons designated by the declarant may elect or appoint the members of the board of directors pursuant to the condominium documents or by virtue of superior voting power.
- 2. "SUBSTANTIVE VIOLATION" MEANS ANY VIOLATION OF THIS SECTION OR THE CONDOMINIUM DOCUMENTS THAT DOES ANY OF THE FOLLOWING:
- (a) IMPROPERLY DENIES ELIGIBILITY OR AN OPPORTUNITY TO VOTE TO A NUMBER OF UNIT OWNERS THAT IS GREATER THAN THE SMALLEST MARGIN OF VICTORY BETWEEN ANY WINNING AND LOSING CANDIDATE OR BALLOT MEASURE.
- (b) IMPROPERLY DENIES ELIGIBILITY FOR THE BALLOT TO ANY CANDIDATE WHO SATISFIED THE CRITERIA OF SUBSECTION D, PARAGRAPH 5 OF THIS SECTION.
- (c) ALLOWS AN ADDITION, ALTERATION OR DELETION TO OR FROM A COMPLETED BALLOT OR SIGNATURE BY ANYONE OTHER THAN THE AUTHORIZED ELIGIBLE VOTER.
- Sec. 2. Section 33-1812, Arizona Revised Statutes, is amended to read:

33-1812. Proxies; absentee ballots; definition

A. Notwithstanding any provision in the community documents, after termination of the period of declarant control, votes allocated to a unit LOT may not be cast pursuant to a proxy IN ANY FORM, INCLUDING BY THE USE OF DELEGATES. EXCEPT AS PRESCRIBED BY SUBSECTION D OF THIS SECTION, the association shall provide for votes to be cast in person and by absentee ballot and, in addition, the association may provide for voting by some other form of delivery, including the use of e-mail and fax delivery AT A MEETING. ABSENTEE BALLOTS MAY BE TRANSMITTED AND RETURNED IN PAPER FORMAT BY HAND DELIVERY OR UNITED STATES MAIL OR ELECTRONICALLY BY FAX OR EMAIL. INSTEAD OF ABSENTEE BALLOTS, THE ASSOCIATION BOARD OF DIRECTORS MAY VOTE TO AUTHORIZE THE USE OF AN ONLINE VOTING SYSTEM PURSUANT TO SECTION 10-3708, SUBJECT TO THIS SECTION. IF AN ONLINE VOTING SYSTEM IS USED, THE ASSOCIATION MUST PROVIDE NOTICE THAT ANY MEMBER HAS THE OPTION TO REQUEST AN IN-PERSON OR ABSENTEE BALLOT.

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- B. Notwithstanding section 10-3708 or the ANY provisions of the community documents, any action taken at an annual, regular or special meeting of the members shall comply with all of the following if absentee ballots or ballots provided by some other form of delivery are used:
- 1. THE COMMUNITY DOCUMENTS MAY ESTABLISH THE ELIGIBILITY OF ANY MEMBER TO VOTE OR SIGN A PETITION BUT MAY NOT BE MORE RESTRICTIVE THAN:
- (a) REQUIRING THE PERSON TO BE A MEMBER OF RECORD FOR THE PLANNED COMMUNITY.
- (b) REQUIRING THE PERSON TO BE CURRENT ON ALL COMMON EXPENSE ASSESSMENTS ONLY AND MAY NOT REQUIRE THE PERSON TO BE CURRENT ON OTHER ASSESSMENTS OR CHARGES.
- 2. ALL VOTES CAST BY MEMBERS FOR A BOARD ELECTION, RECALL ELECTION OR BALLOT MEASURE MUST BE BY SECRET BALLOT EXCEPT AS PRESCRIBED BY SUBSECTION D OF THIS SECTION. THE ASSOCIATION SHALL PROVIDE FOR A MANAGEMENT COMPANY EMPLOYEE, A THIRD PARTY OR A RESIDENT OR MEMBER IN THE PLANNED COMMUNITY WHO IS NOT RELATED TO OR RESIDING WITH ANY BOARD MEMBER OR BOARD MEMBER CANDIDATE TO RECEIVE, SEPARATE AND SECURELY STORE THE COMPLETED BALLOTS AND VOTER IDENTIFICATION FOR SUBSEQUENT TABULATION. ANY BALLOT AND IDENTIFICATION RECEIVED FROM AN INELIGIBLE VOTER MUST BE CLEARLY MARKED OR STAMPED "NOT ELIGIBLE TO VOTE" AND RETAINED SEPARATELY FROM ALL OTHER BALLOTS.
 - 1. 3. The ballot shall set forth each proposed action.
- 2. 4. EXCEPT WHEN VOTING ON CANDIDATES, the ballot shall provide an opportunity to vote for or against each proposed action.
- 5. THE BALLOT TO ELECT BOARD POSITIONS MUST IDENTIFY THE NUMBER AND TERM OF EACH BOARD POSITION TO BE FILLED, ALONG WITH THE NAMES OF ALL ELIGIBLE CANDIDATES WISHING TO BE CONSIDERED FOR THOSE POSITIONS. THE COMMUNITY DOCUMENTS MAY ESTABLISH ELIGIBILITY OF A MEMBER TO RUN FOR OFFICE OR BE LISTED ON THE BALLOT BUT MAY NOT BE MORE RESTRICTIVE THAN THE FOLLOWING:
- (a) REQUIRING THE CANDIDATE TO BE AN ELIGIBLE VOTER AS PRESCRIBED BY PARAGRAPH 1 OF THIS SUBSECTION.
- (b) IF REQUIRED BY THE COMMUNITY DOCUMENTS, REQUIRING THE CANDIDATE TO BE A RESIDENT OF THE PLANNED COMMUNITY.
- (c) REQUIRING THAT THE CANDIDATE HAVE NO UNRESOLVED CITED VIOLATION OF THE COMMUNITY DOCUMENTS THAT WERE ENFORCED FAIRLY AND EQUALLY FOR ALL MEMBERS.
- (d) REQUIRING THAT THE CANDIDATE RESPOND TO THE CALL FOR CANDIDATE NOMINATIONS AS REQUIRED AND WITHIN THE TIME SPECIFIED BY THE ASSOCIATION.
- (e) IF REQUIRED BY THE COMMUNITY DOCUMENTS, REQUIRING THAT THE CANDIDATE SUBMIT A TIMELY NOMINATION PETITION SIGNED BY THE NUMBER OF ELIGIBLE MEMBERS SPECIFIED.
- (f) IF THE ASSOCIATION USES A NOMINATION COMMITTEE TO FACILITATE THE SOLICITATION OF CANDIDATES WILLING TO RUN, THAT COMMITTEE MAY NOT ELIMINATE ANY OTHERWISE ELIGIBLE CANDIDATES.

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- 6. IF THE DECLARATION ASSIGNS A WEIGHTING FACTOR TO THE VOTES ALLOCATED TO ANY LOT, THE BALLOT MUST CLEARLY IDENTIFY THE ASSIGNED WEIGHTING FACTOR FOR THAT LOT'S VOTE.
- 3. 7. The ballot is valid for only one specified election, or meeting of the members OR BALLOT MEASURE and expires automatically after the completion of the election, or meeting OR BALLOT MEASURE.
- 4. 8. The ballot specifies the MAILING ADDRESS, FAX NUMBER AND EMAIL ADDRESS THAT MAY BE USED, ALONG WITH THE time and date by which the ballot must be delivered to the board of directors in order to be counted, which shall be at least seven days after the date that the board delivers the unvoted ballot to the member.
- 5. 9. The ballot does not authorize another person to cast votes on behalf of the member.
- 6. 10. The completed ballot shall contain BE ACCOMPANIED BY EITHER A SEPARATE IDENTIFICATION DOCUMENT THAT LISTS the DATE, name, address and EITHER THE ACTUAL OR ELECTRONIC signature of the person voting, except that if the community documents permit secret ballots, only OR the envelope CONTAINING THE COMPLETED BALLOT shall contain LIST the DATE, name, address and EITHER THE ACTUAL OR ELECTRONIC signature of the voter.
- 7. 11. ALL COMPLETED ballots, VOTER IDENTIFICATION DOCUMENTS, WRITTEN CONSENTS, ONLINE VOTING SYSTEM REPORTS, SIGNED envelopes and related materials, including sign-in sheets if used, shall be retained in electronic or paper format and made available for member inspection for at least one year after completion of the election.
- B. C. Votes cast by absentee ballot or other form of delivery, including the use of e-mail and fax delivery, OR BY USE OF AN ONLINE VOTING SYSTEM are valid for the purpose of establishing a quorum.
- D. FOR ANY BALLOT MEASURE THAT IS AUTHORIZED BY THE COMMUNITY DOCUMENTS OR THIS CHAPTER AND THAT IS TO BE DECIDED BY A SPECIFIED PERCENTAGE OF ALL ALLOCATED VOTES IN THE PLANNED COMMUNITY, THE ASSOCIATION MAY HOLD THAT VOTE AT A MEETING OF THE MEMBERS OR BY USING THE PROCESS OF A NONSECRET WRITTEN CONSENT WITHOUT A MEETING AS PRESCRIBED BY SECTION 10-3704 OR A SECRET WRITTEN BALLOT WITHOUT A MEETING AS PRESCRIBED BY SECTION 10-3708, SUBJECT TO THE PROVISIONS OF THIS SECTION.
- E. IF THE VALIDITY OF ANY ELECTION OR BALLOT MEASURE IS CHALLENGED BY ANY MEMBER WITHIN ONE YEAR OF THAT ELECTION OR BALLOT MEASURE, AND THE ASSOCIATION OR ANY COURT OF APPROPRIATE JURISDICTION IS PRESENTED WITH CREDIBLE EVIDENCE OF A SUBSTANTIVE VIOLATION OF THIS SECTION, THE ASSOCIATION BOARD OF DIRECTORS OR THE COURT SHALL INVALIDATE THE ELECTION OR BALLOT MEASURE AND REQUIRE THAT THE ELECTION OR BALLOT MEASURE BE REPEATED IN COMPLIANCE WITH THIS SECTION.
- \mathbb{C} . F. Notwithstanding subsection A of this section, an association for a timeshare plan as defined in section 32-2197 may permit ALLOW votes by a proxy that is duly executed by a unit owner.

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- D. G. For the purposes of this section: ,
- 1. "Period of declarant control" means the time during which the declarant or persons designated by the declarant may elect or appoint the members of the board of directors pursuant to the community documents or by virtue of superior voting power.
- 2. "SUBSTANTIVE VIOLATION" MEANS ANY VIOLATION OF THIS SECTION OR THE COMMUNITY DOCUMENTS THAT DOES ANY OF THE FOLLOWING:
- (a) IMPROPERLY DENIES ELIGIBILITY OR AN OPPORTUNITY TO VOTE TO A NUMBER OF MEMBERS THAT IS GREATER THAN THE SMALLEST MARGIN OF VICTORY BETWEEN ANY WINNING AND LOSING CANDIDATE OR BALLOT MEASURE.
- (b) IMPROPERLY DENIES ELIGIBILITY FOR THE BALLOT TO ANY CANDIDATE WHO SATISFIED THE CRITERIA OF SUBSECTION B, PARAGRAPH 5 OF THIS SECTION.
- (c) ALLOWS AN ADDITION, ALTERATION OR DELETION TO OR FROM A COMPLETED BALLOT OR SIGNATURE BY ANYONE OTHER THAN THE AUTHORIZED ELIGIBLE VOTER.

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