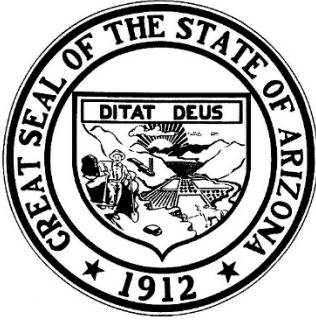


HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **SB 1494**

Weninger Floor Amendment

Changes the period of time of assessment delinquency in which an association may foreclose on a property from 2 years to 18 months.

Amendment explanation prepared by Paul Benny

Phone Number 3848

ls

4/2/2025

WENINGER FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1494
(Reference to COMMERCE Committee amendment)

Amendment instruction key:

[GREEN UPPERCASE UNDERLINING IN BRACKETS] indicates that the amendment is adding text to statute or previously enacted session law.
[Green lowercase underlining in brackets] indicates that the amendment is adding text to new session law or is restoring previously stricken text to existing statute.
~~[GREEN UPPERCASE STRIKEOUT IN BRACKETS]~~ indicates that the amendment is removing new text from statute or previously enacted session law.
~~[Green lowercase strikeout in brackets]~~ indicates that the amendment is removing text from existing statute, previously enacted session law or new session law.
<<Double green carets enclosing an entire section>> indicates that the amendment is adding the section to the bill.
~~<<Green strikeout with double green carets enclosing an entire section>>~~ indicates that the amendment is removing the section to the bill.
{[ORANGE UPPERCASE UNDERLINING IN DOUBLE CURLY BRACKETS]} indicates that the amendment to an amendment is adding text to statute or previously enacted session law.
{[Orange lowercase underlining in double curly brackets]} indicates that the amendment to an amendment is adding text to new session law or is restoring previously stricken text to existing statute.
~~{[ORANGE UPPERCASE STRIKEOUT IN DOUBLE CURLY BRACKETS]}~~ indicates that the amendment to an amendment is removing new text from statute or previously enacted session law.
~~{[Orange lowercase strikeout in double curly brackets]}~~ indicates that the amendment to an amendment is removing text from existing statute, previously enacted session law or new session law.
<<Double orange underlined carets enclosing an entire section>> indicate that the amendment to an amendment is adding the section to the bill.
~~<<Orange strikeout with double orange underlined carets enclosing an entire section>>~~ indicates that the amendment to an amendment is removing the section from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Section 33-1807, Arizona Revised Statutes, is amended to
3 read:

4 33-1807. Common expense liens: priority; mechanics' and
5 materialmen's liens; notice

6 A. The association has a common expense lien on a property for any
7 assessment levied against that property from the time the assessment
8 becomes due. The association's common expense lien may be foreclosed in
9 the same manner as a mortgage on real estate but may be foreclosed only if
10 the owner has been and remains delinquent in the payment of [assessments]
11 [ANY ASSESSMENT]; [OR PORTION OF THE ASSESSMENT] for a period of ~~one year~~
12 ~~{[TWO YEARS]}~~ {[EIGHTEEN MONTHS]} or in the amount of ~~\$1,200~~ \$10,000 or
13 more, whichever occurs first, as determined on the date the action is
14 filed. The association board of directors shall exercise reasonable
15 efforts to communicate with the member and offer a reasonable payment plan
16 before filing a foreclosure action. If an assessment is payable in

1 installments, the full amount of the assessment is a **COMMON EXPENSE** lien
2 from the time the first installment of the assessment becomes due.

3 B. Notwithstanding any provision in the community documents, member
4 expenses are not enforceable as common expense liens under this **subsection**
5 **SECTION**. The association has a **JUDGMENT** lien for member expenses after
6 the entry of a judgment in a civil suit for those member expenses from a
7 court of competent jurisdiction and the recording of that judgment in the
8 office of the county recorder as otherwise provided by law. The
9 association's judgment lien for member expenses may not be foreclosed and
10 is effective only on conveyance of any interest in the real property.

11 C. A common expense lien under this section is prior to all other
12 liens, interests and encumbrances on a property except:

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

15 2. A recorded first mortgage on the property, a seller's interest
16 in a first contract for sale pursuant to chapter 6, article 3 of this
17 title on the property recorded before the **COMMON EXPENSE** lien arising
18 pursuant to subsection A of this section or a recorded first deed of trust
19 on the property.

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

22 D. Subsection C of this section does not affect the priority of
23 mechanics' or materialmen's liens. The common expense lien under this
24 section is not subject to chapter 8 of this title.

25 E. Unless the declaration otherwise provides, if two or more
26 associations have common expense liens created at any time on the same
27 real estate those **COMMON EXPENSE** liens have equal priority.

28 F. Recording the declaration constitutes record notice and
29 perfection of the common expense lien. Further recordation of any claim
30 of common expense lien under this section is not required.

31 G. A common expense lien is extinguished unless proceedings to
32 enforce the **COMMON EXPENSE** lien are instituted within six years after the
33 full amount of the assessment becomes due.

34 H. This section does not prohibit:

35 1. Actions to recover amounts for which subsection A or B of this
36 section creates a lien.

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

38 I. A judgment or decree in any action brought under this section
39 may include costs and reasonable attorney fees for the prevailing party.

40 J. On written request, the association shall furnish to a
41 lienholder, escrow agent, member or person designated by a member a
42 statement setting forth the amount of any unpaid liens prescribed by
43 subsection A or B of this section against the property. The association
44 shall furnish the statement within ten days after receipt of the request.
45 The statement is binding on the association if the statement is requested
46 by an escrow agency that is licensed pursuant to title 6, chapter 7.
47 Failure to provide the statement to the escrow agent within the time

1 provided for in this subsection extinguishes any lien for any unpaid
2 assessment then due.

3 K. Notwithstanding any provision in the community documents or in
4 any contract between the association and a management company or any other
5 agent of the association, including any agreement or contract with any
6 attorney, unless the member directs otherwise, all payments received on a
7 member's account shall be applied first to any unpaid assessments, due but
8 not delinquent assessments, unpaid charges for late payment of those
9 assessments if authorized in the declaration, unpaid reasonable collection
10 fees and costs incurred or applied by the association, and unpaid attorney
11 fees and costs incurred with respect to those assessments if awarded by a
12 court, in that order, with any remaining amounts applied next to other
13 unpaid fees, charges and monetary penalties or interest and late charges
14 on any of those amounts.

15 L. For a delinquent account for unpaid common expense liens, the
16 association shall provide the following written notice to the member at
17 the member's address as provided to the association at least thirty days
18 before authorizing an attorney, or a collection agency that is not acting
19 as the association's managing agent, to begin collection activity on
20 behalf of the association:

21 Your account is delinquent. If you do not bring your account
22 current or make arrangements that are approved by the
23 association to bring your account current within thirty days
24 after the date of this notice, your account will be turned
25 over for further collection proceedings. Such collection
26 proceedings could include bringing a foreclosure action
27 against your property.

28 The notice shall be in ~~boldfaced~~ BOLD-FACED type or all capital letters
29 and shall include the contact information for the person that the member
30 may contact to discuss payment. The notice shall be sent by certified
31 mail, return receipt requested, and may be included within other
32 correspondence sent to the member regarding the member's delinquent
33 account.

34 M. Except for planned communities that have fewer than fifty lots
35 and that do not contract with a third party to perform management services
36 on behalf of the association, the association shall provide a statement of
37 account in lieu of a periodic payment book to the member with the same
38 frequency that assessments are provided for in the declaration. The
39 statement of account shall include the current account balance due and the
40 immediately preceding ledger history. If the association offers the
41 statement of account by electronic means, a member may opt to receive the
42 statement electronically. The association may stop providing any further
43 statements of account to a member if collection activity begins by an
44 attorney, or a collection agency that is not acting as the association's
45 managing agent, regarding that member's unpaid account. After collection
46 activity begins, a member may request statements of account by written
47 request to the attorney or collection agency. Any request by a member for
48 a statement of account after collection activity begins by an attorney or

1 a collection agency that is not acting as the association's managing agent
2 must be fulfilled by the attorney or the collection agency responsible for
3 the collection. The statement of account provided by the attorney or
4 collection agency responsible for the collection shall include all amounts
5 claimed to be owing to resolve the delinquency through the date set forth
6 in the statement, including attorney fees and costs, regardless of whether
7 such amounts have been reduced to judgment.

8 N. An agent for the association may collect on behalf of the
9 association directly from a member the assessments and other amounts owed
10 by cash or check, by mailed or hand-delivered bank drafts, checks,
11 cashier's checks or money orders, by credit, charge or debit card or by
12 other electronic means. For any form of payment other than for cash or
13 for mailed or hand-delivered bank drafts, checks, cashier's checks or
14 money orders, the agent may charge a convenience fee to the member that is
15 approximately the amount charged to the agent by a third-party service
16 provider. The association may not transfer ownership or control of debt
17 for common expense liens or member expenses.

18 Enroll and engross to conform

19 Amend title to conform

JEFF WENINGER

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04/02/2025

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H: PB/lrs