



ARIZONA STATE SENATE

Fifty-First Legislature, Second Regular Session

FACT SHEET FOR S.B. 1184

planned communities; definition; property easements

Purpose

Modifies the definition of *planned community* related to homeowners' associations (HOAs).

Background

A *planned community* is a real estate development that includes property owned and operated by a nonprofit corporation or unincorporated association of owners that is created pursuant to a recorded declaration for the purpose of managing, maintaining or improving the property. An *association*, also referred to as an HOA, is a common interest organization to which all the owners of lots in a planned community must belong. The four defining characteristics of HOAs are: 1) all owners are automatically members; 2) governing documents create mutual obligations; 3) mandatory fees or assessments are generally levied against owners and used for the operation of the HOA; and 4) owners share property interest in the community (A.R.S. § 33-1802).

As defined by Merriam-Webster's Dictionary, an *easement* is an interest in land owned by another that entitles its holder to a specific limited use or enjoyment.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Expands the definition of a *planned community* to include real estate on which an easement is held by a nonprofit corporation or unincorporated association of owners.
2. Makes a technical change.
3. Becomes effective on the general effective date.

Prepared by Senate Research

February 5, 2014

AW/RC/lS