

Senate Engrossed

State of Arizona
Senate
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 75

SENATE BILL 1137

AN ACT

AMENDING SECTION 10-3304, 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 10-3304, Arizona Revised Statutes, is amended to
3 read:

4 10-3304. Validity of actions

5 A. Except as provided in subsection B of this section, the validity
6 of corporate action shall not be challenged on the ground that the
7 corporation lacks or lacked power to act.

8 B. A corporation's power to act may be challenged either BY ANY OF THE
9 FOLLOWING:

10 1. In a proceeding by members OF A CORPORATION THAT IS NOT A
11 CONDOMINIUM ASSOCIATION AS DEFINED IN SECTION 33-1202, OR A PLANNED COMMUNITY
12 ASSOCIATION AS DEFINED IN SECTION 33-1802, having at least ten per cent or
13 more of the voting power or by at least fifty members, unless a lesser
14 percentage or number is provided in the articles of incorporation, against
15 the corporation to enjoin the act.

16 2. IN A PROCEEDING BY ANY MEMBER OF A CONDOMINIUM OR A PLANNED
17 COMMUNITY ASSOCIATION AGAINST THE CORPORATION TO ENJOIN THE ACT PURSUANT TO
18 TITLE 12, CHAPTER 10, ARTICLE 1.

19 ~~2.~~ 3. In a proceeding by the corporation, directly, derivatively or
20 through any receiver, trustee or other legal representative, against an
21 incumbent or former director, officer, employee or agent of the corporation.

22 C. In a member's proceeding under subsection B, paragraph 1 of this
23 section to enjoin an unauthorized corporate act, the court may enjoin or set
24 aside the act, if equitable and if all affected persons are parties to the
25 proceeding, and may award damages for loss, other than anticipated profits,
26 suffered by the corporation or another party because of enjoining the
27 unauthorized act.

28 ~~D. This section does not apply to:~~

29 ~~1. A proceeding in which a member of a condominium as defined in~~
30 ~~section 33-1202 challenges the actions of the board of directors of the~~
31 ~~condominium.~~

32 ~~2. A proceeding in which a member of a planned community as defined~~
33 ~~in section 33-1802 challenges the actions of the board of directors of the~~
34 ~~planned community.~~

APPROVED BY THE GOVERNOR APRIL 12, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 12, 2004.

Passed the House April 5, 2004

by the following vote: 50 Ayes,

7 Nays, 3 Not Voting

Jake Flake
Speaker of the House
Norman L. Moore
Chief Clerk of the House

Passed the Senate February 19, 2004

by the following vote: 26 Ayes,

3 Nays, 1 Not Voting

Ken Blumett
President of the Senate
Charmine B. Bellinger
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
6th day of April, 2004,

at 11:53 o'clock a. M.

Jennifer Upbarra
Secretary to the Governor

Approved this 12 day of

April, 2004,

at 1:15 o'clock P. M.

Jan Napolitano
Governor of Arizona

S.B. 1137

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 12 day of April, 2004,

at 3:24 o'clock P. M.

Janice K. Brewer
Secretary of State