



STATE OF ARIZONA

JANET NAPOLITANO
GOVERNOR

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July 7, 2008

The Honorable Timothy S. Bee
President
Arizona State Senate
1700 W. Washington
Phoenix, Arizona 85007

Re: Senate Bill 1452; Homeowners' Associations; Foreclosures; Voting Rights

Dear President Bee,

Today I vetoed Senate Bill 1452, a bill that would have dramatically changed the voting rights of homeowners' association members in certain circumstances.

Members of homeowners' associations generally select their boards of directors and decide crucial decisions by majority vote. Senate Bill 1452 turns that well accepted tenet of representative governance on its head, giving the minority the majority power and stripping the majority of equal voting rights.

Under Senate Bill 1452, the minority members of a homeowners' association would be given control of the board of directors if the majority membership is owned by a party who acquired the lots in a settlement for unpaid property tax from the original master planned community developer. Despite owning the majority of the lots in the planned community, the replacement owner to the original master planned community developer would only be allowed to vote on the election of less than half of the members of the board of directors of the homeowners' association.

The members of any homeowners' association can opt-in to such uneven voting measures if they vote to amend their bylaws accordingly. Unilaterally imposing this change of a fundamental governance rule by statewide statute, however, is unnecessary and unwise.

For these and other reasons, I have vetoed Senate Bill 1452.

Yours very truly,



Janet Napolitano
Governor

JN:LK

cc: The Honorable Jim Weiers
The Honorable Ronald Gould

Senate Engrossed

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SENATE BILL 1452

AN ACT

AMENDING TITLE 33, CHAPTER 16, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 33-1817; RELATING TO PLANNED COMMUNITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 33, chapter 16, article 1, Arizona Revised Statutes,
3 is amended by adding section 33-1817, to read:

4 33-1817. Board of directors; ownership of foreclosed
5 properties; voting eligibility

6 A. NOTWITHSTANDING ANY OTHER LAW AND ANY PROVISIONS IN THE COMMUNITY
7 DOCUMENTS, THE DECLARANT FOR A PLANNED COMMUNITY IS ELIGIBLE TO VOTE FOR ONLY
8 THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS THAT CONSTITUTES A MINORITY
9 OF THE MEMBERSHIP OF THE BOARD OF DIRECTORS IF ALL OF THE FOLLOWING APPLY:

10 1. THE PLANNED COMMUNITY CONTAINED MORE THAN THREE THOUSAND LOTS AS
11 ORIGINALLY PLATTED.

12 2. MORE THAN FIVE HUNDRED LOTS HAVE BEEN SOLD OR OTHERWISE CONVEYED TO
13 A PERSON OTHER THAN THE DECLARANT.

14 3. THE DECLARANT WAS NOT THE ORIGINAL DECLARANT AND ACQUIRED TITLE TO
15 THE LOTS THROUGH COMPROMISE AND SETTLEMENT OF UNPAID PROPERTY TAXES.

16 B. NOTWITHSTANDING ANY OTHER LAW AND ANY PROVISIONS IN THE COMMUNITY
17 DOCUMENTS, THE NONDECLARANT OWNERS OF THE LOTS IN A PLANNED COMMUNITY
18 PRESCRIBED BY THIS SECTION ARE ELIGIBLE TO VOTE FOR THE NUMBER OF MEMBERS OF
19 THE BOARD OF DIRECTORS THAT CONSTITUTES A MAJORITY OF THE MEMBERSHIP OF THE
20 BOARD OF DIRECTORS.

Passed the House June 25, 2008,
by the following vote: 52 Ayes,

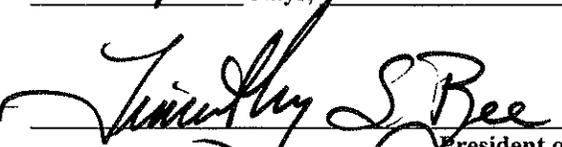
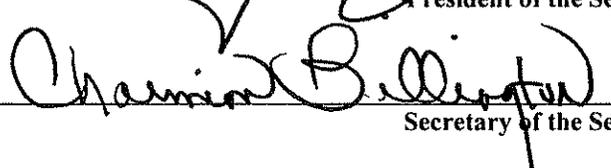
4 Nays, 4 Not Voting


Speaker of the House
Pro Tempore

Chief Clerk of the House

Passed the Senate March 18, 2008,
by the following vote: 14 Ayes,

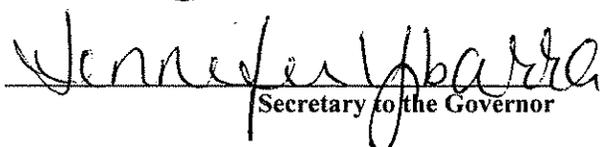
14 Nays, 0 Not Voting


President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
26th day of June, 2008.

at 8:50 o'clock A M.


Secretary to the Governor

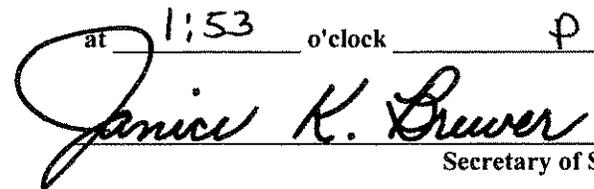
Approved this _____ day of _____, 20____,

at **VETO** o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 7th day of July, 2008,

at 1:53 o'clock P M.

Secretary of State

S.B. 1452