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## CHALLENGING A CORPORATE ACT

A.R.S. § 10-3304 states that, except by the methods set forth in A.R.S. § 10-3304(B), the validity of corporate action shall not be challenged on the ground that the corporation lacks or lacked power to act. The exclusive method of challenging the validity of a corporate act on the ground that the corporation lacks or lacked the power to act is set forth in A.R.S. § 10-3304(B)(2). When the Legislature enacted A.R.S. § 10-3304(B)(2), they made it clear that any member of a condominium or planned community can challenge the validity of corporate action on the basis that the corporation lacks or lacked the power to act if the member seeks to “enjoin the act.” It is apparent, however, that if a member of a planned community or condominium association sues to challenge the validity of a corporate action without seeking to “enjoin the act” as required in A.R.S. § 10-3304(B)(2), the validity of a corporate act cannot be challenged in a condominium or planned community if the basis of the challenge is that the corporation lacks or lacked the power to act.

Although A.R.S. § 10-3304 makes it clear that any member of a condominium or planned community can challenge the corporation’s power to act if the member is seeking to enjoin the act, the statute also makes it clear that seeking to enjoin the act is the exclusive method of challenging a corporate act on the basis that the planned community or condominium lacks or lacked the power to act.