

State of Arizona  
House of Representatives  
Fifty-first Legislature  
Second Regular Session  
2014

# HOUSE BILL 2477

AN ACT

AMENDING SECTIONS 33-1260 AND 33-1806, 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 33-1260, Arizona Revised Statutes, is amended to  
3 read:

4 33-1260. Resale of units; information required; fees; civil  
5 penalty; applicability; definition

6 A. For condominiums with fewer than fifty units, a unit owner shall  
7 mail or deliver to a purchaser or a purchaser's authorized agent within ten  
8 days after receipt of a written notice of a pending sale of the unit, and for  
9 condominiums with fifty or more units, the association shall mail or deliver  
10 to a purchaser or a purchaser's authorized agent within ten days after  
11 receipt of a written notice of a pending sale that contains the name and  
12 address of the purchaser, ~~and~~ all of the following in either paper or electronic  
13 format:

14 1. A copy of the bylaws and the rules of the association.

15 2. A copy of the declaration.

16 3. A dated statement containing:

17 (a) The telephone number and address of a principal contact for the  
18 association, which may be an association manager, an association management  
19 company, an officer of the association or any other person designated by the  
20 board of directors.

21 (b) The amount of the common expense assessment for the unit and any  
22 unpaid common expense assessment, special assessment or other assessment, fee  
23 or charge currently due and payable from the selling unit owner. If the  
24 request is made by a lienholder, escrow agent, unit owner or person  
25 designated by a unit owner pursuant to section 33-1256, failure to provide  
26 the information pursuant to this subdivision within the time provided for in  
27 this subsection shall extinguish any lien for any unpaid assessment then due  
28 against that unit.

29 (c) A statement as to whether a portion of the unit is covered by  
30 insurance maintained by the association.

31 (d) The total amount of money held by the association as reserves.

32 (e) If the statement is being furnished by the association, a  
33 statement as to whether the records of the association reflect any  
34 alterations or improvements to the unit that violate the declaration. The  
35 association is not obligated to provide information regarding alterations or  
36 improvements that occurred more than six years before the proposed sale.  
37 Nothing in this subdivision relieves the seller of a unit from the obligation  
38 to disclose alterations or improvements to the unit that violate the  
39 declaration, nor precludes the association from taking action against the  
40 purchaser of a unit for violations that are apparent at the time of purchase  
41 and that are not reflected in the association's records.

42 (f) If the statement is being furnished by the unit owner, a statement  
43 as to whether the unit owner has any knowledge of any alterations or  
44 improvements to the unit that violate the declaration.

1 (g) A statement of case names and case numbers for pending litigation  
2 with respect to the unit filed by the association against the unit owner or  
3 filed by the unit owner against the association. The unit owner or the  
4 association shall not be required to disclose information concerning the  
5 pending litigation that would violate any applicable rule of attorney-client  
6 privilege under Arizona law.

7 (h) A statement that provides "I hereby acknowledge that the  
8 declaration, bylaws and rules of the association constitute a contract  
9 between the association and me (the purchaser). By signing this statement, I  
10 acknowledge that I have read and understand the association's contract with  
11 me (the purchaser). I also understand that as a matter of Arizona law, if I  
12 fail to pay my association assessments, the association may foreclose on my  
13 property." The statement shall also include a signature line for the  
14 purchaser and shall be returned to the association within fourteen calendar  
15 days.

16 4. A copy of the current operating budget of the association.

17 5. A copy of the most recent annual financial report of the  
18 association. If the report is more than ten pages, the association may  
19 provide a summary of the report in lieu of the entire report.

20 6. A copy of the most recent reserve study of the association, if any.

21 7. A statement summarizing any pending lawsuits, except those relating  
22 to the collection of assessments owed by unit owners other than the selling  
23 unit owner, in which the association is a named party, including the amount  
24 of any money claimed.

25 B. A purchaser or seller who is damaged by the failure of the unit  
26 owner or the association to disclose the information required by subsection A  
27 of this section may pursue all remedies at law or in equity against the unit  
28 owner or the association, whichever failed to comply with subsection A of  
29 this section, including the recovery of reasonable attorney fees.

30 C. The association may charge the unit owner a fee of no more than an  
31 aggregate of four hundred dollars to compensate the association for the costs  
32 incurred in the preparation of a statement or other documents furnished by  
33 the association pursuant to this section for purposes of resale disclosure,  
34 lien estoppel and any other services related to the transfer or use of the  
35 property. In addition, the association may charge a rush fee of no more than  
36 one hundred dollars if the rush services are required to be performed within  
37 seventy-two hours after the request for rush services, and may charge a  
38 statement or other documents update fee of no more than fifty dollars if  
39 thirty days or more have passed since the date of the original disclosure  
40 statement or the date the documents were delivered. The association shall  
41 make available to any interested party the amount of any fee established from  
42 time to time by the association. If the aggregate fee for purposes of resale  
43 disclosure, lien estoppel and any other services related to the transfer or  
44 use of a property is less than four hundred dollars on January 1, 2010, the  
45 fee may increase at a rate of no more than twenty per cent per year based on

1 the immediately preceding fiscal year's amount not to exceed the four hundred  
2 dollar aggregate fee. The association may charge the same fee without regard  
3 to whether the association is furnishing the statement or other documents in  
4 paper or electronic format.

5 D. The fees prescribed by this section shall be collected no earlier  
6 than at the close of escrow and may only be charged once to a unit owner for  
7 that transaction between the parties specified in the notice required  
8 pursuant to subsection A of this section. An association shall not charge or  
9 collect a fee relating to services for resale disclosure, lien estoppel and  
10 any other services related to the transfer or use of a property except as  
11 specifically authorized in this section. An association that charges or  
12 collects a fee in violation of this section is subject to a civil penalty of  
13 no more than one thousand two hundred dollars.

14 E. This section applies to a managing agent for an association that is  
15 acting on behalf of the association.

16 F. ~~A sale in which a public report is issued pursuant to sections~~  
17 ~~32-2183 and 32-2197.02 or a sale pursuant to section 32-2181.02 is exempt~~ THE  
18 FOLLOWING ARE EXEMPT from this section.:- :

19 1. A SALE IN WHICH A PUBLIC REPORT IS ISSUED PURSUANT TO SECTIONS  
20 32-2183 AND 32-2197.02.

21 2. A SALE PURSUANT TO SECTION 32-2181.02.

22 3. A CONVEYANCE BY RECORDED DEED THAT BEARS AN EXEMPTION LISTED IN  
23 SECTION 11-1134, SUBSECTION B, PARAGRAPH 3 OR 7. ON RECORDATION OF THE DEED  
24 AND FOR NO ADDITIONAL CHARGE, THE UNIT OWNER SHALL PROVIDE THE ASSOCIATION  
25 WITH THE CHANGES IN OWNERSHIP INCLUDING THE UNIT OWNER'S NAME, BILLING  
26 ADDRESS AND PHONE NUMBER. FAILURE TO PROVIDE THE INFORMATION SHALL NOT  
27 PREVENT THE UNIT OWNER FROM QUALIFYING FOR THE EXEMPTION PURSUANT TO THIS  
28 SECTION.

29 G. This section does not apply to timeshare plans or associations that  
30 are subject to chapter 20 of this title.

31 H. For the purposes of this section, unless the context otherwise  
32 requires, "unit owner" means the seller of the condominium unit title and  
33 excludes any real estate salesperson or real estate broker who is licensed  
34 under title 32, chapter 20 and who is acting as a salesperson or broker, any  
35 escrow agent who is licensed under title 6, chapter 7 and who is acting as an  
36 escrow agent and also excludes a trustee of a deed of trust who is selling  
37 the property in a trustee's sale pursuant to chapter 6.1 of this title.

38 Sec. 2. Section 33-1806, Arizona Revised Statutes, is amended to read:

39 33-1806. Resale of units; information required; fees; civil  
40 penalty; definition

41 A. For planned communities with fewer than fifty units, a member shall  
42 mail or deliver to a purchaser or a purchaser's authorized agent within ten  
43 days after receipt of a written notice of a pending sale of the unit, and for  
44 planned communities with fifty or more units, the association shall mail or  
45 deliver to a purchaser or a purchaser's authorized agent within ten days

1 after receipt of a written notice of a pending sale that contains the name  
2 and address of the purchaser, ~~and~~ all of the following in either paper or  
3 electronic format:

4 1. A copy of the bylaws and the rules of the association.

5 2. A copy of the declaration.

6 3. A dated statement containing:

7 (a) The telephone number and address of a principal contact for the  
8 association, which may be an association manager, an association management  
9 company, an officer of the association or any other person designated by the  
10 board of directors.

11 (b) The amount of the common regular assessment and the unpaid common  
12 regular assessment, special assessment or other assessment, fee or charge  
13 currently due and payable from the selling member. If the request is made by  
14 a lienholder, escrow agent, member or person designated by a member pursuant  
15 to section 33-1807, failure to provide the information pursuant to this  
16 subdivision within the time provided for in this subsection shall extinguish  
17 any lien for any unpaid assessment then due against that property.

18 (c) A statement as to whether a portion of the unit is covered by  
19 insurance maintained by the association.

20 (d) The total amount of money held by the association as reserves.

21 (e) If the statement is being furnished by the association, a  
22 statement as to whether the records of the association reflect any  
23 alterations or improvements to the unit that violate the declaration. The  
24 association is not obligated to provide information regarding alterations or  
25 improvements that occurred more than six years before the proposed sale.  
26 Nothing in this subdivision relieves the seller of a unit from the obligation  
27 to disclose alterations or improvements to the unit that violate the  
28 declaration, nor precludes the association from taking action against the  
29 purchaser of a unit for violations that are apparent at the time of purchase  
30 and that are not reflected in the association's records.

31 (f) If the statement is being furnished by the member, a statement as  
32 to whether the member has any knowledge of any alterations or improvements to  
33 the unit that violate the declaration.

34 (g) A statement of case names and case numbers for pending litigation  
35 with respect to the unit filed by the association against the member or filed  
36 by the member against the association. The member shall not be required to  
37 disclose information concerning such pending litigation that would violate  
38 any applicable rule of attorney-client privilege under Arizona law.

39 (h) A statement that provides "I hereby acknowledge that the  
40 declaration, bylaws and rules of the association constitute a contract  
41 between the association and me (the purchaser). By signing this statement, I  
42 acknowledge that I have read and understand the association's contract with  
43 me (the purchaser). I also understand that as a matter of Arizona law, if I  
44 fail to pay my association assessments, the association may foreclose on my  
45 property." The statement shall also include a signature line for the

1 purchaser and shall be returned to the association within fourteen calendar  
2 days.

3 4. A copy of the current operating budget of the association.

4 5. A copy of the most recent annual financial report of the  
5 association. If the report is more than ten pages, the association may  
6 provide a summary of the report in lieu of the entire report.

7 6. A copy of the most recent reserve study of the association, if any.

8 7. A statement summarizing any pending lawsuits, except those relating  
9 to the collection of assessments owed by members other than the selling  
10 member, in which the association is a named party, including the amount of  
11 any money claimed.

12 B. A purchaser or seller who is damaged by the failure of the member  
13 or the association to disclose the information required by subsection A of  
14 this section may pursue all remedies at law or in equity against the member  
15 or the association, whichever failed to comply with subsection A of this  
16 section, including the recovery of reasonable attorney fees.

17 C. The association may charge the member a fee of no more than an  
18 aggregate of four hundred dollars to compensate the association for the costs  
19 incurred in the preparation of a statement or other documents furnished by  
20 the association pursuant to this section for purposes of resale disclosure,  
21 lien estoppel and any other services related to the transfer or use of the  
22 property. In addition, the association may charge a rush fee of no more than  
23 one hundred dollars if the rush services are required to be performed within  
24 seventy-two hours after the request for rush services, and may charge a  
25 statement or other documents update fee of no more than fifty dollars if  
26 thirty days or more have passed since the date of the original disclosure  
27 statement or the date the documents were delivered. The association shall  
28 make available to any interested party the amount of any fee established from  
29 time to time by the association. If the aggregate fee for purposes of resale  
30 disclosure, lien estoppel and any other services related to the transfer or  
31 use of a property is less than four hundred dollars on January 1, 2010, the  
32 fee may increase at a rate of no more than twenty per cent per year based on  
33 the immediately preceding fiscal year's amount not to exceed the four hundred  
34 dollar aggregate fee. The association may charge the same fee without regard  
35 to whether the association is furnishing the statement or other documents in  
36 paper or electronic format.

37 D. The fees prescribed by this section shall be collected no earlier  
38 than at the close of escrow and may only be charged once to a member for that  
39 transaction between the parties specified in the notice required pursuant to  
40 subsection A of this section. An association shall not charge or collect a  
41 fee relating to services for resale disclosure, lien estoppel and any other  
42 services related to the transfer or use of a property except as specifically  
43 authorized in this section. An association that charges or collects a fee in  
44 violation of this section is subject to a civil penalty of no more than one  
45 thousand two hundred dollars.

1 E. This section applies to a managing agent for an association that is  
2 acting on behalf of the association.

3 F. ~~A sale in which a public report is issued pursuant to sections~~  
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6 1. A SALE IN WHICH A PUBLIC REPORT IS ISSUED PURSUANT TO SECTIONS  
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9 3. A CONVEYANCE BY RECORDED DEED THAT BEARS AN EXEMPTION LISTED IN  
10 SECTION 11-1134, SUBSECTION B, PARAGRAPH 3 OR 7. ON RECORDATION OF THE DEED  
11 AND FOR NO ADDITIONAL CHARGE, THE MEMBER SHALL PROVIDE THE ASSOCIATION WITH  
12 THE CHANGES IN OWNERSHIP INCLUDING THE MEMBER'S NAME, BILLING ADDRESS AND  
13 PHONE NUMBER. FAILURE TO PROVIDE THE INFORMATION SHALL NOT PREVENT THE  
14 MEMBER FROM QUALIFYING FOR THE EXEMPTION PURSUANT TO THIS SECTION.

15 G. For the purposes of this section, unless the context otherwise  
16 requires, "member" means the seller of the unit title and excludes any real  
17 estate salesperson or real estate broker who is licensed under title 32,  
18 chapter 20 and who is acting as a salesperson or broker, any escrow agent who  
19 is licensed under title 6, chapter 7 and who is acting as an escrow agent and  
20 also excludes a trustee of a deed of trust who is selling the property in a  
21 trustee's sale pursuant to chapter 6.1 of this title.