

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

CHAPTER 94
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.

45 (g) A statement of case names and case numbers for pending litigation
46 with respect to the unit filed by the association against the unit owner or

1 filed by the unit owner against the association. The unit owner or the
2 association shall not be required to disclose information concerning the
3 pending litigation that would violate any applicable rule of attorney-client
4 privilege under Arizona law.

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

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

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

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

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

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

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

1 to whether the association is furnishing the statement or other documents in
2 paper or electronic format.

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

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

14 F. ~~A sale in which a public report is issued pursuant to sections~~
15 ~~32-2183 and 32-2197.02 or a sale pursuant to section 32-2181.02 is exempt~~ THE
16 FOLLOWING ARE EXEMPT from this section,— :

17 1. A SALE IN WHICH A PUBLIC REPORT IS ISSUED PURSUANT TO SECTIONS
18 32-2183 AND 32-2197.02.

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

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

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

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

36 Sec. 2. Section 33-1806, Arizona Revised Statutes, is amended to read:
37 33-1806. Resale of units; information required; fees; civil
38 penalty; definition

39 A. For planned communities with fewer than fifty units, a member shall
40 mail or deliver to a purchaser or a purchaser's authorized agent within ten
41 days after receipt of a written notice of a pending sale of the unit, and for
42 planned communities with fifty or more units, the association shall mail or
43 deliver to a purchaser or a purchaser's authorized agent within ten days
44 after receipt of a written notice of a pending sale that contains the name
45 and address of the purchaser,— all of the following in either paper or
46 electronic format:

- 1 1. A copy of the bylaws and the rules of the association.
- 2 2. A copy of the declaration.
- 3 3. A dated statement containing:
 - 4 (a) The telephone number and address of a principal contact for the
 - 5 association, which may be an association manager, an association management
 - 6 company, an officer of the association or any other person designated by the
 - 7 board of directors.
 - 8 (b) The amount of the common regular assessment and the unpaid common
 - 9 regular assessment, special assessment or other assessment, fee or charge
 - 10 currently due and payable from the selling member. If the request is made by
 - 11 a lienholder, escrow agent, member or person designated by a member pursuant
 - 12 to section 33-1807, failure to provide the information pursuant to this
 - 13 subdivision within the time provided for in this subsection shall extinguish
 - 14 any lien for any unpaid assessment then due against that property.
 - 15 (c) A statement as to whether a portion of the unit is covered by
 - 16 insurance maintained by the association.
 - 17 (d) The total amount of money held by the association as reserves.
 - 18 (e) If the statement is being furnished by the association, a
 - 19 statement as to whether the records of the association reflect any
 - 20 alterations or improvements to the unit that violate the declaration. The
 - 21 association is not obligated to provide information regarding alterations or
 - 22 improvements that occurred more than six years before the proposed sale.
 - 23 Nothing in this subdivision relieves the seller of a unit from the obligation
 - 24 to disclose alterations or improvements to the unit that violate the
 - 25 declaration, nor precludes the association from taking action against the
 - 26 purchaser of a unit for violations that are apparent at the time of purchase
 - 27 and that are not reflected in the association's records.
 - 28 (f) If the statement is being furnished by the member, a statement as
 - 29 to whether the member has any knowledge of any alterations or improvements to
 - 30 the unit that violate the declaration.
 - 31 (g) A statement of case names and case numbers for pending litigation
 - 32 with respect to the unit filed by the association against the member or filed
 - 33 by the member against the association. The member shall not be required to
 - 34 disclose information concerning such pending litigation that would violate
 - 35 any applicable rule of attorney-client privilege under Arizona law.
 - 36 (h) A statement that provides "I hereby acknowledge that the
 - 37 declaration, bylaws and rules of the association constitute a contract
 - 38 between the association and me (the purchaser). By signing this statement, I
 - 39 acknowledge that I have read and understand the association's contract with
 - 40 me (the purchaser). I also understand that as a matter of Arizona law, if I
 - 41 fail to pay my association assessments, the association may foreclose on my
 - 42 property." The statement shall also include a signature line for the
 - 43 purchaser and shall be returned to the association within fourteen calendar
 - 44 days.
- 45 4. A copy of the current operating budget of the association.

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

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

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

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

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

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

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

1 F. ~~A sale in which a public report is issued pursuant to sections~~
2 ~~32-2183 and 32-2197.02 or a sale pursuant to section 32-2181.02 is exempt~~ THE
3 FOLLOWING ARE EXEMPT from this section:— :

4 1. A SALE IN WHICH A PUBLIC REPORT IS ISSUED PURSUANT TO SECTIONS
5 32-2183 AND 32-2197.02.

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

7 3. A CONVEYANCE BY RECORDED DEED THAT BEARS AN EXEMPTION LISTED IN
8 SECTION 11-1134, SUBSECTION B, PARAGRAPH 3 OR 7. ON RECORDATION OF THE DEED
9 AND FOR NO ADDITIONAL CHARGE, THE MEMBER SHALL PROVIDE THE ASSOCIATION WITH
10 THE CHANGES IN OWNERSHIP INCLUDING THE MEMBER'S NAME, BILLING ADDRESS AND
11 PHONE NUMBER. FAILURE TO PROVIDE THE INFORMATION SHALL NOT PREVENT THE
12 MEMBER FROM QUALIFYING FOR THE EXEMPTION PURSUANT TO THIS SECTION.

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

APPROVED BY THE GOVERNOR APRIL 17, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2014.