1 Strike everything after the enacting clause and insert:

"Section 1. Section 33-1817, Arizona Revised Statutes, is amended to read:

33-1817. Design, architectural committees; review; procedure

Notwithstanding any provision in the community documents:

1. Membership on a design review committee, an architectural committee or a committee that performs similar functions, however denominated, for the planned community shall include at least one member of the board of directors who shall serve as chairperson of the committee.

2. For new construction of the main residential structure on a lot or for rebuilds of the main residential structure on a lot and only in a planned community that has enacted design guidelines, architectural guidelines or other similar rules, however denominated, and if the association documents permit the association to charge the member a security deposit and the association requires the member to pay a security deposit to secure completion of the member’s construction project or compliance with approved plans, all of the following apply:

   (a) The deposit shall be placed in a trust account with the following instructions:

      (i) The cost of the trust account shall be shared equally between the association and the member.

      (ii) If the construction project is abandoned, the board of directors may determine the appropriate use of any deposit monies.

      (iii) Any interest earned on the refundable security deposit shall become part of the security deposit.
(b) The association or the design review committee must hold a final design approval meeting for the purpose of issuing approval of the plans, and the member or member's agent must have the opportunity to attend the meeting. If the plans are approved, the association's design review representative shall provide written acknowledgement that the approved plans, including any approved amendments, are in compliance with all rules and guidelines in effect at the time of the approval and that the refund of the deposit requires that construction be completed in accordance with those approved plans.

(c) The association must provide for at least two on-site formal reviews during construction for the purpose of determining compliance with the approved plans. The member or member's agent shall be provided the opportunity to attend both formal reviews. Within five business days after the formal reviews, the association shall cause a written report to be provided to the member or member's agent specifying any deficiencies, violations or unapproved variations from the approved plans as amended that have come to the attention of the association.

(d) Within thirty business days after the second formal review, the association shall provide to the member a copy of the written report specifying any deficiencies, violations or unapproved variations from the approved plans as amended that have come to the attention of the association. If the written report does not specify any deficiencies, violations or unapproved variations from the approved plans, as amended, that have come to the attention of the association, the association shall promptly release the deposit monies to the member. If the report identifies any deficiencies, violations or unapproved variations from the approved plans, as amended, the association may hold the deposit for one hundred eighty days or until receipt of a subsequent report of construction compliance, whichever is less. If a report of construction compliance is received before the one hundred eightieth day, the association shall promptly release the deposit monies to the member. If a compliance report is not received within one hundred eighty
days, the association shall release the deposit monies promptly from the
trust account to the association.

(e) Neither the approval of the plans nor the approval of the actual
construction by the association or the design review committee shall
constitute a representation or warranty that the plans or construction comply
with applicable governmental requirements or applicable engineering, design
or safety standards. The association in its discretion may release all or
any part of the deposit to the member before receiving a compliance report.
Release of the deposit to the member does not constitute a representation or
warranty from the association that the construction complies with the
approved plans.

3. AN ASSOCIATION MAY NOT REQUIRE THE REVIEW OR APPROVAL OF PLANS FOR
THE INTERIOR PORTION OF ANY CONSTRUCTION OR REMODELING OR OTHER REVISION OF A
RESIDENCE OR OTHER STRUCTURE IN THE COMMUNITY. AN ASSOCIATION MAY REQUIRE
THE REVIEW OR APPROVAL OF THE EXTERIOR PORTION OF THE PLANS, INCLUDING THE
EXTERIOR DIMENSIONS AND LOCATION OF THE RESIDENCE OR OTHER STRUCTURE."

Amend title to conform