

Senate Engrossed House Bill
residential contractors' recovery fund; eligibility

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

CHAPTER 124
HOUSE BILL 2152

AN ACT

AMENDING SECTION 32-1132, ARIZONA REVISED STATUTES; RELATING TO THE
RESIDENTIAL CONTRACTORS' RECOVERY FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-1132, Arizona Revised Statutes, is amended to
3 read:

4 32-1132. Residential contractors' recovery fund; claimants;
5 eligibility; definition

6 A. The residential contractors' recovery fund is established, to
7 be administered by the registrar, for the benefit of ~~a claimant~~ CLAIMANTS
8 THAT ARE damaged by an act, representation, transaction or conduct of a
9 residential contractor THAT IS licensed pursuant to this chapter AND that
10 is in violation of this chapter or the rules adopted pursuant to this
11 chapter.

12 B. Only the following claimants are eligible for an award from the
13 residential contractors' recovery fund:

14 1. An individual who both:

15 (a) Owns residential real property that is damaged by the failure
16 of a residential contractor to adequately build or improve a residential
17 structure or appurtenance.

18 (b) Actually occupies or intends to occupy the residential real
19 property described in subdivision (a) of this paragraph as the
20 individual's primary residence.

21 2. A limited liability company to which ~~at~~ BOTH of the following
22 apply:

23 (a) The limited liability company owns the residential real
24 property that is damaged by the failure of a residential contractor to
25 adequately build or improve a residential structure or appurtenance.

26 (b) ~~At~~ AT LEAST ONE of the limited liability company's members
27 actually occupy or ~~intend to~~ WILL occupy the residential real property as
28 described in subdivision (a) of this paragraph as their primary residence.

29 ~~(c) A member of the limited liability company has not received~~
30 ~~monies from the fund in the last two years.~~

31 3. A trust to which all of the following apply:

32 (a) The trust is a revocable living trust.

33 (b) The trust owns the residential real property that is damaged by
34 the failure of a residential contractor to adequately build or improve a
35 residential structure or appurtenance.

36 (c) All of the trust's trustors actually occupy or intend to occupy
37 the residential real property described in subdivision (b) of this
38 paragraph as their primary residence.

39 ~~(d) A trustor has not received monies from the fund in the last two~~
40 ~~years.~~

41 4. A planned community as defined in section 33-1802 or unit
42 owners' association as defined in section 33-1202 if both:

43 (a) The builder or developer transferred control to the planned
44 community as defined in section 33-1802 or unit owners' association as
45 defined in section 33-1202.

1 (b) A licensed residential contractor's failure to adequately build
2 or improve a residential structure or appurtenance caused damage to the
3 common elements within the complex.

4 5. A lessee of residential real property that meets all of the
5 following:

6 (a) Contracts directly with a residential contractor or indirectly
7 with a subcontractor of the residential contractor.

8 (b) Actually occupies or intends to occupy the residential real
9 property described in subdivision (a) of this paragraph as the lessee's
10 primary residence.

11 (c) Is damaged by the licensed residential contractor's failure to
12 adequately build or improve a residential structure or appurtenance.

13 C. In order for a claimant to be eligible for an award from the
14 residential contractors' recovery fund, the contractor whose actions
15 damaged the claimant must have been appropriately licensed at one of the
16 following times:

17 1. The date that the underlying contract was signed.

18 2. The date that the first payment was made.

19 3. The date that the underlying work first commenced.

20 D. For the purposes of this section, "appropriately licensed" means
21 the residential contractor held a valid residential contractor license
22 that was issued pursuant to this chapter and that was not canceled, in
23 inactive status, expired, suspended or revoked.

24 Sec. 2. Retroactivity

25 This act applies retroactively to residential contractors' recovery
26 fund claims that were submitted to the registrar of contractors from and
27 after December 31, 2020.

APPROVED BY THE GOVERNOR APRIL 13, 2022.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 13, 2022.