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

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

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

A. The residential contractors' recovery fund is established to be administered by the registrar for the benefit of a claimant that is damaged by an act, representation, transaction or conduct of a residential contractor that is licensed pursuant to this chapter AND that is in violation of this chapter or the rules adopted pursuant to this chapter.

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

1. An individual who both:
   (a) Owns residential real property that is damaged by the failure of a residential contractor to adequately build or improve a residential structure or appurtenance.
   (b) Actually occupies or intends to occupy the residential real property described in subdivision (a) of this paragraph as the individual's primary residence.

2. A limited liability company to which both of the following apply:
   (a) The limited liability company owns the residential real property that is damaged by the failure of a residential contractor to adequately build or improve a residential structure or appurtenance.
   (b) At least one of the limited liability company's members actually occupy or intend to occupy the residential real property as described in subdivision (a) of this paragraph as their primary residence.
   (c) A member of the limited liability company has not received monies from the fund in the last two years.

3. A trust to which all of the following apply:
   (a) The trust is a revocable living trust.
   (b) The trust owns the residential real property that is damaged by the failure of a residential contractor to adequately build or improve a residential structure or appurtenance.
   (c) All of the trust's trustors actually occupy or intend to occupy the residential real property described in subdivision (b) of this paragraph as their primary residence.
   (d) A trustor has not received monies from the fund in the last two years.

4. A planned community as defined in section 33-1802 or unit owners' association as defined in section 33-1202 if both:
   (a) The builder or developer transferred control to the planned community as defined in section 33-1802 or unit owners' association as defined in section 33-1202.
(b) A licensed residential contractor's failure to adequately build or improve a residential structure or appurtenance caused damage to the common elements within the complex.

5. A lessee of residential real property that meets all of the following:
   (a) Contracts directly with a residential contractor or indirectly with a subcontractor of the residential contractor.
   (b) Actually occupies or intends to occupy the residential real property described in subdivision (a) of this paragraph as the lessee's primary residence.
   (c) Is damaged by the licensed residential contractor's failure to adequately build or improve a residential structure or appurtenance.

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

1. The date that the underlying contract was signed.
2. The date that the first payment was made.
3. The date that the underlying work first commenced.

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

Sec. 2. Retroactivity

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

APPROVED BY THE GOVERNOR APRIL 13, 2022.