

REFERENCE TITLE: entrance fee; refunds; time frame

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HB 2370

Introduced by
Representative Gress

AN ACT

AMENDING SECTION 20-1804, ARIZONA REVISED STATUTES; RELATING TO LIFE CARE CONTRACTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-1804, Arizona Revised Statutes, is amended to
3 read:

4 20-1804. Entrance fee escrow; refundable fee

5 A. As a condition for the issuance of a permit pursuant to section
6 20-1803, the director shall require that the provider establish an escrow
7 account with a licensed agent which provides that all of any entrance fee
8 received by the provider ~~prior to~~ BEFORE the date the resident is
9 ~~permitted~~ ALLOWED to occupy his or her living unit in the facility or the
10 date the contract holder is to begin receiving services in his or her
11 private residence be placed in escrow with a bank, trust company or other
12 escrow agent approved by the director, subject to the condition that such
13 funds may be released only as follows:

14 1. If the entrance fee applies to a contract holder who will be
15 receiving services in his or her private residence, the entrance fee shall
16 be released to the provider at such time as the life care contract
17 commences.

18 2. If the entrance fee applies to a living unit ~~which~~ THAT has been
19 previously occupied in the facility, the entrance fee shall be released to
20 the provider at such time as the living unit becomes available for
21 occupancy by the new resident.

22 3. If the entrance fee applies to a living unit ~~which~~ THAT has not
23 previously been occupied by any resident, the entrance fee, or that
24 portion of the entrance fee not to be held in escrow pursuant to section
25 20-1806, shall be released to the provider at such time as the director is
26 satisfied that all of the following conditions exist:

27 (a) Construction or purchase of the facility has been substantially
28 completed and an occupancy permit covering the living unit has been issued
29 by the local government having authority to issue such permits.

30 (b) A commitment has been received by the provider for any
31 permanent mortgage loan or other long-term financing described in the
32 statement of anticipated source and application of funds submitted by the
33 provider as part of its permit application, and any conditions of the
34 commitment ~~prior to~~ BEFORE disbursement of funds thereunder have been
35 substantially satisfied.

36 (c) Aggregate entrance fees received or receivable by the provider
37 pursuant to binding life care contracts, plus the anticipated proceeds of
38 any first mortgage loan or other long-term financing commitment are equal
39 to not less than ninety ~~per cent~~ PERCENT of the aggregate cost of
40 constructing or purchasing, equipping and furnishing the facility plus not
41 less than ninety ~~per cent~~ PERCENT of the funds estimated in the statement
42 of anticipated source and application of funds submitted by the provider
43 as part of its permit application, to be necessary to fund start-up losses
44 and assure full performance of the obligations of the provider pursuant to
45 life care contracts.

1 B. If the funds in an escrow account required to be established
2 under subsection A ~~OF THIS SUBSECTION~~ are not released within such time as
3 provided by rules and regulations issued by the director, ~~then~~ such funds
4 shall be returned by the escrow agent to the persons who had made payment
5 to the provider.

6 C. An entrance fee held in escrow may be returned by the escrow
7 agent to the person or persons who had made payment to the provider at any
8 time ~~upon~~ ON receipt by the escrow agent of notice from the provider that
9 such person is entitled to a refund of the entrance fee.

10 D. WITHIN SIXTY DAYS AFTER A FACILITY RECEIVES A RESIDENT'S NOTICE
11 TO VACATE, THE FACILITY SHALL ASSIGN THE VACATED UNIT A SEQUENTIAL REFUND
12 NUMBER AMONG ALL THE AVAILABLE UNITS WITH REFUNDABLE ENTRANCE FEES AND
13 PROVIDE REFUNDS IN ORDER BASED ON THE SEQUENTIAL REFUND NUMBER IF:

14 1. THE LIFE CARE CONTRACT PROVIDES FOR A REFUNDABLE ENTRANCE FEE.

15 2. THE TERMS UNDER A LIFE CARE CONTRACT FOR ISSUING A SEQUENTIAL
16 REFUND NUMBER ARE FULFILLED.

17 3. THE UNIT IS RESTORED PURSUANT TO SUBSECTION F OF THIS SECTION.

18 E. SUBSECTION D OF THIS SECTION DOES NOT APPLY TO A LIFE CARE
19 CONTRACT THAT SPECIFICALLY PROVIDES FOR A TWO-YEAR WAITING PERIOD BEFORE A
20 FACILITY IS REQUIRED TO PROVIDE A REFUND.

21 F. AFTER A UNIT IS VACATED, A FACILITY MAY RESTORE THE UNIT TO ITS
22 ORIGINAL CONDITION. THE FACILITY MAY IMPOSE MONTHLY FEES UNTIL ALL
23 PERSONAL PROPERTY IS REMOVED, AND THE FACILITY MAY REMOVE ANY PERSONAL
24 PROPERTY BEGINNING ON THE TWENTY-FIRST DAY AFTER THE FACILITY RECEIVES THE
25 RESIDENT'S NOTICE TO VACATE.

26 ~~D. G. Nothing in~~ This section ~~shall be interpreted as requiring~~
27 DOES NOT REQUIRE the escrow of any nonrefundable application fee,
28 designated as such in the permit application required by section 20-1802,
29 received by the provider from a prospective resident or contract holder.

30 Sec. 2. Effective date

31 Section 20-1804, Arizona Revised Statutes, as amended by this act,
32 is effective from and after December 31, 2025.