

House Engrossed

installation license; insurance; rules

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2868

AN ACT

AMENDING SECTIONS 41-4025, 41-4027, 41-4030, 41-4032 AND 41-4036, ARIZONA
REVISED STATUTES; RELATING TO THE ARIZONA DEPARTMENT OF HOUSING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-4025, Arizona Revised Statutes, is amended to
3 read:

4 41-4025. Qualifications and requirements for licensure

5 A. A manufacturer, dealer, broker, salesperson or installer license
6 shall be issued by the director.

7 B. The director shall:

8 1. Qualify applicants for a license.

9 2. Conduct investigations as the director deems necessary.

10 3. Establish and administer written examinations for the applicable
11 license classifications.

12 C. The director may establish experience requirements for
13 installers of manufactured homes, mobile homes, factory-built buildings
14 and accessory structures.

15 D. To obtain a license pursuant to this article, the applicant
16 shall submit to the director a notarized application on forms prescribed
17 by the department together with the required license fee. The application
18 shall contain the following information:

19 1. A designation of the classification of license sought by the
20 applicant.

21 2. The name, birth date and address of an individual applicant.

22 3. If the applicant is a partnership, the name, birth date and
23 address of all partners with a designation of any limited partners.

24 4. If the applicant is a corporation, association or other
25 organization, the names, birth dates and addresses of the president, vice
26 president, secretary and treasurer.

27 5. For all licenses, except those for salespersons, the name, birth
28 date and address of the qualifying party. The qualifying party must
29 reside within the state of the principal place of the licensee's business
30 and shall not act in the capacity of a qualifying party for more than one
31 license in the same classification.

32 6. If the applicant is a corporation, association or other
33 organization, evidence that the corporation, association or other
34 organization is in good standing with the Arizona corporation commission.

35 7. Whether the owner, if the applicant is a sole proprietorship,
36 all partners, if the applicant is a partnership, all officers, if the
37 applicant is a corporation or other type of association, the managers or
38 managing members, if the applicant is a limited liability company, the
39 general partner, if the applicant is a limited partnership, or the
40 individual, if the applicant is a salesperson, has ever been charged or
41 convicted of a felony, or has ever received an adverse final decision in a
42 civil action alleging fraud or misrepresentation and, if so, the nature of
43 the action and the final disposition of the case.

44 8. For corporations, the name and address of a statutory agent
45 who is appointed by the licensee on whom legal notices, summonses or other

1 processes may be served, which service shall be deemed personal service on
2 the licensee.

3 9. If it is an application for a salesperson's license, the
4 applicant shall designate an employing dealer or broker and shall include
5 the signature of the qualifying party or the qualifying party's designee.

6 10. Other information as the director may deem necessary.

7 E. Before receiving and holding a license issued pursuant to this
8 article, the owner, if the applicant is a sole proprietorship, all
9 partners, if the applicant is a partnership, the general partner, if the
10 applicant is a limited partnership, the president, vice president,
11 secretary and treasurer, if the applicant is a corporation or other type
12 of association, the manager or managing members, if the applicant is a
13 limited liability company, the individual, if the applicant is a
14 salesperson, and the qualifying party shall submit a valid fingerprint
15 clearance card issued pursuant to section 41-1758.03. The applicant is
16 responsible for providing the department with a valid fingerprint
17 clearance card.

18 F. The department shall not issue a license to an applicant before
19 receiving a valid fingerprint clearance card pursuant to this section.
20 The department shall suspend the license if the fingerprint clearance card
21 is determined to be invalid and an applicant who was issued a license
22 fails to submit a new fingerprint clearance card within ten days after
23 being notified by the department. This section does not affect the
24 department's ability to otherwise issue, deny, cancel, terminate, suspend
25 or revoke a license.

26 G. To obtain a license pursuant to this article, a person shall not
27 have had a license refused or revoked within one year before the date of
28 the application, shall not have engaged in the business without first
29 having been licensed and shall not act as a licensee between the filing of
30 the application and actual issuance of the license. For the purposes of
31 this subsection, "person" means an applicant, an individual, a qualifying
32 party, any partner of a partnership, any manager or managing member of a
33 limited liability company, or any officer, director, qualifying party or
34 owner of forty percent or more of the stock or beneficial interest of a
35 corporation.

36 H. Before issuance of a dealer, broker or installer license, the
37 qualifying party, in addition to meeting the requirements provided in
38 subsection D of this section, shall successfully show, by written
39 examination within three attempts, qualification in the kind of work or
40 business in which the applicant proposes to engage. Before the issuance
41 of an installer license, the qualifying party shall also provide the
42 department with evidence of successful completion of the online installer
43 course that is administered by the manufactured housing educational
44 institute and proof of three years of practical or field experience or
45 training that is deemed acceptable by the department.

1 I. A license shall not be issued to a minor or to any partnership
2 in which one of the partners is a minor.

3 J. Every salesperson who holds an active license shall maintain on
4 file with the department a current residence address and shall notify the
5 department within five working days of any change of address, of any
6 discontinued employment, and where, if anywhere, the salesperson is
7 currently working.

8 K. The license of a salesperson who is no longer employed by the
9 dealer of record is deemed inactive. The salesperson shall turn the
10 license into the department until the salesperson is employed by another
11 dealer and a written notification of the change has been received by the
12 department. On notification, the department shall return the license to
13 the salesperson.

14 L. AN APPLICANT FOR AN INSTALLATION LICENSE FOR A MANUFACTURED HOME
15 OR MOBILE HOME IN THIS STATE SHALL PROVIDE EVIDENCE OF AND MAINTAIN
16 INSURANCE IN AN AMOUNT THAT WILL COVER THE COST OF REPAIRING ALL DAMAGE TO
17 THE MANUFACTURED HOME OR MOBILE HOME AND ITS SUPPORTS THAT IS CAUSED BY
18 THE INSTALLER DURING THE INSTALLATION, INCLUDING REPLACEMENT OF THE
19 MANUFACTURED HOME OR MOBILE HOME. THE DEPARTMENT MAY REQUIRE THE LICENSED
20 INSTALLER TO PROVIDE PROOF OF INSURANCE AT ANY TIME. THE LICENSED
21 INSTALLER MUST NOTIFY THE DEPARTMENT OF ANY CHANGES OR CANCELLATIONS
22 REGARDING THE LICENSED INSTALLER'S INSURANCE COVERAGE.

23 Sec. 2. Section 41-4027, Arizona Revised Statutes, is amended to
24 read:

25 41-4027. Renewal of licenses; license status

26 A. Licenses issued under this article ~~shall~~ expire one year after
27 the date of issuance. An application for renewal of any current license
28 with evidence of a valid bond or cash deposit, A VALID FINGERPRINT
29 CLEARANCE CARD ISSUED PURSUANT TO SECTION 41-1758.03 AND PROOF OF
30 INSURANCE REQUIRED PURSUANT TO SECTION 41-4025, SUBSECTION L, IF
31 APPLICABLE, when accompanied by the required fee and received by the
32 director before the expiration date shall authorize the licensee to
33 operate until actual issuance of the renewal license for the ensuing year.

34 B. A license that expires may be reactivated and renewed within one
35 year of its expiration by filing the required renewal application, signed
36 by the licensee or qualifying party for a business licensee, evidence of a
37 valid bond and payment of a fee of one hundred twenty-five percent of the
38 amount required for that license class. When a license has been expired
39 for more than one year for failure to renew, a new application for license
40 shall be made and a new license issued pursuant to this article. If the
41 license has been expired for more than one year, the fee required shall be
42 two hundred percent of the fee required for that license class.

43 C. An applicant for renewal of a license issued pursuant to this
44 article shall not be required to take a written examination.

1 D. A license is not transferable. Any change in the legal entity
2 of a licensee that includes any change in the ownership of a sole
3 proprietorship or a partner of a partnership or in the creation of a new
4 corporate entity requires a new license.

5 E. A license may be canceled on the written request of the owner of
6 a sole proprietorship, a partner of a partnership or, in the case of a
7 corporation or a limited liability corporation, any person with written
8 evidence of ~~his~~ THE PERSON'S authority to request the cancellation. A
9 salesperson's license may be canceled on the written request of the
10 salesperson. The director may refuse to accept voluntary cancellation of
11 a license if good cause may exist for disciplinary action.

12 F. If possible, the licensee shall notify the director in writing
13 of the disassociation of a qualifying party before the action, and in any
14 event ~~no~~ NOT later than five business days after the action. The licensee
15 shall also notify the director as to who will be temporarily responsible
16 for the operation of the business. The absence of a written designated
17 qualifying party for sixty days is grounds for suspension of the license.
18 If a person ceases to be the qualifying party for a licensee, the person
19 shall notify the department within five days.

20 G. An application for a new qualifying party shall include the
21 completion of the prescribed forms, fingerprints and testing, if
22 applicable, in accordance with sections 41-4025 and 41-4026.

23 H. A licensee may request the director, on forms prescribed by the
24 director, to inactivate the licensee's current license for a period of not
25 more than two years. In the absence of any disciplinary proceeding or
26 disciplinary suspension and on payment of reasonable fees determined by
27 the board the director may issue an inactive license certificate to the
28 licensee if the licensee has turned in ~~his~~ THE LICENSEE'S license. The
29 inactive license certificate may consist of an endorsement on the
30 licensee's license stating that the license is inactive. The director may
31 not refund any of the license renewal fee ~~which~~ THAT a licensee paid
32 before requesting inactive status. A licensee's license that is not
33 suspended or revoked and is inactive shall be reactivated as an active
34 license on payment of the current year's renewal fee and thirty days'
35 written notice to the director. An examination may not be required to
36 reactivate an inactive license. If the license is not reactivated within
37 two years, a new application for licensing must be made and the new
38 license issued pursuant to this chapter. A licensee may not inactivate
39 the license more than once. The holder of an inactive license shall not
40 work as a licensee until the licensee's license is reactivated as an
41 active license. The inactive status of a licensee's license does not bar
42 any disciplinary action by the director against a licensee for any of the
43 grounds stated in this chapter.

1 Sec. 3. Section 41-4030, Arizona Revised Statutes, is amended to
2 read:

3 41-4030. Trust and escrow requirements for dealers that are
4 not also owners of mobile home parks; rules;
5 exemptions

6 A. Each dealer licensed pursuant to this article shall establish an
7 independent escrow account with an independent financial institution or
8 escrow agent authorized to handle such an account in this state as
9 prescribed by title 6, chapter 7 or 8 for each transaction involving:

10 1. A new manufactured home.

11 2. A new factory-built building designed for use as a residential
12 dwelling.

13 3. A manufactured home, mobile home or factory-built building
14 designed for use as a residential dwelling that is previously owned and
15 that has a purchase price of \$50,000 or more.

16 B. For the purposes of subsection A of this section, a financial
17 institution or escrow agent is independent if the individual or entity is
18 not controlled by the licensee, a family member of the licensee or a
19 business affiliated with the licensee and the licensee, family member or
20 business affiliate does not have a majority interest in the financial
21 institution or escrow agent.

22 C. Each dealer that sells new manufactured homes or factory-built
23 buildings designed for use as residential dwellings or a manufactured
24 home, mobile home or factory-built building designed for use as a
25 residential dwelling that is previously owned and that has a purchase
26 price of less than \$50,000 shall maintain a licensee's trust account or
27 open an escrow account with an independent financial institution or escrow
28 agent located in this state and shall deposit all earnest monies received
29 for the sale of manufactured homes, mobile homes or factory-built
30 buildings designed for use as residential dwellings in that account. The
31 department shall conduct an audit of each dealer's trust or escrow
32 account, including any transactions with an independent escrow account, at
33 least once every two years. A purchaser of a mobile home, used
34 manufactured home or used factory-built building designed for use as a
35 residential dwelling may request that the dealer establish an independent
36 escrow account, and if such a request is made in writing not later than
37 the time the purchase contract is signed, and the seller consents, the
38 dealer shall comply with this subsection by complying with subsection A of
39 this section. A licensee that handles a transaction under this subsection
40 shall disclose to the purchaser, in writing and before or at the time the
41 purchaser signs the purchase contract, that the purchaser may request in
42 writing the use of an independent escrow account, and that the transaction
43 will otherwise be handled through a trust account controlled by the
44 licensee.

1 D. All dealers shall notify the director in writing when the trust
2 or escrow account has been established by indicating the name and number
3 of the account and the name and location of the financial institution
4 used.

5 E. The dealer, in writing, shall authorize the depository to
6 release any and all information relative to trust or escrow accounts to
7 the director or the director's agent, employee or deputy.

8 F. The dealer's earnest monies receipt book shall reflect all
9 earnest monies received and shall be at the minimum in duplicate and
10 consecutively numbered.

11 G. All earnest monies shall be deposited in the escrow account or
12 trust fund account not later than the close of the second banking business
13 day after receipt.

14 H. The terms or instructions for any escrow account opened under
15 subsection A or C of this section are deemed to be enforceable as part of
16 the purchase contract. All parties to the purchase contract and the
17 licensee shall sign the terms and instructions. If practicable, the
18 escrow terms or instructions shall be included in the purchase contract or
19 stated in an addendum to the purchase contract. The licensee shall
20 provide a copy of the purchase contract to the escrow agent even if the
21 escrow terms or instructions are contained in a separate document. The
22 licensee shall promptly provide the escrow account information to all
23 parties to the purchase contract once the account is opened.

24 I. At a minimum, the escrow terms or instructions shall contain:

25 1. Identification of the escrow agent with information containing
26 at least the name, address and telephone number of the escrow agent.

27 2. All conditions or requirements that affect or pertain to closing
28 the escrow account and disbursement of the monies in the escrow account.

29 3. Any conditions or requirements where monies are to be disbursed
30 from the escrow account in advance of the escrow account being closed.

31 4. Any conditions or requirements where additional monies or
32 documents must be deposited with an escrow agent after the escrow account
33 is opened.

34 J. A dealer or broker may deposit and maintain up to \$200 in the
35 trust account to offset service charges that may be assessed by the
36 financial institution.

37 K. Every deposit into a trust account shall be made with a deposit
38 slip that identifies each transaction as follows:

39 1. The amount of deposit.

40 2. The names of all parties involved in the transaction. All
41 receipts for monies deposited in escrow shall be made accountable by
42 containing the same information.

43 L. A complete record shall be retained by the dealer's or broker's
44 office of all earnest monies received. The record shall contain
45 provisions for entering:

- 1 1. The amount received.
- 2 2. From whom the monies were received.
- 3 3. The date of receipt.
- 4 4. The place of deposit.
- 5 5. The date of deposit.
- 6 6. The daily balance of the trust fund account deposit of each
- 7 transaction.
- 8 7. When the transaction has been completed.
- 9 8. The date and payment for all goods and services the dealer has
- 10 contracted to provide.
- 11 M. All earnest monies deposited in the trust or escrow account
- 12 shall be held in such account until one of the following is completed:
- 13 1. The consummation of sale.
- 14 2. The termination of sale, including a complete accounting of all
- 15 monies.
- 16 N. On completion pursuant to subsection M of this section, the
- 17 earnest monies deposit shall be conveyed to the lending institution or the
- 18 dealer, purchaser, seller, manufacturer or lienholder, whichever is
- 19 applicable.
- 20 O. The dealer shall retain true copies of the purchase agreements,
- 21 earnest monies receipts, depository receipts, evidence of delivery
- 22 documents and evidence of consummation of sale or termination of sale for
- 23 a period of three years.
- 24 P. The deposits referred to in this section shall not be used for
- 25 any purpose other than the transaction for which they were provided.
- 26 Q. Notwithstanding any other provision of this section and except
- 27 that this subsection does not apply to an independent escrow account
- 28 established pursuant to subsection A of this section, before an event
- 29 listed under subsection M of this section is completed, a licensed dealer
- 30 may release trust account earnest monies to pay for flooring or inventory
- 31 for the unit that is the subject of the transaction for which the earnest
- 32 monies were provided. A licensed dealer may release trust account earnest
- 33 monies to pay other lawfully imposed interim loan amounts and charges
- 34 imposed by a financial institution or other bona fide lender on the unit
- 35 that is the subject of the transaction for which the earnest monies were
- 36 provided. The dealer shall not make any payment out of trust account
- 37 monies pursuant to this subsection unless done in compliance with all of
- 38 the following:
- 39 1. The payment is made not more than ten business days before the
- 40 completion date pursuant to subsection M of this section.
- 41 2. The payment is made directly to the financial institution or
- 42 other bona fide lender.
- 43 3. The payment is recorded in the dealer's records under this
- 44 section and documented by a receipt, a payment record or any other
- 45 evidence from the financial institution or lender.

1 4. If the transaction is terminated, the dealer replaces the amount
2 of the payment in the trust account within three business days after
3 receiving written notification of the termination.
4 This subsection does not affect any other rights or obligations between
5 the purchaser and the licensed dealer.

6 ~~R. The board shall adopt separate rules for dealer trust and escrow~~
7 ~~accounts trust and escrow accounts. At a minimum, these rules shall~~
8 ~~contain trust and escrow account requirements for the following:~~

9 ~~1. Recordkeeping.~~

10 ~~2. Administration.~~

11 ~~3. Service fees or charges.~~

12 ~~4. Deposits.~~

13 ~~5. Advances or payments out of trust and escrow accounts.~~

14 ~~6. Closing or termination of sales transactions.~~

15 ~~7. Auditing or investigation of trust or escrow account complaints.~~

16 ~~5.~~ R. This section shall not apply to a real estate broker or
17 salesperson licensed pursuant to section 32-2122 and pursuant to this
18 article when the unit is sold in conjunction with real estate.

19 Sec. 4. Section 41-4032, Arizona Revised Statutes, is amended to
20 read:

21 41-4032. Cosmetic complaints; process; walk-through;
22 definition

23 A. Notwithstanding sections 41-4004 and 41-4031, a purchaser of a
24 new manufactured home shall file a complaint concerning cosmetic,
25 superficial or minor matters relating to the manufactured home ~~no~~ NOT more
26 than one hundred twenty days after the date of installation or the
27 designated cosmetic complaint date prescribed in section 41-4033.

28 B. The director shall not process or verify a complaint described
29 in subsection A of this section if the complaint is filed more than one
30 hundred twenty days after the date of installation or the designated
31 cosmetic complaint date prescribed in section 41-4033, unless the director
32 finds, after written notice to the interested parties, that the complaint
33 involves major or structural matters relating to the manufactured home.

34 ~~C. The board shall adopt rules establishing procedures for~~
35 ~~complaints filed pursuant to this section, including rules for determining~~
36 ~~the date of installation of a new manufactured home.~~

37 ~~D.~~ C. This section does not apply if, within thirty days after the
38 date of installation or the designated cosmetic complaint date prescribed
39 in section 41-4033, the manufacturer or dealer of the new manufactured
40 home has not conducted a walk-through of the home with the purchaser or
41 the purchaser's representative and has not completed a walk-through
42 checklist on a form approved by the board. The walk-through checklist
43 form shall contain a notice to the purchaser, located immediately above
44 the signature lines and in bold print, advising the purchaser that all
45 cosmetic, superficial or minor matters found during the walk-through

1 should be listed on the form and that the complaint filing period for
2 cosmetic, superficial or minor matters is one hundred twenty days from
3 either the date of installation of the home or the designated cosmetic
4 complaint date prescribed in section 41-4033.

5 ~~E.~~ D. For the purposes of this section, "cosmetic, superficial or
6 minor matters":

7 1. Means any defect or condition that renders a part of the home
8 not fit for its intended, expected or ordinary use or appearance,
9 including defects or conditions that involve the appearance of the home's
10 structural, electrical, plumbing, mechanical or gas systems. ~~Cosmetic,~~
11 ~~superficial or minor matters do~~

12 2. DOES not include defects or conditions involving the performance
13 of the home's structural, electrical, plumbing, mechanical or gas systems.

14 Sec. 5. Section 41-4036, Arizona Revised Statutes, is amended to
15 read:

16 41-4036. Repairs; complaints

17 A. Within ninety days after the end of the cosmetic complaint
18 period, the dealer or manufacturer shall repair or replace cosmetic,
19 superficial or minor matters discovered on the walk-through unless an item
20 necessary for the repair or replacement is unavailable and written notice
21 of that fact is provided to the purchaser.

22 B. For cosmetic, superficial or minor matters found after the
23 walk-through and before the one hundred twenty-day deadline, the purchaser
24 shall notify the dealer in writing before a complaint may be filed, except
25 if there are extenuating circumstances, such as serious illness,
26 incapacity or death. The dealer or manufacturer shall replace or repair
27 these items within ninety days after the end of the cosmetic complaint
28 period.

29 ~~C. The board shall adopt rules establishing procedures for~~
30 ~~scheduling repair and replacement of complaint items.~~

31 ~~D.~~ C. The purchaser may file a complaint with the department on
32 matters covered by this section if the complaint is filed within the
33 twelve-month period prescribed by sections 41-4004 and 41-4031 and the
34 licensee failed to repair or replace the items within the repair and
35 replacement period or the repair or replacement does not comply with
36 adopted codes or workmanship standards.