

Fiftieth Legislature  
Second Regular Session

## COMMITTEE ON AGRICULTURE AND WATER

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2025

(Reference to printed bill)

1 Page 1, line 10, after "45-108" insert "UNLESS THE LOT IS CONTAINED WITHIN A  
2 PLANNED COMMUNITY AS DEFINED IN SECTION 33-1802. FOR LOTS IN A PLANNED  
3 COMMUNITY, THE PLANNED COMMUNITY ASSOCIATION SHALL RECORD THE DOCUMENT  
4 PRESCRIBED BY THIS SECTION. THE SUBDIVIDER SHALL INCLUDE A COPY OF THE  
5 RECORDED DOCUMENT IN THE PUBLIC REPORT PRESCRIBED BY SECTION 32-2183"

6 Line 14, after "SUBDIVISION" insert "OR, IF RECORDED BY A PLANNED COMMUNITY  
7 ASSOCIATION, SHALL BE RECORDED AGAINST ALL THE LOTS IN THE PLANNED COMMUNITY"

8 Line 26, after "SUBDIVIDER" insert "OR A PLANNED COMMUNITY ASSOCIATION"

9 Between lines 31 and 32, insert:

10                 "F. A PLANNED COMMUNITY ASSOCIATION THAT IS OBLIGATED TO RECORD A  
11 DOCUMENT PURSUANT TO THIS SECTION IS NOT LIABLE FOR THE ACCURACY OR  
12 INACCURACY OF THE INFORMATION CONTAINED IN THE REPORT, INCLUDING THE QUANTITY  
13 OR QUALITY OF AVAILABLE WATER."

## 14 Reletter to conform

15 After line 33, insert:

16                    "Sec. 2. Section 33-1806, Arizona Revised Statutes, is amended to  
17                    read:

18                   33-1806. Resale of units; information required; fees; civil  
19                   penalty; definition

20                   A. For planned communities with fewer than fifty units, a member shall  
21                   mail or deliver to a purchaser or a purchaser's authorized agent within ten  
22                   days after receipt of a written notice of a pending sale of the unit, and for  
23                   planned communities with fifty or more units, the association shall mail or  
24                   deliver to a purchaser or a purchaser's authorized agent within ten days  
25                   after receipt of a written notice of a pending sale that contains the name  
26                   and address of the purchaser, all of the following in either paper or  
27                   electronic format:

1           1. A copy of the bylaws and the rules of the association.

2           2. A copy of the declaration.

3           3. A dated statement containing:

4               (a) The telephone number and address of a principal contact for the  
5               association, which may be an association manager, an association management  
6               company, an officer of the association or any other person designated by the  
7               board of directors.

8               (b) The amount of the common regular assessment and the unpaid common  
9               regular assessment, special assessment or other assessment, fee or charge  
10              currently due and payable from the selling member. If the request is made by  
11              a lienholder, escrow agent, member or person designated by a member pursuant  
12              to section 33-1807, failure to provide the information pursuant to this  
13              subdivision within the time provided for in this subsection shall extinguish  
14              any lien for any unpaid assessment then due against that property.

15              (c) A statement as to whether a portion of the unit is covered by  
16              insurance maintained by the association.

17              (d) The total amount of money held by the association as reserves.

18              (e) If the statement is being furnished by the association, a  
19              statement as to whether the records of the association reflect any  
20              alterations or improvements to the unit that violate the declaration. The  
21              association is not obligated to provide information regarding alterations or  
22              improvements that occurred more than six years before the proposed sale.  
23              Nothing in this subdivision relieves the seller of a unit from the obligation  
24              to disclose alterations or improvements to the unit that violate the  
25              declaration, nor precludes the association from taking action against the  
26              purchaser of a unit for violations that are apparent at the time of purchase  
27              and that are not reflected in the association's records.

28              (f) If the statement is being furnished by the member, a statement as  
29              to whether the member has any knowledge of any alterations or improvements to  
30              the unit that violate the declaration.

31              (g) A statement of case names and case numbers for pending litigation  
32              with respect to the unit filed by the association against the member or filed

1 by the member against the association. The member shall not be required to  
2 disclose information concerning such pending litigation that would violate  
3 any applicable rule of attorney-client privilege under Arizona law.

4 (h) A statement that provides "I hereby acknowledge that the  
5 declaration, bylaws and rules of the association constitute a contract  
6 between the association and me (the purchaser). By signing this statement, I  
7 acknowledge that I have read and understand the association's contract with  
8 me (the purchaser). I also understand that as a matter of Arizona law, if I  
9 fail to pay my association assessments, the association may foreclose on my  
10 property." The statement shall also include a signature line for the  
11 purchaser and shall be returned to the association within fourteen calendar  
12 days.

13 4. A copy of the current operating budget of the association.

14 5. A copy of the most recent annual financial report of the  
15 association. If the report is more than ten pages, the association may  
16 provide a summary of the report in lieu of the entire report.

17 6. A copy of the most recent reserve study of the association, if any.

18 7. A statement summarizing any pending lawsuits, except those relating  
19 to the collection of assessments owed by members other than the selling  
20 member, in which the association is a named party, including the amount of  
21 any money claimed.

22 8. A COPY OF ANY STATEMENT OF WATER ADEQUACY OR INADEQUACY IF REQUIRED  
23 FOR THE PROPERTY PURSUANT TO SECTION 33-425.

24 B. A purchaser or seller who is damaged by the failure of the member  
25 or the association to disclose the information required by subsection A of  
26 this section may pursue all remedies at law or in equity against the member  
27 or the association, whichever failed to comply with subsection A of this  
28 section, including the recovery of reasonable attorney fees.

29 C. The association may charge the member a fee of no more than an  
30 aggregate of four hundred dollars to compensate the association for the costs  
31 incurred in the preparation of a statement or other documents furnished by  
32 the association pursuant to this section for purposes of resale disclosure,

1       lien estoppel and any other services related to the transfer or use of the  
2       property. In addition, the association may charge a rush fee of no more than  
3       one hundred dollars if the rush services are required to be performed within  
4       seventy-two hours after the request for rush services, and may charge a  
5       statement or other documents update fee of no more than fifty dollars if  
6       thirty days or more have passed since the date of the original disclosure  
7       statement or THE DATE THE documents were delivered. The association shall  
8       make available to any interested party the amount of any fee established from  
9       time to time by the association. If the aggregate fee for purposes of resale  
10      disclosure, lien estoppel and any other services related to the transfer or  
11      use of a property is less than four hundred dollars on January 1, 2010, the  
12      fee may increase at a rate of no more than twenty per cent per year based on  
13      the immediately preceding fiscal year's amount not to exceed the four hundred  
14      dollar aggregate fee. The association may charge the same fee without regard  
15      to whether the association is furnishing the statement or other documents in  
16      paper or electronic format.

17      D. The fees prescribed by this section shall be collected no earlier  
18      than at the close of escrow and may only be charged once to a member for that  
19      transaction between the parties specified in the notice required pursuant to  
20      subsection A of this section. An association shall not charge or collect a  
21      fee relating to services for resale disclosure, lien estoppel and any other  
22      services related to the transfer or use of a property except as specifically  
23      authorized in this section. An association that charges or collects a fee in  
24      violation of this section is subject to a civil penalty of no more than one  
25      thousand two hundred dollars.

26      E. This section applies to a managing agent for an association that is  
27      acting on behalf of the association.

28      F. A sale in which a public report is issued pursuant to sections  
29      32-2183 and 32-2197.02 or a sale pursuant to section 32-2181.02 is exempt  
30      from this section.

1                   G. For the purposes of this section, unless the context otherwise  
2 requires, "member" means the seller of the unit title and excludes any real  
3 estate salesperson or real estate broker who is licensed under title 32,  
4 chapter 20 and who is acting as a salesperson or broker and also excludes a  
5 trustee of a deed of trust who is selling the property in a trustee's sale  
6 pursuant to chapter 6.1 of this title."

7 Amend title to conform

and, as so amended, it do pass

RUSSELL L. JONES  
Chairman

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