



ARIZONA STATE SENATE
Fifty-First Legislature, Second Regular Session

REVISED
FACT SHEET FOR H.B. 2477

homeowners' associations; transfer fees; exemption

Purpose

Extends exemptions from homeowners' association (HOA) disclosure requirements regarding property sales to specified transfers of land.

Background

An *association*, also known as an HOA, is a common interest organization to which all the owners of lots in a planned community or units in a condominium must belong. HOAs are organized and established to operate shared portions of the condominium or planned community. A planned community is a real estate development that: 1) includes real estate owned and operated by a nonprofit corporation or unincorporated association of owners; and 2) is created pursuant to a recorded declaration for the purpose of managing, maintaining or improving the property (A.R.S. § 33-1802). A condominium refers to a real estate development in which certain portions are designated for separate ownership (units) and the remainder is designated for common ownership by the unit owners (A.R.S. § 33-1202).

Statute requires condominium unit owners and HOA homeowners (owners), or the HOA depending on the size of the community, to mail certain information to a purchaser within 10 days of receipt of a pending sale notice. This information includes: 1) HOA governing documents; 2) HOA contact, insurance, litigation and financial information; and 3) statements requiring a signature (HOA disclosure information). The HOA is allowed to charge the owner certain fees for preparation of HOA disclosure information, rush services, document updates and any other services related to the transfer of the property. Exempt from mailing the HOA disclosure information and related fees are: 1) sales in which public reports are issued for the sale of subdivision or timeshare property; and 2) sales of certain property which is also exempt from subdivision property sale requirements such as bulk sales or large lots (A.R.S. §§ 33-1260 and 33-1806).

The transfer of certain lands requires an affidavit of legal value and fees that are processed by the county recorder. However, the following transfers of titles, among others, are exempt from such requirements: 1) the transfer for only nominal actual consideration for the transfer of residential property between certain family ties such as a parent to child; and 2) the transfer for nominal or no consideration between companies or entities with common ties, such as a subsidiary to its parent, a partner to its partnership or a trustee to its trust beneficiary (A.R.S. § 11-1134).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Exempts owners and HOAs from mailing HOA disclosure information to a purchaser and exempts the owner from related fees if the sale is:
 - a) a conveyance by recorded deed; and
 - b) a transfer between family members or companies or entities with common ties.
2. Requires the owner to provide the HOA with the change in ownership including the owner's name, billing address and phone number on the recordation of the deed for no additional charge.
3. Specifies that failure to provide the above information will not disqualify the owner from the exemption.
4. Makes technical and conforming changes.
5. Becomes effective on the general effective date.

Revision

- Makes a clarifying change.

House Action

GOV	2/18/14	DPA	9-0-0-0-0
3 rd Read	3/4/14		55-0-5-0

Prepared by Senate Research

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