Legislative Overview for ADRE Licensees **2011**

The Arizona State Legislature adjourned sine die on April 20, 2011. The following bills were passed and signed into law by the Governor and affect the Department of Real Estate and related industries. Please be advised of all of the following. The general effective date of the bills is July 20, 2011, unless otherwise stated.

Please be advised that this list is not comprehensive and therefore may not include all bills that directly or indirectly affect ADRE licensees. Please visit the state legislature's website at www.azleg.gov for more information.

General:

SB1292 real estate; education; broker requirements (General effective date, however please note that the provision that requires instructors to attend a three hour workshop is applicable beginning Jan. 1, 2012) - requires that the real estate exam demonstrate that the applicant has an appropriate knowledge of other real estate practices and principles as determined by the Commissioner; allows the Commissioner to withdraw or deny instructor certification for instructors teaching course content that is not current or that has been substantially changed from the course as approved; starting January 1, 2012, requires that instructors take a three hour department-approved seminar or workshop emphasizing instruction methods, techniques and skills in the 24 months prior to application or renewal; allows for the instructor seminar provision to be waived based on individual request review; finally the bill changes the number of days that brokers have to review listing agreements, purchase or nonresidential lease agreements or similar instruments from five to ten business days and defines business day as "a day that is not a Saturday, a Sunday or any other legal holiday in this state."

*Please note that the continuing education provisions originally included in SB1292 relating to postlicensing education for salespersons and broker supervision are not included in the final version of the bill that was passed and signed by the Governor.

HB2102 license eligibility; authorized presence - makes changes to the lawful presence requirements that licensees have to abide by; exempts an applicant if all of the following apply: (a) they are a resident of another state, (b) they hold the equivalent license in that state that they are seeking in this state, and (c) they seek the Arizona license to comply with this state's licensing laws and not to establish residence in this state; clarifies that if the document the applicant uses to prove lawful presence does not have a photograph, they must also present a government issued document that contains a photograph.

SB1105 real estate transfer affidavit; transmission - requires the county recorder, rather than the Department of Revenue, to scan and transmit an electronic copy of affidavits that are received in regard to real estate transfer to the Department of Revenue and the Arizona State Library, Archives and Public Records.

HB2153 municipalities; counties; fire sprinklers; code – prohibits a city, town or county from adopting an ordinance that mandates the installation of fire sprinklers in single family homes.

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SB1458 professional licensure; out-of-state applicants – requires a license be issued without an exam to a person who is married to an active duty member of the Armed Forces and who is accompanying the member to an official permanent change of station to a military installation located in Arizona if certain provisions are met (currently holds equivalent license in good standing in another state, previously passed an exam required for the license, has not had their license revoked or voluntarily surrendered for unprofessional conduct, etc.)

SB1609 retirement systems; plans; plan design (Certain sections become effective June 30, 2011) makes changes to the existing contribution and benefit structures for the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS), the Elected Officials Retirement Plan (EORP) and the Corrections Officers Retirement Plan (CORP); for ASRS, removes the 85 points system for all members, retains the 80 points system for members hired before July 1, 2011; changes age plus service requirements for members hired after the effective date of the bill to: age 55 and 30 years of service, age 60 and 25 years of service, age 62 and 10 years of service, age 65; makes numerous changes to the Alternate Contribution Rate.

Developers:

HB2005 subdivisions; acting in concert (**Delayed effective date of September 30, 2011) - states that either the county where a division occurred, or ADRE, but not both may enforce "acting in concert" statutes; asserts that a familial relationship alone is not sufficient to constitute unlawful acting in concert; permits the county to waive the requirement to prepare, submit and receive approval of a preliminary plat as a condition precedent to submitting a final plate, as well as waive or reduce infrastructure standards or requirements; states that a creation of six or more lots, parcels or fractional interest is not subject to public report requirements when the sale or lease of a lot, parcel or fractional interest occurs ten or more years after the sale or lease of another lot, parcel or fractional interest and the other lot, parcel or fractional interest is not subject to public report requirements and is treated as an independent parcel, unless upon investigation by the Commissioner, it is found that there was evidence of intent to circumvent the subdivision laws; removes the provision that states that the commissioner may "take whatever other action he deems necessary to ensure compliance with the subdivision laws of this state"; states that the Commissioner has no longer than five years after an initial complaint is received or the commissioner initiates an investigation to determine if there was a violation of the subdivision statutes; finally, the bill limits the liability for developers when an untrue statement of material fact or omission of material fact on a public report is made by limiting the amount in damages that have to be paid.

SB1525 city; town; development fees (Section 9-463.05 becomes effective Dec. 31, 2011) - makes numerous changes to the statutes governing municipal development fees and infrastructure improvement plans.

Homeowners' Associations:

HB2245 homeowners associations; open meetings; recordings - allows persons attending HOA meetings to tape record or videotape portions of the meeting. The Board of Directors of an HOA is allowed to adopt reasonable rules governing the taping of open meetings, but may not preclude the tape recording or videotaping.

HB2609 homeowners associations; signs; political; leasing – makes various changes to laws governing HOAs; prohibits HOAs from charging fees for the use or placement of an indoor or outdoor display of for rent or lease signs by a property owner on their own property; allows HOAs to prohibit signs that are not commercially produced; permits the HOA to prohibit the number of political signs earlier than 71 days, rather than 45 days before an election through 3 days after, rather than 7 days after an election and states that an HOA cannot prohibit the number of political signs that are displayed, except that maximum aggregate total dimensions of all political signs may not exceed nine square feet.

HB2717 homeowners' associations; penalties; attorney fees – prevents an HOA from charging a fee for the use or placement of indoor or outdoor display of a for sale or lease sign by a unit owner on their property; clarifies that an HOA shall not prohibit in any other way than as specifically authorized in statute the use of temporary open house signs, a unit owner's or their agent's for sale sign and open house hours for property that is available for sale or lease; states that an HOA or managing agent that violates certain statutes governing the use of indoor, outdoor or political signs by a property owner on their property forfeits and extinguishes the lien rights authorized by statute against that unit or property for a period of six consecutive months from the date of the violation.

SB1148 homeowners associations; disputes; administrative hearings – asserts that the Department of Fire, Building and Life Safety applies and enforces the statutes regulating HOAs through its hearing officer function, as well as the interpretation and enforcement of the otherwise private contracts and rules that govern those communities.

SB1149 planned communities; condominiums; document fees (Effective Dec. 31, 2011) - limits the fee that a planned community and condominium association can charge a unit owner for the preparation of required documents associated with the resale of a unit to an aggregate of \$400.

SB1326 flag display; homeowners associations - prevents an HOA from prohibiting the display of the Gadsden Flag; prevents an HOA from prohibiting the front or backyard display of flags allowed by statute; allowed HOAs to limit the quantity of flags displayed at one time to no more than two; allowed HOAs to limit the height of the flagpole to no more than the member's rooftop.

SB1540 political flyers; petitions; homeowners associations – allows HOAs to restrict door to door political activity regarding a candidate or ballot issue from sunset to sunrise; prohibits HOAs from regulating the number of candidates, public officers or propositions supported or opposed on a political

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sign; states that HOAs may not prohibit door to door political activity or the circulation of political petitions on property normally open to visitors with an HOA.

Property Managers:

HB2193 municipal water charges; responsibility - prohibits municipalities from requiring payment for unpaid water and wastewater rates from anyone other than the person who made the contract, resided at the property and received the service; prohibits municipalities from refusing service on the basis of unpaid water and wastewater rates to anyone but the person who resided at the property, and received the service; allows property owners and immediate family members to voluntarily contract with a city for water and wastewater services and provide payment for these services

SB1474 landlord; tenant; fit and habitable – requires a tenant to promptly notify the landlord in writing when there is any situation that requires the landlord to take action and provide maintenance or repair; under the "self-help for minor defects" provisions of current law, prohibits the tenant from repairing the premises at the landlord's expense if the repair does not constitute a breach of the fit and habitable condition of the premises.

SB1160 city sales tax; residential rental (retroactive effective date of Dec. 31, 2010) - prevents a city or town from imposing or increasing sales tax on residential renters unless approved by municipal voters.

SB1306 landlords; tenants; bedbug control - stipulates that the landlord cannot knowingly lease a bedbug infested dwelling unit and is obligated to provide existing and new tenants with educational materials on bedbugs; stipulates that in regard to bedbug infestation control, a tenant is obligated to do all of the following: refrain from knowingly moving bedbug infested materials into a dwelling unit, and notify the landlord by written or electronic document; specifically excludes the landlord and tenants of a single family home from provisions of the bill; also prohibits a city, town or county board of supervisors from establishing ordinances or any other landlord or tenant requirements relating to bedbug control.

SB1166 municipal tax exemption; commercial lease – prevents cities or towns from levying transaction privilege tax, sales tax, use tax, or any similar tax on the gross proceeds of sales or gross income derived from commercial lease between affiliated corporations, if at least 80% of the voting shares of each corporation are owned by the same shareholders.

Mortgage/Escrow/Appraisal-Related:

HB2004 commercial mortgage brokers; license conversion (Effective retroactive to September 30, 2009) – allows a licensed mortgage broker to convert their license to a commercial mortgage broker and allows the Superintendent of the Department of Financial Institutions to write rules outlining the process for conversion.

HB2296 national banks; mortgage loan originators - allows federally chartered savings and loans to apply with the Department of Financial Institutions for certificates of exemption in order to supervise contracted agents as loan originators.

HB2297 escrow agents; recovery fund; repeal – repeals the Escrow Recovery Fund administered by the Department of Financial Institutions and reverts all remaining monies to the General Fund.

SB1180 board of appraisal; disciplinary proceedings - allows the Board of Appraisal to continue a disciplinary investigation even if the person under investigation surrenders their license or lets it lapse or expire; permits investigations to continue up to 24 months after the license or certificate has expired.