



Arizona Real Estate Recovery Fund



What is the Recovery Fund?

- The Arizona Real Estate Recovery Fund is a fund of last resort for recovery of losses, caused by the conduct of an Arizona licensed real estate salesperson or broker in a real estate transaction (See Arizona Revised Statutes (ARS) Title 32, Chapter 20, Article 5, §32-2186 through §32- 2193.02)
- The Recovery Fund is administered under the direction of the Arizona Real Estate Commissioner.
- The Recovery Fund is funded from a surcharge on license fees. Tax dollars are not used.

What can the Recovery Fund pay for?

- An action for a judgment that subsequently results in an order for payment from the Real Estate Recovery Fund shall not be started later than **5 years** from the actual cause of action.
- Actual and direct out of pocket loss to the aggrieved person in a real estate or cemetery plot transaction, as directly caused by the actions of an Arizona licensed real estate salesperson / broker as stipulated in the judgment.
- Reasonable attorney fees and other costs as stipulated in the judgment.
- The Real Estate Recovery Fund's liability shall not exceed:
 - ◊ Thirty thousand dollars for each transaction, regardless of the number of persons aggrieved; and
 - ◊ Ninety thousand dollars for each licensee.

Examples of Eligible Losses

- Misappropriated earnest money deposit or the down payment of a house;
- Misappropriated security deposit, rental income, or money withheld that was intended for mortgage payments or other expenses managed by the Arizona real estate licensee;
- Repair costs required for defects when an Arizona real estate licensee materially misrepresented the condition of the property;
- Loss caused in a transaction when the Arizona real estate licensee has actively misrepresented the financial condition of the property and parties involved.

Examples of Ineligible Losses

- Speculation including lost profits or unrealized losses
- Transactions for property outside of Arizona
- Loans, notes, limited partnerships or other securities, regardless of whether the loss was caused by an investment in, or was secured by real property
- Repair costs for defects that the purchaser was aware of
- A tenant's conduct or neglect
- Vandalism
- Natural causes
- Punitive damages
- Post judgment interest
- Undocumented transactions or losses

Visit the ADRE website at
www.azre.gov

Arizona Department of Real Estate
100 N. 15th Ave., Suite 201
Phoenix, AZ 85007



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How do I apply and get paid from the Recovery Fund?

- Obtain and record a judgment (civil or criminal) obtained against all parties involved in the transaction, including, but not limited to the Arizona real estate licensed salesperson and their employing broker (not a corporation, partnership or fictitious entity), and provide the Department an original certified recorded copy.
- The judgment **must** include the employing broker.
- Exhaust all efforts to collect the money awarded in the judgment (pursuant to A.R.S. § 32-2188 (F)(8)) from all involved parties, and document all efforts to be provided to the Department.
- Download and complete the Recovery Fund Application (Form RF-107) available on www.azre.gov
- Notify the Arizona real estate licensee(s) that a claim has been, or will be, filed against them from the Recovery Fund (Form RF-109).
- Proof of Service to the licensee is **required** in one of the following forms:
 - ◊ Personal Service (Form RF-110)
 - ◊ Certified Mail (Form RF-111)
 - ◊ Publication (Form RF-112)
- Obtain a writ of garnishment or execution against the Arizona real estate licensee through the court.
- Provide all requested documentation and/or any additional documentation to support your application.

Message Center

- After review and research of A.R.S. Title 32, Chapter 20, Article 5, [click here](#), questions related to the Arizona Real Estate Recovery Fund may be directed through ADRE's Message Center at www.azre.gov.
- Please be aware that the ADRE **cannot** give legal advice, or provide guidance beyond direction to forms and resources.

Arizona Government Agency & Legal Resources

- Arizona Real Estate Law Book (Online) - www.azre.gov
- Recovery Fund Forms — www.azre.gov
- ADRE Public Database (Licensee search) - www.azre.gov
- Office of the Attorney General — www.azag.gov
- State Bar of Arizona — www.azbar.org
- AZ Law Help — www.azlawhelp.org
- Arizona Corporation Commission — www.azcc.gov

County Recorders

- Maricopa County Recorder www.recorder.maricopa.gov
- Pima County Recorder www.recorder.pima.gov
- Pinal County Recorder www.pinalcountyyaz.gov/recorder
- (Other Arizona County Recorder websites can be located through a general Online search.)

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