

Senate Engrossed House Bill

**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-first Legislature  
First Regular Session  
2013

CHAPTER 61

# **HOUSE BILL 2525**

AN ACT

AMENDING SECTIONS 32-2137 AND 32-2181.02, ARIZONA REVISED STATUTES; RELATING  
TO REAL ESTATE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-2137, Arizona Revised Statutes, is amended to  
3 read:

4 32-2137. Cancellation of license

5 On request of an ~~active~~ A licensee, the department may cancel that  
6 person's license if both of the following are true:

7 1. The licensee is not presently under investigation by the  
8 department.

9 2. The department has not commenced any disciplinary proceeding  
10 against the licensee.

11 Sec. 2. Section 32-2181.02, Arizona Revised Statutes, is amended to  
12 read:

13 32-2181.02. Exempt sales and leases

14 A. The following are exempt under this article:

15 1. The sale or lease in bulk of six or more lots, parcels or  
16 fractional interests to one buyer in one transaction.

17 2. The sale or lease of lots or parcels of one hundred sixty acres or  
18 more.

19 B. The following are exempt from section 32-2181, subsection A and  
20 section 32-2183, subsection A:

21 1. The sale or lease of parcels, lots, units or spaces that are zoned  
22 and restricted to commercial or industrial uses.

23 2. The sale or lease of lots or parcels located in a single platted  
24 subdivision by a subdivider if:

25 (a) A public report has been issued within the past ~~two~~ FIVE years  
26 pursuant to this article on the subdivision lots or parcels.

27 (b) The subdivision meets all current requirements otherwise required  
28 of a subdivision under this article.

29 (c) The method of sale or lease of lots or parcels meets all current  
30 requirements under this article.

31 (d) The lots or parcels are included on a recorded subdivision plat  
32 that is approved by a municipal or county government.

33 (e) All roads within the subdivision, all utilities to the lots or  
34 parcels being offered for sale or lease and all other required improvements  
35 within the subdivision, other than a residence to be built, are complete,  
36 paid for and free of any blanket encumbrances.

37 (f) The roads, utilities or other improvements are not complete, but  
38 the completion of all improvements is assured pursuant to section 32-2183,  
39 subsection F.

40 (g) Except for matters relating to ownership AND FINANCING, there have  
41 been no material changes to the information set forth in the most recent  
42 public report issued for the subdivision lots that would require an amendment  
43 to the public report.

1 (h) No owner of a ten per cent or greater interest, subdivider,  
2 director, partner, agent, officer or developer of the subdivision has:

3 (i) Been convicted of a felony or any crime involving theft,  
4 dishonesty, violence against another person, fraud or real estate, regardless  
5 of whether the convictions were subsequently expunged.

6 (ii) Had a civil judgment entered against the person in a case  
7 involving allegations of misrepresentation, fraud, breach of fiduciary duty,  
8 misappropriation, dishonesty or, if the subject matter involved real  
9 property, securities or investments.

10 (iii) Had a business or professional license, including a real estate  
11 license, denied, suspended or revoked or voluntarily surrendered a business  
12 or professional license during the course of an investigative or disciplinary  
13 proceeding or other disciplinary action taken in this state or any other  
14 state.

15 (i) The sale of the subdivided lands violates no laws or ordinances of  
16 any governmental authority.

17 (j) Before the buyer's or lessee's execution of a purchase contract or  
18 lease, the subdivider has provided the buyer or lessee with a copy of the  
19 most recent public report on the lot and has taken a receipt from the buyer  
20 for the copy.

21 (k) The subdivider has provided to the buyer or lessee, along with the  
22 public report, a signed statement that the subdivider has reviewed and is in  
23 compliance with the terms of the exemption provided in this paragraph.

24 (l) Before sale or lease, the subdivider has notified the  
25 commissioner, on a form provided by the department, of the subdivider's  
26 intent to sell or lease lots or parcels pursuant to this paragraph. The  
27 notice shall include:

28 (i) The name, address and telephone number of the subdivider.

29 (ii) The name, address and telephone number of any real estate broker  
30 retained by the subdivider to make sales or leases of the lots.

31 (iii) The name and location of the subdivision.

32 (iv) The most recent subdivision public report reference number on the  
33 lots.

34 (v) The completion status of subdivision improvements.

35 3. The conveyance to a person who previously conveyed the lot to a  
36 home builder for the purpose of constructing a dwelling for the person.

37 4. The sale or lease by a person of individual lots or parcels that  
38 were separately acquired by the person from different persons and that were  
39 not acquired for the purpose of development if:

40 (a) The lots or parcels are not located in a platted subdivision.

41 (b) Each lot or parcel bears the same legal description that it bore  
42 when the lot or parcel was acquired by the person.

43 (c) The seller or lessor is in compliance with all other applicable  
44 state and local government requirements.

1           5. The sale of an improved lot in a subdivision that is located  
2 outside of this state if:

3           (a) The subdivision is located within the United States and the sale  
4 is exempt from the interstate land sales full disclosure act (P.L. 90-448; 82  
5 Stat. 590; 15 United States Code sections 1701 through 1720).

6           (b) The subdivider is required by the state where the subdivision is  
7 located to deliver a public report or equivalent disclosure document to  
8 prospective purchasers and the subdivider delivers the report or equivalent  
9 disclosure document.

10          6. The sale of an improved lot in a subdivision located in this state  
11 where five or more sales were previously made by the seller if:

12          (a) The sale is the seller's first or second sale in the subdivision  
13 within the previous twelve month period.

14          (b) The subdivision is located within the corporate limits of a town  
15 or city.

16          (c) Electricity and telephone service are complete and available to  
17 the improved lot.

18          (d) Water and sewage service is complete and available to the improved  
19 lot.

20          (e) Streets and roads located outside of the subdivision provide  
21 permanent access to the subdivision and are complete and maintained by the  
22 county, town or city, or by a legally created and operational property  
23 owners' association.

24          (f) Streets within the subdivision are dedicated, provide permanent  
25 access to the lot, are complete to town or city standards and are maintained  
26 by the town or city or, in the case of private streets, a legally created and  
27 operational property owners' association accepts the responsibility of  
28 perpetual maintenance.

29          (g) All subdivision common area improvements, including landscaping,  
30 recreational facilities and other jointly used and maintained improvements,  
31 are complete and maintained by a legally created and operational property  
32 owners' association.

33          (h) The purchaser's down payment, earnest money, deposit or other  
34 advanced money is placed and held in a neutral escrow depository in this  
35 state until escrow closes and the deed is delivered to the purchaser.

36          (i) Within the previous twelve months the seller has not had an  
37 ownership interest in more than two lots in the subdivision, including an  
38 interest by option, an agreement for sale, a beneficial interest under a  
39 trust or a purchase contract.

40          C. Nothing in this section shall be construed to increase, decrease or  
41 otherwise affect any rights or powers granted the commissioner under this  
42 chapter.

43          D. This section does not apply to lands on which the commissioner has  
44 issued orders pursuant to sections 32-2154 and 32-2157 and section 32-2183,

1 subsection M unless the commissioner has issued a public report on those  
2 lands subsequent to the date of the orders.

3 E. Nothing in this section shall be construed to increase, to decrease  
4 or to otherwise affect any rights or powers granted to political subdivisions  
5 of this state with respect to their jurisdictions.

APPROVED BY THE GOVERNOR APRIL 5, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 5, 2013.



HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

April 4, 2013,

by the following vote: 52 Ayes,

8 Nays, 0 Not Voting

[Signature]  
Speaker of the House

Cheryl Laube  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

4 day of April, 2013,

at 3:30 o'clock P M.

Michaëla Howard  
Secretary to the Governor

Approved this 5<sup>th</sup> day of

April, 2013,

at 3:10 o'clock P. M.

Janice J. Brewer  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 5<sup>th</sup> day of April, 2013,

at 5:00 o'clock P M.

[Signature]  
Secretary of State

H.B. 2525