



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

June 5, 2020

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 2nd Regular Session, which I signed on June 5th, 2020:

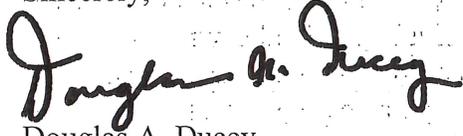
- S.B. 1012 executive session; school safety plans (Borrelli)
- S.B. 1021 department of revenue; electronic signatures (Ugenti-Rita)
- S.B. 1040 insurers; notices; methods of delivery (Livingston)
- S.B. 1041 travel insurance (Livingston)
- S.B. 1042 executive sessions; security plans (Borrelli)
- S.B. 1061 schools; parental rights; posting (Allen, S.)
- S.B. 1062 insurance transactions; discrimination; exceptions (Livingston)
- S.B. 1083 agriculture department; livestock loss board (Allen, S.)
- S.B. 1090 insurance adjusters; claims certificate (Livingston)
- S.B. 1091 insurance producer licensing; surrender; application (Livingston)
- S.B. 1096 property management records; residential rentals (Pace)
- S.B. 1099 tax deed land sales; proceeds (Mesnard)
- S.B. 1121 model city tax code; procedures (Leach)
- S.B. 1131 certified public accountants (Gray)
- S.B. 1210 assisted living; caregivers; training (Pace)
- S.B. 1236 adult adoption; stepchildren (Gowan)
- S.B. 1274 professional regulatory boards; composition (Ugenti-Rita)
- S.B. 1292 financial literacy; state treasurer; fund (Allen, S.)
- S.B. 1303 annexation of territory; requirements (Pratt)
- S.B. 1305 personal delivery devices (Livingston)
- S.B. 1354 public retirement systems; prefunding plan (Livingston)
- S.B. 1397 insurance; preexisting condition exclusions; prohibition (Mesnard)
- S.B. 1441 protection orders; modification; residence possession (Farnsworth, E.)
- S.B. 1445 suicide prevention training; school employees (Bowie)
- S.B. 1446 student identification cards; suicide prevention (Bowie)
- S.B. 1460 electric cooperatives; broadband service (Borrelli)
- S.B. 1492 Arizona teachers academy; program pathways (Boyer)

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S.B. 1504 fingerprinting; vital records; child care (Brophy-McGee)
S.B. 1510 public contracts; payment methods (Livingston)
S.B. 1528 family college savings program; treasurer (Leach)
S.B. 1555 support order; dishonored payment; lien (Farnsworth, E.)
S.B. 1557 annuity transactions; requirements (Livingston)

Sincerely,

A handwritten signature in black ink, reading "Douglas A. Ducey". The signature is written in a cursive style with a large initial "D".

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed
FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

CHAPTER 69
SENATE BILL 1096

AN ACT

AMENDING SECTION 32-2175, ARIZONA REVISED STATUTES; RELATING TO PROPERTY
MANAGEMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-2175, Arizona Revised Statutes, is amended to
3 read:

4 32-2175. Property management records; requirements; audits

5 A. Property management firms shall keep a residential rental
6 agreement, INCLUDING ANY LEASE AMENDMENTS AND ADDENDA, and related
7 residential rental agreement documents for one year from AFTER the
8 expiration of the rental agreement or until the rental agreement and
9 related documents are given to the owner at the termination of any
10 property management agreement. ~~The records shall be kept at the broker's~~
11 ~~main office or at an off-site storage location in this state if the broker~~
12 ~~provides prior written notification of the street address of the off-site~~
13 ~~storage location to the department.~~ FOR THE PURPOSES OF THIS SUBSECTION,
14 RELATED DOCUMENTS MAY INCLUDE COPIES OF ANY OF THE FOLLOWING:

- 15 1. RENTAL APPLICATIONS WITH TENANT-IDENTIFYING INFORMATION.
- 16 2. MOVE-IN FORMS.
- 17 3. DEFAULT NOTICES.

18 B. Property management firms shall keep records of all finder fees
19 that are paid to tenants for three years after the payment is made or
20 until the records are given to the owner at the termination of the
21 property management agreement. ~~Records shall be kept at the broker's main~~
22 ~~office or at an off-site storage location in this state if the broker~~
23 ~~provides prior written notification of the street address of the off-site~~
24 ~~storage location to the department.~~

25 C. Property management firms shall keep all financial records
26 pertaining to clients for at least three years from the date each document
27 was executed, including bank statements, canceled checks or bank generated
28 check images, deposit slips, bank receipts, receipts and disbursement
29 journals, owner statements, client ledgers and applicable bills, invoices
30 and statements.

31 D. Only the designated broker or the broker's authorized real
32 estate licensee, on behalf of the broker, may sign nonresidential rental
33 agreements. The broker shall execute in writing and shall file any
34 delegation of authority in the broker's employee file. Fully executed
35 residential lease agreements are not required to be reviewed and
36 initialed.

37 E. The property management firms shall consecutively number or file
38 all signed property management agreements in compliance with a system that
39 is orderly, easily accessible by the commissioner or the commissioner's
40 representative and consistent with generally accepted professional
41 standards of the industry for that type of real estate.

42 F. Property management firms shall maintain each nonresidential
43 real estate lease agreement and the transaction folder in which it is kept
44 in a chronological log or other systematic manner that is easily

1 accessible by the commissioner or the commissioner's representatives. For
2 nonresidential lease transactions, transaction folders shall contain:
3 1. Confirmation that the deposits or other monies that were handled
4 by or through the broker were handled according to instructions given by
5 or agreed on by the parties to the transaction.
6 2. A complete copy of the nonresidential lease or rental agreement.
7 3. If applicable, a copy of the listing agreement.
8 G. Property management firms shall number on-site residential
9 rental transaction folders according to dwelling unit number or other
10 systematic manner that is easily accessible by the commissioner or the
11 commissioner's representative. A broker is not required to maintain
12 duplicate residential rental transaction folders.
13 H. ALL RECORDS REQUIRED UNDER THIS SECTION SHALL BE KEPT AT THE
14 BROKER'S MAIN OFFICE OR BRANCH OFFICE, ELECTRONICALLY OR AT AN OFF-SITE
15 STORAGE LOCATION IN THIS STATE IF THE BROKER PROVIDES TO THE DEPARTMENT
16 PRIOR WRITTEN NOTIFICATION AND A STREET ADDRESS OF THE OFF-SITE STORAGE
17 LOCATION. TRUST ACCOUNT RECORDS SHALL BE KEPT PURSUANT TO SECTION
18 32-2151. FOR THE PURPOSES OF THIS SUBSECTION, "OFF-SITE STORAGE LOCATION"
19 INCLUDES A MULTI-FAMILY LEASING OFFICE.
20 H. I. On request by the commissioner or the commissioner's
21 representatives for routine audit purposes the broker shall make available
22 within a reasonable amount of time all records relative to property
23 management accounts, including lease agreements, lease related documents
24 and trust account records. The department is limited to auditing those
25 areas that are related to the business activities of a broker and that
26 have a material bearing on the accuracy of the audit. This subsection
27 shall DOES not limit the immediacy or scope of an audit if a violation of
28 real estate statutes or rules is suspected.

APPROVED BY THE GOVERNOR JUNE 5, 2020.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 5, 2020.

Passed the House May 21, 2020

by the following vote: 43 Ayes,
17 Nays, 0 Not Voting

[Signature]
Speaker of the House
Pro Tempore
[Signature]
Chief Clerk of the House

Passed the Senate January 31, 2020

by the following vote: 30 Ayes,
0 Nays, 0 Not Voting

[Signature]
President of the Senate
[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

26th day of May, 2020,

at 12:20 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 5th day of

June, 2020,

at 11:50 o'clock A M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 5th day of June, 2020,

at 2:32 o'clock P. M.

[Signature]
Secretary of State

S.B. 1096