



Members of the LTAA Legislative Committee:

This is the last week to hear bills in committee, with the exception of appropriations, so there is a scramble to amend legislation with limited viability and to resurrect ideas that have stalled in the process. We call this “Hell Week, Part II” because the phrase “March Madness” was already taken. We’ll be carefully watching the posted announcements of “strikers” (strike-everything amendments), of which there were already 28 posted as of this morning. As to the budget, revenue figures have become available for February—and the results are not good. Revenues came in \$41 million below projections, largely because of lower-than-expected revenues from individual income tax returns. This follows a January report that came in more than \$91 million in the red. These reports have fueled speculation that the budget surplus numbers will be smaller than anticipated, increasing competition for dollars to fund projects deemed “top priority” by the governor and lawmakers. It has been an eventful session thus far and we’re only in the bottom of the fifth inning. Let’s hope the vendors don’t run out of beer or peanuts just yet—there’s still a lot of game left to be played.

The following updates are of particular interest to the LTAA:

- [SB 1218 \(beneficiary deeds; separate property; nonlapse\)](#): Spearheaded by the LTAA, the bill passed both chambers by unanimous vote and was signed into law by the governor on Friday. [Chapter 19] *Amends section 33-405, Arizona Revised Statutes; relating to beneficiary deeds.*
- [SB 1309 \(renewal of judgments; applicability\)](#): Spearheaded by the LTAA, the bill passed both chambers by unanimous vote and was signed into law by the governor on Friday. [Chapter 20] *Amends sections 12-1551, 12-1611, 12-1612 and 12-1613, Arizona Revised Statutes; relating to judgments.*
- [SB 1030 \(remote online notarization; registration\)](#): The bill, which passed the Senate by unanimous vote, passed out of the House Government Committee unanimously and awaits a final vote in the House.
- [HB 2230 \(writ of garnishment; certified mail\)](#): Spearheaded by the Arizona Creditors Bar Association, this bill, as introduced, raised some concerns from a title perspective. The result of several productive conversations with the lobbyist representing the Creditors Bar, the bill

was amended on the House floor to exempt title companies. The legislation, as amended, was signed into law by the governor on Friday. *Awaiting chaptered version.*

- [SB 1304 \(mechanics liens; notice; applicability\)](#): This bill was brought to the sponsor by the Arizona Rock Products Association. Despite initial reservations given the strong pushback from multiple stakeholders, the sponsor has decided to move forward, but with a significantly pared-down version of the language. Introduced as a strike-everything amendment, the bill increases, from 20 percent to 30 percent over estimated costs, the threshold at which a preliminary 20-day notice is required to be updated during the contracting of construction projects. All other provisions of the mechanics' liens statute remain the same. Given the scope of the proposal, the LTAA will not be engaging on this issue.
- [SB 1471 \(homeless youth; families; funding sources\)](#): The bill, as amended with our language, passed out of the Senate and has been double-assigned in the House. The [engrossed version](#) of the legislation strikes the withholding mandate and, instead, directs title companies to submit to DOR what is already being submitted to the IRS. Given that we have the sponsor's commitment to ensuring that our language remains in the bill, we have shifted to a neutral position but will closely monitor as the legislation continues to move through the process.
  - As background, this bill was spearheaded by several nonprofit organizations seeking to identify funding streams for homeless youth support services. As introduced, it would have effectively created a significantly burdensome and antagonistic withholding mandate for the title industry. Larry Phelps, Tyler Newlon, Roy Poll and Matt Sager have been heavily engaged in stakeholder discussions with the bill sponsor, the Arizona Department of Revenue, and the bill proponents to determine an acceptable compromise for the title industry.
- [HB 2637 \(condominium, homeowners' associations; lien priority\)](#): Brought to the sponsor by two constituents, this bill would have established super lien priority for HOAs. Given the extremely concerning consequences of this proposal, the LTAA immediately engaged. After hearing these concerns from key stakeholders, including the title industry, the bill sponsor held the bill in committee and will not be pursuing the issue.
- [HB 2673 \(property; products; services; sandbox\)](#): This bill, sponsored by Representative Jeff Wening (a friend to the title industry and former sponsor of several LTAA bills), sets the framework for establishing a Property Technology Sandbox Program in Arizona. The program will be further developed through a more comprehensive stakeholder process once the legislative session adjourns. Tyler Newlon, on behalf of the LTAA, will be participating in those ongoing discussions. [Chapter 9] *Amends Title 18, Arizona Revised Statutes, by adding Chapter 6; amends section 41-1506, Arizona Revised Statutes; relating to real estate products and services.*

Please see attached for the comprehensive list of bills we are tracking for the LTAA.

Additionally, I have two non-legislative items that require your review and feedback:

- **Arizona Housing Fund:** A local developer reached out to us regarding efforts currently underway to establish a dedicated, sustainable funding source for building and operating permanent supportive housing units in communities with growing needs. According to Tim, this will involve multiple revenue sources: individual and family donations, public, private and family foundations, corporations, community groups, government and an **escrow donation program** where homebuilders, residential realtors and title companies can voluntarily participate and give buyers and sellers an opportunity to donate to the Arizona Housing Fund. For example, Meritage Homes sells a home to Mr. and Mrs. Jones. At closing, Meritage donates \$25.00 to the Arizona Housing Fund. At closing, Mr. and Mrs. Jones also donate \$25.00 to the Arizona Housing Fund.
  - **Tim Sprague (Habitat Metro), John Graham (Sunbelt Holdings) and Howard Epstein (Bank of America)** are spearheading this effort. While there have been initial discussions with some legislators and the Governor's Office regarding the viability of this type of voluntary program, the concept is still very much in its formative stages. It sounds like reception has been very positive from home builders, master plan developers, lenders, etc.
  - They are very interested in meeting with the LTAA to share additional information, answer any questions and gather feedback from title companies, as they are an important piece to this puzzle. **Tim has offered to host a lunch at the FOUND:RE Phoenix Hotel at Central & Portland (one of his developments). If you are interested in participating, please let me know so I can coordinate with him.**
  - I've attached a zip file with some additional information I received. Please note: this escrow donation program is a voluntary, non-legislative effort.
  
- **RESPA Enforcement:** Last week, we received a call from a lobbyist representing Title Security Agency on an issue pertaining to the requirement – which is already in RESPA – for real estate companies to disclose financial marketing relationships with title companies to the general public. According to her client, this is not being enforced in Arizona, equating to thousands of dollars a month for each title company. She plans to meet with ADRE and will be seeking a notification by the Commissioner to real estate companies. **She has asked for support from the LTAA.**

- o I've attached a zip file with the documents I received from the lobbyist spearheading this non-legislative effort. **Please advise.**

Let me know if you have any questions or would like to discuss in further detail. Many thanks.

Lauren

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