



Members of the LTAA Legislative Committee:

After gridlock in the House for a multitude of reasons – most significantly, an ethics investigation resulting in the resignation of a member – we’re finally seeing a flurry of movement on bills. But it’s a “hurry up and wait” mentality down here, as budget talks progress slowly (very, very slowly). At this rate, it’s highly unlikely that the Legislature will wrap up in 100 days (April 23). With the exception of budget bills, there won’t be any more regular committee hearings. As such, members will spend most of their time either in Caucus or on the floor voting on the roughly 450 bills that remain in the system. In the meantime, House and Senate leadership will spend most of their time crafting the FY2019/20 state budget. Among the dozens of small budget requests, there are some big items this year that could impact the fiscal picture. Issues such as federal tax conformity, a possible repeal of the public safety fee passed last year, taxing remote online sellers and the taxation of digital goods all add complexity to an already difficult task. As a result, we expect this session to last for at least another four to five weeks while the Legislature and Governor’s Office attempt to strike a deal.

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. [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. [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 House and Senate by unanimous vote, has been transmitted to the governor for his signature.
- [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. [Chapter 29] *Amends sections 12-1574 and 12-1577, Arizona Revised Statutes; relating to writ of garnishments.*

- [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 passed the House committee to which it was assigned. It now awaits consideration by the full chamber. 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 Weninger (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.

NOTE: I have not received any feedback on the below two issues. Unless I hear otherwise, I will assume the LTAA does not have concerns and does not wish to engage with the groups spearheading these efforts.

- **Arizona Housing Fund:** A local developer reached out regarding efforts currently underway to establish a dedicated, sustainable funding source for building and operating permanent supportive housing units in communities with growing needs. 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 respond to this email to 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:** Several weeks ago, I 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 has already met with ADRE and will now be pursuing enforcement on the federal level. **She has asked for support from the LTAA. Please advise.**

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

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

Lauren

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