

THE ARIZONA REAL ESTATE CONDOMINIUM RECOVERY FUND

Questions & Answers



*This is general information only. This is NOT legal advice.
Consult an attorney for any legal advice or interpretation.*

ARIZONA
DEPARTMENT
OF
REAL ESTATE

2910 N 44th St., Ste 100
Phoenix, AZ 85018

Please Visit
www.azre.gov
For more
information

What is the Condominium Recovery Fund?

- A last resort for recovery of actual and direct out-of-pocket losses resulting from an unfinished condominium project. (See *Arizona Revised Statutes (ARS) §32-2193.31 through §32-2193.43*)
- It is administered under the direction of the Arizona Real Estate Commissioner
- The Condominium Recovery Fund is funded when a developer applies for a Public Report for a condominium.

How does one become eligible to apply to the Condominium Recovery Fund?

Eligibility applies when:

- A court judgment against the subdivider of a condominium has been obtained for failure to complete the condominium project and return the deposit in accordance with the terms of the contract. Were unable to collect the judgment or the award (documented attempts required).
- The collection of a judgment or award has been unsuccessful (documented attempts required).

What can the Condominium Recovery Fund pay for?

- The fund is limited to pay up to 20% of the base price of the unit, and has a cap of \$1,000,000 per project.

EXAMPLES OF ELIGIBLE LOSSES:

- Loss of a deposit for a condominium project that was not completed

EXAMPLES OF INELIGIBLE LOSSES:

- Speculation including lost profits or unrealized losses
- Transactions for condominiums in which a natural escrow company held the deposits or the deposits were held in a trust account of a real estate broker
- Loans, notes, limited partnerships or other securities, regardless of whether the loss was caused by an investment in, or was secured by real property
- A tenant's conduct or neglect
- Vandalism
- Natural causes
- Punitive damages
- Post judgment interest

How does one apply to receive payment from the Condominium Recovery Fund?

- Obtain and record (and provide the Department an original certified recorded copy) a judgment obtained against all parties involved in the transaction including but not limited to the licensed salesperson and his/her employing broker (not a corporation, partnership or fictitious entity)
- Exhaust all efforts to collect the money (pursuant to ARS § 32-2188(F)(8)) from all involved parties, document the efforts, and provide them to the Department
- Download and complete the Recovery Fund Application (Form RF-107) from www.azre.gov
- Notify the licensee of the filing of a claim against them with the Condominium 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)
- Provide all requested documentation and/or any additional documentation to support the application
- Hand deliver or mail (via certified mail) the application to the Department