



Commissioner's Advisory No. 3

Guidance for Homebuilders, Subsequent Owners and Lenders

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The Department of Real Estate is a resource for consumers and industry professionals.

Most Arizona homebuilders continue to meet obligations to their customers. We want to assist homebuilders including those that, declare bankruptcy, have projects that go into foreclosure, or have difficulty meeting commitments. Our goal is to protect the Public and assist homebuilders, as possible, to meet their obligations to purchasers. Please contact Development Services at developments@azre.gov or 602-771-7757 for assistance. This advisory is informational only and is not intended as legal advice.

1. **Completion of Infrastructure and Amenities.** If projected completion dates will not be met, the homebuilder should contact the Department for assistance with amending their public report. Notice of the completion status of improvements must be provided to each owner and purchaser and city or county officials responsible for improvements.
2. **Contractor Liens.** Homebuilders should contact the Department of Real Estate and Registrar of Contractors if their inability to pay contractors is resulting in the recording of liens against their holdings and a homeowner's property. If a Homebuilder is withholding payment to subcontractors for substandard or incomplete work, it is recommended the Homebuilder notify homeowners to avoid causing alarm.
3. **Foreclosure.** Homebuilders ceasing operations in a subdivision due to foreclosure or other reason are requested to contact the Department of Real Estate. Subsequent owners and lenders are requested to contact the Department of Real Estate for assistance with obtaining public reports or filing for a subsequent owner exemption. We may also be able to assist in identifying buyers in escrow who wish to finish construction and close on homes.
4. **Bankruptcy.** Homebuilders should contact the Department of Real Estate for assistance with amending their public report. Bankruptcy proceedings must be disclosed to homebuyers in escrow and prospective buyers.