

E K M A R K & E K M A R K, L.L.C.

ATTORNEYS AT LAW

A.R.S. § 32-1101(A)(3) defines a “Contractor” as any person, firm, partnership, corporation or other entity that for compensation undertakes to construct, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, road, excavation or other structure, project, development or improvement, connect such structure or improvement to utility lines, or provide mechanical or structural service for any such structure or improvement. This broad definition applies to many of the purposes for which an association will retain an outside vendor for repair and maintenance work.

Contractors are required to be licensed unless their work falls into certain specified exceptions. Pursuant to A.R.S. § 32-1121(A)(14), licensing is not required for persons engaging in any work or operation for which the total contract price, including labor, materials, and all other items, is less than one thousand dollars (\$1,000.00). However, where the undertaking requires a local building permit or is part of a larger or major operation, even if the other portions are undertaken by other parties, the exemption from licensing does not apply. In addition, the exemption does not apply where the person uses any form of advertising where they do not disclose that they are not a licensed contractor.

Pursuant to A.R.S. § 32-1121(A)(16), a person functioning as a gardener performing lawn, garden or tree maintenance also does not need a contractor’s license. Thus, an association’s landscaping company does not legally need to be licensed.

However, an association should require that its vendors be fully licensed, bonded, and insured to protect the association from shoddy workmanship and potential liability. If a vendor is not licensed, then the Arizona Registrar of Contractors cannot order corrective repairs or restitution. Without proper bonding and insurance, an association could face serious liability if property is damaged or persons are injured due to a vendor’s activities on association property. Furthermore, foregoing the protection of working with a licensed, bonded, and insured vendor to save some money could open individual board members to potential liability for not acting in the best interests of the association.

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