

DETAILED INSTRUCTOR OUTLINE

PRESCRIBED CURRICULUM

BROKER'S LICENSE

Minimum 90 hours

ARIZONA DEPARTMENT OF REAL ESTATE

2910 North 44th Street, Suite 100, Phoenix, AZ 85018
www.azre.gov

This detailed outline of the prescribed curriculum for the Arizona Real Estate Broker's Pre-license course is for instructor use. The course comprises a minimum of **90** hours of classroom instruction and is one prerequisite to filing an application for Real Estate Broker's License.

Student attendance at all sessions of the prelicense course is required. Attendance includes that the student pays attention to the instructor, participate in class discussions and activities, and complete all assigned exercises and homework.

A student must attend the entire course and successfully pass the school's final examination on the curriculum before the school can certify the student's completion.

Broker candidates must also meet an experience requirement before they may take the state license examination. Please refer to A.R.S. § 32-2124 (A)(1), (2) or (3), as applicable. Specific information and forms are included in the **Candidate Information Bulletin**.

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

1. Real Estate Statutes

1.1. Sources of Real Estate Law

- 1.1.1 State Constitution - Article 26
- 1.1.2. Statutes - Federal, State (A.R.S. Title 32, Chapter 20), Administrative Rules
- 1.1.3. Case Law

1.2. Arizona Real Estate Statutes -Title 32 Chapter 20

1.2.1 Real Estate Department Structure - Article 1

- 1.2.1.1. Commissioner
- 1.2.1.2. Advisory Board

1.2.2. Licensing -Article 2

- 1.2.2.1. Parties required to be licensed
- 1.2.2.2. License exemptions
- 1.2.2.3. Broker & Salesperson requirements
- 1.2.2.4. Licensing fees
- 1.2.2.5. Multiple licenses
- 1.2.2.6. License transfer
- 1.2.2.7. Renewal of license
- 1.2.2.8. Designation(s)
- 1.2.2.9. Temporary licenses

1.2.3. Practice of Brokerage and Regulations - Article 3

1.2.3.1. Funds -Trust Account

1.2.3.2. Recordkeeping

- 1.2.3.2.1. Cash receipts
- 1.2.3.2.2. A ledger for each client
- 1.2.3.2.3. Receipts for bank deposits
- 1.2.3.2.4. Pre-numbered trust account checkbook
- 1.2.3.2.5. Duplicate bank deposit slips
- 1.2.3.2.6. Contracts and their folders numbered consecutively, Initialed and dated by broker
- 1.2.3.2.7. Escrow instructions and closing statements
- 1.2.3.2.8. Location of records
- 1.2.3.2.9. Forms
- 1.2.3.2.10. Office audit and examinations
- 1.2.3.2.11. Location of bank account

1.2.3.3. Employment Agreements (32-2151.02)

1.2.3.4. Collecting compensation

1.2.3.5. Grounds for denial of license, civil penalty, license suspension or revocation, provisional license

1.2.3.6. Consent Orders, Cease & Desist Orders, Summary Suspensions

1.2.3.7. Restriction on employment or compensation

1.2.4. Requirements for Property Management -Article 3.1 (32-2173)

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

- 1.2.4.1. Agreements
- 1.2.4.2. Employment Agreements
- 1.2.4.3. Trust accounts
- 1.2.4.4. Records
- 1.2.4.5. Unlicensed employee activities
- 1.2.5. Sale of Subdivided Lands -Article 4
 - 1.2.5.1. Definition
 - 1.2.5.2. Procedures
 - 1.2.5.3. Issuance of Public Report (see Commissioner's Rules, Article 12)
 - 1.2.5.4. Exemptions
 - 1.2.5.5. Bulk Sales
 - 1.2.5.6. Voidable Sales
 - 1.2.5.7. Advertising Material
 - 1.2.5.8. Inducements
- 1.2.6. Sale of Unsubdivided Land -Article 7
 - 1.2.6.1. Definition
 - 1.2.6.2. Procedure and requirement
 - 1.2.6.3. Issuance of Public Report
- 1.2.7. Real Estate Recovery Fund -Article 5
 - 1.2.7.1. Definition
 - 1.2.7.2. Brokers responsibilities
 - 1.2.7.3. Current changes and updates
- 1.2.8. Cemetery, Real Estate Timeshares
& Membership Camping -Articles 6, 9 & 10

2. Commissioner's Rules -Arizona Administrative Code

- 1.2. License Timeframes
- 2.2. General License Requirements
 - 2.2.1. Non-resident Licenses
 - 2.2.2. Employing Broker- Sole proprietors, Corporations, Limited Liability Companies and Partnerships
 - 2.2.3. Renewal, Reinstatement, Changes,
 - 2.2.3.1. Broker Self-Audit Declaration
 - 2.2.4. Department notification
 - 2.2.5. Branch offices, managers
 - 2.2.6. Professional Corporations, Professional Limited Liability Companies
 - 2.2.7. Temporary Licenses and Certificate of Convenience
 - 2.2.8. Unlawful License Activity
- 2.3. Education
 - 2.3.1. Pre-licensure and state examination
 - 2.3.2. Continuing education

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

2.3.3. School, course & instructor approval required

2.4. Advertising

2.4.1. Requirements

2.4.2. Promotional

2.4.3. Owner/agent

2.4.4. Blind ad

2.4.5. Subdivisions, Timeshares & Membership Campgrounds

2.5. Commissions -Article 7

2.6. Documents -Article 8

2.6.1. Conveying Documents

2.6.2. Offer Acceptance

2.6.3. Contract Disclosure

2.7. Professional Conduct -Article 11

2.7.1. Practice, Ethics

2.7.2. Agency - Duties to Client/Customer

2.7.3. Responsibility to Public, Fair Dealing (Duties to all other parties)

2.7.4. Duties to other Licensees

2.7.5. Fiduciary Responsibility

2.7.6. Written Policy Manual

2.8. Investigations and Administrative Procedures
(See also A.R.S. § 41-1092, et seq.)

3. Agency Relationships & Managerial Duties

3.1. Law of Agency

3.1.1. Types of agents

3.1.1.1. Special

3.1.1.2. General

3.2. Agency Relationships

3.2.1. Dual Agency

3.2.2. Single Agency

3.2.3. Sub Agency

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

- 3.3. Fiduciary
- 3.4. Due Diligence
- 3.5. Misrepresentation & Fraud
 - 3.5.1. Definition
 - 3.5.2. Duty to Discover and Disclose
 - 3.5.3. Puffing
 - 3.5.4. E&O
- 3.6. Creating an Agency Relationship
 - 3.6.1. Expressed
 - 3.6.1.1. Written
 - 3.6.1.2. Oral
 - 3.6.2. Implied
 - 3.6.2.1. Ratified
 - 3.6.2.2. Ostensible
 - 3.6.2.3. Estoppel
- 3.7. Terminating an Agency Relationship
- 3.8. Employment Agreements
 - 3.8.1. Definition
 - 3.8.2. Types
 - 3.8.3. Requirements for an Employment Agreement
 - 3.8.3.1. Listing
 - 3.8.3.2. Buyer's broker
 - 3.8.4. Commissions
 - 3.8.5. Multiple Listing Service/Co-brokerage.

4. Contracts and Contract Law

- 4.1. Contract Essentials and Terminology
 - 4.1.1. Expressed contracts versus implied contracts
 - 4.1.2. Unilateral Contracts versus bilateral contracts
 - 4.1.3. Executed contracts
 - 4.1.4. Valid, void, and voidable contracts
 - 4.1.5. Enforceable contracts versus unenforceable contracts
 - 4.1.6. Elements of a valid contract
 - 4.1.6.1. Competent parties
 - 4.1.6.1.1. Of legal age ("emancipated minors")
 - 4.1.6.1.2. Not a ward of the state (mentally ill or incarcerated)
 - 4.1.6.1.3. Not under duress (undue influence/or menace)

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 4.1.6.1.4. Not under the influence of drugs
 - 4.1.6.2. Offer and acceptance (and proper notification of acceptance)
 - 4.1.6.3. Lawful objective (no conspiracy)
 - 4.1.6.4. Consideration ("valuable" vs. "good")
 - 4.1.6.5. Adequate description of the property/legal description
 - 4.1.7. In writing (Statute of Fraud)
 - 4.1.8. Signed by all appropriate parties
 - 4.1.9. Joinder for contract amendments
- 4.2. The Concept "Reasonableness"
 - 4.2.1. Implication
 - 4.2.2. The ordinary, reasonable and prudent person
- 4.3. A "Bona Fide" Purchaser
 - 4.3.1. Definition
 - 4.3.2. Innocent Purchaser for Value
- 4.4. Real Estate Contract Requirements
 - 4.4.1. Broker Responsibilities -General
 - 4.4.2. Notification of Acceptance
 - 4.4.3. Earnest Money Responsibilities
 - 4.4.4. Responsibilities to Present All Offers
 - 4.4.5. Arizona Statutes and Commissioner's Rules
- 4.5. Purchase Contract Concerns
 - 4.5.1. Offer and Acceptance
 - 4.5.2. Amount of Earnest Deposit
 - 4.5.3. Equitable Interest /Equitable Title
 - 4.5.4. Close of Escrow -Actual Occurrence
 - 4.5.5. Risk of Loss before C.O.E.
 - 4.5.6. Marketable Title
 - 4.5.7. "Time is of the Essence"
 - 4.5.8. Contingencies
 - 4.5.9. Joinder for Contract Amendments
- 4.6. Contract Assignability
 - 4.6.1. Nominee
 - 4.6.2. Assignee
 - 4.6.3. Assignability Problems
 - 4.6.4. Fiduciary Responsibility; Disclosure as Nominee
- 4.7. Contract Termination
 - 4.7.1. Time -appropriate notice of cancellation

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 4.7.2. Performance
- 4.7.3. Mutual Agreement
- 4.7.4. Alteration of Offer
- 4.7.5. Destruction
- 4.7.6. Acts of Law
- 4.7.7. Mistake
- 4.7.8. Impossibility of Performance
- 4.7.9. Death of the Parties
- 4.7.10. Breach of contract
 - 4.7.10.1. Statute of limitations
 - 4.7.10.2. Remedies
 - 4.7.10.2.1. Rescission
 - 4.7.10.2.2 Specific performance
 - 4.7.10.2.3 Damages
 - 4.7.10.2.3.1 Liquidated
 - 4.7.10.2.3.2 Actual
 - 4.7.10.2.3.3 Punitive

4.8. Options and First Rights of Refusal

5. Property Interests, Estates and Tenancies

5.1. Property

- 5.1.1. Real versus Personal
 - 5.1.1.1. When can sell manufactured home
 - 5.1.1.2. Affidavit of Affixture
- 5.1.2. Fixtures/trade Fixtures
- 5.1.3. Characteristics of Real Property
- 5.1.4. Land and its Elements
 - 5.1.4.1. Definitions
 - 5.1.4.2. Mineral Rights
 - 5.1.4.3. Air Rights
 - 5.1.4.4. Horizontal/ Vertical Regimes

5.2. The Estate Concept

- 5.2.1. Estates in Land
- 5.2.2. Freehold Estates
- 5.2.3. Life Estates
- 5.2.4. Homestead

5.3. Easements

- 5.3.1. Appurtenant
- 5.3.2. Ingross

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 5.3.3. Prescription
- 5.4. Sole Ownership -Severalty
- 5.5. Co-Ownership -Concurrent Tenancy
- 5.6. Joint Tenancy with Right of Survivorship
- 5.7. Tenancy in Common
- 5.8. Community Property
- 5.9. Community Property with Right of Survivorship
- 5.10. Syndication

- 5.11. Modern Types of Common Ownership
 - 5.11.1. Cooperative
 - 5.11.2 Timeshare Ownership
 - 5.11.3. Land Trust
 - 5.11.4. Membership Camping Contract
 - 5.11.5. Real Estate Investment Trust (REIT)
 - 5.11.6. Joint Venture
 - 5.11.7. Corporations, Limited Liability Companies, Partnerships (General, Limited)
 - 5.11.8. Common Areas of HOA Regulations

6. Government Rights in Real Property

- 6.1. Eminent Domain
- 6.2. Police Power
- 6.3. Escheat

- 6.4. Real Property Taxation
 - 6.4.1. Taxes
 - 6.4.1.1. Residential
 - 6.4.1.2. Vacant land
 - 6.4.1.3. Commercial property
 - 6.4.2. Tax ratios and tax rates
 - 6.4.3. Lien priority

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 6.4.4. Tax Sale
- 6.4.5. Special Tax Assessments/Improvements

7. Tax Implications on Real Estate

- 7.1. Types of Income
 - 7.1.1. Ordinary
 - 7.1.2. Capital Gain
 - 7.1.3. Passive
 - 7.1.4. Portfolio
 - 7.1.5. Phantom
- 7.2. Sale of Principle Residence -Examples
 - 7.2.1. Computing Gain
 - 7.2.2. Deductibility of Expenses
 - 7.2.3. Interest Deductions
- 7.3. Investment Real Estate
 - 7.3.1. Depreciation "Cost Recovery"
 - 7.3.2. Tax Shelter Concept
 - 7.3.3. Tax Deferred Exchanges - Basic Concepts

8. Water Law

- 8.1. Definitions.
 - 8.1.1. Erosion and accretion
 - 8.1.2. Avulsion, alluvion and alluvium
 - 8.1.3. Water table
- 8.2. Types of Water Sources
 - 8.2.11 Aquifers
 - 8.2.2. Percolated water
 - 8.2.3. Underground rivers
 - 8.2.4. Lakes, reservoirs, rivers and streams
 - 8.2.5. Central Arizona Project (CAP)
 - 8.2.6. Colorado River
 - 8.2.7. Effluent
- 8.3 Water Users
 - 8.3.1. Residential, commercial and industrial
 - 8.3.2. Municipal (cities, towns, water districts) and private water companies
 - 8.3.3. Special users (golf courses, lake developments, recreational)

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 8.4. Doctrine of water law applicable to Arizona
 - 8.4.1. Riparian Doctrine
 - 8.4.1.1. Navigable
 - 8.4.1.2. Non-navigable
 - 8.4.2. Doctrine of Prior Appropriation
 - 8.4.2.1. First in time, first in right
 - 8.4.2.2. Reasonable use
 - 8.4.2.3. Beneficial use
 - 8.4.3. Adjudication of Indian Tribe claims

- 8.5. Arizona Groundwater Act of 1980
 - 8.5.1. Reasons for the act
 - 8.5.1.1. Overdraft
 - 8.5.1.2. Subsidence
 - 8.5.2. Arizona Department of Water Resources
 - 8.5.3. Classification of water
 - 8.5.3.1. Groundwater
 - 8.5.3.2. Surface water
 - 8.5.4. Active Management Areas
 - 8.5.5. Irrigation Non-expansion Areas
 - 8.5.6. Grandfathered rights
 - 8.5.6.1. Irrigation
 - 8.5.6.2. Type I Non-irrigation
 - 8.5.6.3. Type II Non-irrigation
 - 8.5.7. Assured water supply versus Adequate Water Supply
 - 8.5.8. Transfer of Well Rights
 - 8.5.8.1. Is it required?
 - 8.5.8.2. Transfer request
 - 8.5.8.3. Registration
 - 8.5.8.4. Adjudication
 - 8.5.9. Other permits and exemptions
 - 8.5.9.1. Service area rights
 - 8.5.9.2. Storage and recovery permits (recharge/percolation)
 - 8.5.9.3. Withdrawal permits
 - 8.5.9.4. Exempt wells

- 8.6. Wetlands in Arizona
 - 8.6.1. Definition
 - 8.6.2. Location in Arizona

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

9. Environmental Law / Disclosures

- 9.1. Regulators
 - 9.1.1. Environmental Protection Agency (EPA)
 - 9.1.2. Arizona Department of Environmental Quality (ADEQ)
 - 9.1.3. County and City Health Officials

- 9.2. Environmental Laws and Regulations
 - 9.2.1. Federal - Comprehensive Environmental Response Compensation & Liability Act (CERCLA)
 - 9.2.2. State - Water Quality Assurance Revolving Fund (WQARF)

- 9.3. Current Issues
 - 9.3.1. Mold
 - 9.3.2. Radon
 - 9.3.3. Asbestos
 - 9.3.4. Lead paint -contract requirements
 - 9.3.5. Underground storage tanks (UST)
 - 9.3.6. Formaldehyde/urea
 - 9.3.7. PCB's
 - 9.3.8. SBS (sick building syndrome)
 - 9.3.9. Pesticides and fertilizers
 - 9.3.10. Alternative wastewater systems/bulletin 12
 - 9.3.11. Wood infestation
 - 9.3.12. Dry wells and on-site retention

- 9.4. Due Diligence and Information Sources
 - 9.4.1. Public information
 - 9.4.2. Phase I-Environmental
 - 9.4.3. Phase II-Testing Investigation
 - 9.4.4. Phase III-Remediation

- 9.5. Liabilities
 - 9.5.1. Owner and operator
 - 9.5.2. Brokers and agents' disclosures

- 9.6. Remedy Terminology
 - 9.6.1. Abatement/remediation
 - 9.6.2. Management in place / encapsulation

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

10. Land Descriptions

10.1. Monuments and Markers

- 10.1.1. Oldest Method
- 10.1.2. Occasionally used today

10.2. Metes and Bounds

- 10.2.1. Precise Directional Notations
- 10.2.2. Primary System Many States
- 10.2.3. Used as Supplement to Prevailing Descriptive Form
 - 10.2.3.1. Metes
 - 10.2.3.2. Bounds
 - 10.2.3.3. Directional notation
 - 10.2.3.4. P.O.B. (point of Beginning)

10.3. Rectangular Survey

- 10.3.1. Meridian
- 10.3.2. Baselines
- 10.3.3. Range Lines
- 10.3.4. Township Lines
- 10.3.5. Correction Lines
- 10.3.6. Quadrangles/Checks
- 10.3.7. Sections
- 10.3.8. Fractional Sections
- 10.3.9. Government Lots

10.4. Subdivision (Lot, Block and Tract)

- 10.4.1. Plat of Survey
 - 10.4.1.1. Filed with government office (zoning)
 - 10.4.1.1.1. City
 - 10.4.1.1.2. County
 - 10.4.1.2. Filed with Arizona Department of Real Estate when creating a lawful Subdivision
- 10.4.2. Assessors Maps

11. Land Development & Construction

11.1. Land Development

- 11.1.1. Growth Patterns - Types
- 11.1.2. Concentric Circles
- 11.1.3. Multiple - Nuclei Theory
- 11.1.4. Wedge Sector Theory
- 11.1.5. Central - Axial Theory

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

11.2. Land Planning Terminology

- 11.2.1. General Plan
- 11.2.2. Master Planned Community
- 11.2.3. Planned Unit Development (PUD)
- 11.2.4. Transportation Plan
- 11.2.5. Buffer Zones
- 11.2.6. Zoning/Changes
- 11.2.7. Non-Conforming Use
- 11.2.8. Variances
- 11.2.9. Grandfathered Rights

11.3. Interstate Land Sales-Requirements

11.4. Construction Fundamentals

- 11.4.1. Soil Preparation
- 11.4.2. Orientation
- 11.4.3. Foundation
- 11.4.4. Roof Framing Styles
- 11.4.5. Joist, Rafters and Load-Bearing Walls
- 11.4.6. Exterior Trim
- 11.4.7. Building Code -Regulations
- 11.4.8. New Home Builders' Warranties
 - 11.4.8.1. Types of Warranties
 - 11.4.8.2. Brokerage Responsibilities, Liabilities and Awareness

12. Encumbrances

12.1. Non-monetary

- 12.1.1. Easements
- 12.1.2. Deed Restrictions/CC&R's
- 12.1.3. Encroachments
- 12.1.4. Clouds

12.2. Monetary (lien)

- 12.2.1. Theory
 - 12.2.1.1. General vs. Specific
 - 12.2.1.2. Voluntary vs. Involuntary
 - 12.2.1.3. Equitable vs. Statutory
- 12.2.2. Application
 - 12.2.2.1. Financing Liens
 - 12.2.2.2. Property Tax Liens
 - 12.2.2.3. Mechanic's Liens
 - (1) Justification

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- (2) Who has the lien right?
- (3) Pre-lien Notices
- (4) Costs that cannot create a lien on the property
- (5) What does a mechanic's lien attach to?
- (6) Priority of mechanic's liens
- (7) Release or assignment of mechanic's liens
- (8) Statutory rights/time periods
- 12.2.2.4. Judgment Liens
 - (1) Creation
 - (2) Recordation
 - (3) Enforcement and Renewal
- 12.2.2.5. Income Tax Liens

13. Acquisition and Transfer of Title

- 13.1 Terminology
- 13.2. Methods of Transfer
 - 13.2.1. Voluntary
 - 13.2.2. Involuntary
 - 13.2.3. Descent
 - 13.2.4. Will
- 13.3. Deeds
 - 13.3.1. Types
 - 13.3.2. Essential Elements
- 13.4. Notice
 - 13.4.1. Actual
 - 13.4.2. Constructive
- 13.5. Adverse Possession/Use (Title and Easement)
- 13.6. Probate
- 13.7. Title Insurance
 - 13.7.1. Types of Policies
 - 13.7.1.1. Standard / Residential
 - 13.7.1.2. Extended ALTA
 - 13.7.1.3. Plain language
 - 13.7.1.4. Homeowner's
 - 13.7.2. Commitment for Title Insurance
 - 13.7.2.1. Schedule A

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 13.7.2.2. Schedule B
- 13.7.3. Endorsements

14. Escrow and Settlement (Not Including Math)

- 14.1. Definitions
- 14.2. Parties to the Escrow
- 14.3. Duties of the Escrow Officer
- 14.4. Settlement Statements
 - 14.4.1. Debits and Credits
 - 14.4.2. Sample Statement and Worksheet
- 14.5. Seller's disclosures required by law

15. Fair Housing and Americans with Disabilities Act

- 15.1. Fair Housing Laws
 - 15.1.1. History
 - 15.1.1.1. 1866 Civil Rights Law
 - 15.1.1.2. 1968 Federal Fair Housing
 - 15.1.1.3. Jones vs. Mayer 1968
 - 15.1.1.4. Amendments
 - 15.1.1.5. Equal Opportunity Lending
 - 15.1.1.6. Steering
 - 15.1.1.7. Blockbusting
 - 15.1.1.8. Redlining
 - 15.1.2. 1988 Fair Housing Legislation
 - 15.1.3. Fair Housing Enforcement Provisions
 - 15.1.4. Exemptions
 - 15.1.4.1. Federal
 - 15.1.4.2. State
 - 15.1.5. Penalties for violations
 - 15.1.5.1. Federal
 - 15.1.5.2. State
 - 15.1.5.3. City
 - 15.1.6. Advertising Requirements

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

15.2. Americans with Disabilities Act

15.3. Potential Conflicts

15.3.1. Landlord Tenant Act

15.3.2. CC&R's / Deed Restrictions

16. Leases and Leasehold Estates

16.1. Types of Leasehold Estate

16.2. Essentials of a Valid Lease

16.3. Types of Leases/Payment Plans

16.3.1. Graduated Lease

16.3.2. Index Lease

16.3.3. Percentage/Participation Lease

16.3.4. Net Lease

16.3.5. Gross Lease

16.3.6. Ground Lease

16.3.7. Sale And Leaseback

16.3.8. Rental Agreement

16.3.9. Commercial Lease vs. Residential Lease

16.3.10. Commercial Leases

16.3.10.1. Types

16.3.10.1.1. Gross lease

16.3.10.1.2. Net lease

16.3.10.1.2.1. Modified

16.3.10.1.2.2. Full

16.3.10.1.3. Usable area

16.3.10.1.4. Rentable area

16.3.10.1.5. Load factor

16.3.11. Pass-through

16.3.12. Reappraisal/reevaluation

16.3.13. Roof-top leasing

16.4. Assignment vs. Subleasing

16.5. Leasehold as Collateral

16.5. Termination of the Lease

16.5.1. Methods

16.5.2. Bankruptcy of the Lessee

16.5.3. Foreclosure of a Mortgage

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

17. Arizona Residential Landlord and Tenant Act *General Provisions*

17.1 General Provisions

- 17.1.1 Purposes
- 17.1.2 Applicability
- 17.1.3 Enforcement
- 17.1.4 Exclusions
- 17.1.5 Jurisdiction/Service of Process
- 17.1.6 Definitions
- 17.1.7 Good Faith
- 17.1.8 Unconscionability
- 17.1.9 Notice
- 17.1.10 Terms and Conditions of Rental Agreement
- 17.1.11 Utility Charges
- 17.1.12 Prohibited Provisions in Rental Agreements
- 17.1.13 Separation of Rents and Obligations to Maintain Property Forbidden
- 17.1.14 Discrimination Against Tenants with Children
- 17.1.15 Early Termination for Domestic Violence
 - 17.1.15.1 Conditions
 - 17.1.15.2 Lock Replacement
 - 17.1.15.3 Access Refusal
 - 17.1.15.4 Damages
 - 17.1.15.5 Immunity

17.2 Landlord Obligations

- 17.2.1 Security Deposits
- 17.2.2 Written Agreement
- 17.2.3 Possession
- 17.2.4 Fit Premises
- 17.2.5 Limitation of Liability
- 17.2.6 Regulation of Rents
- 17.2.7 Records

17.3 Tenant Obligations

- 17.3.1 Maintain Dwelling Unit
- 17.3.2 Rules and Regulations
- 17.3.3 Access
- 17.3.4 Use and Occupancy

17.4 Remedies

- 17.4.1 Noncompliance by Landlord
- 17.4.2 Failure to Deliver Possession
- 17.4.3 Self-Help for Minor Defects
- 17.4.4 Withholding Essential Services
- 17.4.5 Landlord's Remedies
- 17.4.6 Fire or Casualty Damages
- 17.4.7 Tenant's Remedies
- 17.4.8 Noncompliance with Rental Agreement by Tenant

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 17.4.8.1 Failure to Pay Rent
- 17.4.8.2 Utility Discontinuation
- 17.4.8.3 Liability for Guests
- 17.4.9 Failure to Maintain
- 17.4.10 Abandonment
- 17.4.11 Partial Payments
- 17.4.12 Landlord Liens; Distraint
- 17.4.13 After Termination
- 17.4.14 Recovery of Possession
- 17.4.15 Holdover Tenants
- 17.4.16 Abuse of Access
- 17.4.17 Forcible Entry and Detainer
- 17.5 Retaliatory Conduct Prohibited
- 17.6 Residential Rental Property
 - 17.6.1 Recording
 - 17.6.2 Temporary Receivers
 - 17.6.3 Inspections
 - 17.6.4 Slum Property
 - 17.6.5 Property Management Training
 - 17.6.6 Registration with One-Call Notification Center

18. Property Management

- 18.1. Licensing Requirements
 - 18.1.1. Exemptions
- 18.2. Owner -Broker Management Agreement
 - 18.2.1. Basic Requirements -per Title 32 Chapter 20, Article 3.1
 - 18.2.2. Salesperson Acting as a Property Manager
- 18.3. Trust Account -Property Management Specifics
- 18.4. Agency Law and the Property Manager
- 18.5. Owner/Tenant Associations
 - 18.5.1. Residential
 - 18.5.2. Commercial
- 18.6. General Property Management Issues
 - 18.6.1. Credit Issues
 - 18.6.2. Privacy Act
 - 18.6.3. Bankruptcy Issues

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

18.7. Rental Property Registrations, Regulations, Classifications

18.8. Owner Liability

18.8.1. Dangerous Dogs

18.8.2. Drugs and Other Current Legal Issues

19. Property Insurance and Warranties

19.1. Insurance Terminology

19.2. Types of Properties and Policies

19.3. Indemnification

19.4. Warranties

19.4.1. Contractors'

19.4.2. Homeowners

19.5. National Flood Insurance Program

19.6. Claims History (Clue Report)

20. Appraisal -Terminology & Concepts

20.1. Terminology

20.1.1. Appraisal /Appraiser

20.1.2. Value

20.1.2.1. Components of Value (Demand, Utility, Scarcity, Transferability)

20.1.2.2. Objective Value versus Subjective Value

20.1.2.3. Market Value (worth) versus Market Price (Value in Exchange)

20.1.2.4. Types of Value

20.1.2.4.1. Market Value

20.1.2.4.2. Loan (Mortgage) Value

20.1.2.4.3. Insurable Value

20.1.2.4.4. Assessed (Taxable) Value

20.1.2.4.5. Condemnation Value

20.1.2.4.6. Salvage/Residual Value

20.1.2.5. Concepts of Measurements

20.2. Appraisal Concepts and Principles of Value

20.2.1. Highest and best use

20.2.2. Substitution

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

- 20.2.3. Change
- 20.2.4. Anticipation
- 20.2.5. Supply and Demand
- 20.2.6. Contribution
- 20.2.7. Increasing and Decreasing Returns (Marginal Returns) 8. Balance
- 20.2.9. Conformity
- 20.2.10. Progression and Regression
- 20.2.11. Competition
- 20.2.12. Integration, Equilibrium, and Disintegration (Growth, Stability, Decline, and Renewal)
- 20.2.13. Plottage (Assemblage)
- 20.2.14. Directional Growth
- 20.2.15. Orientation
- 20.2.16. Opportunity Cost
- 20.2.17. Externalities

20.3. The Appraisal Process

- 20.3.1. Sales comparison analysis approach to value
 - 20.3.1. Collection and analysis of data
 - 20.3.2. Extraction of component market values
 - 20.3.3. Adjustments to comparables for features different from the subject
- 20.3.2. Cost Approach to Value (Appraisal by Summation)
 - 20.3.1. Estimation of site value (land value)
 - 20.3.2. Estimation of construction costs (building costs)
 - 20.3.3. Estimation of accrued depreciation from all sources
- 20.3.3. Income Approach to Value
 - 20.3.1. Gross Rent Multipliers versus Gross Income Multipliers
 - 20.3.2. Direct Capitalization
- 20.3.4. Correlation

20.4. Appraiser Licensing and Certification

- 20.4.1. Requirements
 - a. Separate License
 - b. Dual Licensure
- 20.4.2. Competitive Market Analysis ("CMA")
- 20.4.3. Appraisal
- 20.4.4. Broker Price Opinion (Exemption for Real Estate Licensees (A.R.S. § 32-3602 (A)))

21. Primary Lenders and the Secondary Market

21.1. Primary Lenders

- 21.1.1. Commercial Banks

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 21.1.2. Mortgage Brokers and Bankers
- 21.1.3. Life Insurance Companies
- 21.1.4. Credit Unions
- 21.1.5. Private Investor

- 21.2. Secondary Mortgage Market I
 - 21.2.1. Federal National Mortgage Association
 - 21.2.2. Government National Mortgage Association- Pools -Securities
 - 21.2.3. Federal Home Loan Mortgage Corporation
 - 21.2.4. Private Investor
 - 21.2.5. Paper Terminology/Holder In Due Course

- 21.3. Types of Repayment Plans
 - 21.3.1. Fixed Rate Loan
 - 21.3.2. Level Payment Loan
 - 21.3.3. Straight/Term Loan
 - 21.3.4. Adjustable Rate Loan
 - 21.3.5. Graduated Payment Loan
 - 21.3.6. Open Ended Loan
 - 21.3.7. Blanket Loan
 - 21.3.8. Bi-Weekly Loan
 - 21.3.9. Reverse Annuity Mortgage
 - 21.3.10. Zero Percent Interest
 - 21.3.11. Interest Only

22. Residential Financing

- 22.1. FHA Title Programs
 - 22.1.1. Qualification of Borrower
 - 22.1.2. Requirements of an FHA Insured Loan

- 22.2. Veterans Administration
 - 22.2.1. Borrower's eligibility
 - 22.2.2. Requirements of a V A Guaranteed Loan

- 22.3. Conventional Loans
 - 22.3.1. Buyer Qualifications
 - 22.3.2. Private mortgage insurance

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 22.4. Seller Carryback/Wraparound
- 22.5. Financial Institutions Reform Recovery Enforcement Act (FIRREA)
- 22.6. Truth in Lending (Regulation Z)
- 22.7. RESPA
 - 22.7.1. Prohibited Acts
- 22.8. Assumption Policies
- 22.8. Federal Reserve impact on interest

23. Commercial Financing

- 23.1. Commercial Lending
 - 23.1.1. Types of Loans
 - 23.1.1.1. Land Loans - Investors
 - 23.1.1.2. Acquisition and Development ('A&D') Loans - Subdividers
 - 23.1.1.3. Construction ('Interim') Loans
 - 23.1.1.4. Bridge ('Gap') Loans
 - 23.1.1.5. Permanent ('Take-out') Loans
 - 23.1.2. Sources of Funds
 - 23.1.2.1. Commercial Banks
 - 23.1.2.2. Mortgage Companies
 - 23.1.2.3. Venture Capitalists
 - 23.1.2.4. Others
- 23.2. Government Loan Programs
 - 23.2.1. U. S. Department of Commerce
 - 23.2.2. U. S. Department of Housing & Urban Development (HUD)
 - 23.2.3. Small Business Administration (SBA)
- 23.3. Alternative Sources of Commercial Capital
 - 23.3.1. Sale of Stock
 - 23.3.1.1. Public Offering
 - 23.3.1.2. Private Placement
 - 23.3.2. Issuance of Bonds
- 23.4. Financial Analysis
 - 23.4.1. Property Income & Expense Analysis (Annual Property Operating Data)
 - 23.4.2. Capitalization Rates
 - 23.4.3. Cash-On-Cash Returns

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

23.4.4. Debt Coverage (Net Income-To-Debt) Ratios

23.4.5. Cash Flow Projections

23.5. Uniform Commercial Code Search (Secretary Of State, Corporation Commission)

23.6. Seller Carry-Backs

24. Financing Documents

24.1. Financing Theory

24.1.1. Lien Theory vs. Title Theory

24.1.2. Hypothecation vs. Pledging

24.2. Promissory Notes

24.3. Mortgages

24.4. Deeds of Trust

24.5. Agreement for Sale

25. Foreclosure

25.1. Processes of Foreclosure - Mortgage

25.1.1. Filing of legal action

25.1.2. Recording Lis Pendens

25.1.3. Acceleration of Debt

25.1.4. Court Action

25.1.5. Sheriff's sales and bidding

25.1.6. Sheriff's Certificate

25.1.7. Six-month statutory redemption period

25.1.8. Sheriff's Deed and delivery

25.1.9. Rights of borrower in possession

25.1.10. Difference between equity of redemption and statutory right of redemption

25.2. Processes of Foreclosure - Deed of Trust

25.2.1. Contrasts to a Mortgage Foreclosure

25.2.2. Non-Judicial Foreclosure (power of Sale)

25.2.2.1. Preparation and recordation of Notice of Default and Trustee's Sale

25.2.2.2. Parties required to be notified

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 25.2.2.3. Use of Request for Notice of Default
- 25.2.2.4. Trustor's right of reinstatement
- 25.2.2.5. Absence of acceleration of debt
- 25.2.2.6. Minimum time period prior to day of Trustee's Sale
- 25.2.2.7. Trustee's sale and bidding h. Delivery of Trustee's Deed
- 25.2.2.8. Absence of Statutory Right of Redemption
- 25.2.3. Judicial Foreclosure Alternative

- 25.3. Deed in Lieu of Foreclosure
 - 25.3.1. Cancellation of debt
 - 25.3.2. Acquisition by lender subject to prior and subordinate liens
 - 25.3.3. Use of Deed in Lieu with estoppel
 - 25.3.4. Consideration (Purchaser for Value)

- 25.4. Proceeds and Lien Priorities upon Foreclosure
 - 25.4.1. Recorded/ Non-recorded Interests
 - 25.4.2. Application of Foreclosure Proceeds

- 25.5. Post-Foreclosure Remedies

- 25.5.1. Terminology
- 25.5.2. Deficiency Judgments
 - 25.5.2.1. Residential
 - 25.5.2.1.1. Arizona Anti-deficiency Statutes
 - 25.5.2.1.2. Exceptions
 - 25.5.2.2. Commercial
 - 25.5.2.2.1. Recourse versus Non-recourse
- 25.6. Forfeiture of Agreement for Sale (aka Land Contract, Contract for Deed, Installment Contract, Land Sales Contract)
 - 25.6.1. Difference between foreclosure and forfeiture
 - 25.6.2. Default by Vendee
 - 25.6.3. Statutory reinstatement periods given to the buyer
 - 25.6.4. Notice of Election to Forfeit
 - 25.6.5. Notices to persons with recorded interests
 - 25.6.6. Completing the forfeiture through the Affidavit of Completion of Forfeiture versus quiet title action
 - 25.6.7. Required use of an account servicing agent to avoid quiet title action

26. Bankruptcy and Its Effect on Real Estate Business

- 26.1. Types of Bankruptcy Relief
 - 26.1.1. Chapter 7
 - 26.1.2. Chapter 11
 - 26.1.3. Chapter 12
 - 26.1.4. Chapter 13
- 26.2. Impacts on Contracts/Transactions

27. Math

- 27.1. Proration Calculations
- 27.2. Appreciation and Depreciation Calculations
- 27.3. Property Tax Calculations
- 27.4. Net Proceeds Calculations
- 27.5. Loan Interest Calculations
- 27.6. Area and Volume Calculations
- 27.7. Capitalization Calculations
- 27.8. Commission Calculations
- 27.9. Ratio Calculations

28. Selling a Business

- 28.1. When are Real Estate License Not Required, Area of Specialization, and Designation?
- 28.2. Financial Statements
 - 28.2.1. Balance Sheet
 - 28.2.1.1. Assets
 - 28.2.1.2. Liabilities
 - 28.2.1.3. Equity
 - 28.2.2. Income Statement / Profit & Loss Statement
 - 28.2.2.1. Income from sales
 - 28.2.2.2. Cost of goods sold
 - 28.2.2.3. operating/manufacturing expenses

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 28.2.2.4. Selling expenses
- 28.2.2.5. General and administrative expenses
- 28.2.2.6. Other income and expenses
- 28.2.2.7. Net income before income taxes
- 28.2.2.8. Provision for taxes
- 28.2.2.9. Net income (loss) after taxes
- 28.2.3. Cash Flow Statement
- 28.2.4. Statement of Changes in Financial Position
- 28.2.5. Disclaimer by Tax Preparer
 - 28.1.5.1. Audited or unaudited
 - 28.1.5.2. Compilation
- 28.2.6. Accounting Systems Used
 - 28.1.6.1. Cash vs. Accrual
 - 28.1.6.2. Value of Inventory (LIFO/FIFO)
 - 28.1.6.3. Depreciation Methods
- 28.2.7. Unreported Items
 - 28.1.7.1. Income or expenses
 - 28.1.7.2. Taxes
 - 28.1.7.3. Pending litigation
- 28.2.8. Owner's Compensation and Perks
- 28.2.9. Unrelated Business or Personal Expenses
- 28.2.10. Comparison to Standards of Industry
- 28.3. Legal Forms of Ownership
 - 28.3.1. Proprietorship
 - 28.3.2. Partnership
 - 28.3.2.1. General
 - 28.3.2.2. Joint venture
 - 28.3.2.3. Limited
 - 28.3.2.4. Limited liability company
- 28.4. Professional Limited Liability Company
- 28.5. Trust (REIT)
- 28.6. Corporations
 - 28.6.1. Regular "C"
 - 28.6.2. Subchapter "S"
 - 28.6.3. Public or Private
 - 28.6.4. Closely held
 - 28.6.5. Stock/equity
 - 28.6.5.1. Common
 - 28.6.5.2. Preferred
 - 28.6.5.3. Voting or nonvoting
 - 28.6.5.4. Treasury
 - 28.6.5.5. Par value
 - 28.6.5.6. Market value
 - 28.6.5.7. Minority interests
- 28.7. Value of a Business

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

- 28.7.1. Comparison Market Value
- 28.7.2. Replacement Cost
 - 28.7.2.1. Net asset value
 - 28.7.2.2. Adjusted income
 - 28.7.2.2.1. Cash flow analysis
 - 28.7.2.2.2. returns to owner(s)
 - 28.7.2.3. Goodwill value
 - 28.7.2.3.1. Excess earnings technique
 - 28.7.2.3.2. Payback analysis
 - 28.7.2.3.3. Discounted cash flow analysis
- 28.8. Writing an Offer
 - 28.8.1. Letter of Intent
 - 28.8.2. Offer of Purchase
 - 28.8.3. Conditions of Offer
 - 28.8.3.1. Due diligence
 - 28.8.3.1.1. Inspection
 - 28.8.3.1.2. Audit of records
 - 28.8.3.2. covenant not to compete
 - 28.8.3.3. Warranties
 - 28.8.3.4. Search of records
 - 28.8.3.4.1. Unpaid taxes
 - 28.8.3.4.2. ownership/liens on assets
 - 28.8.3.4.3. Seller to train buyer
 - 28.8.3.5. assets/liabilities not included
 - 28.8.4. Assign purchase price to:
 - 28.8.4.1. Assets
 - 28.8.4.2. Goodwill
 - 28.8.4.3. covenant not to compete
- 28.9. Recording of Interests

29. Real Estate Management

- 29.1. Owning/Operating a Real Estate Office
 - 29.1.1. Residential
 - 29.1.2. Commercial
 - 29.1.3. Property Management
- 29.2. Meeting Government Requirements
 - 29.2.1. Federal
 - 29.2.2. State
 - 29.2.3. Local
 - 29.2.4. Payroll
- 29.3. Risk Management
 - 29.3.1. Written Office Policies
 - 29.3.2. Privacy Policies
 - 29.3.3. Insurance - Types

DETAILED INSTRUCTOR OUTLINE PRESCRIBED CURRICULUM BROKER'S LICENSE

- 29.3.4. Mediation Policy
- 29.3.5. Arbitration Policy
- 29.3.6. Employees
- 29.3.7. Independent Contractors
- 29.3.8. State and local taxes
- 29.3.9. Interviewing (EEOC)
- 29.4. Supervising, Training and Managing Licensees
 - 29.4.1. Americans with Disabilities Act (ADA)
 - 29.4.2. Fair Housing
 - 29.4.3. Agency Disclosure
 - 29.4.4. Environmental Disclosures
 - 29.4.5. Assistants
- 29.5. Types of Business Ownership
 - 29.5.1. Sole Proprietor
 - 29.5.2. Corporation/PC
 - 29.5.3. Limited Liability Company/PLLC
 - 29.5.4. Partnership
 - 29.5.5. 'Doing business as' (DBA) Names

30. Disclosure/Consumer Protection

- 30.1. Stigmatized Property Law
- 30.2. Affiliated Business Relationships
- 30.3. Privacy Act
- 30.4. Flood hazard areas
- 30.5. Military airports and ancillary military facilities
- 30.6. Military training routes and military restricted airspace
- 30.7. Public and private airports
- 30.8. Expansive soils
- 30.9. Fissures as shown on earth fissure maps issued by the Arizona geological survey
- 30.10. Special tax assessment areas/special assessments
- 30.11. Radon gas potential zones
- 30.12. Superfund Sites and Water Quality Assurance Revolving Fund Sites
- 30.13. Any other condition that affects the real property

31. Cooperative Nature of Real Estate

- 31.1. Professional Boards and Associations
 - 30.1.1. Functions
 - 30.1.2. Standards
- 31.2. Multiple Listing Service
 - 30.2.1. How it works

**DETAILED INSTRUCTOR OUTLINE
PRESCRIBED CURRICULUM
BROKER'S LICENSE**

- 30.2.2. Who operates it?
- 30.2.3. Types (Residential, other)
- 31.3. Ethics and Professional Conduct
- 31.4. Practice of Brokerage
 - 31.4.1. Compensation
 - 31.4.2. Insurance
 - 31.4.3. Contractor agreements
 - 31.4.4. Expectations
 - 31.4.5. Performance standards
 - 31.4.6. Office policies
- 31.5. Related Careers
 - 31.5.1. Property management
 - 31.5.2. Finance
 - 31.5.3. Appraisal (limited to CMA as licensee)
 - 31.5.4. Property development
- 31.6. Regional Issues
- 31.7. Commissioner Hot Topics