

Arizona Real Estate Salesperson License Exam Curriculum Outline



Arizona State Specific Salesperson Pre-License Curriculum

Learning Objective: The Arizona Specific Real Estate Salesperson Pre-License exam aims to ensure that licensing candidates possess a foundational understanding of key aspects relevant to real estate practice in Arizona. Upon successful completion, candidates will be able to demonstrate knowledge of Arizona Real Estate Laws, the essential elements of contracts, fiduciary responsibilities, the principles of fair dealing, and the competency requirements expected of a licensee. The overarching objective is for candidates to understand how to effectively represent a client and engage fairly with all parties involved in a real estate transaction, adhering to the applicable laws and regulations throughout the state of Arizona.

Levels of Understanding:

Level 1 – Recall (Bloom's Taxonomy: Understand and Remember)

- **Competency:** Students should be able to recall facts and basic concepts and explain ideas or concepts relevant to real estate.
- **Instruction:** The instructor should review and discuss basic real estate definitions, facts, concepts, and procedures. In-depth instruction is not required.
- **Key word indicators:**
 - **Define**
 - **Describe**
 - **Identify**
 - **Acknowledge**

Level 2 – Application (Bloom's Taxonomy: Apply and Analyze)

- **Competency:** Students should be able to use real estate information in new situations and draw connections among real estate-related ideas.
- **Instruction:** The instructor should review and discuss real estate topics in moderate depth, sufficient to illustrate and enhance understanding of facts, principles, and procedures, and their relevance to the practice of real estate.
- **Key word indicators:**
 - **Demonstrate**
 - **Understand**

- **Differentiate**
- **Comprehend**

Level 3 – Analysis (Bloom's Taxonomy: Evaluate and Create)

- **Competency:** Students should be able to justify a stand or decision regarding real estate situations and produce new or original work based on scenario-based fact sets.
- **Instruction:** The instructor should review and discuss real estate topics in substantial depth, using examples to reinforce understanding of ideas, principles, and practices, and requiring students to complete practical work assignments to demonstrate both their understanding of the topic and their ability to apply their knowledge to common scenario-based situations that will be encountered in real estate practice.
- **Real Estate Examples:**
 - **Critique**
 - **Apply**

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The Resource Guide is a courtesy from the Department of Real Estate and is not guaranteed to list all resources or current laws for every topic. Course providers are obligated to keep their materials up-to-date with evolving laws, regulations, and area-specific information.

Section 1: Arizona Real Estate Regulatory Framework

Module 1.1: Overview of Arizona Real Estate Law references

- Identify the four main categories of Arizona Real Estate Laws (Constitutional, Statutory, Administrative Code, and Case Law).
- Explain the significance of Arizona Constitution Article 26 and its historical context (including *State Bar of Arizona v. Arizona Land Title & Trust Co.*) in relation to real estate licensees drafting contractual documents.
- State the requirement for a licensee to represent a party in order to complete contractual documents for bills of sale or realty, as per Article 26 of the Arizona Constitution.

Arizona Revised Statute (A.R.S.)

- Describe the process for creating the Arizona Revised Statutes.
- Understand that the Arizona Department of Real Estate regulates Title 32, Chapter 20 within the Arizona Revised Statutes.

Arizona Administrative Code (A.A.C.)

- Define Administrative Code and understand it is referred to as ‘rules.’
- Understand that state agencies may interpret and enforce rules found in the Arizona Administrative Code.
- Understand that ADRE regulates Title 4, Chapter 28 within the Arizona Administrative Code.

Substantive Policy Statements (SPS)

- Describe how and why a state agency creates Substantive Policy Statements.
- Explain the main purpose of a Substantive Policy Statement.
- Recognize that the Real Estate Commissioner may provide clarity on how a law is enforced through a Substantive Policy Statement.

Case Law

- Define Case Law and Common Law.
- Describe the process of how case law may be overturned.

- Identify which level of Arizona courts have the authority to create common law.

Module 1.2: Overview of Arizona Real Estate Law references

- Understand the primary functions and scope of the Arizona Real Estate Department and the Commissioner.
- Identify the qualifications required to serve as the Real Estate Commissioner.
- Identify who appoints the Real Estate Commissioner.
- List the key duties of the Real Estate Commissioner and activities they must cease upon appointment.
- Explain specific actions the Real Estate Commissioner is permitted to take.
- Understand the Commissioner's duty and power to open investigations.
- Describe the responsibility of a licensee upon receiving a demand from the department.
- Identify the role of the Department of Real Estate in regard to compensation.
- State the timeframe within which the Department may issue disciplinary actions and investigate real estate activity based on A.R.S. § 32-2153(A) versus § 32-2153(B).
- List various reasons for which a real estate license may be suspended, revoked, or a renewal denied.
- Explain the ramifications for a licensee who fails to cooperate with an investigation.
- Identify the range of disciplinary actions the Commissioner can impose, including restrictions on licenses.
- Describe the actions the Commissioner may take if an investigation reveals an immediate danger to the public.
- Explain how a licensee may receive compensation for licensed real estate activities.

Module 1.3: Recovery Fund

- Understand the purpose of the Recovery Fund.
- Identify the maximum financial compensation an aggrieved person can receive from the Recovery Fund for a single real estate transaction.
- Define the total aggregate amount that can be paid out from the Recovery Fund due to the actions of a single licensee over the span of their license.
- Identify specific types of damages or losses for which the Real Estate Recovery Fund is not responsible.
- Describe the automatic disciplinary action taken against a license once a Recovery Fund payout is made to settle an applicant's claim.
- Explain the conditions a licensee must meet, specifically regarding repayment to the Recovery Fund, in order to be eligible to apply for a new real estate license after a recovery fund payout has occurred.

Module 1.4: Licensing Requirements

- Understand the requirements for obtaining and maintaining a real estate salesperson license.
 - Original Salesperson License Application
 - Pre-License Education Requirements
 - License Issuance Timeline Post-Exam
 - Salesperson License Renewal Application
 - Continuing Education
 - Renewal License Fee Payments
- Understand the elements that must be included in an original application for a real estate license.
- Understand the Commissioner's authority and limitations regarding the consideration of applications from individuals with a criminal history disclosure or a history of license revocation.

- Identify the various types of licenses issued and regulated by the Department of Real Estate.
- Understand the law regarding compensation when a licensee has a Professional Limited Liability Company (PLLC) or a Professional Corporation (PC) named on their real estate license.
- Identify the number of employing brokers a licensee may perform licensed real estate activities under.
- Differentiate between Active, Eligible, Inactive, Expired, and Terminated license statuses.

Module 1.5: Licensing Activities

- Understand the definition of a licensee and the scope of activities they are authorized to perform.
- Comprehend the requirements and responsibilities associated with being the designated broker for an entity, including reasonable supervision and control.
- Interpret the permissible activities for unlicensed assistants and distinguish them from activities requiring a license.
- Identify activities that constitute unlicensed real estate activity and the exemptions to real estate licensing requirements.
- Understand licensee transactional file requirements and timelines for designated broker review of executed documents.

Section 2: Arizona Consumer Protection Laws

Module 2.1: 1967 Arizona Consumer Fraud Protection Act

- Understand the historical context and primary purpose of the Arizona Consumer Fraud Protection Act.
- Identify the core elements of the Act designed to protect consumers.
- Recognize how the Arizona Consumer Fraud Protection Act specifically applies to real estate transactions.
- Understand what constitutes misrepresentation of material facts in real estate transactions under this Act.
- Identify actions that constitute violations of the Arizona Consumer Fraud Protection Act.
- Comprehend the role and authority of the Arizona Attorney General in enforcing the Act.

Module 2.2: Statute of Frauds

- Define the Arizona Statute of Frauds and the fundamental importance for all real estate transactions.
- Explain the specific requirements for real estate purchase contracts under the Arizona Statute of Frauds.
- Identify the types of agreements that may be enforceable without being in writing per the Arizona Statute of Frauds.
- Understand the requirement for employment agreements between licensees and clients per the Statute of Frauds

Module 2.3: Arizona Fair Housing

- Understand the fundamental principles of fair housing and relevant Arizona legal frameworks.
 - Arizona Department of Real Estate
 - Arizona Attorney General
 - Arizona Civil Rights Act

- Identify and define various forms of discrimination prohibited under the Arizona Civil Rights Act.
- Recognize that certain Arizona cities have enacted ordinances providing additional protected classes beyond state and federal law.
- Critique and apply the Arizona Civil Rights act to real-world scenarios.

Module 2.4: Arizona Homestead Laws

- Identify who is entitled to a homestead exemption and describe the purpose of a homestead exemption in Arizona.
- Determine circumstances under which an owner's homestead exemption will be terminated.
- Recognize the appropriate professional to consult regarding homestead exemption laws in Arizona due to conflicting legislation.

Section 3: Advertising

Module 3.1: Advertising by a Licensee

- Critique and apply the definition of advertising in A.R.S. Title 32 Chapter 20 and the fundamental rules governing all advertisements.
- Identify specific information that must be included in various types of real estate advertisements.
- Apply the laws related to advertising property details, including acreage and signage.

Module 3.2: Promotional Activities

- Apply regulations regarding promotional real estate advertising.
 - Understand the prohibition on describing premiums as “awards” or “prizes”.
 - Apply the requirements for advertising premiums such as the purchase of a home warranty, a rebate, or moving costs.
- Understand the limitations of solicitation methods for selling real estate.
- Identify which real estate types are permitted to conduct lotteries, contests, drawings, or games of chance.
- List the mandatory items a subdivider must provide the Department of Real Estate when applying a game of chance as a promotional activity.

Module 3.3: Development Advertising

- Understand the requirements for advertising real estate developments, particularly concerning public reports issuance and lot reservations.
- Understand when advertising may begin on property that requires a public report.

Module 3.4: Advertising Supervision

- Understand the Designated Broker’s responsibility to supervise all advertising for real estate, cemetery, or membership camping.
- Identify the consequences of appearing to engage in licensed real estate activity through advertising without being licensed.

- Understand, critique scenario-based and apply the consequences of misleading advertising.
- Understand, critique scenario-based scenarios, and apply the prohibitions against discrimination in all forms of real estate advertising based on protected characteristics.
- Understand the specific exemptions in the Arizona Civil Rights Act for housing of older persons, accessible housing, or affirmative marketing programs.

Section 4: Arizona Agency

Module 4.1: Types of Agency

- Understand, critique scenario-based examples and apply licensee's duties for the different types of agency relationships.
- Understand and apply fiduciary duties owed to a client.
 - Fiduciary Defined in Black's Law Dictionary: "Someone who is required to act for the benefit of another person on all matters within the scope of their relationship; one who owes the duties of good faith, loyalty, due care and disclosure."
 - Obedience: Following lawful instructions of the client.
 - Loyalty: Putting the client's needs before your own
 - Disclosure: All information known to the licensee is known to the client.
 - Confidentiality: Anything not mandated to be disclosed by law for the transaction is to be kept confidential by the licensee. Understand the length of time this duty must be honored.
 - Accounting: Keeping the client aware of all timelines, monies, and risks/obligations associated with timelines and monies
 - Reasonable Skill and Care: Able to perform within the standards of practice and competence recognized in the professional community, ensuring a client obtains the information relevant to the transaction.
- Apply the core principles of single agency in real estate, including the licensee's duties.
- Apply the disclosures and consent required in certain agency relationships.
- Understand an un-waivable conflict of interest.
- Understand who a broker owes a fiduciary duty to in an Arizona real estate transaction.
- Understand the timing of disclosure requirements of fiduciary duties when both buyer and seller licensees work under the same brokerage.
- Differentiate between the different types of agency relationships: single agency, limited representation, implied agency, and expressed agency.

Module 4.2: Creation of Agency

- Understand how implied and expressed agency relationships are created.
- Describe the importance of disclosing agency relationships early to avoid implied agency.
- Understand the distinction between representation and compensation in real estate, including legal requirements, and disclosure obligations.
- Recognize the requirements and limitations of fiduciary duties when engaged in representation.

Module 4.3: Arizona Agency Case Law on Customers and Clients

- Understand and apply ‘dealing fairly’ when working with customers.
- Critique the conflict-of-interest issues when a licensee has a self-interest and represents a client.
- Understand the scope of “Reasonable Skill and Care” as a duty when a licensee directs a client to proper resources for the purpose of further research of a material item.
- Apply to scenario-based situations what information must be disclosed to other parties.

Module 4.4: Termination of Agency

- Describe when the agency relationship is automatically terminated.
- Understand the impact on an agency relationship for the following:
 - Mutual Termination (broker and client)
 - Estrangement
 - Breach of Fiduciary Duties
 - Abandonment
- Understand and apply to scenario-based situations the duties owed outside of an agency relationship and what duties a licensee may not perform outside the agency relationship.
- Understand the limitations of a real estate licensee and what tasks a licensee may not perform outside of an agency relationship.

Section 5: Licensee Duties and Obligations

Module 5.1: Licensee Obligations of Disclosure

- Understand and apply to scenario-based situations the licensee's obligation to disclose all known information impacting the client, including material facts affecting consideration paid by any party.
- Comprehend and apply the specific disclosure duties owed to all parties in a real estate transaction.
- Describe the licensee's obligation to disclose information regarding the buyer's ability to perform.
- Understand disclosure requirements of a licensee with regard to any item that may materially impact a party's consideration to be paid including but not limited to material defects and the existence of a lien or encumbrance in the property being transferred.
- Articulate the specific disclosure obligations of a licensee when a buyer intends to wholesale a property or the seller has an equitable interest in the property being sold.

Module 5.2: Licensee Obligations on Seller Disclosures

- Comprehend the stigmatized property law and identify other areas that legally do not require disclosure.
- Describe the following disclosures and understand the timing of delivery for:
 - Swimming Pool Barrier Disclosure
 - Planned Community/Condominium disclosure information
 - Notice of Soil Remediation
 - Affidavit of Disclosure
 - Military Airport
 - Public Airport
 - Subdivision disclosures/public reports
 - Contractors and scope of work performed on property.

- Wholesale Transaction
- Arizona Registrar of Contractor requirements for work completed for sale or lease of real property

Module 5.3: Conflicts of Interest Disclosure

- Understand and apply when and how to disclose a conflict of interest.
- Apply when and to whom a financial interest, marketing service agreement, or affiliated business arrangement disclosure is necessary in a real estate transaction.
- Comprehend professional conduct regarding the acceptance of compensation and required consent when representing more than one party to a transaction.

Module 5.4: Compensation Disclosures

- Understand what must occur and when a licensee may accept compensation or other consideration in a real estate transaction other than compensation paid to a broker by a broker who represents a party in the transaction.
- Apply the lawful requirements of disclosing present or prospective interests or conflicts in a real estate transaction.

Module 5.5: Experience/Knowledge Disclosures

- Identify the limitation a licensee has in regard to providing professional services outside the licensee's field of competence.
- Recognize the requirements for engaging in real estate activities outside a licensee's field of expertise.
- Describe the conditions under which a licensee may represent a client outside their field of competence.

Module 5.6: Timing of Performance for Clients and Customers

- Understand the requirement for licensees to perform all acts expeditiously and without delay.
- Comprehend the obligation of a licensee to deliver legible copies of signed transaction documents to all parties as soon as practical.
- Interpret the law regarding the prompt submission of all offers to purchase or lease listed property to clients.

- Describe the conditions under which offers may be disclosed to other parties or ceased to be submitted to a client.
- Describe the Designated Broker's responsibility to retain records including true copies of all receipts and disbursements or escrow closing statements.

Module 5.7: Controversy between cross-sale agents

- Understand and apply to situation-based scenarios the proper recourse and actions for licensees and brokers when commission disputes arise.
- Understand the avenues available to licensees for collecting earned compensation and the limitations of the commissioner's involvement in civil disputes between licensees.

Section 6: Licensee Competencies and Duties

Module 6.1: Professional Competency Requirements

- Apply the standards of practice and competence requirements in scenario-based situations for various specific real estate disciplines.
- Understand what constitutes competency as it relates to geographic locations, water rights, and other specific real estate disciplines.
- Apply the following Arizona law to real estate transaction processes.

A.A.C. R4-28-802

A.A.C. R4-28-1102

A.A.C. R4-28-1101(J)

A.A.C. R4-28-1101(K)

Module 6.2: Property Types

- Understand multi-housing and condominium characteristics.
- Describe the unique characteristics of townhouses and planned unit developments.
- Describe the unique characteristics of CO-OP (Cooperative Housing) units and how this type of housing is regulated.
- Describe the difference between residential and commercial properties.
- Understand how to identify an income producing property and the required elements and disclosures in these types of real estate transactions.
- Describe the Arizona capital gains exemption for residential real estate.
- Describe the difference between a manufactured home and a park model.
- Understand manufactured homes and associated regulations.

Module 6.3: Niche Areas of Real Estate

Module 6.3.1: New Home Sales & Developments

- Understand the requirements that must be met when representing a client in a purchase or sale of a new construction property or development.
- Understand the requirement around the handling of earnest money for unimproved lots.

- Describe the contract disclosure requirements for direct-to-seller earnest money.
- Define when a public report is required and the purpose of the public report.
- Understand public report requirements with regard to advertising a subdivision.
- Describe a buyer's right to rescind a purchase agreement on an improved lot versus an unimproved lot.
- Acknowledge the Arizona case law regarding builder liability for habitability.

Module 6.3.2 Property Management

- Describe the general and special agency relationships as it relates to property management.
- Define property management firm and rental agreement.
- Describe the differences between residential and commercial property management.
- List examples of commercial property management.
- Understand license exemptions for short-term rentals.
- Understand the following aspects of the Arizona Residential Landlord and Tenant Act:
 - Describe the scope of the Arizona Residential Landlord and Tenant Act, including its regulation of residential properties, security deposits, and fees.
 - Understand the landlord's rights and responsibilities regarding showing a property to a prospective tenant, including advance notice requirements to current occupants.
 - Define the maximum timeframe for landlords to deliver an itemized list of security deposit expenses after lease termination.
 - Understand that the judicial process enforces the Arizona Residential Landlord and Tenant Act, and that the act is regulated by the judicial process.

- Understand that the Arizona Residential Landlord and Tenant Act does not apply to commercial properties.
- Demonstrate an understanding of the obligations of a real estate licensee in regard to trust accounts overseen by a real estate broker.
- List property management agreement requirements and identify property manager obligations upon termination of a property management agreement.
- Understand the property management records retention requirements of licensees.
- Describe the lawful use of payment of finder fees to an apartment tenant.

Module 6.3.3 Timeshare

- Define key terms related to timeshare plans, including "accommodation," "developer," "timeshare plan," and "purchaser".
- Describe the one-to-one purchaser-to-accommodation ratio requirement for timeshare plans.
- Describe when a timeshare developer must register a notice of intent to sell and apply for a public report.
- Understand the conditions under which a timeshare transaction maybe rescindable.
- Describe a purchaser's rescission of contract or agreement rights, including the timeframe and notification procedures.
- Describe the developer's obligation to report any material changes in the timeshare plan or marketing program to the department.
- Describe the requirements for escrow or trust accounts for monies received during the purchaser's rescission period and for uncompleted construction.
- List the general provisions that must be included in the declaration or other timeshare instruments.
- Describe the conditions for accepting deposits for timeshare interest reservations before the approval of a public report.

Module 6.3.4 Vacant Land

- Explain the concept of adverse possession and its legal basis in Arizona.
- Understand the implications of crop rights on farms.
- Define the term “contiguous” in the context of land parcels.
- Define prescriptive easements.
- Describe the Arizona Constitutional article governing state trust land.
- Differentiate between unsubdivided land and subdivided lots.
- Understand the reversion rights related to unimproved subdivided lots or unsubdivided land.
- Demonstrate an understanding of the purpose and requirements of an Affidavit of Disclosure.
- Understand the real estate commissioner’s authority related to public reports.
- Identify when a Public Report is required for subdivided land.
- Describe what must be disclosed in a public report when a subdivision is located within the vicinity of a military airport.
- Identify the direction and key reference points for a rectangular survey in Arizona.

Module 6.3.5 Commercial

- Understand the importance of due diligence in commercial property acquisition, particularly regarding potential environmental and AzDA liabilities.
- Differentiate between various commercial lease types. (gross lease, percentage lease, net lease) and their implication for landlords and tenants regarding expenses.
- List the common instruments used to express interest and make offers in commercial real estate transactions.
- Understand key financial concepts in commercial real estate, including property tax rates, types of loans, and metrics for measuring returns.
- Understand regulatory aspects of commercial real estate, including water rights and zoning classifications.

Section 7: Reasonable Skill and Care

Module 7.1: Licensee Obligation

- Describe the licensee's obligation to accurately communicate material information to clients and to ensure complete and accurate disclosures are being provided and reviewed.
- Understand the obligation to refer clients to appropriate experts for concerns outside the licensee's field of competence or licensing.
- Understand the licensee's obligation to reasonably assist clients in confirming the accuracy of information relevant to transactions.

Module 7.2: Property Taxes and Special Assessments

- Understand how Arizona real estate taxes are levied, their due and payable dates, and the frequency of payments, including if they are paid in advance or in arrears.
- Describe which property categories in Arizona are assessed at the highest rate for tax purposes.
- Demonstrate the calculation to determine the seller's obligations for tax bills on a settlement statement based on the close of escrow date.
- Demonstrate and understanding of Community Facility Districts (CFDs).

Module 7.3: Arizona Utility and Environmental Regulation

- Identify the department that regulates Arizona's groundwater law.
- Determine which department is notified and records information regarding the transfer of a private well.
- Identify the online location of water maps and resources.
- Understand the purpose of the Groundwater Management Act of 1980.
- Understand how irrigated land with grandfathered water rights is transferred.
- Describe the transfer of water rights upon sale of irrigated land.
- Understand the Water Doctrine of Prior Appropriation and Doctrine of Water Law.
- Describe why water rights in Arizona are not always transferred with real estate.
- Define the goal of an Active Management Area (AMA).

- Describe the Central Arizona Project (CAP) and communities with access.
- Define an Irrigation Non-Expansion Area (INA).
- Identify the document where fees and taxes are initially disclosed for homes in the Central Arizona Groundwater Replenishment District.
- Describe what is required by law to transfer onsite waste water facilities and name the agency that enforces the state's environmental standards.

Section 8: Contracts

Module 8.1: Employment Agreements

- Understand the legal requirements for real estate employment agreements in Arizona.
- Identify the specific elements that are required and not required both in listing and buyer employment agreements.
- Differentiate between various types of real estate transactions and the circumstances under which a broker is compensated.
- Apply the following Arizona Revised Statutes and case law to scenarios involving real estate employment contracts and compensation.

Mealey v. Orlich, 120 Ariz. 321, 585 P.2d 1233 (1978)

Larson-Hegstrom & Associates, Inc. v. Jeffries, 145 Ariz. 329, 701 P.2d 587 (1985)

Demand v. Foley, 11 Ariz. App. 267, 463 P.2d 851 (1970)

Nash v. Goor, 94 Ariz. 316, 383, P.2d 871 (1963)

Clark v. Ellworth, 66 Ariz. 119, 122, 184 P.2d 821, 822(1947)

Mohammed v. Robbins, 23 Ariz. App. 195, 197, 531, P.2d 928 (1975)

Module 8.2: Purchase Contracts

Module 8.2.1: Valid Contract Requirements

- Identify the legal requirement for property identification and descriptions in a real estate contract.
- Understand and define the essential elements of an enforceable contract in Arizona, including legal capacity, competent parties, lawful purpose, certain specificity, and mutual assent.
- Critique scenarios involving transactional situations, such as counteroffers and verbal agreements, to determine enforceability.
- Identify the characteristics of a bona fide purchaser.
- Critique scenarios with transactional elements like duress, undue influence, misrepresentation, or fraud.
- Interpret the impact of marital status and mental capacity on contract execution and enforceability.

- Evaluate how events, like the passing of a party, may affect the viability and enforceability of contracts.

Module 8.2.2: Consideration

- Understand the legal requirements and definitions of consideration in Arizona real estate contracts.
- Evaluate various forms of consideration.
- Understand that various types of consideration may be utilized in a real estate contract.

Module 8.2.3: Terms and Conditions

- Understand the drafting of contract terms and conditions, including how disputes are resolved, the requirements for a valid cancellation, and the rights and responsibilities of all parties involved in a transaction.
- Identify the types of reports and information buyers can obtain to assess property conditions.
- Understand the information in a Preliminary Title Report.
- Apply an understanding of seller disclosure obligations in Arizona to real estate scenarios.
- Demonstrate an understanding of good faith and fair dealings in contacts.
- Describe the process and requirements for a party to assign a contract to another party.
- Differentiate between information that must be disclosed and items that are not required to be part of the contract's terms and conditions for disclosure.

Module 8.2.4: Closing Process and Possession

- Understand a licensee's duties in regard to a real estate closing including documentation retention and transfer of possession.
- Identify the responsible parties for the completion of the Affidavit of Property Value in Arizona.
- Differentiate between pre-possession and post-possession scenarios and the risks and possible implication for purchasers and sellers.

- Describe the obligations of licensees regarding property possession and adverse possession in Arizona.

Module 8.2.5: Costs at closing

- Understand real estate settlement procedures, including customary charges and prorations for buyers and sellers.
- Demonstrate the ability to calculate financial adjustments related to prepaid items and other closing costs during escrow.
- Differentiate between credits and debits on a closing statement.
- Understand the concept of proration and its application to various expenses in real estate transactions.
- Describe the typical handling of property taxes and recordation fees at the close of escrow.

Section 9: Critical Business Services for a Real Estate Transaction

Module 9.1: Escrow

- Identify the statutory duties of an Escrow Officer.
- Describe the concept of escrow neutrality, including conflict of interest disclosures and prohibited compensation.
- Describe the role of an escrow company in facilitating real estate transactions
- Understand the requirement for disclosure of certain relationships between real estate brokerages and/or licensees and escrow companies.
- Differentiate between escrow companies and title insurance companies and the roles of each in a real estate transaction.

Module 9.2: Title Insurance

- Understand the purpose of title insurance.
- Describe the requirements for providing title insurance in Arizona.
- Understand that there are different types of title insurance policies.
- Differentiate between an owner's title insurance policy and a lender's title policy.
- Understand the content of a preliminary title report.

Module 9.3: Lending

- Describe the roles and definitions of parties involved in a Deed of Trust (Trustee, Trustor, and Beneficiary).
- Define a Mortgage and the role of a mortgagor and mortgagee.
- Differentiate between a deed of trust, promissory note, and mortgage.
- Identify the legal documents and procedures required for securing a loan in Arizona.

Section 10: Ownership and Encumbrances

Module 10.1: Ownership

- Differentiate between various ways to hold ownership in Arizona, including:
 - Sole and Separate Property
 - Community Property
 - Community Property with Right of Survivorship
 - Joint Tenancy
 - Joint Tenancy with Right of Survivorship
 - Tenancy in Common
- Understand the difference between community property and sole and separate property, particularly with regard to real property acquired before and during marriage.
- Describe the legal implications of a purchase contract for a property held as community property when the purchase contract is signed only by one owner.
- Define and understand the use of a beneficiary deed.
- Identify methods of property ownership that allow for automatic transfer of ownership to a surviving owner without probate.
- Understand the legal standing required to be held by an individual to list a property that needs to go through probate.
- Understand what would cause a property to need to go through probate court.

Module 10.2: Liens

- Differentiate between various types of liens (voluntary, involuntary, mechanic's, property tax) and their implications for property owners and real estate sales in Arizona.
- Understand a seller's obligation in regard to disclosing property encumbrances.
- Understand the process for clearing liens and encumbrances on real property during escrow.

Module 10.3: Deeds

- Identify the purpose of a deed of trust as a security instrument.

- Describe the process and documentation involved when a debt secured by a deed of trust is satisfied, specifically the role of a deed of reconveyance.
- Differentiate between various types of deeds, such as General Warranty Deeds, Special Warranty Deeds, Bargain and Sale Deeds, Quitclaim Deeds, Beneficiary Deeds, and Disclaimer Deeds, understanding their purpose and the level of protection they offer.
- List the items required to create a valid deed.
- Understand the implications of recording or not recording a deed.
- Identify red flags that may help identify a fraudulent deed.

Module 10.4: Homeowner's Association (HOA) and restrictions

- Understand the definition and characteristics of an Arizona Planned Community.
- Identify and list common names of Arizona Planned Communities, example COA and HOA.
- Identify the disclosure requirements and responsibilities of parties involved in real estate transactions within an HOA in Arizona.
- Describe a seller's disclosure requirement in regard to planned community enforcement actions, liens, and membership.

Module 10.5: Easements and other encumbrances

- Define key terms related to real property encumbrances and easements in Arizona.
- Differentiate between various types of easements, including appurtenant, in gross, prescriptive, and by necessity.
- Identify the characteristics and creation methods of different encumbrances on real property in Arizona.
- Apply knowledge and recognize examples of Arizona real estate law to scenarios involving easements and encumbrances.

Section 11: Foreclosure/Short Sale/Deed In-Lieu Process

Module 11.1: Arizona Anti-Deficiency Statute

- Identify the impact of the Anti-Deficiency Statute on a homeowner that has defaulted on a loan.
- Explain the types of property protected from deficiency judgments in Arizona.
- Understand the limitations of a real estate licensee in giving guidance to homeowners facing foreclosure in Arizona.

Module 11.2: Foreclosure Process

- List the redemption periods for different types of foreclosure sales.
- Identify the process and requirements involved in a deed of trust foreclosure
- Describe the actions that can stop a trustee's sale.
- Differentiate between judicial and non-judicial foreclosure.
- Describe the concept of a deed in lieu of foreclosure and its implications for borrowers.
- Understand the implications of multiple liens on a property and the responsibilities of beneficiaries in default situations.

Resource Guide:

- **Real Estate Laws**
 - Arizona Constitution Article 26: Rights of Licensed Real Estate Brokers and Salesman to Prepare Instruments Incident to Property Transaction.
 - *State Bar of Arizona v. Arizona Land Title & Trust Co. 90 Ariz. 76 366 P.2d 1 (1961)*
 - Arizona Revised Statute (A.R.S.): Title 32 Chapter 20
 - Arizona Administrative Code (A.A.C.): Title 4 Chapter 28
 - Substantive Policy Statements (SPS)
 - Case Law/Common Law
- **Real Estate Department Powers**
 - **Real Estate Commissioner**
 - Qualifications: A.R.S. § 32-2106
 - Powers and Duties: A.R.S. § 32-2107
 - Investigations and Require Information: A.R.S. § 32-2108
 - Grounds for Disciplinary Actions: A.R.S. § 32-2153
 - Five-year timeline for disciplinary Actions: A.R.S. § 32-2153(A)
 - Disciplinary Actions: A.R.S. § 32-2153(A), (B), (D), (E), (F)
 - **Recovery Fund**
 - Definition: A.R.S. § 32-2186(A)
 - Process and procedures: A.R.S. § 32-2186
 - Payments to the Fund: A.R.S. § 32-2187
 - Recovery Fund Payout: A.R.S. § 32-2153(C), 32-2186, 32-2188
 - Licensee licensed activity after payout: A.R.S. § 32-2188(I)
- **Real Estate Department Licensing Requirements**
 - **Real Estate Licensing**
 - Requirements to obtain a Real Estate License: A.R.S. § 32-2108.01, 32-2123, 32-2124, A.A.C. R4-28-401
 - Broker and Salesperson Requirements: A.R.S. § 32-2122
 - Issuance of License and type of license: A.R.S. § 32-2125.01
 - Licensing as PLLC or PC: A.R.S. § 32-2125(B)
 - Active, eligible, inactive, expired, terminated, cancelled statuses of a license. A.R.S. § 32-2137, 32-2130, 32-2155, A.A.C. R4-28-306, R4-28-307
 - Renewal of License: A.R.S. § 32-2130, A.A.C. R4-28-307, R4-28-402
 - Continuing Education Requirements: A.A.C. R4-28-402
 - **Licensee Activities**
 - Licensee: A.R.S. § 32-2101(32)
 - Salesperson: A.R.S. § 32-2101 (55)
 - Broker: A.R.S. § 32-2101 (9)
 - Broker Supervision and Control: A.A.C. R4-28-1103

- Salesperson works under the Broker/Entity: A.R.S. §32-2125.01
 - Teams: SPS 2025.03
- Real Estate Broker Licensed Activities: A.R.S. § 32-2101(51)
 - Unlicensed Assistants versus Employees
 - Unlicensed Assistants: SPS 2025.03
 - Compensation of licensees: A.R.S. § 32-2155
 - Brokerage transactional/file Requirements: A.R.S. § 32-2151.01
 - Licensee transactional Requirements: A.A.C. R4-28-802
 - Transactional Review: A.A.C. R4-28-1103
 - Timeline: A.R.S. 32-2151.01(G)
- Unlicensed Real Estate Activity
 - Unlicensed activities: A.R.S. § 32-2165, 32-2166
 - Limitations on Activity: A.A.C. R4-28-302(J)
 - Unlawful license activity: A.A.C. R4-28-306
 - Unlicensed Assistants: SPS No 2025.02
- **Advertising**
 - Define Advertising: A.R.S. § 32-2101(3)
 - Advertising by a licensee: A.A.C. R4-28-302(I), R4-28-502
 - No blind ads: A.A.C. R4-28-502(A)
 - Owner/Agent Disclosure Requirement: A.A.C. R4-28-502(B)
 - No misleading the public: A.A.C. R4-28-502(C)
 - Brokerage information is in a 'Clear and Prominent' Manner: A.A.C. R4-28-502(E)
 - Advertising other brokerages listings: A.A.C. R4-28-502(F)
 - Acreage defined as 43,560sf: A.A.C. R4-28-502(H)
 - Owner's written consent prior to signage: A.R.S. § 32-2153(A)(12), A.A.C. R4-28-502(I)
 - Promotional Activities: A.A.C. R4-28-503
 - Premiums to clients not "award" or "prize": A.A.C. R4-28-503(A)
 - Premium advertising requirements: A.A.C. R4-28-503(B)
 - Lottery, drawings, games of chance are prohibited: A.A.C. R4-28-503(C)
 - Department of Gaming Regulations A.R.S. § 13-3302(B-D)
 - Exceptions for Subdivider, time share developer, or membership camping operator: A.A.C. R4-28-503(D)
 - Broker Supervision of Advertising: A.A.C. R4-28-502(G) and R4-28-1103
 - Unlicensed Real Estate Activity through Advertising: A.R.S. § 32-2153(A)(4), A.R.S. § 32-2165(A)
 - Discrimination in Advertising: A.A.C. R10-2-112
- **Arizona Consumer Protection Laws**
 - 1967 Arizona Consumer Fraud Protection Act: A.R.S. §44-1522
 - Real Estate Activities: A.R.S. §44-1521
 - Violations if Found Guilty: A.R.S. §44-1531

- Homestead Laws A.R.S. §§33-1101 through 33-1105
- Statute of Frauds: A.R.S. §44-101
 - Leases for 1 or more years and purchase contracts: A.R.S. §44-101(6)
 - Compensation Agreements: A.R.S. §44-101(7)
- **R4-28-1101(A) - Professional Conduct: Licensee Duties and Agency**
 - **Fiduciary: Agency - How it is created in Arizona**
 - Implied Agency: *Hayward Lumber & Inv. Co. v. Graham*, 104 Ariz. 103, 449 P.2d 31 (1968)
 - Understanding of how implied agency is or is not created: *Walter v. Moore*, 700 P.2d 1219 (Wyo. 1985)
 - Expressed Agency
 - Employment Agreement: A.R.S. § 32-2151.02
 - Representation versus Compensation: A.R.S. § 32-2151.02 (D)
 - Arizona Department of Real Estate role in Compensation
 - Disputes between Brokers and Licensees: A.R.S. § 32-2152
 - Compensation from a party does not equal Representation: *Alaface v. National Investment Co.*, 181 Ariz. 586, 892 P.2d 1375 (App. 1994)
 - Licensee disclosure requirements of Compensation from parties: A.A.C. R4-28-1101(F)
 - **Types of Agencies in Arizona**
 - Single Agency
 - Licensees cannot have an unwaivable conflict of interest through being a party themselves to represent the other side: *Ariz. R. Sup. Ct. ER 1.8 Conflict of Interest: Concurrent conflicts of interest.*
 - Limited Representation: Designated/Employing Broker
 - Conflict of Interest: A.A.C. R4-28-1101(E)
 - Requires prior written consent of all parties to the transaction: A.R.S. § 32-2153(A)(2) and A.A.C. R4-28-1101(F)
 - Limitations of Representation: Honesty, Accounting, Reasonable Skill and Care, Disclosure with limitation.
 - Representation: A.A.C. R4-28-1101(A)
 - Fiduciary as defined in Black's Law Dictionary
 - Fiduciary as defined through common law: Obedience, Loyalty, Disclosure, Confidentiality, Accounting, Reasonable Skill and Care.
 - What is required by a licensee to the other parties? "Deal Fairly": *Aranki v. RKP Investments, Inc.*, 194 Ariz. 206, 979 P.2d 534 (App. 1999); *Brown v. Arizona Department of Real Estate*, 181 Ariz. 320, 890 P.2d 615 (1995)
 - Honesty: A.A.C. R4-28-1101
 - Accounting: A.A.C. R4-28-1101

- Reasonable Skill and Care: A.A.C. R4-28-1101
 - Disclosure with limitation: A.A.C. R4-28-1101
- **Termination of Agency Relationship**
 - Ways that an agency relationship is terminated. Include but do not limit to:
 - Expiration of the Employment Agreement
 - Completion of the transaction
 - Cancellation of employment agreement by a party based on the terms and conditions of the employment agreement
 - Mutual cancellation between the broker and the client
 - Fiduciary Obligations after Termination of Agency: Confidentiality remains after termination: *Coldwell Banker Commercial v. Camelback Office Park*, 156 Ariz. 226, 231, 751 P. 2d 542, 547 (1988); *Arizona Courts Restatement of Law § 396*; *Ramirez v. Health Partners of Southern Arizona*, 193 Ariz. 325, 972 P.2d 658 (App. 1998); *Arizona Courts Restatement of Law § 396(D)*
- **R4-28-1101(B) Professional Conduct: Disclosure**
 - Full disclosure to all parties of all material facts a licensee possesses that would affect the consideration to be paid by any party: *Jennings v. Lee*, 105 Ariz. 16, 461 P.2d 161(1969), A.A.C. R4-28-1101(B)
 - Seller Performance: A.A.C. R4-28-1101(B)(1)
 - Buyer Performance: A.A.C. R4-28-1101(B)(2)
 - *Lombardo v. Albu*, 199 Ariz. 97, 14 P.3d 288(2000)
 - Any known adverse material fact or material defect in the property: A.A.C. R4-28-1101(B)(3)
 - Existence of a lien or encumbrance in property: A.A.C. R4-28-1101(B)(4)
 - Stigmatized Property Law: A.R.S. § 32-2156
 - Compensation Disclosure: A.A.C. R4-28-701
- **R4-28-1101(C) Professional Conduct: Expeditiously Perform**
 - Delivery of Executed Documents: A.A.C. R4-28-802(A)
 - Presentation of offers and counteroffers/Client Instructions: A.A.C. R4-28-802(B)
 - Notification to the Designated Broker A.A.C. R4-28-1101(C)
- **R4-28-1101(D) Professional Conduct: Licensee Controversy**
- **R4-28-1101(E) Professional Conduct: Conflict of Interest**
 - Licensee is acting as a principal: A.A.C. R4-28-1101(E)(1)
 - Designated Broker or Licensee Immediate Family member is a party: A.A.C. R4-28-1101(E)(2), Immediate Family defined A.A.C. R4-28-101
 - Disclosure of Employing Broker, Entity Owner is a party: A.A.C. R4-28-1101(E)(3)
 - Financial interest by licensee, or licensee immediate family, licensee employing broker other than compensation for representation: A.A.C. R4-28-1101(E)(4)

- Affiliated Business Arrangements and Joint Ventures
 - Payment from Title/Escrow Company: A.R.S. §20-1585
 - Proof of Disclosures for transaction records A.A.C. R4-28-802(C)
- **R4-28-1101(F) Professional Conduct: Representation and Compensation Consent**
 - Prior Consent to Represent both parties as a licensee: A.R.S. § 32-2153(A)(2)
- **R4-28-1101(G) Professional Conduct: Indirect or Direct Compensation resulting from a Transaction**
 - Proof of Disclosures for transaction records A.A.C. R4-28-802(C)
- **R4-28-1101(H) Professional Conduct: Competence**
 - Define one area of competence as Geographic area.
 - Property Negotiations: A.A.C. R4-28-1102
 - Single Family Home Sales
 - Owner-Occupied Purchase/Primary Residence: A.R.S. § 42-12053
 - FHA Financed: HUD.gov
 - VA Financed
 - USDA Financed: rd.usda.gov
 - Cash
 - Seller Carryback Loans
 - Wraps
 - Assignments
 - Multi-Housing Units (4 or less to be considered residential)
 - Condominiums A.R.S. § 33-1202(10)
 - Cooperative “CO-OP” Housing
 - Define
 - Ownership
 - Define Town Houses
 - Define Patio Home
 - Planned Unit Development “PUD” A.R.S. Title 33 Chapter 16
 - Planned Community A.R.S. § 33-1802(4)
 - Homes with Solar
 - UCC-1 Filings
 - Investor Purchase and Sale
 - Hard money loans
 - Short Sale or Pre-Foreclosure Homes
 - Trustee Date Disclosure
 - Arizona Anti Deficiency A.R.S. § 33-814
 - Define Real Estate Owned (REO) Properties
 - Selling Tenant Occupied Properties
 - Income producing properties
 - Capital Gains: A.R.S. § 43-1136
 - Leasing Homes (Owner or Tenant Representation)
 - Landlord/Lessor and Owner: A.R.S. § 33-1310(7) and (9)

- Tenant/Lessee: A.R.S. § 33-1310(17)
- Representation in the capacity of a Property Manager
- Representation in the capacity of the Listing representative
- Representation in the capacity of the Tenants representative
- Earnest Money
 - Deposited with the Landlord
 - Held by the Broker in a Trust Account
- Property Management
 - License Exemption Short Term Rentals: A.R.S. § 32-2121(A)(15)
 - Multi-Housing and Commercial Exemptions
 - Arizona Residential Landlord Tenant Act
 - Arizona Mobile Home Parks Residential Landlord Tenant Act
 - Security Deposit: A.R.S. § 33-1310
 - Rental Agreement: A.R.S. § 33-1310
 - Overview Trust Money, Deposit Requirements: A.R.S. § 32-2151
 - Overview Property Management Accounts: A.R.S. § 32-2174
 - Remit of Payments: A.R.S. § 32-2153(A)(9)
 - Overview Property Management Records: A.R.S. § 32-2175
- Manufactured Homes
 - Must be licensed with ADRE if 'Real Property is involved': A.R.S. § 32-2101(50)
 - Affidavit of Affixture: A.R.S. § 42-15203
 - May be licensed with Arizona Department of Housing or Arizona Department of Real Estate if transaction is only the manufactured home/trailer: A.R.S. § 41-4028(B)(1)(b) and A.R.S. § 41-4001(35)
 - Park Models are not regulated therefore no license required: ANSI Standard -- 119.5 Park Model Recreational Vehicle Standard
- New Home Sales
 - Earnest Money
 - Directly held with Seller A.A.C. R4-28-803
 - Unimproved Lots A.R.S. § 32-2185.01, A.A.C. R4-28-804
 - Public Report Disclosure and Receipt Requirement A.A.C. R4-28-803, R4-28-805
 - Builder is liable for habitability: *Richard v. Powercraft Homes, Inc., 139 Ariz. 242, 244 (1984)*
- Public Report Required Areas
 - Prior to advertising: A.R.S. § 32-2181(A)
 - Commissioner grants a special request: A.R.S. § 32-2197.02(C)
 - Vacant Land
 - Description – Legal Descriptions
 - Metes and Bounds
 - Adverse Possession: A.R.S. § 12-526
 - Crop Rights

- Prescriptive Easements: *Paxon v. Glovitz*, 50 P.3d, 420,424 (Ariz App. 2002)
- Article X State Trust Land - Arizona Constitution
- Unsubdivided land Define: A.R.S. §32-2101(62)
- Subdivided lot: A.R.S. §32-2101(59)
- Unimproved Subdivided lot or un-subdivided land Recession: A.A.C. R4-28-804
- Affidavit of Disclosure: A.R.S. §33-422
- Public Report minimum 6 or more lots: A.R.S. § 32-2181(E)
 - Assured Water Supply Issued by ADWR
 - Within an AMA: A.R.S. § 32-2181(C)
 - Outside an AMA: A.R.S. § 32-2181(F)(1)(2)
 - Commissioner Powers: A.R.S. § 32-2181.01
 - Exemptions: A.R.S. § 32-2181.02
 - Amendments: A.R.S. § 32-2184
- Developer Lot Reservations: A.R.S. § 32-2181.03
- Timeshare
 - 1-1 Ratio Required: A.R.S. § 32-2197.01
 - Offer of Sale or Solicitation: A.R.S. §32-2197.02(A)
 - Pre-Sales Request from Commissioner: A.R.S. § 32-2197.02(C)
 - Purchase Agreements and Recession/Cancellation
 - Must be in writing and a paper copy given to purchaser: A.R.S. § 32-2197.03(A)
 - Recession Rights: A.R.S. § 32-2197.03(B)
 - Notification of material change
 - Material Change update to ADRE: A.R.S. § 32-2197.04(A)
 - Commissioner Actions: A.R.S. § 32-2197.04(B)
 - Issuance of Public Report
 - Plan required and examined by Commissioner: A.R.S. § 32-2197.07(A)(B)
 - Available in writing with requirements: A.R.S. § 32-2197.08
 - Amended Public Report Requirements: A.R.S. § 32-2197.08(B)
- Commercial Properties – Define
 - Letter of Intent Tool
 - Sub-categories of commercial
- Business Opportunity - Define
- Seller Duty to Disclose -- Common Law to disclose all known material facts
 - Swimming Pool Barrier Disclosure: A.R.S. § 36-1681(E)
 - Planned Community/Condominium disclosure information: A.R.S. § 33-1806 & 33-1260
 - Notice of Soil Remediation: A.R.S. § 33-434.01
 - Affidavit of Disclosure: A.R.S. § 33-422
 - Military Airport: A.R.S. § 28-8484

- Public Airport: A.R.S. § 28-8486
- Subdivision disclosures/public reports: A.R.S. § 32-2183
- Contractors and scope of work performed on property: A.R.S. § 32-1121
- Wholesale Disclosures: A.R.S. §44-5101
- Arizona Register of Contractor Requirements: A.R.S. § 32-1121(A)(5), A.R.S. § 32-1121(A)(14), A.R.S. § 32-1103
- Buyer Disclosure Obligations
 - Wholesale Disclosures: A.R.S. § 44-5101
 - Other areas as outlined in A.A.C. R4-28-1101(B)
- **R4-28-1101(I) Professional Conduct: Reasonable Skill and Care**
 - Reasonable steps to assist a client in confirming the accuracy of information relevant to the transaction.
 - Property Taxes and Special Assessments
 - Property Tax – Priority Lien, Delinquent Taxes
 - Community Facility Tax Districts: A.R.S. § 48-701, 48-709
 - Purchase Money Mortgage or Deed of Trust
 - Priority: A.R.S. 33-705
 - Other Liens
 - HOA Assessment A.R.S. Title 33 Chapter 16
 - Government/Municipality Liens
 - Foreclosure Requirements and Process
 - Non-Judicial Foreclosure: A.R.S. § 33-810
 - Arizona Utility and Environmental Regulation
 - Electrical and Natural Gas Utilities
 - Private Companies (ACC)
 - Municipality
 - Irrigation District
 - Tribal Authority for Utilities
 - Solar Energy
 - Regulated by the Arizona Corporation Commission
 - HOA cannot ban solar A.R.S. § 33-439
 - Water: Arizona Department of Water Resources (ADWR)
 - Doctrine of Water Law Applicable in Arizona
 - Doctrine of Prior Appropriations
 - First in time, First in right
 - Grandfathered Water Rights A.R.S. §45-462
 - Water Resources:
 - Surface Water A.R.S. § 45-101
 - Ground Water A.R.S. § 45-101
 - Renewable Sources
 - Central Arizona Project (CAP): Colorado River Basin Project Act of 1968

- Central Arizona Groundwater Replenishment District (CARGD)
 - Effluent A.R.S. § 45-101
- 1980 Arizona Groundwater Management Act Arizona Department of Water Resources (ADWR)
 - Define Purpose of 1980 Groundwater Management Code
 - Active Management Area 'AMA' A.R.S. § 45-402, A.R.S. Title 45 Chapter 2 Article 2
 - Assured Water Supply: 7 elements
 - Wells are monitored and registered in AMA's
 - Grandfathered Groundwater Rights A.R.S. Title 45 Chapter 2 Article 5
 - Outside an AMA A.R.S. Title 45 Chapter 2 Article 2
 - Assured Water Supply: 5 elements
 - Irrigation Non-Expansion Area 'INA' (define) A.R.S. Title 45 Chapter 2 Article 3
 - Water Service Area Rights
 - Cities, Towns, and Municipalities
 - Private Water Companies (ACC)
 - Irrigation Districts
 - Wells A.R.S. Title 45 Chapter 2 Article 10
 - Transfer of Well Rights
- Private Water and Wastewater Companies: Arizona Corporation Commission (ACC)
 - Need to grant utility easement on property: A.A.C. R14-2-405
 - Arizona Department of Economic Quality (ADEQ)
 - Onsite Wastewater Facility System: A.A.C. R18-9-101(34) Conventional Septic System, Alternate Septic System
 - Transfer of Ownership of Onsite Wastewater Facility System: New A.A.C. R18-9-A315, Resale A.A.C. R18-9-A316
 - Discontinue of use A.A.C. R18-9-A309(D)
 - Cesspools: Define EPA.gov, not allowable since 1970: A.A.C. R18-9-A309(4)
 - Water Quality Assurance Revolving Fund (WQARF) ADEQ A.R.S. § 49-282
 - Superfund Sites (ADEQ): Defined by EPA
 - Arizona Wetlands Define
 - Regulated by ADEQ 401 Certification Program
- **R4-28-1101(J) Professional Conduct: Property Access or Possession**
 - Define Possession in "Common Law"
 - Post and Pre-Possession contract requirements
 - Licensee will not facilitate Adverse Possession: A.R.S. § 12-521, 12-523
- **R4-28-1101(K) Professional Conduct: Legal Advice**

- Risk areas outside the scope of a licensee that requires them to be referred to others for assistance. A licensee cannot give legal advice.
- **Employment Agreements**
 - **Buyer Employment Agreements**
 - Compensation Requirements versus Representation: A.R.S. § 32-2151.02(D)
 - Requirements of Employment Agreements: A.R.S. § 32-2151.02, and A.R.S. §§44-501, 44-502, 44-503
 - **Listing Employment Agreements**
 - All listing agreements must meet the minimum requirements of: A.R.S. § 32-2151.02 and A.R.S. §§44-501, 44-502, 44-503
 - Exclusive listings
 - Listing Broker Represents and Earns a Commission: *Mealey v. Orlich*, 120 Ariz. 321, 585 P.2d 1233 (1978)
 - Listing Broker Commission Due if Seller unilaterally withdraws: *Larson-Hegstrom & Associates, Inc. v. Jeffries*, 145 Ariz. 329, 701 P.2d 587 (1985)
 - Open Listings
 - Procuring Cause -- Licensee only earns commission when procured a "Ready, Willing, and Able Buyer": *Demand v. Foley*, 11 Ariz. App. 267, 463 P.2d 851 (1970)
 - Without brokers assistance the seller will owe no commission: *Nash v. Goor*, 94 Ariz. 316, 383, P.2d 871 (1963)
 - Procuring Cause Defined: *Clark v. Ellworth*, 66 Ariz. 119, 122, 184 P.2d 821, 822(1947), *Mohammed v. Robbins*, 23 Ariz. App. 195, 197, 531, P.2d 928 (1975)
 - Net Listings -- Allowable in Arizona
- **Purchase Contract Process – Competency, Reasonable Skill and Care**
 - A.A.C. R4-28-1101(H), licensee competency
 - Binding Contract elements: *K-Line Builders, Inc. v. First Federal Savings and Loan Association*, 139 Ariz. 209, 677 P.2d 1317 (App. 1983), *Empire Machinery v. Litton Business Tel. Systems*, 115 Ariz. 568, 573, 566 P.2d 1044 (1977), *Hill-Shafer Partnership v. Chilson Family Trust*, 165 Ariz. 469, 799 P.2d 810 (1990)
 - Signing Authority *Jolly v. Kent Realty, Inc.* 151 Ariz. 506, 729 P.2d 310 (App. 1986), A.R.S. § 1-215(3), A.R.S. §1-215(19)
 - Electronic Signatures: A.R.S. § 44-7007
 - Consideration
 - Earnest Money *Carroll v. Lee*, 148 Ariz. 10, 13, 712 P.2d 923 (1986)
 - Neutral Escrow Account: A.R.S. § 32-2151(A)
 - Creates Equitable Title
 - Damages for Cancellation or breach
 - Buyer Rights
 - Assignability: A.R.S. § 47-2210

- Wholesale: A.R.S. § 44-5101
- Disclosures
 - Preliminary Title Report: A.R.S. § 20-1562(5)
 - Planned Community/HOA Disclosures A.R.S. §§33-1805, 33-1806 and 33-1258
 - Deed Restrictions
- Contingencies
 - Required specificity when writing terms and conditions of a contract. *Savoca Masonry Co., Inc. v. Homes and Son Construction Company, Inc.*, 112 Ariz. 392, 542 P.2d 817 (1975)
 - Conveyance of items in the property: *Voight v. Ott*, 86 Ariz. 128, 341 P.2d 923 (1959)
 - Cancellation abilities are based on the terms and conditions of the contract.
 - Client Obligations in Bankruptcy or Death
 - Contingency clauses *Connor v. Cal-Az Properties, Inc.* 137 Ariz. 53, 668 P.2d 896 (App. 1983).
 - Written language supersedes preprinted language: *Autonumerics, Inc., v. Bayer Industries, Inc.*, 144 Ariz. 181, 696 P.2d 1330 (App. 1984).
- Close of Escrow
 - Settlement Statement and Closing Documents
 - Affidavit of Value Requirements: A.R.S. §§ 11-1133, 11-1137(B)
 - Affidavit of Value Exemptions: A.R.S. § 11-1134
 - Recording
 - Deed Recording and 'Race to Record' mentality
- **3rd Party Contract Affiliates Title & Escrow Companies**
 - Escrow Officer Performing Real Estate Licensed Duties: A.R.S. § 32-2121(A)(16)
 - Escrow Neutrality
 - Conflict of Interest Disclosures: A.R.S. § 6-840
 - Compensation Prohibited: A.R.S. § 6-836
 - Ways to Hold Ownership in Arizona
 - Sole and Separate Property: A.R.S. § 25-213
 - Community Property: A.R.S. § 25-211 & A.R.S. § 25-214
 - Community Property with Right of Survivorship: A.R.S. § 33-431(C)
 - Joint Tenancy: A.R.S. §. 33-431
 - Joint Tenancy with Right of Survivorship: A.R.S. § 33-431(B)
 - Tenancy in Common: A.R.S. § 33-431
 - Death of an Owner – Property is an Intestate estate A.R.S. §14-2101
 - Title Company
 - Title Plant: A.R.S. § 20-1562 (10)
 - Title Insurance Agent: A.R.S. § 20-1562(9)
 - Issues Title Insurance: A.R.S. § 20-1562(8)
 - Liens/Ownership items

- Homestead Exemption: A.R.S. § 33-1101
 - Specific Liens in Arizona
 - Mechanic's Lien: A.R.S. § 33-981
- Types of Title Insurance Policies
 - Title Insurance: A.R.S. § 20-1562(8)
 - Title Insurance is a closing requirement: 7 CFR 1927.54
 - Define Quiet Title: A.R.S. 12-1101 and the need for Title Insurance A.R.S. §20-1562
 - ALTA Defined and Different Policies
 - ALTA Standard Owners
 - ALTA Extended Owners
 - Residential Owners: ALTA Bulletin: AZ000005
 - ALTA Homeowners
 - Lender Policies: ALTA Standard Loan, ALTA Extended Loan
- Deed Types
 - Deed of Trust: A.R.S. § 33-802
 - Trustee: A.R.S. § 33-801(10)
 - Trustor: A.R.S. § 33-801(11)
 - Beneficiary: A.R.S. § 33-801(1)
 - Paid in full: A.R.S. § 33-714
 - Requirements of Deeds: A.R.S. § 33-401
 - General Warranty Deed: Grantor A.R.S. § 1-215 (13), Grantee A.R.S. § 1-215 (12)
 - Quitclaim Deed: A.R.S. §33-402
 - Beneficiary Deed: A.R.S. § 33-405
 - Beneficiary A.R.S. §33-801
 - Disclaimer Deed: A.R.S. §14-10006
- **Mortgage/Lenders**
 - Mortgage Defined: A.R.S. §33-702
 - Mortgagor: Rights A.R.S. §33-703
 - Mortgagee: Defined A.R.S. §33-702
 - Homeowner Insurance on mortgaged property: A.R.S. §20-475.01
- **Fair Housing**
 - AZ Department of Real Estate Involvement: A.R.S. 32-215(A)(19)
 - Arizona Attorney General Fair Housing: AA.R.S. §§ 41-1491 and 41-1491.08
 - Fair Housing Policy and Practices in advertisement: A.A.C. R10-2-114
 - Housing for older persons: A.R.S. §41-1491.04, A.A.C. R10-2-102
 - Discrimination in Terms, Conditions, or Privileges in Services or Facilities: A.R.S. §§41-1491.14(A) and 41-1491.19(A), A.A.C. R10-2-103
 - Steering: A.A.C. R10-2-104 and A.R.S. § 41-1491.16
 - Discrimination in Rentals: A.A.C. R10-2-104(B)
 - Blockbusting: A.A.C. R10-2-105 & A.R.S. § 41.1491.17

- Interference, Coercion, or Intimidation: A.R.S. § 41-1491.18 & A.A.C. R10-2-106(1)(4)(5)
- City Additional Protected Classes
 - Glendale City Ordinance No. 021-39
 - Phoenix City Code Section 18-1
 - Tucson Chapter 17 of Tucson City Code
 - Mesa Non-Discrimination Ordinance
 - Scottsdale Anti-Discrimination Ordinance
 - Tempe City Ordinance 22-91
 - Flagstaff City Ordinance Chapter 14-02
 - Sedona City Code Chapter 9.30.030 Policy
 - Winslow City Ordinance No.1327

The Resource Guide is a courtesy from the Department of Real Estate and is not guaranteed to list all resources or current laws for every topic. Course providers are obligated to keep their materials up-to-date with evolving laws, regulations, and area-specific information.

National/General Exam Content Outline for Salespersons

Effective: June 1, 2025

The national/general portion of the real estate exam is made up of eighty (80) scored items, which are distributed as noted in the following content outline. Each section contains an overall item count and subtotals from each subsection. For example, if a major topic area has three (3) subtopics and ten (10) items, the subtopics will contain the number of items necessary to bring the total to ten (10) items.

In addition to building our real estate national/general exams to content specifications, Pearson VUE also builds our general exams to cognitive level specifications. These cognitive level specifications confirm that candidates have a comprehensive understanding of real estate general knowledge and federal regulation topics. They measure whether candidates have the knowledge, but more importantly, the skills and abilities to protect the public from day one as a real estate licensee. Every test item is classified into one of three categories: knowledge, application, or analysis. A knowledge item requires candidates to recall specific facts or definitions. An application item requires candidates to use their knowledge and apply it to a situation. An analysis item requires candidates to use their knowledge and examine a fact pattern in order to draw a conclusion or make a decision. Cognitive level breakdowns are included after the item count for major topic areas. For example, if a major topic area has ten (10) items, the cognitive level item counts will total to ten (10) items.

The national/general examination also contains five (5) pretest items that are not counted toward the score. These items are used to gather statistics on performance and to help assess appropriateness for use on future examinations. Because pretest items look exactly like items that are scored, candidates should answer all the items on the examination.

I. REAL PROPERTY CHARACTERISTICS, LEGAL DESCRIPTIONS, AND PROPERTY USE (SALES 11; 6 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)

A. Real property vs. personal property (3 items)

1. Fixtures, trade fixtures, emblements
2. Attachment, severance, and bill of sale

B. Characteristics of real property (2 items)

1. Economic characteristics
 - a. Scarcity
 - b. Modification / Improvement
 - c. Permanence of Investment / Fixity
 - d. Area Preference / Situs
2. Physical characteristics
 - a. Immobility
 - b. Indestructibility
 - c. Non-homogeneity / Uniqueness

C. Legal descriptions (3 items)

1. Methods used to describe real property
2. Survey

D. Public and private land use controls – encumbrances (3 items)

1. Public controls – governmental powers
 - a. Police power, eminent domain, taxation, escheat
 - b. Zoning ordinances

2. Private controls, restrictions, and encroachments
 - a. Covenants, conditions, and restrictions (CC&Rs), HOAs
 - b. Easements
 - c. Licenses and encroachments

II. FORMS OF OWNERSHIP, TRANSFER, AND RECORDING OF TITLE (SALES 9; 5 KNOWLEDGE, 2 APPLICATION, 2 ANALYSIS)

A. Ownership, estates, rights, and interests (5 items)

1. Forms of ownership
2. Freehold estate
 - a. Fee simple absolute
 - b. Fee simple defeasible, determinable, and condition subsequent
 - c. Life estate
 - d. Bundle of rights
3. Leasehold estates and types of leases
 - a. Estate for years and from period to period (periodic estate)
 - b. Estate at will and estate at sufferance
 - c. Gross, net, percentage leases, etc.
4. Liens and lien priority
5. Air, surface and sub-surface rights

B. Deed, title, transfer of title, and recording of title (4 items)

1. Elements of a valid deed
2. Types of deeds
3. Title transfer
 - a. Voluntary alienation
 - b. Involuntary alienation
4. Recording the title
 - a. Constructive and actual notice
 - b. Title abstract and chain of title
 - c. Marketable title and cloud on title
 - d. Attorney title opinion, quiet title lawsuit, and title insurance

III. PROPERTY VALUE AND APPRAISAL (SALES 11; 6 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)

A. Concept of value (4 items)

1. Market value vs. market price
2. Characteristics of value
3. Principles of value

B. Appraisal process (2 items)

1. Purpose and steps to an appraisal
2. Federal oversight of the appraisal process

C. Methods of estimating value and Broker Price Opinions (BPO) (5 items)

1. Sales comparison approach (market data)
2. Cost approach
 - a. Improvements and depreciation
 - b. Physical deterioration, functional, and economic obsolescence
 - c. Reproduction or replacement costs
3. Income approach
4. Gross rent and gross income multipliers
5. Comparative Market Analysis (CMA)
6. Broker Price Opinion (BPO)
7. Assessed value and tax implications

IV. REAL ESTATE CONTRACTS AND AGENCY (SALES 16; 7 KNOWLEDGE, 6 APPLICATION, 3 ANALYSIS)

A. Types of contracts (1 item)

1. Express vs. implied
2. Unilateral vs. bilateral

B. Required elements of a valid contract (3 items)

1. Voluntary
2. Agreement / Promise
3. Legally competent parties
4. Lawful consideration
5. Legal act / Purpose

C. Contract performance (3 items)

1. Executed vs. executory
2. Valid vs. void
3. Voidable vs. unenforceable
4. Breach of contract, rescission, and termination
5. Liquidated, punitive, or compensatory damages

6. Statute of Frauds
7. Electronic contracts and digital signatures
8. Time is of the essence

D. Sales contract (2 items)

1. Offer and counteroffer
2. Earnest money and liquidated damages
3. Equitable title
4. Contingencies
5. Disputes and breach of contract
6. Option contract and installment sales contract

E. Types of agency and licensee-client relationships (2 items)

F. Creation and termination of agency (2 items)

G. Licensee obligations to parties of a transaction (3 items)

V. REAL ESTATE PRACTICE (SALES 10; 5 KNOWLEDGE, 3 APPLICATION, 2 ANALYSIS)

A. Responsibilities of broker (2 items)

1. Practicing within scope of expertise
2. Unauthorized practice of law

B. Brokerage agreements between the broker and principal (seller, buyer, landlord, or tenant) (3 items)

1. Seller representation – Types of listing agreements
 - a. Exclusive right-to-sell and exclusive agency listing
 - b. Non-exclusive or open listing
 - c. Net listing (conflict of interest)
 - d. Multiple listing service (MLS)
2. Buyer representation
3. Property management agreement
 - a. Accounting for funds
 - b. Property maintenance
 - c. Leasing property
 - d. Collecting rents and security deposits
4. Termination of agreements
5. Services, fees, and compensation

C. Fair Housing (3 items)

1. Equal opportunity in housing
2. Protected classes
3. Fair housing laws
4. Illegal practices, enforcement, and penalties
5. Prohibited advertising
6. Housing and Urban Development (HUD)
7. Americans with Disabilities Act (ADA)

D. Risk management (2 items)

1. Supervision
2. Compliance with federal regulations; including Privacy and Do Not Contact
3. Vicarious liability
4. Antitrust laws

5. Fraud and misrepresentation
6. Types of insurance
 - a. Errors and Omissions
 - b. General Liability

VI. PROPERTY DISCLOSURES AND ENVIRONMENTAL ISSUES (SALES 9; 5 KNOWLEDGE, 3 APPLICATION, 1 ANALYSIS)

A. Property conditions and environmental issues (5 items)

1. Hazardous substances
 - a. Lead-based paint
 - b. Asbestos, radon, and mold
 - c. Groundwater contamination and underground storage tanks
 - d. Waste disposal sites and brownfields
 - e. Flood plains, flood zones, and flood insurance
2. Clean Air and Water Acts
3. Environmental Protection Agency (EPA)
 - a. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
 - b. Superfund Amendment and Reauthorization Act (SARA)
 - c. Environmental site assessments (including Phase I and II studies) and impact statements
 - d. Wetlands protection

B. Environmental and property disclosure obligations and liability (4 items)

VII. FINANCING AND SETTLEMENT (SALES 7; 4 KNOWLEDGE, 2 APPLICATION, 1 ANALYSIS)

A. Financing concepts and components (2 items)

1. Methods of financing
 - a. Mortgage financing – conventional and non-conventional loans
 - b. Seller financing – land contract/contract for deed
2. Lien theory vs. title theory and deed of trust
3. Sources of financing (primary and secondary mortgage markets, and seller financing)
4. Types of loans and loan programs
5. Mortgage clauses

B. Lender Requirements (1 item)

1. FHA requirements
2. VA requirements
3. USDA Loan requirements and rural development financing
4. Conventional requirements
5. Buyer qualification and Loan to Value (LTV)
6. Hazard and flood insurance
7. Private mortgage insurance (PMI) and mortgage insurance premium (MIP)

C. Federal Financing Regulations and Regulatory Bodies (2 items)

1. Truth-in-Lending and Regulation Z
2. TILA-RESPA Integrated Disclosures (TRID)
 - a. Consumer Financial Protection Bureau (CFPB)
 - b. Loan Estimate (LE)
 - c. Closing Disclosure (CD)
3. Real Estate Settlement Procedures Act (RESPA)
 - a. Referrals
 - b. Rebates
4. Equal Credit Opportunity Act (ECOA)
5. Mortgage fraud and predatory lending

D. Settlement and closing the transaction (2 items)

VIII. REAL ESTATE MATH CALCULATIONS (SALES 7; 4 APPLICATION, 3 ANALYSIS)

A. Property area calculations (1 item)

1. Square footage
2. Acreage total

B. Property valuation (1 item)

1. Comparative Market Analysis (CMA)
2. Net Operating Income (NOI)
3. Capitalization rate
4. Equity in property
5. Establishing a listing price
6. Assessed value and property taxes

C. Commission/compensation (1 item)

D. Loan financing costs (1 item)

1. Interest
2. Loan to Value (LTV)
3. Fees
4. Amortization, discount points, and prepayment penalties

E. Settlement and closing costs (1 item)

1. Purchase price and down payment
2. Monthly mortgage calculations- principal, interest, taxes, and insurance (PITI)
3. Net to the seller
4. Cost to the buyer
5. Prorated items
6. Debits and credits
7. Transfer tax and recording fee

F. Investment (1 item)

1. Return on investment
2. Appreciation
3. Depreciation
4. Tax implications on investment

G. Property management calculations (1 item)

1. Property management and budget calculations
2. Tenancy and rental calculations

Notes on Math Calculations

The following information is **NOT** available at the test center and **SHOULD** be memorized:

- 43,560 square feet/acre
- 5,280 feet/mile

If a question requires the calculation of prorated amounts, the question will specify:

- whether the calculation should be made on the basis of 360 or 365 days a year; and/or
- whether the day of closing belongs to the buyer or the seller for purposes of prorations

Where applicable, round off calculations using standard rounding rules.

Please note the content on the exam reflects the real estate industry as a whole and may not reflect any ongoing litigation or settlements.

Real Estate General/National Resources

- Mastering Real Estate Principles, Gerald R. Cortesi, Dearborn
- Modern Real Estate Practice, Fillmore W. Galaty, Wellington J. Allaway, Robert C. Kyle, etc., Dearborn
- Principles of Real Estate Practice, Stephen Mettling, Performance Programs Company
- Property Management, Robert C. Kyle, Dearborn
- Real Estate Finance, J. Keith Baker and John P. Wiedemer, OnCourse Learning Publishing
- Real Estate Fundamentals, Wade E. Gaddy, Dearborn
- Real Estate Law, Charles J. Jacobus, OnCourse Learning Publishing
- Real Estate Principal, Charles J. Jacobus, OnCourse Learning Publishing
- Real Estate Law, Elliot Klayman, Dearborn
- The Language of Real Estate, John E. Reilly, Dearborn

Please refer to the publishers for the most recent editions.

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