

This insert includes legislative changes for Title 32, Chapter 20 enacted in the 2019, 2020, and 2021 Legislative Sessions and recent Substantive Policy Statements.

Arizona Real Estate Laws	2
Title 32, Chapter 20 REAL ESTATE	2
Article 1 Real Estate Department	2
32-2101. Definitions	2
Article 2 Licensing	7
32-2121. Applicability of article; exemption	7
32-2122. License required of brokers and salespersons	9
32-2123. Application for license as broker or salesperson	9
32-2124. Qualifications of licensees	10
32-2125. Licenses for corporations, limited liability companies or partnerships	12
Article 3.1 Property Management	13
32-2174. Property management accounts	13
Article 9 Real Estate Timeshares	14
32-2197.03. Purchase agreements; rescission of contract or agreement; cancellation or termination of timeshare interests	14
32-2197.08. Issuance of public report and amended public report by commissioner on timeshare plan; denial of issuance; additional information; use of another state's public report	14
32-2197.10. Timeshare interest reservations	18
32-2197.16. Separate disclosures	19
SUBSTANTIVE POLICY STATEMENTS	20
No. 2020.01	20
No. 2019.01	20
No. 2017.01	20
No. 2005.10	20

This Real Estate Law Book is intended for use solely as a desk reference tool and should not be used as a substitute for the Arizona Revised Statutes, which can be referenced at www.azleg.gov.

Many additional statutes outside of Title 32, Chapter 30 have been updated and can be located on our [Law Book](#) or at www.azleg.gov.

Arizona Real Estate Laws

Title 32, Chapter 20 REAL ESTATE

Article 1 Real Estate Department

32-2101. Definitions

A. In this chapter, unless the context otherwise requires:

1. "Acting in concert" means evidence of collaborating to pursue a concerted plan.
2. "Advertising" means the attempt by publication, dissemination, exhibition, solicitation or circulation, oral or written, or for broadcast on radio or television to induce directly or indirectly any person to enter into any obligation or acquire any title or interest in lands subject to this chapter including the land sales contract to be used and any photographs, drawings or artist's presentations of physical conditions or facilities existing or to exist on the property. Advertising does not include:
 - (a) Press releases or other communications delivered to newspapers, periodicals or other news media for general information or public relations purposes if no charge is made by the newspapers, periodicals or other news media for the publication or use of any part of these communications.
 - (b) Communications to stockholders as follows:
 - (i) Annual reports and interim financial reports.
 - (ii) Proxy materials.
 - (iii) Registration statements.
 - (iv) Securities prospectuses.
 - (v) Applications for listing of securities on stock exchanges.
 - (vi) Prospectuses.
 - (vii) Property reports.
 - (viii) Offering statements.
3. "Affiliate" means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the person specified.
4. "Associate broker" means a licensed broker who is employed by another broker. Unless otherwise specifically provided, an associate broker has the same license privileges as a salesperson.
5. "Barrier" means a natural or man-made geographical feature that prevents parcels of land from being practicably, reasonably and economically united or reunited and that was not caused or created by the owner of the parcels.
6. "Blanket encumbrance" means any mortgage, any deed of trust or any other encumbrance or lien securing or evidencing the payment of money and affecting more than one lot or parcel of subdivided land, or an agreement affecting more than one lot or parcel by which the subdivider holds the subdivision under an option, contract to sell or trust agreement. Blanket encumbrance does not include taxes and assessments that are levied by public authority.
7. "Board" means the state real estate advisory board.
8. "Broker", when used without modification, means a person who is licensed as a broker under this chapter or who is required to be licensed as a broker under this chapter.
9. "Business broker" means a real estate broker who acts as an intermediary or agent between sellers or buyers, or both, in the sale or purchase, or both, of businesses or business opportunities where a lease or sale of real property is either a direct or incidental part of the transaction.
10. "Camping site" means a space that is designed and promoted for the purpose of locating any trailer, tent, tent trailer, pickup camper or other similar device used for camping.
11. "Cemetery" or "cemetery property" means any one, or a combination of more than one, of the following in a place that is used, or intended to be used, and dedicated for cemetery purposes:
 - (a) A burial park, for earth interments.
 - (b) A mausoleum, for crypt or vault entombments.
 - (c) A crematory, or a crematory and columbarium, for cinerary interments.
 - (d) A cemetery plot, including interment rights, mausoleum crypts, niches and burial spaces.
12. "Cemetery broker" means a person other than a real estate broker or real estate salesperson who, for another, for compensation:

- (a) Sells, leases or exchanges cemetery property or interment services of or for another, or on the person's own account.
 - (b) Offers for another or for the person's own account to buy, sell, lease or exchange cemetery property or interment services.
 - (c) Negotiates the purchase and sale, lease or exchange of cemetery property or interment services.
 - (d) Negotiates the purchase or sale, lease or exchange, or lists or solicits, or negotiates a loan on or leasing of cemetery property or interment services.
13. "Cemetery salesperson" means a natural person who acts on the person's own behalf or through and on behalf of a professional limited liability company or a professional corporation engaged by or on behalf of a licensed cemetery or real estate broker, or through and on behalf of a corporation, partnership or limited liability company that is licensed as a cemetery or real estate broker, to perform any act or transaction included in the definition of cemetery broker.
14. "Commissioner" means the state real estate commissioner.
15. "Common promotional plan" means a plan, undertaken by a person or a group of persons acting in concert, to offer lots for sale or lease. If the land is offered for sale by a person or group of persons acting in concert, and the land is contiguous or is known, designated or advertised as a common unit or by a common name, the land is presumed, without regard to the number of lots covered by each individual offering, as being offered for sale or lease as part of a common promotional plan. Separate subdividers selling lots or parcels in separately platted subdivisions within a master planned community shall not be deemed to be offering their combined lots for sale or lease as part of a common promotional plan.
16. "Compensation" means any fee, commission, salary, money or other valuable consideration for services rendered or to be rendered as well as the promise of consideration whether contingent or not.
17. "Contiguous" means lots, parcels or fractional interests that share a common boundary or point. Lots, parcels or fractional interests are not contiguous if they are separated by either of the following:
- (a) A barrier.
 - (b) A road, street or highway that has been established by this state or by any agency or political subdivision of this state, that has been designated by the federal government as an interstate highway or that has been regularly maintained by this state or by any agency or political subdivision of this state and has been used continuously by the public for at least the last five years.
18. "Control" or "controlled" means a person who, through ownership, voting rights, power of attorney, proxy, management rights, operational rights or other rights, has the right to make decisions binding on an entity, whether a corporation, a partnership or any other entity.
19. "Corporation licensee" means a lawfully organized corporation that is registered with the Arizona corporation commission and that has an officer licensed as the designated broker pursuant to section 32-2125.
20. "Department" means the state real estate department.
21. "Designated broker" means the natural person who is licensed as a broker under this chapter and who is either:
- (a) Designated to act on behalf of an employing real estate, cemetery or membership camping entity.
 - (b) Doing business as a sole proprietor.
22. "Developer" means a person who offers real property in a development for sale, lease or use, either immediately or in the future, on the person's own behalf or on behalf of another person, under this chapter. Developer does not include a person whose involvement with a development is limited to the listing of property within the development for sale, lease or use.
23. "Development" means any division, proposed division or use of real property that the department has authority to regulate, including subdivided and unsubdivided lands, cemeteries, condominiums, timeshares, membership campgrounds and stock cooperatives.
24. "Employing broker" means a person who is licensed or is required to be licensed as a:
- (a) Broker entity pursuant to section 32-2125, subsection A.
 - (b) Sole proprietorship if the sole proprietor is a broker licensed pursuant to this chapter.
25. "Fractional interest" means an undivided interest in improved or unimproved land, lots or parcels of any size created for the purpose of sale or lease and evidenced by any receipt, certificate, deed or other document conveying the interest. Undivided interests in land, lots or parcels created in the names of a husband and wife as community property, joint tenants or tenants in common, or in the names of other persons who, acting together as part of a single transaction, acquire the interests without a purpose to

divide the interests for present or future sale or lease shall be deemed to constitute only one fractional interest.

26. "Improved lot or parcel" means a lot or parcel of a subdivision on which there is a residential, commercial or industrial building or concerning which a contract has been entered into between a subdivider and a purchaser that obligates the subdivider directly, or indirectly through a building contractor, to completely construct a residential, commercial or industrial building on the lot or parcel within two years after the date on which the contract of sale for the lot is entered into.

27. "Inactive license" means a license that is issued pursuant to article 2 of this chapter to a licensee who is on inactive status during the current license period and who is not engaged by or on behalf of a broker.

28. "Lease" or "leasing" includes any lease, whether it is the sole, the principal or any incidental part of a transaction.

29. "License" means the whole or part of any agency permit, certificate, approval, registration, public report, charter or similar form of permission required by this chapter.

30. "Licensee" means a person to whom a license for the current license period has been granted under any provision of this chapter, and, for the purposes of section 32-2153, subsection A, includes original license applicants.

31. "License period" means the two-year period beginning with the date of original issue or renewal of a particular license and ending on the expiration date, if any.

32. "Limited liability company licensee" means a lawfully organized limited liability company that has a member or manager who is a natural person and who is licensed as the designated broker pursuant to section 32-2125.

33. "Lot reservation" means an expression of interest by a prospective purchaser in buying at some time in the future a subdivided or unsubdivided lot, unit or parcel in this state. In all cases, a subsequent affirmative action by the prospective purchaser must be taken to create a contractual obligation to purchase.

34. "Master planned community" means a development that consists of two or more separately platted subdivisions and that is either subject to a master declaration of covenants, conditions or restrictions, is subject to restrictive covenants sufficiently uniform in character to clearly indicate a general scheme for improving or developing real property or is governed or administered by a master owner's association.

35. "Member" means a member of the real estate advisory board.

36. "Membership camping broker" means a person, other than a salesperson, who, for compensation:

- (a) Sells, purchases, lists, exchanges or leases membership camping contracts.
- (b) Offers to sell, purchase, exchange or lease membership camping contracts.
- (c) Negotiates or offers, attempts or agrees to negotiate the sale, purchase, exchange or lease of membership camping contracts.
- (d) Advertises or holds himself out as being engaged in the business of selling, buying, exchanging or leasing membership camping contracts or counseling or advising regarding membership camping contracts.
- (e) Assists or directs in procuring prospects calculated or intended to result in the sale, purchase, listing, exchange or lease of membership camping contracts.
- (f) Performs any of the foregoing acts as an employee or on behalf of a membership camping operator or membership contract owner.

37. "Membership camping contract" means an agreement that is offered or sold in this state evidencing a purchaser's right or license to use the camping or outdoor recreation facilities of a membership camping operator and includes a membership that provides for this use.

38. "Membership camping operator" means an enterprise, other than one that is tax exempt under section 501(c)(3) of the internal revenue code of 1986, as amended, that solicits membership paid for by a fee or periodic payments and has as one of its purposes camping or outdoor recreation, including the use of camping sites primarily by members. Membership camping operator does not include camping or recreational trailer parks that are open to the general public and that contain camping sites rented for a per use fee or a mobile home park.

39. "Membership camping salesperson" means a natural person who acts on the person's own behalf or through and on behalf of a professional limited liability company or a professional corporation engaged by or on behalf of a licensed membership camping or real estate broker, or by or on behalf of a corporation, partnership or limited liability company that is licensed as a membership camping or real

estate broker, to perform any act or participate in any transaction in a manner included in the definition of membership camping broker.

40. "Online course" means precensure education that is a planned learning experience with a geographic separation that may be synchronous or asynchronous, that does not require real-time interaction between a student and an instructor and that uses a platform with self-paced or prerecorded lessons and materials that a student can access via the internet to proceed at the student's own pace.

41. "Partnership licensee" means a partnership with a managing general partner who is licensed as the designated broker pursuant to section 32-2125.

42. "Permanent access", as required under article 4 of this chapter, means permanent access from the subdivision to any federal, state or county highway.

43. "Perpetual care" or "endowed care" means maintaining and caring, in all places where interments have been made, for the trees, shrubs, roads, streets and other improvements and embellishments contained within or forming a part of the cemetery but does not include maintaining or repairing monuments, tombs, copings or other man-made ornaments as associated with individual burial spaces.

44. "Perpetual or endowed-care cemetery" means a cemetery in which lots or other burial spaces are sold or transferred under the representation that the cemetery will receive perpetual care or endowed care free of further cost to the purchaser after payment of the original purchase price for the lot, burial space or interment right.

45. "Person" means any individual, corporation, partnership or company and any other form of multiple organization for carrying on business, foreign or domestic.

46. "Private cemetery" means a cemetery or place that is not licensed under article 6 of this chapter, where burials or interments of human remains are made, in which sales or transfers of interment rights or burial plots are not made to the public and in which not more than ten interments or burials occur annually.

47. "Promotion" or "promotional practice" means advertising and any other act, practice, device or scheme to induce directly or indirectly any person to enter into any obligation or acquire any title or interest in or use of real property subject to this chapter, including meetings with prospective purchasers, arrangements for prospective purchasers to visit real property, travel allowances and discount, exchange, refund and cancellation privileges.

48. "Real estate" includes leasehold-interests and any estates in land as defined in title 33, chapter 2, articles 1 and 2, regardless of whether located in this state.

49. "Real estate broker" means a person, other than a salesperson, who, for another and for compensation:

(a) Sells, exchanges, purchases, rents or leases real estate, businesses and business opportunities or timeshare interests.

(b) Offers to sell, exchange, purchase, rent or lease real estate, businesses and business opportunities or timeshare interests.

(c) Negotiates or offers, attempts or agrees to negotiate the sale, exchange, purchase, rental or leasing of real estate, businesses and business opportunities or timeshare interests.

(d) Lists or offers, attempts or agrees to list real estate, businesses and business opportunities or timeshare interests for sale, lease or exchange.

(e) Auctions or offers, attempts or agrees to auction real estate, businesses and business opportunities or timeshare interests.

(f) Buys, sells, offers to buy or sell or otherwise deals in options on real estate, businesses and business opportunities or timeshare interests or improvements to real estate, businesses and business opportunities or timeshare interests.

(g) Collects or offers, attempts or agrees to collect rent for the use of real estate, businesses and business opportunities or timeshare interests. This subdivision does not apply to a person who is not a licensee, who works for a real estate broker or a real estate salesperson, who collects in-person rent and related fees on behalf of the real estate broker or real estate salesperson for the use of real estate as part of the person's clerical duties and who provides a receipt when rent is paid.

(h) Advertises or holds himself out as being engaged in the business of buying, selling, exchanging, renting or leasing real estate, businesses and business opportunities or timeshare interests or counseling or advising regarding real estate, businesses and business opportunities or timeshare interests.

(i) Assists or directs in procuring prospects that are calculated to result in the sale, exchange, leasing or rental of real estate, businesses and business opportunities or timeshare interests.

(j) Assists or directs in negotiating any transaction calculated or intended to result in the sale, exchange, leasing or rental of real estate, businesses and business opportunities or timeshare interests.

(k) Incident to the sale of real estate, businesses and business opportunities negotiates or offers, attempts or agrees to negotiate a loan secured or to be secured by any mortgage or other encumbrance on or transfer of real estate, businesses and business opportunities or timeshare interests subject to section 32-2155, subsection C. This subdivision does not apply to mortgage brokers as defined in and subject to title 6, chapter 9, article 1.

(l) Engages in the business of assisting or offering to assist another in filing an application for the purchase or lease of, or in locating or entering on, lands owned by the state or federal government.

(m) Claims, demands, charges, receives, collects or contracts to collect an advance fee in connection with any employment enumerated in this section, including employment undertaken to promote the sale or lease of real property by advance fee listing, by furnishing rental information to a prospective tenant for a fee paid by the prospective tenant, by advertisement or by any other offering to sell, lease, exchange or rent real property or selling kits connected therewith. This shall not include the activities of any communications media of general circulation or coverage not primarily engaged in the advertisement of real estate or any communications media activities that are specifically exempt from applicability of this article under section 32-2121.

(n) Engages in any of the acts listed in subdivisions (a) through (m) of this paragraph for the sale or lease of other than real property if a real property sale or lease is a part of, contingent on or ancillary to the transaction.

(o) Performs any of the acts listed in subdivisions (a) through (m) of this paragraph as an employee of, or in behalf of, the owner of real estate, or interest in the real estate, or improvements affixed on the real estate, for compensation.

(p) Acts as a business broker.

50. "Real estate sales contract" means an agreement in which one party agrees to convey title to real estate to another party on the satisfaction of specified conditions set forth in the contract.

51. "Real estate salesperson" means a natural person who acts on the person's own behalf or through and on behalf of a professional limited liability company or a professional corporation engaged by or on behalf of a licensed real estate broker, or by or on behalf of a limited liability company, partnership or corporation that is licensed as a real estate broker, to perform any act or participate in any transaction in a manner included in the definition of real estate broker subject to section 32-2155.

52. "Sale" or "lease" includes every disposition, transfer, option or offer or attempt to dispose of or transfer real property, or an interest, use or estate in the real property, including offering the property as a prize or gift if a monetary charge or consideration for whatever purpose is required.

53. "Salesperson", when used without modification, means a natural person who acts on the person's own behalf or through and on behalf of a professional limited liability company or a professional corporation licensed under this chapter or any person required to be licensed as a salesperson under this chapter.

54. "School" means a person or entity that offers a course of study towards completion of the education requirements leading to licensure or renewal of licensure under this chapter.

55. "Stock cooperative" means a corporation to which all of the following apply:

(a) The corporation is formed or used to hold title to improved real property in fee simple or for a term of years.

(b) All or substantially all of the shareholders of the corporation each receive a right of exclusive occupancy in a portion of the real property to which the corporation holds title.

(c) The right of occupancy may only be transferred with the concurrent transfer of the shares of stock in the corporation held by the person having the right of occupancy.

56. "Subdivider" means any person who offers for sale or lease six or more lots, parcels or fractional interests in a subdivision or who causes land to be subdivided into a subdivision for the subdivider or for others, or who undertakes to develop a subdivision, but does not include a public agency or officer authorized by law to create subdivisions.

57. "Subdivision" or "subdivided lands":

(a) Means improved or unimproved land or lands divided or proposed to be divided for the purpose of sale or lease, whether immediate or future, into six or more lots, parcels or fractional interests.

(b) Includes a stock cooperative, lands divided or proposed to be divided as part of a common promotional plan and residential condominiums as defined in title 33, chapter 9.

(c) Does not include:

(i) Leasehold offerings of one year or less.

(ii) The division or proposed division of land located in this state into lots or parcels each of which is or will be thirty-six acres or more in area including to the centerline of dedicated roads or easements, if any, contiguous to the lot or parcel.

(iii) The leasing of agricultural lands or apartments, offices, stores, hotels, motels, pads or similar space within an apartment building, industrial building, rental recreational vehicle community, rental manufactured home community, rental mobile home park or commercial building.

(iv) The subdivision into or development of parcels, plots or fractional portions within the boundaries of a cemetery that has been formed and approved pursuant to this chapter.

(v) A sale or lease of a lot, parcel or fractional interest that occurs ten or more years after the sale or lease of another lot, parcel or fractional interest if the other lot, parcel or fractional interest is not subject to this article and is treated as an independent parcel unless, on investigation by the commissioner, there is evidence of intent to subdivide.

58. "Timeshare" or "timeshare property" means real property ownership or right of occupancy in real property pursuant to article 9 of this chapter. For the purposes of this chapter, a timeshare is not a security unless it meets the definition of a security under section 44-1801.

59. "Trustee" means:

(a) A person who is designated under section 32-2194.27 to act as a trustee for an endowment-care cemetery fund.

(b) A person holding bare legal title to real property under a subdivision trust. A trustee shall not be deemed to be a developer, subdivider, broker or salesperson within this chapter.

60. "Unimproved lot or parcel" means a lot or parcel of a subdivision that is not an improved lot or parcel.

61. "Unsubdivided lands":

(a) Means land or lands divided or proposed to be divided for the purpose of sale or lease, whether immediate or future, into six or more lots, parcels or fractional interests and the lots or parcels are thirty-six acres or more each but less than one hundred sixty acres each, or that are offered, known or advertised under a common promotional plan for sale or lease, except that agricultural leases shall not be included in this definition.

(b) Includes any land that is sold that would otherwise constitute the sixth lot, parcel or fractional interest if the sale occurs ten or more years after the earliest of the previous five sales and if all of the sales consist of property that was originally contained within the same parcel that is thirty-six acres or more and less than one hundred sixty acres.

Article 2 Licensing

32-2121. Applicability of article; exemption

A. This article does not apply to:

1. A natural person, a corporation through its officers, a partnership through its partners or a limited liability company through its members or managers that deals in selling, exchanging, purchasing, renting, leasing, managing or pledging the person's or entity's own property, including cemetery property and membership camping contracts, and that does not receive special compensation for a sales transaction or does not receive special compensation or other consideration, including property management fees or consulting fees for any property management services performed, if the majority of an officer's, partner's, member's or manager's activities do not involve the acts of a real estate broker, cemetery broker or membership camping broker as defined in section 32-2101.

2. A person holding a valid power of attorney that is being used for a specific purpose in an isolated transaction and not as a method of conducting a real estate business.

3. An attorney performing the attorney's duties as an attorney. This paragraph does not allow an attorney to otherwise engage in any acts requiring a license under this article.

4. Any receiver, a trustee in bankruptcy or any other person acting under an order of a court.

5. A trustee selling under a deed of trust.

6. Natural persons who are acting as residential leasing agents or on-site managers of residential rental property, who are performing residential leasing activities on residential income property at not more

than one location during the period of the agents' or on-site managers' regular workday, who do not receive special compensation for the acts described in subdivisions (a) through (e) of this paragraph and who are employed by the owner or the owner's licensed management agent to perform the duties customarily associated with that employment. A bonus that is paid to a residential leasing agent or on-site manager working under the supervision of a licensed real estate broker and that is based on performance, that is received not more frequently than monthly and that does not exceed one-half of the agent's or on-site manager's total compensation for the time period does not constitute special compensation for the acts described in subdivisions (a) through (e) of this paragraph. For the purposes of this paragraph, "residential leasing agents or on-site managers" means natural persons who are employed by the owner or the owner's licensed management agent and whose normal duties and responsibilities include any one or a combination of the following:

- (a) Preparing and presenting to any person a residential lease, application or renewal or any amendment of the lease.
 - (b) Collecting or receiving a security deposit, a rental payment or any related payment for delivery to and made payable to a property, a property manager, an owner or the location.
 - (c) Showing a residential rental unit to any prospective tenant.
 - (d) Executing residential leases or rental agreements adopted under title 33, chapter 10.
 - (e) Acting on behalf of the owner or the owner's licensed management agent to deliver notice pursuant to title 12, chapter 8 and title 33, chapters 10 and 11.
7. Any officer or employee of a governmental agency who is not a contract or temporary employee of the agency in conducting the officer's or employee's official duties.
 8. One natural person who acts as a property manager for one nonresidential income property or for two or more contiguous nonresidential income properties that are under common ownership and who is employed by the owner or the owner's licensed management agent to perform the duties customarily associated with that employment.
 9. Natural persons who are employed by an employing broker, a person otherwise licensed under this chapter or a person or entity exempt under this section, who are unlicensed and perform clerical, bookkeeping, accounting and other administrative and support duties, who are not engaged in any other acts requiring a license under this chapter and whose employment is not conditioned on or designed to perform duties otherwise requiring a license under this chapter.
 10. Natural persons who are employed by an employing broker and who perform telemarketing services that are limited to soliciting interest in engaging the services of a licensee or broker or gathering demographic information that will be used by a licensee or broker to solicit prospective buyers, sellers, lessees and lessors.
 11. Communications media or their representatives that are primarily engaged in advertising real estate and that perform no other acts requiring a real estate license, if:
 - (a) The communications media or their representatives do not, directly or indirectly, compile or represent that they compile information about specific prospective purchasers or tenants, except that general information about prospective purchasers or tenants, such as demographic and marketing information, may be compiled.
 - (b) The communications media or their representatives do not make representations to prospective real property sellers or landlords, or their representatives, concerning specific prospective purchasers or tenants or specific sales or leasing leads.
 - (c) The fee charged for advertising is based solely on the advertising services provided.
 - (d) The advertisements provide for direct contact between the seller or landlord and the prospective buyers or tenants, or for contact through a licensed real estate broker or property management firm.The communications media or their representatives shall not act as intermediaries or assist in any intermediary action between prospective parties to a real estate transaction, except that additional information about advertised properties may be provided to prospects on request.
 12. Persons who perform residential property management services or marketing and promotional services solely for nursing care institutions as defined in section 36-401 or pursuant to life care contracts as defined in section 20-1801.
 13. A person who offers to sell or lease property that constitutes a security as defined in section 44-1801 and that is offered, sold or leased in compliance with title 44, chapter 12 if the person is a registered securities dealer or salesperson pursuant to title 44, chapter 12, article 9.
 14. A person who manages a hotel, motel or recreational vehicle park.

15. A person who, on behalf of another, solicits, arranges or accepts reservations or monies, or both, for occupancies of thirty-one or fewer days in a dwelling unit.

16. An escrow agent in performing the escrow agent's duties as an escrow agent, a title insurer in performing the title insurer's duties as a title insurer or a title insurance agent in performing the title insurance agent's duties as a title insurance agent. This paragraph does not allow an escrow agent, a title insurer or a title insurance agent to otherwise engage in acts requiring a license under this article.

17. Notwithstanding paragraph 1 of this subsection, a corporation through its officers and employees that purchases, sells, exchanges, rents, leases, manages or pledges its property if both of the following apply:

(a) The activity is only incidental to the business of the corporation.

(b) The officers and employees engaged in the activity do not receive special compensation or other consideration for the activity.

18. A trust company owned by a bank holding company regulated by the federal reserve board or a bank in exercising its fiduciary duties under the terms of a trust agreement to which real property is subject.

19. A person who receives a finder fee pursuant to section 32-2176 or 32-2197.21.

B. The commissioner may grant an exemption from the licensure requirements of this article to any corporation that applies for an exemption on a finding that both of the following apply:

1. The corporation is a nonprofit corporation that provides project-based housing services and operates solely as a charitable organization as defined in section 44-6551.

2. The corporation's sole activities related to real estate involve ownership or management of residential property owned or controlled by the corporation.

32-2122. License required of brokers and salespersons

A. This article applies to any person acting in the capacity of a:

1. Real estate broker.
2. Real estate salesperson.
3. Cemetery broker.
4. Cemetery salesperson.
5. Membership camping broker.
6. Membership camping salesperson.

B. It is unlawful for any person, corporation, partnership or limited liability company to engage in any business, occupation or activity listed in subsection A of this section without first obtaining a license as prescribed in this chapter and otherwise complying with this chapter.

C. A person, corporation, partnership or limited liability company that is licensed as a salesperson or broker pursuant to this article or that is engaging in any work for which a license is required under this article is subject to the requirements of this chapter in performing any acts included in the definition of a broker unless otherwise provided in this chapter.

D. Except as otherwise provided in this subsection, any act, in consideration or expectation of compensation, that is included in the definition of a real estate broker, cemetery broker or membership camping broker, whether the act is an incidental part of a transaction or the entire transaction, constitutes the person offering or attempting to perform the act of a real estate broker or real estate salesperson, a cemetery broker or cemetery salesperson or a membership camping broker or a membership camping salesperson within the meaning of this chapter. A person who is not a licensee may collect in-person rent and related fees for the use of real estate as part of the person's clerical duties if the person works for a licensee, the rent collection is on behalf of the licensee and the person provides a receipt when rent is paid.

32-2123. Application for license as broker or salesperson

A. Every application for an original license shall be either submitted in writing and signed by the applicant or submitted electronically and contain an electronic or digital identifier that the commissioner deems appropriate. The application shall be accompanied by all applicable fees.

B. An application for an original license as a broker or salesperson shall set forth:

1. The applicant's residence address and legal name and any derivative of the applicant's first name or middle name or a nickname that the applicant regularly uses for advertising purposes.
2. The applicant's employers and employment history for the immediately preceding ten years and any experience in real estate sales, appraisals, transfers or similar business in which the applicant previously

engaged, if the commissioner determines that this information is needed to reasonably evaluate the good moral character of the applicant.

3. The name and place of business of the applicant's present employer, if any.

4. Whether the applicant has ever been convicted of a felony and, if so, the nature of the felony, where and when committed and the disposition of the conviction, or whether the applicant has been disbarred or suspended from the practice of law.

5. Whether the applicant has ever been refused a broker's or salesperson's license or any other occupational license in this or any other state, whether the applicant's license as a broker or salesperson has been revoked or suspended in this or any other state or whether the applicant has had any other occupational or professional license, certificate or registration revoked or suspended in this or any other state.

6. The name of any corporation, company or partnership that is or ever has been licensed by the department in which the applicant exercised any control.

7. If the applicant is a natural person, the applicant's social security number. If the applicant, due to bona fide religious convictions or other bona fide reasons that the applicant documents on the application to the satisfaction of the commissioner, does not have a social security number, the applicant may provide the applicant's federal tax identification number with the application. The state real estate department shall use the applicant's social security number or federal tax identification number to aid the department of economic security in locating noncustodial parents or the assets of noncustodial parents, and for no other purpose.

C. An application for a license as a broker additionally shall set forth:

1. The name under which the business is to be conducted.

2. The situs and mailing address of the applicant's place of business, or if more than one, the situs and mailing addresses of each.

D. An applicant for a broker's or salesperson's license shall provide information that the commissioner determines is reasonably necessary to establish the character of the applicant. The information may include but shall not be limited to:

1. Prior criminal records.

2. A valid fingerprint clearance card issued pursuant to section 41-1758.03.

3. An affidavit setting out whether the applicant has participated in, operated or held an interest in any land development company which has filed, or is subject to, a petition under any chapter of the federal bankruptcy act.

E. Each person licensed pursuant to this article, whether the license is active or inactive, shall have available for the licensee's use a current copy of the department's statutes, rules and annotations pertaining to real estate laws. Failure to comply with this requirement shall not be deemed grounds for a civil penalty or for denial, suspension or revocation of a license.

32-2124. Qualifications of licensees

A. Except as otherwise provided in this chapter, the commissioner shall require proof, through the application or otherwise, as the commissioner deems advisable with due regard to the interests of the public, as to the honesty, truthfulness, good character and competency of the applicant and shall require that the applicant has:

1. If for an original real estate broker's license, at least three years' actual experience as a licensed real estate salesperson or real estate broker during the five years immediately preceding the time of application.

2. If for an original cemetery broker's license, either a current real estate broker's license, or if the applicant does not have a current real estate broker's license, at least three years' actual experience as a cemetery salesperson or broker or as a licensed real estate salesperson or broker during the five years immediately preceding the time of application.

3. If for an original membership camping broker's license, either a current real estate broker's license, or if the applicant does not have a current real estate broker's license, at least three years' actual experience as a licensed membership camping salesperson or broker or as a licensed real estate salesperson or broker during the five years immediately preceding the time of application.

4. If for any type of broker's or salesperson's license, not had a license denied within one year immediately preceding application in this state pursuant to section 32-2153 or a similar statute in any other state.

5. If for any type of broker's or salesperson's license, not had a license revoked within the two years immediately preceding application in this state pursuant to section 32-2153 or a similar statute in any other state.
 6. If reapplying for a license that expired more than one year before the date of application, met all current education and experience requirements and retakes the examination the same as if the applicant were applying for the license for the first time.
 7. If for a real estate, cemetery or membership camping broker's license, other than a renewal application, an equivalent amount of active experience within the immediately preceding five years in the field in which the applicant is applying for the broker's license, as a substitute for the licensed active experience otherwise required in paragraphs 1, 2 and 3 of this subsection. The licensed active experience required may be met if the applicant can demonstrate to the commissioner's satisfaction that the applicant has an equivalent amount of experience in the past five years that, if the applicant had held a license, would have been sufficient to fulfill the licensed experience requirement.
- B. All applicants other than renewal applicants under section 32-2130 for a real estate salesperson's license shall show evidence satisfactory to the commissioner that they have completed a real estate salesperson's course that is prescribed and approved by the commissioner and that is at least ninety classroom hours, or its equivalent, of instruction in a real estate school certified by the commissioner and have satisfactorily passed an examination on the course. An applicant may complete the real estate salesperson's course prescribed by this subsection through an online course if the online course is offered by a real estate school that is certified by the commissioner, but the applicant must complete an examination on the online course in person. In no case shall the real estate salesperson's course completion or its equivalent be more than ten years before the date of application unless, at the time of application, the commissioner determines in the commissioner's discretion that the applicant has work experience in a real estate-related field and education that together are equivalent to the precensure education requirement. The commissioner may waive all or a portion of the precensure course requirement, other than the twenty-seven-hour Arizona-specific course, for an applicant who holds a current real estate license in another state.
- C. All applicants other than renewal applicants under section 32-2130 for a real estate broker's license shall show evidence satisfactory to the commissioner that they have completed a real estate broker's course that is prescribed and approved by the commissioner and that is at least ninety classroom hours, or the equivalent, of instruction in a real estate school certified by the commissioner and have satisfactorily passed an examination on the course. An applicant may complete the real estate broker's course prescribed by this subsection through an online course if the online course is offered by a real estate school that is certified by the commissioner, but the applicant must complete an examination on the online course in person. In no case shall the real estate broker's course completion or its equivalent be more than ten years before the date of application unless, at the time of application, the commissioner determines in the commissioner's discretion that the applicant has work experience in a real estate-related field and education that together are equivalent to the precensure education requirement. The commissioner may waive all or a portion of the precensure course requirement, other than the twenty-seven-hour Arizona-specific course, for an applicant who holds a current real estate license in another state.
- D. Before receiving any license provided for by this chapter, an applicant must be at least eighteen years of age.
- E. The commissioner shall ascertain by a written, electronic or other examination method that an applicant for a real estate license has:
1. An appropriate knowledge of the English language, including reading, writing and spelling, and of arithmetical computations common to real estate practices.
 2. At a minimum, an understanding of the general purpose and legal effect of any real estate practices, principles and related forms, including agency contracts, real estate contracts, deposit receipts, deeds, mortgages, deeds of trust, security agreements, bills of sale, land contracts of sale and property management, and of any other areas that the commissioner deems necessary and proper.
 3. A thorough understanding of the obligations between principal and agent, the principles of real estate and business opportunity practice, the applicable canons of business ethics, the provisions of this chapter and rules adopted pursuant to this chapter.
 4. An appropriate knowledge of other real estate practices and principles as determined by the commissioner.
- F. The commissioner shall ascertain by a written, electronic or other examination method that an applicant for a license as a cemetery broker or a cemetery salesperson has:

1. Appropriate knowledge of the English language, including reading, writing and spelling, and of elementary arithmetic.
 2. A general understanding of:
 - (a) Cemetery associations, cemetery corporations and duties of cemetery directors and officers.
 - (b) Plot ownership, deeds, certificates of ownership, contracts of sale, liens and leases.
 - (c) Establishing, dedicating, maintaining, managing, operating, improving, preserving and conducting a cemetery.
 - (d) The provisions of this chapter and rules adopted pursuant to this chapter relating to the organization and regulation of cemeteries and the licensing and regulation of cemetery brokers and cemetery salespersons.
 3. A general understanding of the obligations between principal and agent, the principles of cemetery practice and the canons of business ethics pertaining to the operation of cemeteries and the sale of cemetery property.
- G. The commissioner shall ascertain by a written, electronic or other examination method that an applicant for a license as a membership camping broker or a membership camping salesperson has:
1. An appropriate knowledge of the English language, including reading, writing and spelling, and of elementary arithmetic.
 2. A general understanding of:
 - (a) The general purposes and legal effect of contracts and agency contracts.
 - (b) Establishing, maintaining, managing and operating a membership campground.
 - (c) The provisions of this chapter and rules adopted pursuant to this chapter relating to the organization and regulation of membership campgrounds and the licensing and regulation of membership camping brokers and membership camping salespersons.
 3. A general understanding of the obligations between principal and agent and the canons of business ethics pertaining to the operation and promotion of membership campgrounds.
- H. A renewal applicant for a real estate, cemetery or membership camping broker's or salesperson's license is not required to submit to an examination if the application is made within twelve months after the license expires and the license is not canceled, terminated or suspended at the time of application.
- I. The examination for a broker's license shall be more exacting and stringent and of a broader scope than the examination for a salesperson's license.
- J. An applicant for a real estate salesperson's or broker's license who currently holds at least an equivalent license in another state may be exempt from taking the national portion of the real estate examination if the applicant can demonstrate passing a national examination within the past five years that is satisfactorily similar to the one administered by the department.
- K. Identification of each applicant whose licensing requirement was allowed to be met by an equivalent alternative pursuant to this section shall be included in the annual performance report presented by the board to the governor pursuant to section 32-2104.
- L. An applicant for an original real estate salesperson's license, after completion of the requirements of subsection B of this section, shall provide certification to the department at the time of application evidencing completion of six hours of instruction in real estate contract law and contract writing. This instruction shall include participation by the applicant in the drafting of contracts to purchase real property, listing agreements and lease agreements.
- M. The commissioner shall not issue a license to a person who has been convicted of a felony offense and who is currently incarcerated for the conviction, paroled or under community supervision and under the supervision of a parole or community supervision officer or who is on probation as a result of the conviction.
- N. The commissioner shall require an out-of-state applicant for a license that is issued pursuant to section 32-4302 to pass an examination specific to the laws of this state relating to this chapter before the commissioner issues the license to the applicant.

32-2125. Licenses for corporations, limited liability companies or partnerships

A. A corporation, limited liability company or partnership applying for a broker's license for the entity shall designate a natural person who is licensed as a broker and who is an officer of the corporation, manager of the limited liability company if management of the limited liability company is vested in one or more managers, member of the limited liability company if management is vested in the members or partner of the partnership who shall act as designated broker. The license shall extend no authority to act as designated broker to any other person. This subsection does not apply to a corporation or limited liability

company applying for a license under subsection B of this section. An entity's broker's license issued pursuant to this subsection shall run concurrently with the corporation's, limited liability company's or partnership's designated broker's license.

B. An employing broker may engage the services of salespersons and associate brokers who act through and on behalf of professional corporations or professional limited liability companies that are licensed by the department. A designated broker who acts on behalf of an employing real estate entity is allowed to become a professional corporation or a professional limited liability company. Any person so engaged shall be separately licensed. The department shall issue to or renew a license under this subsection only for a professional corporation or a professional limited liability company whose shareholders, members or managers hold active real estate licenses. A corporation licensed under this subsection shall meet the requirements of title 10, chapter 20. A limited liability company licensed under this subsection shall meet the requirements of title 29, chapter 7, article 11. A professional corporation or professional limited liability company shall not be licensed as an employing broker.

C. The license of a corporation or limited liability company licensed under subsection B of this section terminates only on the death of a shareholder, member or manager or any other change of shareholders, members or managers, except that any remaining shareholder, member or manager who was an authorized officer and shareholder prior to the change remains authorized to continue business under the corporation's or limited liability company's license for up to an additional ninety days pending the issuance of a new license.

D. The commissioner may suspend, revoke or deny renewal or the right of renewal of the license of a corporation, limited liability company or partnership licensed under this section if the corporation, limited liability company or partnership or any shareholder, officer, agent, partner or member of a corporation, limited liability company or partnership violates any of the provisions of this chapter.

E. This section does not enlarge the functions of salespersons, allow salespersons to assume any of the responsibilities or functions of brokers or relieve the commissioner of any regulatory power or authority over salespersons or brokers.

F. A corporation, limited liability company or partnership licensed under subsection A of this section or a professional corporation or professional limited liability company licensed under subsection B of this section is exempt from the education requirements imposed pursuant to this chapter. The commissioner shall not charge a license fee or a renewal fee pursuant to section 32-2132 to a corporation, professional corporation, limited liability company, professional limited liability company or partnership licensed or approved under this section.

G. A corporation, limited liability company or partnership licensed under this section shall report to the department within ten days:

1. Any change in officers, directors, members, managers or partners or any change of control of the entity.
2. Any amendment to its articles of incorporation or organization or to its partnership agreement.
3. If a corporation, when a person becomes an owner of ten percent or more of the stock in the corporation.
4. The dissolution of the corporation, limited liability company or partnership.

Article 3.1 Property Management

32-2174. Property management accounts

A. All property management accounts shall be designated as trust accounts and shall include descriptive wording, substantially similar to one of the following, in the trust account title:

1. "Trust account".
2. "Fiduciary account".
3. "In trust for (individual or entity name)".
4. "Trustee for (individual or entity name)".
5. "Fiduciary for (individual or entity name)".

B. A broker's trust account is required for all of the owner's monies, except if the owner directs the broker to deposit the monies directly into the owner's account. The broker shall not have access to the owner's account. Trust accounts may be interest bearing.

C. The designated broker for a property management firm may authorize either a licensee or an unlicensed natural person in the direct employ of the broker to transfer monies or to be a signatory on the property management firm's trust accounts. If the person who is designated to sign on behalf of the designated property management broker is an unlicensed person, that person shall be a bona fide officer, member, principal or employee of the property management firm. The broker may require dual signatures on checks and may use a facsimile signature according to the broker's business policies and procedures. The designation of a licensed or unlicensed person to transfer monies or to be a signatory on trust accounts does not lessen the broker's responsibility or liability for any monies handled.

D. Within three banking days after receiving monies that are not subject to dispute or contingency, the property management firm shall deposit the monies in either the owner's direct account or the property management firm's trust account for the benefit of the owner. A property management firm may remit an owner's monies under its control to or for the owner by any lawful means available.

E. Each rental agreement executed by a property manager shall include a provision that clearly states the disposition of any tenant deposits.

Article 9 Real Estate Timeshares

32-2197.03. Purchase agreements; rescission of contract or agreement; cancellation or termination of timeshare interests

A. A purchase agreement shall be in writing and shall be signed by the purchaser. The developer shall give the purchaser a paper copy of the purchase agreement when the purchaser signs the purchase agreement.

B. The purchaser may rescind the purchase agreement without cause of any kind by sending or delivering a written notice of rescission by midnight of the tenth calendar day following the day on which the purchaser or prospective purchaser executed the purchase agreement. The rescission rights shall be conspicuously disclosed in the purchase agreement. If the developer allows the rescission period to extend beyond ten calendar days, the rescission period disclosure in the purchase agreement shall reflect the longer period of time. The disclosure required by this subsection shall be printed immediately before the space reserved in the purchase agreement for the signature of the purchaser and shall include the following information:

1. The purchaser may cancel the purchase agreement without a penalty or obligation within ten calendar days, or another time period if applicable, after the purchaser signs the purchase agreement.
2. If the purchaser decides to cancel the purchase agreement, the purchaser shall notify the seller in writing of the purchaser's intent to cancel.
3. The purchaser's notice of cancellation is effective on the date the cancellation is sent and shall be sent to the seller at the seller's address. The seller's address and telephone number shall be listed in the purchase agreement.
4. The purchaser may execute all closing documents in advance. However, the closing, as evidenced by delivery of the deed or other document, is prohibited before the ten calendar day cancellation period expires.

C. The denial of a purchaser's rights under this section without a good faith legal basis constitutes an unlawful practice under section 44-1522. The attorney general may investigate and take appropriate action as prescribed by title 44, chapter 10, article 7.

D. This section applies to any timeshare plan approved by the commissioner pursuant to either article 4 of this chapter or this article, regardless of the date of issuance of the public report.

32-2197.08. Issuance of public report and amended public report by commissioner on timeshare plan; denial of issuance; additional information; use of another state's public report

A. On examination of a timeshare plan, the commissioner, unless there are grounds for denial, shall approve for use by the developer a public report authorizing the sale or lease of the timeshare interests within the timeshare plan. For all timeshare interests sold in this state, the commissioner shall require the developer to reproduce the public report and furnish each prospective customer with a copy, taking a receipt for each copy. The public report shall be made available to each prospective purchaser in written format and may also be made available in a CD-ROM or other electronic format as approved by the commissioner. The public report shall include the following:

1. The name and principal address of the owner and developer.
2. A description of the type of timeshare interests being offered.

3. A description of the existing and proposed accommodations and amenities of the timeshare plan, including type and number, any use restrictions and any required fees for use.
4. A description of any accommodations and amenities that are committed to be built, including:
 - (a) The developer's schedule of commencement and completion of all accommodations and amenities.
 - (b) The estimated number of accommodations per site that may become subject to the timeshare plan.
5. A brief description of the duration, phases and operation of the timeshare plan.
6. The current annual budget if available or the projected annual budget for the timeshare plan. The budget shall include:
 - (a) A statement of the amount or a statement that there is no amount included in the budget as a reserve for repairs and replacement.
 - (b) The projected common expense liability, if any, by category of expenditures for the timeshare plan.
 - (c) A statement of any services or expenses that are not reflected in the budget and that the developer provides or pays.
7. A description of any liens, defects or encumbrances on or affecting the title to the timeshare interests.
8. A statement that by midnight of the tenth calendar day after execution of the purchase agreement a purchaser may cancel any purchase agreement for a timeshare interest from a developer together with a statement providing the name and street address where the purchaser should mail any notice of cancellation. If, by agreement of the parties through the purchase agreement, the purchase agreement allows for cancellation of the purchase agreement for a period of time exceeding ten calendar days, the public report shall include a statement that the cancellation of the purchase agreement is allowed for that period of time exceeding ten calendar days.
9. A description of any bankruptcies, pending suits, adjudications or disciplinary actions material to the timeshare interests of which the developer has knowledge.
10. Any restrictions on alienation of any number or portion of any timeshare interests.
11. Any current or expected fees or charges to be paid by timeshare purchasers for the use of any amenities related to the timeshare plan.
12. The extent to which financial arrangements have been provided for completion of all promised improvements.
13. If the timeshare plan provides purchasers with the opportunity to participate in any exchange programs, a description of the name and address of the exchange companies and the method by which a purchaser accesses the exchange programs.
14. Any other information that the developer, with the approval of the commissioner, desires to include in the public report.
15. If the developer is offering a multisite timeshare plan, the following information, which may be disclosed in a written, graphic or tabular form:
 - (a) A description of each component site, including the name and address of each component site.
 - (b) The number of accommodations and timeshare periods, expressed in periods of use availability, committed to the multisite timeshare plan and available for use by purchasers.
 - (c) Each type of accommodation in terms of the number of bedrooms, bathrooms and sleeping capacity and a statement of whether or not the accommodation contains a full kitchen. For the purposes of this subdivision, "full kitchen" means a kitchen having a minimum of a dishwasher, range, oven, sink and refrigerator.
 - (d) A description of amenities available for use by the purchaser at each component site.
 - (e) A description of the reservation system, including the following:
 - (i) The entity responsible for operating the reservation system.
 - (ii) A summary of the rules governing access to and use of the reservation system.
 - (iii) The existence of and an explanation regarding any priority reservation features that affect a purchaser's ability to make reservations for the use of a given accommodation on a first-reserved, first-served basis.
 - (f) A description of any right to make any additions, substitutions or deletions of accommodations or amenities and a description of the basis on which accommodations and amenities may be added to, substituted in or deleted from the multisite timeshare plan.
 - (g) A description of the purchaser's liability for any fees associated with the multisite timeshare plan.

(h) The location and the anticipated relative use demand of each component site in a multisite timeshare plan as well as any periodic adjustment or amendment to the reservation system that may be needed in order to respond to actual purchaser use patterns and changes in purchaser use demand for the accommodations existing at the time within the multisite timeshare plan.

(i) Any other information reasonably required by the commissioner or established by rule that is necessary for the protection of purchasers of timeshare interests in timeshare plans.

(j) Any other information that the developer, with the approval of the commissioner, desires to include in the public report.

16. If a developer offers a nonspecific timeshare interest in a multisite timeshare plan, the information set forth in paragraphs 1 through 14 of this subsection as to each component site.

17. Any other information that the commissioner determines or establishes by rule is necessary to implement the purpose of this article.

B. Except as otherwise provided in this subsection, the requirements prescribed by subsection A of this section apply to a developer's application for approval to use an amended public report for the sale of timeshare interests in a timeshare plan, including an amended public report to disclose and address a material change under section 32-2197.04. A developer may elect to prepare an amended public report for use in the sale of timeshare interests as follows:

1. The developer shall prepare the amended public report and provide a copy of the report to the commissioner with the submission of the application for an amended public report, including any notification required by section 32-2197.04, and shall comply with all other requirements of this article.

2. An amendment filing fee established pursuant to section 32-2197.07 shall accompany the application prescribed by paragraph 1 of this subsection.

3. On receipt of the application and amended public report, the department shall review and, within fifteen business days if the amendment adds less than six new component sites to the timeshare plan or within thirty calendar days if the amendment adds six or more new component sites to the timeshare plan, issue either a certification that the application and amended public report are administratively complete or a denial letter if it appears that the application, amended public report or timeshare plan is not in compliance with all legal requirements, that the applicant has a background of violations of state or federal law or that the applicant or timeshare plan presents an unnecessary risk of harm to the public. If the commissioner has received the application and amended public report but has not issued a certification or a denial letter within the required time period, the application and amended public report are deemed administratively complete.

4. The developer may commence sales or leasing activities as allowed under this article using an amended public report when the commissioner issues a certification of administrative completeness or as of the date the application and amended public report are deemed administratively complete pursuant to paragraph 3 of this subsection. The certification may be issued on paper or electronically.

5. Before or after the commissioner issues a certification of administrative completeness or, if applicable, after the application and amended public report are deemed to be administratively complete pursuant to paragraph 3 of this subsection, the department may examine any public report, timeshare plan or applicant that has applied for or received the certification. If the commissioner determines that the public report, timeshare plan or applicant is not in compliance with any requirement of state law or that grounds exist under this chapter to suspend, deny or revoke a public report, the commissioner may commence an administrative action under section 32-2154, 32-2157 or 32-2197.14. If the developer immediately corrects the deficiency and fully complies with state law, the commissioner shall promptly vacate any action that the commissioner may have commenced pursuant to section 32-2154, 32-2157 or 32-2197.14.

6. The department shall provide forms and guidelines for the submission of the application and amended public report pursuant to this subsection.

C. In the event of denial, suspension or revocation, grounds shall be set forth in writing at the time of denial, suspension or revocation. The commissioner may deny, suspend or revoke the public report on any of the following grounds:

1. Failure to comply with this article or the rules of the commissioner pertaining to this article.

2. The sale or lease would constitute misrepresentation to or deceit or fraud of the purchasers or lessees.

3. Inability to demonstrate that adequate financial or other arrangements acceptable to the commissioner have been made for completion of the timeshare property, installation of all streets, sewers, electric, gas and water utilities, drainage, flood control and other similar improvements included in the offering.

4. The developer, including if an entity, an officer, director, member, manager, partner, owner, trust beneficiary holding ten percent or more beneficial interest, stockholder owning ten percent or more of the stock or other person exercising control of the entity, has:

(a) Been convicted of a felony or misdemeanor involving theft, fraud or dishonesty or involving the conduct of any business or a transaction in real estate, cemetery property, timeshare interests or membership camping campgrounds or contracts.

(b) Been permanently or temporarily enjoined by order, judgment or decree from engaging in or continuing any conduct or practice in connection with the sale or purchase of real estate, cemetery property, timeshare interests, membership camping campgrounds or contracts, or securities or involving consumer fraud or the Arizona racketeering laws.

(c) Had an administrative order entered against him by a real estate regulatory agency or securities regulatory agency.

(d) Had an adverse decision or judgment entered against him involving fraud or dishonesty or involving the conduct of any business in or a transaction in real estate, cemetery property, timeshare interests or membership camping campgrounds or contracts.

(e) Disregarded or violated this chapter or the rules of the commissioner pertaining to this chapter.

(f) Participated in, operated or held an interest in any entity to which subdivision (b), (c), (d), or (e) of this paragraph applies.

5. If within this state, the timeshare property is incompatible with the existing neighborhood and would introduce into a neighborhood a character of property or use that would clearly be detrimental to property values in that neighborhood.

D. If the timeshare property is within an active management area, as defined in section 45-402, the commissioner shall deny issuance of a public report unless the developer has been issued a certificate of assured water supply by the director of water resources and has paid all applicable fees pursuant to sections 48-3772 and 48-3774.01, or unless the developer has obtained a written commitment of water service for the timeshare property from a city, town or private water company designated as having an assured water supply by the director of water resources pursuant to section 45-576.

E. In areas outside of active management areas, if the timeshare property is located in a county that has adopted the provision authorized by section 11-823, subsection A or in a city or town that has enacted an ordinance pursuant to section 9-463.01, subsection O, the commissioner shall deny issuance of a public report unless one of the following applies:

1. The director of water resources has reported pursuant to section 45-108 that the timeshare property has an adequate water supply.

2. The developer has obtained a written commitment of water service for the timeshare property from a city, town or private water company designated as having an adequate water supply by the director of water resources pursuant to section 45-108.

3. The timeshare property was approved pursuant to an exemption authorized by section 9-463.01, subsection K, pursuant to an exemption authorized by section 11-823, subsection B, paragraph 1, pursuant to an exemption granted by the director of water resources under section 45-108.02 and the exemption has not expired or pursuant to an exemption granted by the director of water resources under section 45-108.03.

4. The subdivision received final plat approval from the city, town or county before the requirement for an adequate water supply became effective in the city, town or county, and there have been no material changes to the plat since the final plat approval. If changes were made to the plat after the final plat approval, the director of water resources shall determine whether the changes are material pursuant to the rules adopted by the director to implement section 45-108.

F. In addition to providing to each prospective customer a copy of the public report as required in subsection A of this section, the developer shall also provide to each customer before the close of any transaction information and materials that identify any timeshare exchange companies currently under contract and disclosure statements regarding the use of the timeshare exchange companies, as well as any additional information the commissioner deems appropriate.

G. The commissioner may authorize for use in this state by a developer of a timeshare plan in which all accommodations are located outside of this state a current public report that is issued by another jurisdiction or an equivalent registration and disclosure document that is required before offering a timeshare plan for sale, lease or use and that is issued by another jurisdiction. This authorization does not constitute an exemption from other applicable requirements of this article.

32-2197.10. Timeshare interest reservations

A. The notice of intent required by section 32-2197.02 and the approval for use of a public report required by section 32-2197.08 are not required for any party to enter into a timeshare interest reservation.

B. Before the approval for use of a public report for a timeshare plan, a deposit may be accepted from a prospective buyer for a timeshare interest reservation if all of the following requirements are met:

1. Before accepting any timeshare interest reservation the prospective seller shall mail or deliver, or provide in written, CD-ROM or other electronic format as approved by the commissioner, notice of the seller's intention to accept timeshare interest reservations to the department. The notice shall include:

(a) The name, address and telephone number of the prospective seller.

(b) The name, address and telephone number of any real estate broker retained by the prospective seller to promote the timeshare interest reservation program.

(c) The name and location of the timeshare property for which timeshare interest reservations are to be offered.

(d) The form to be used for accepting timeshare interest reservations subject to approval by the commissioner.

(e) The name and address of the independent third party escrow or trust account agent responsible for holding the reservation deposits.

2. The reservation deposit for a single timeshare interest shall not exceed twenty percent of the purchase price.

3. Within one business day after a reservation is accepted by the prospective seller, the reservation deposit shall be delivered to an independent third-party escrow or trust account in a federally insured depository. The account may be interest bearing at the direction of either the prospective seller or prospective buyer. Payment of any account fees and payment of interest monies shall be as agreed to between the prospective buyer and prospective seller. All reservation deposits shall remain in the account until cancellation or termination of the timeshare interest reservation or execution of a purchase agreement.

4. Within fifteen calendar days after the prospective seller receives the public report approved for use by the commissioner relating to the reserved timeshare interest, the prospective seller shall provide the prospective buyer with a copy of the public report and a copy of the proposed purchase agreement for the sale of the timeshare interest. The prospective buyer and prospective seller shall have ten business days after the prospective buyer's receipt of the public report and the proposed purchase agreement to enter into a contract for the purchase of the timeshare interest. If the prospective buyer and prospective seller do not enter into a contract for the purchase of the timeshare interest within the ten business day period, the reservation automatically terminates. The prospective seller has no cancellation rights concerning a timeshare interest reservation other than as provided in this subsection.

5. A prospective buyer may cancel a timeshare interest reservation at any time before the execution of a purchase agreement by delivering written notice of termination to the prospective seller as provided in paragraph 9 of this subsection.

6. Within five business days after a timeshare interest reservation has been terminated for any reason, the prospective seller shall refund to the prospective buyer all reservation deposits made by the prospective buyer, including any interest monies earned minus any account fees agreed on, if applicable. The independent third-party escrow account or trust account agent shall refund to the prospective buyer all reservation deposits made by the prospective buyer, including any interest monies earned minus any account fees agreed on if the prospective seller is not available. After the refund, neither the prospective buyer nor the prospective seller has any obligation arising out of the timeshare interest reservation.

7. A prospective buyer may not transfer rights under a reservation without the prior written consent of the prospective seller, and any purported transfer without the consent of the prospective seller is voidable at the sole discretion of the prospective seller.

8. If the department denies an application for a public report on a timeshare plan on which timeshare interest reservations were taken, within five business days after notification by the department, the prospective seller shall notify in writing each prospective buyer who entered into a timeshare interest reservation agreement. The prospective seller shall return any reservation deposits previously taken.

9. All notices required by this section to be given to the department, the prospective buyer or the prospective seller shall be in writing and either hand delivered or sent by certified mail, return receipt requested with postage fully prepaid. Notices sent by mail are deemed delivered on the earlier of actual

receipt, as evidenced by the delivery receipt, or seven calendar days after being deposited in the United States mail.

10. Each timeshare interest reservation form shall contain the following statement in conspicuous type above the purchaser's signature line:

The Arizona department of real estate has not inspected or approved this timeshare property and no public report has been issued for the timeshare plan. No offer to sell may be made and no offer to purchase may be accepted before issuance of a public report or pre-sale authorization for the timeshare plan.

C. The commissioner may deny, suspend or revoke authorization to accept timeshare interest reservations under this section to any person who has violated any provision of this chapter.

32-2197.16. Separate disclosures

A. The purchase agreement must contain a separate disclosure document that discloses all of the following in at least ten-point type:

1. If the purchaser signs the purchase agreement, the purchaser has ten days to cancel the purchase agreement without a penalty.
2. If the purchaser signs the purchase agreement, the purchaser may be responsible for paying maintenance fees, taxes and other assessments every year for the duration of ownership.
3. Timeshares are not investments.
4. The purchase agreement is final and any conflicting statements made by the seller are not part of the purchase agreement.
5. The purchaser has the right to file a consumer complaint with the attorney general.

B. Before entering into a purchase agreement, the seller must provide the purchaser with a separate disclosure document to adequately inform the purchaser of the purchaser's actual and potential liabilities under the purchase agreement. At a minimum, this separate disclosure document must conspicuously disclose all of the following:

1. The duration of the timeshare agreement entered into by the purchaser or whether the agreement has no set duration.
2. A good faith estimate of the total potential financial obligation of the purchaser during the first year of ownership that includes additional charges to which the purchaser may be subject during the first year of ownership, including all potential assessments. The disclosure shall be as follows:
 - (a) If the maximum amount of the first year's assessments is known at the time of purchase, the disclosure must disclose the maximum amount of these assessments and the assessments levied for each of the previous three years, if available.
 - (b) If the maximum amount of the first year's assessments is unknown at the time of purchase, the disclosure must provide the purchaser with the following:
 - (i) Notice that the purchaser will be required to pay assessments in addition to the disclosed purchase payment and that the amount of those assessments is currently unknown.
 - (ii) A statement disclosing the assessments levied for each of the previous three years, if available, and a good faith estimate of the first year's assessments that is at least the highest amount assessed during any of the previous three years based on the timeshare interest being offered.
 - (iii) Unless the purchase agreement provides for a limit on assessments during the first year of ownership, an affirmative statement that there is no limit on the assessments that the purchaser may be charged in the first year of ownership.

C. If there are blank spaces in the purchase agreement or the disclosure documents prescribed by this section, the contract is voidable.

D. The purchaser must separately initial each disclosure prescribed by subsection A of this section, sign the separate disclosure prescribed by subsection B of this section and verify that the purchaser has read and understands the information presented in the separate disclosures. An initialed copy of the separate disclosure prescribed by subsection A of this section and a signed copy of the separate disclosure prescribed by subsection B of this section shall be provided to the purchaser for the purchaser's records at the time of signing, and the seller shall keep a signed copy of the separate disclosures.

E. The commissioner may recommend or require that the separate disclosures be in a specified form. The form must contain the information required by this section.

SUBSTANTIVE POLICY STATEMENTS

No. 2020.01

Short Title: **Requirements for Teams**

Description: This Substantive Policy Statement is intended to inform the real estate industry of the relevant statutes and rules that govern real estate licensees, and are applicable to real estate "Teams". Although not officially recognized entities in Arizona real estate law, Teams are impacted through statutes and rules that address activities within a real estate brokerage.

Effective Date: March 11, 2020

Note: For the complete text of this Substantive Policy Statement please refer to the ADRE website at www.azre.gov or go to this url (<https://www.azre.gov/LawBook/SubstantivePolicyStatements.aspx>)

No. 2019.01

Short Title: **Online Pre Licensing Education Course and Learning Guidelines**

Description: This Substantive Policy Statement is to inform the real estate education industry of the Department's current approach to, and opinion of, the requirements of education statutes and rules regarding Online Pre Licensing Education which applies solely to the delivery of Online Pre Licensing Education courses (A.R.S. §§ 32-2135, 32-2101, 32-2124).

Effective Date: January 3, 2019

Note: For the complete text of this Substantive Policy Statement please refer to the ADRE website at www.azre.gov or go to this url (<https://www.azre.gov/LawBook/SubstantivePolicyStatements.aspx>)

No. 2017.01

Short Title: **Unlicensed Assistants**

Description: Provides clarification of tasks an unlicensed assistant may and may not perform, as well as referencing sections of Arizona law to be considered when hiring and compensating an unlicensed assistant. Tasks of unlicensed assistants include, but are not limited to the listed activities in this Substantive Policy Statement.

Effective Date: June 18, 1999; Revised & Renumbered May 28, 2004; Renumbered April 1, 2005; Revised & Renumbered June 9, 2017; Revised September 29, 2021

Note: For the complete text of this Substantive Policy Statement please refer to the ADRE website at www.azre.gov or go to this url (<https://www.azre.gov/LawBook/SubstantivePolicyStatements.aspx>)

No. 2005.10

Short Title: **Electronic Signatures**

Description: Acceptance of a broker's electronic signature on contracts and agreements.

Effective Date: November 5, 2004; Renumbered April 1, 2005; Revised August 8, 2016; Revised December 7, 2018; Revised January 2, 2019

Note: For the complete text of this Substantive Policy Statement please refer to the ADRE website at www.azre.gov or go to this url (<https://www.azre.gov/LawBook/SubstantivePolicyStatements.aspx>)