State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

CHAPTER 298

HOUSE BILL 2694

AN ACT

AMENDING SECTIONS 32-2101, 32-2124, 32-2132, 32-2135 AND 32-2163, ARIZONA REVISED STATUTES; RELATING TO THE STATE REAL ESTATE DEPARTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 32-2101, Arizona Revised Statutes, is amended to read:

32-2101. Definitions
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. "LIVE CLASSROOM COURSE" MEANS A COURSE OR INSTRUCTIONAL SEGMENT DELIVERED IN EITHER AN IN-PERSON CLASSROOM INSTRUCTIONAL FORMAT OR A SYNCHRONOUS REMOTE INSTRUCTIONAL FORMAT THAT ALLOWS STUDENTS TO OBSERVE AND PARTICIPATE REMOTELY IN AN INSTRUCTIONAL SEGMENT VIA LIVESTREAMING.
"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.

"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.

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

"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.

"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.

"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.

"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.

41. "Online course" means prelicensure 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.

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

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

44. "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.

45. "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.

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

47. "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.

48. "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.

49. "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. 50. "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.

51. "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.

52. "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 32-2156.

53. "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.

54. "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.
"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.

"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.

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

"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 and 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.

Sec. 2. Section 32-2124, Arizona Revised Statutes, is amended to read:

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 A LIVE CLASSROOM COURSE OR an online course if the LIVE CLASSROOM COURSE OR online course is offered by a real estate school that is certified by the commissioner. **but** The applicant must complete an examination on the LIVE CLASSROOM COURSE OR THE online course in person. **AN APPLICANT MAY COMPLETE THE REQUIRED COURSE OR INSTRUCTIONAL SEGMENTS IN ANY COMBINATION OF IN-PERSON OR SYNCHRONOUS REMOTE DELIVERY METHODS.** 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
prelicensure education requirement. The commissioner may waive all or a
portion of the prelicensure 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 a LIVE CLASSROOM COURSE OR an online course if the LIVE CLASSROOM
COURSE OR online course is offered by a real estate school that is
certified by the commissioner. The applicant must complete an
examination on the LIVE CLASSROOM COURSE OR online course in person. AN
APPLICANT MAY COMPLETE THE REQUIRED COURSE OR INSTRUCTIONAL SEGMENTS IN
ANY COMBINATION OF IN-PERSON OR SYNCHRONOUS REMOTE DELIVERY METHODS. 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 prelicensure
education requirement. The commissioner may waive all or a portion of the
prelicensure 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.

Sec. 3. Section 32-2132, Arizona Revised Statutes, is amended to read:

32-2132. Fees
A. Except as provided in subsection D of this section, the following fees shall be charged and shall not be refunded by the commissioner after issuance of a receipt for payment:

1. A broker's examination application fee of not less than thirty-five dollars and not more than one hundred twenty-five dollars.

2. A broker's examination fee of not less than thirty-five dollars and not more than one hundred dollars.

3. A broker's license fee of not less than seventy-five dollars and not more than two hundred fifty dollars.

4. A broker's renewal fee of not less than one hundred dollars and not more than four hundred dollars.
5. A salesperson's examination application fee of not less than fifteen dollars and not more than seventy-five dollars $75.
6. A salesperson's examination fee of not less than fifteen dollars and not more than fifty dollars $50.
7. A salesperson's license fee of not less than thirty-five dollars and not more than one-hundred-twenty-five dollars $125.
8. A salesperson's renewal fee of not less than sixty dollars and not more than two-hundred dollars $200.
9. A branch office broker's license fee or renewal fee of not less than sixty dollars and not more than two-hundred dollars $200.
10. A fee for a change of name and address of licensee on records of the department of not more than twenty dollars $20.
11. A duplicate license fee of five dollars $5.
12. A fee for reinstatement of license within THE license period of five dollars $5.
13. A fee for each certificate of correctness of copy of records or documents on file with the department of one dollar $1, plus the cost to the department for reproducing the records or documents.
14. A temporary broker's license fee of not less than fifteen dollars and not more than fifty dollars $50.
15. A temporary cemetery salesperson's license fee of not less than fifteen dollars and not more than fifty dollars $50.
16. A membership camping salesperson certificate of convenience fee of not less than fifteen dollars and not more than fifty dollars $50.
17. Fees in an amount to be determined by the commissioner by rule for the following:
   (a) A certificate of approval or renewal to operate a school.
   (b) An instructor or other school official approval or renewal fee.
   (c) A five-classroom continuing education LIVE CLASSROOM course approval or renewal fee.
   (d) A five-classroom prelicensure education LIVE CLASSROOM course or prelicensure online course approval or renewal fee. THE PRELICENSURE COURSE FEE IMPOSED BY THIS SUBDIVISION SHALL BE THE SAME AND THE RENEWAL COURSE FEE IMPOSED BY THIS SUBDIVISION SHALL BE THE SAME REGARDLESS OF THE INSTRUCTIONAL FORMAT A PERSON USES TO COMPLETE A PRELICENSURE EDUCATION COURSE OR INSTRUCTIONAL SEGMENT OR A RENEWAL EDUCATION COURSE OR INSTRUCTIONAL SEGMENT.
   (e) A continuing education distance learning course approval or renewal fee.
B. A corporation, partnership or limited liability company shall not be assessed a fee for the issuance of a broker's license.
C. The commissioner may contract for the processing of applications and the examination of applicants for licensure. The contract may provide for specific fees or a reasonable range for fees as determined by the commissioner for examination applications and examinations to be paid
directly to the contractor by the applicant. These fees may not exceed
the amounts prescribed in subsection A, paragraphs 1, 2, 5 and 6 of this
section.

D. For good cause shown the commissioner may refund fees previously
collected.

Sec. 4. Section 32-2135, Arizona Revised Statutes, is amended to
read:

32-2135. **Real estate schools; courses of study; instructors;
 certification**

A. Except as provided in section 32-4301, before offering a course
of study towards completion of the education requirement for real estate
licensure or renewal of licensure, a school shall obtain from the
commissioner a certificate of approval or renewal to operate a school for
a period of at least four years. A school shall also obtain a certificate
of course approval for each course offered for credit that is not
currently approved for another school. Each school is responsible for the
content of any course it offers and for the professional administration
and teaching of the course. **live-classroom** Prelicensure education **LIVE
CLASSROOM** courses, **live-classroom** continuing education **LIVE CLASSROOM**
courses, online courses and distance learning continuing education courses
are subject to approval pursuant to this section.

B. Each approved school shall issue a certificate of real estate
course attendance to each person who completes an approved prelicensure or
continuing education course. An applicant for renewal of licensure as
provided by section 32-2130 shall file evidence of the certificates issued
by the school with the commissioner showing the number of credit hours and
course of study required for renewal.

C. The commissioner may withdraw or deny certification or approval
of real estate schools, educational courses or real estate instructors for
any acts inconsistent with the requirements of this chapter, including:

1. **The commission of COMMITTING or the failure FAILING** to report a
violation by an approved school or instructor of any provision of this
chapter or rules adopted pursuant to this chapter.

2. **Improper certification of IMPROPERLY CERTIFYING** student
attendance or performance.

3. **COMMITTING** any act that is grounds for discipline under section
32-2153.

4. Teaching information or using course materials that have not
been approved by the commissioner.

5. Failing to attend any continuing education course required by
the commissioner.

6. Filing any false or misleading application, report or
documentation with the department.

7. Teaching course content that is not current or that has
substantially changed from the course as approved.
D. A real estate school, through any owner, director, administrator, instructor or other agent, shall not:

1. Offer a course of study for credit that is not approved by the department, except that the school may advertise a course as pending approval before its approval.

2. Promote or advertise the school using false or misleading statistics or testimonials or any other form of deceptive advertisement.

E. The commissioner may determine minimal content requirements for approving educational courses and appropriate professional qualifications for approving instructors to teach individual educational courses.

F. Except as provided in subsection G of this section, at least thirty days before holding a course of study for completion of the education requirements leading to licensure of real estate applicants or for license renewal requirements, an application for a certificate of course approval or renewal must be filed with the department. For a live classroom course, the application shall include a course outline with sufficient detail to clearly identify the scope and content of the course. The outline shall state a desired instructional outcome for the course. A prelicensure education course outline that is submitted for approval shall be divided into estimated fifty-minute instructional segments. Course approval shall not be unreasonably withheld and shall not be issued later than thirty days after filing with the department for a live classroom course. A continuing education distance learning course approval shall not be issued later than ninety days after filing with the department. If the approvals under this subsection are not granted within the time frames prescribed by this subsection, the course shall be automatically approved on a provisional basis for one hundred eighty days, unless the department has otherwise notified the applicant of specific deficiencies or unfulfilled requirements for the course submission. A provisional approval may be withdrawn by the department upon fifteen days' advance notice if the department's review of the course subsequently reveals course deficiencies or unfulfilled course requirements. If not withdrawn, the course approval shall remain approved for the entire course approval period. Course approval shall be for a period of at least four years if the contents of the course remain current and substantially unchanged. The course may not be taught if the content ceases to be current or is substantially changed. The department may establish by rule additional appropriate requirements for approval of a distance learning course.

G. At least ninety days before holding an online course of study for completion of the education requirements leading to licensure of real estate applicants, an application for a certificate of online course approval must be filed with the department. An online course outline that is submitted for approval shall be divided into estimated fifty-minute instructional segments. Online course approval shall not be unreasonably
withheld and shall be issued not later than ninety days after filing with
the department. If the approvals under this subsection are not granted
within the time frames prescribed by this subsection, the online course
shall be automatically approved on a provisional basis for one hundred
eighty days, unless the department has otherwise notified the applicant of
specific deficiencies or unfulfilled requirements for the online course
submission. A provisional approval may be withdrawn by the department on
fifteen days' advance notice if the department's review of the online
course subsequently reveals course deficiencies or unfulfilled course
requirements. If not withdrawn, the online course approval shall remain
approved for the entire online course approval period. Online course
approval shall be for a period of at least four years if the contents of
the online course remain current and substantially unchanged. The online
course may not be taught if the content ceases to be current or is
substantially changed. Approved online courses must provide for student
participation, feedback and remedial instruction. The department may
establish by rule additional appropriate requirements for approval of an
online course.

H. For a currently approved course or online course:
1. The school shall submit notice to the department at least
fourteen days before holding the course to permit department
employees to monitor the course. The notice is not otherwise subject to
review and approval by the department.
2. With the permission of the school that received original
approval for the course, another school that desires to offer the course
is subject only to the fourteen-day notice requirement before holding the
same course. No additional review and approval by the department is
required.
I. The department shall approve for continuing education credit any
course of study proposed by a real estate school if the course satisfies
the commissioner's requirements and is held in this state.
J. The department may approve for continuing education credit any
course of study proposed by a real estate school if the course satisfies
the commissioner's requirements and is held outside this state. On the
commissioner's request, the school shall either:
1. Provide the department with a videotape or videotapes of the
course.
2. Make arrangements that are approved by the department for
monitoring the course.
K. An instructor shall file with the department an application for
instructor approval or renewal. Instructor approval shall be for at least
four years from the date of approval and is subject to amendment during
the license period only if information material to the instructor's
qualifications has changed. A person holding instructor approval to teach
specific subject matter is not subject to additional or duplicate approval
requirements during the original approval period, except that an additional instructor competency area may be added during the license period on submission by the instructor of evidence of competency in such additional competency area.

L. Beginning January 1, 2012. In the twenty-four months before application, each instructor original or renewal applicant, other than a panelist, guest speaker, attorney or out-of-state instructor, shall attend at least a three-hour professional seminar or workshop, approved by the department, emphasizing instruction methods, techniques and skills. At the discretion of the commissioner this requirement may be waived based on individual request review.

M. The course filing time frames prescribed in this section may be waived by the department for good cause shown.

N. Unless subject to a violation or suspected violation listed in subsection C of this section, the department’s approval of a school, school official, instructor or course shall be processed in a time frame consistent with the time frames set forth in this section.

O. This section does not affect the department’s ability to withdraw or deny certification or approval of real estate schools, education courses or real estate instructors for a violation of this chapter.

Sec. 5. Section 32-2163, Arizona Revised Statutes, is amended to read:

32-2163. Unlawful acts; out-of-state broker; cooperation agreement

A. It is unlawful for any licensed broker in this state to employ or compensate, directly or indirectly, any person for performing any of the acts within the scope of this chapter if the person is not also a licensed broker in this state, or a salesperson licensed under the broker employing or compensating the salesperson, except that a licensed broker in this state may pay compensation to and receive compensation from a broker who is lawfully operating in another state.

B. Notwithstanding that pursuant to subsection A of this section a licensed broker in this state may pay to and receive compensation from an out-of-state broker, this authority does not allow an out-of-state broker to conduct activity in this state that would otherwise require a broker's license issued by the department.

C. A licensed broker in this state may cooperate with an out-of-state broker who would otherwise require licensure in this state if:

1. The licensed broker and the out-of-state broker enter into a written cooperation agreement before the out-of-state broker conducts any activity otherwise requiring a broker's license pursuant to this chapter. The cooperation agreement shall include the following:
(a) A list of the real estate activities to be conducted by the out-of-state broker.

(b) A statement that the out-of-state broker agrees to fully comply with the laws of this state and submit to the regulatory jurisdiction of the department for activities subject to real estate broker licensure pursuant to this chapter.

(c) A statement that the licensed broker in this state understands and accepts responsibility for the acts of the out-of-state broker.

2. All negotiations in this state or with people who own property in this state are conducted through the licensed broker in this state.

3. The licensed broker in this state assumes all responsibility for the acts of the out-of-state broker.

4. All principal funds handled by either the licensed broker in this state or the out-of-state broker are subject to the deposit and handling requirements of section 32-2151.

D. The offering of real estate brokerage services specified by section 32-2101, paragraph 49 for compensation or any other thing of value pertaining to real property located in this state through an internet website constitutes activity that requires a broker's license issued by the department.

E. This section does not allow an out-of-state broker who is not licensed in this state to list, market or advertise in this state real property located in this state for sale, lease or exchange.

F. Signs shall not be placed on real property in this state by an out-of-state broker. An out-of-state broker shall not use a cooperation agreement as authority to sell, lease, rent, exchange or attempt to sell, lease, rent or exchange real property to a resident of this state.

APPROVED BY THE GOVERNOR JUNE 13, 2022.