

House Engrossed

timeshare salespersons; licensure

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# HOUSE BILL 2877

AN ACT

AMENDING SECTIONS 32-2101, 32-2122, 32-2124, 32-2125.01 AND 32-2130, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 20, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-2134.02; AMENDING SECTION 32-2153, ARIZONA REVISED STATUTES; RELATING TO REAL ESTATE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 32-2101, Arizona Revised Statutes, is amended to  
3 read:  
4 32-2101. Definitions  
5 In this chapter, unless the context otherwise requires:  
6 1. "Acting in concert" means evidence of collaborating to pursue a  
7 concerted plan.  
8 2. "Address of record" means any of the following:  
9 (a) The address where a licensee practices or is otherwise  
10 employed.  
11 (b) A licensee's residential address.  
12 (c) The address of a licensee's statutory agency who is registered  
13 as the licensee's statutory agent with the corporation commission. This  
14 subdivision applies only if notice of the statutory agent is given to the  
15 department pursuant to section 32-2126.  
16 3. "Advertising" means attempting by publication, dissemination,  
17 exhibition, solicitation or circulation, oral or written, or for broadcast  
18 on radio or television to induce directly or indirectly any person to  
19 enter into any obligation or acquire any title or interest in lands  
20 subject to this chapter, including the land sales contract to be used and  
21 any photographs, drawings or artist's presentations of physical conditions  
22 or facilities existing or to exist on the property. Advertising does not  
23 include:  
24 (a) Press releases or other communications delivered to newspapers,  
25 periodicals or other news media for general information or public  
26 relations purposes if no charge is made by the newspapers, periodicals or  
27 other news media to publish or use any part of these communications.  
28 (b) Communications to stockholders as follows:  
29 (i) Annual reports and interim financial reports.  
30 (ii) Proxy materials.  
31 (iii) Registration statements.  
32 (iv) Securities prospectuses.  
33 (v) Applications for listing of securities on stock exchanges.  
34 (vi) Prospectuses.  
35 (vii) Property reports.  
36 (viii) Offering statements.  
37 4. "Affiliate" means a person who, directly or indirectly through  
38 one or more intermediaries, controls, is controlled by or is under common  
39 control with the person specified.  
40 5. "Associate broker" means a licensed broker who is employed by  
41 another broker. Unless otherwise specifically provided, an associate  
42 broker has the same license privileges as a salesperson.  
43 6. "Barrier" means a natural or man-made geographic feature that  
44 prevents parcels of land from being practicably, reasonably and

1 economically united or reunited and that was not caused or created by the  
2 owner of the parcels.

3 7. "Blanket encumbrance":

4 (a) Means either:

5 (i) Any mortgage, any deed of trust or any other encumbrance or  
6 lien that secures or evidences the payment of monies and that affects more  
7 than one lot or parcel of subdivided land.

8 (ii) An agreement that affects more than one lot or parcel by which  
9 the subdivider holds the subdivision under an option, contract to sell or  
10 trust agreement.

11 (b) Does not include taxes and assessments that are levied by  
12 public authority.

13 8. "Board" means the real estate advisory board.

14 9. "Broker", when used without modification, means a person who is  
15 licensed as a broker under this chapter or who is required to be licensed  
16 as a broker under this chapter.

17 10. "Business broker" means a real estate broker who acts as an  
18 intermediary or agent between sellers or buyers, or both, in the sale or  
19 purchase, or both, of businesses or business opportunities where a lease  
20 or sale of real property is either a direct or incidental part of the  
21 transaction.

22 11. "Camping site" means a space that is designed and promoted for  
23 the purpose of locating any trailer, tent, tent trailer, pickup camper or  
24 other similar device used for camping.

25 12. "Cemetery" or "cemetery property" means any one, or a  
26 combination of more than one, of the following in a place that is used, or  
27 intended to be used, and dedicated for cemetery purposes:

28 (a) A burial park, for earth interments.

29 (b) A mausoleum, for crypt or vault entombments.

30 (c) A crematory, or a crematory and columbarium, for cinerary  
31 interments.

32 (d) A cemetery plot, including interment rights, mausoleum crypts,  
33 niches and burial spaces.

34 13. "Cemetery broker" means a person other than a real estate  
35 broker or real estate salesperson who, for another, for compensation:

36 (a) Sells, leases or exchanges cemetery property or interment  
37 services of or for another, or on the person's own account.

38 (b) Offers for another or for the person's own account to buy,  
39 sell, lease or exchange cemetery property or interment services.

40 (c) Negotiates the purchase and sale, lease or exchange of cemetery  
41 property or interment services.

42 (d) Negotiates the purchase or sale, lease or exchange, or lists or  
43 solicits, or negotiates a loan on or leasing of cemetery property or  
44 interment services.

1           14. "Cemetery salesperson" means a natural person who acts on the  
2 person's own behalf or through and on behalf of a professional limited  
3 liability company or a professional corporation engaged by or on behalf of a  
4 a licensed cemetery or real estate broker, or through and on behalf of a  
5 corporation, partnership or limited liability company that is licensed as  
6 a cemetery or real estate broker, to perform any act or transaction  
7 included in the definition of cemetery broker.

8           15. "Commissioner" means the state real estate commissioner.

9           16. "Common promotional plan" means a plan, undertaken by a person  
10 or a group of persons acting in concert, to offer lots for sale or lease.  
11 If the land is offered for sale by a person or group of persons acting in  
12 concert, and the land is contiguous or is known, designated or advertised  
13 as a common unit or by a common name, the land is presumed, without regard  
14 to the number of lots covered by each individual offering, as being  
15 offered for sale or lease as part of a common promotional plan. Separate  
16 subdividers selling lots or parcels in separately platted subdivisions  
17 within a master planned community shall not be deemed to be offering their  
18 combined lots for sale or lease as part of a common promotional plan.

19           17. "Compensation" means any fee, commission, salary, monies or  
20 other valuable consideration for services rendered or to be rendered as  
21 well as the promise of consideration whether contingent or not.

22           18. "Contiguous":

23           (a) Means lots, parcels or fractional interests that share a common  
24 boundary or point.

25           (b) Does not include lots, parcels or fractional interests that are  
26 separated by either of the following:

27           (i) A barrier.

28           (ii) A road, street or highway that has been established by this  
29 state or by any agency or political subdivision of this state, that has  
30 been designated by the federal government as an interstate highway or that  
31 has been regularly maintained by this state or by any agency or political  
32 subdivision of this state and has been used continuously by the public for  
33 at least the last five years.

34           19. "Control" or "controlled" means a person who, through  
35 ownership, voting rights, power of attorney, proxy, management rights,  
36 operational rights or other rights, has the right to make decisions  
37 binding on an entity, whether a corporation, a partnership or any other  
38 entity.

39           20. "Corporation licensee" means a lawfully organized corporation  
40 that is registered with the corporation commission and that has an officer  
41 licensed as the designated broker pursuant to section 32-2125.

42           21. "Department" means the state real estate department.

43           22. "Designated broker" means a natural person who is licensed as a  
44 broker under this chapter and who is either:

1 (a) Designated to act on behalf of an employing real estate,  
2 cemetery or membership camping entity.

3 (b) Doing business as a sole proprietor.

4 23. "Developer":

5 (a) Means a person who offers real property in a development for  
6 sale, lease or use, either immediately or in the future, on the person's  
7 own behalf or on behalf of another person, under this chapter.

8 (b) Does not include a person whose involvement with a development  
9 is limited to listing property within the development for sale, lease or  
10 use.

11 24. "Development" means any division, proposed division or use of  
12 real property that the department has authority to regulate, including  
13 subdivided and unsubdivided lands, cemeteries, condominiums, timeshares,  
14 membership campgrounds and stock cooperatives.

15 25. "Distance learning" means continuing education or prelicensure  
16 education that is an online, planned learning experience with a geographic  
17 separation that may be synchronous or asynchronous, that does not require  
18 real-time interaction between a student and an instructor and that uses a  
19 platform with self-paced or prerecorded lessons and materials that a  
20 student can access via the internet to proceed at the student's own pace.

21 26. "Employing broker" means a person who is licensed or is  
22 required to be licensed as a:

23 (a) Broker entity pursuant to section 32-2125, subsection A.

24 (b) Sole proprietorship if the sole proprietor is a broker licensed  
25 pursuant to this chapter.

26 27. "Fractional interest" means an undivided interest in improved  
27 or unimproved land, lots or parcels of any size created for the purpose of  
28 sale or lease and evidenced by any receipt, certificate, deed or other  
29 document conveying the interest. Undivided interests in land, lots or  
30 parcels created in the names of a husband and wife as community property,  
31 joint tenants or tenants in common, or in the names of other persons who,  
32 acting together as part of a single transaction, acquire the interests  
33 without a purpose to divide the interests for present or future sale or  
34 lease shall be deemed to constitute only one fractional interest.

35 28. "Improved lot or parcel" means a lot or parcel of a subdivision  
36 on which there is a residential, commercial or industrial building or  
37 concerning which a contract has been entered into between a subdivider and  
38 a purchaser that obligates the subdivider directly, or indirectly through  
39 a building contractor, to completely construct a residential, commercial  
40 or industrial building on the lot or parcel within two years after the  
41 date on which the contract of sale for the lot is entered into, or for a  
42 condominium as defined in section 33-1202, within four years after the  
43 date on which the contract for sale is entered into.

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

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

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

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

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

17          34. "Limited liability company licensee" means a lawfully organized  
18 limited liability company that has a member or manager who is a natural  
19 person and who is licensed as the designated broker pursuant to section  
20 32-2125.

21          35. "Live classroom course" means a course or instructional segment  
22 delivered in either an in-person classroom instructional format or a  
23 synchronous remote instructional format that allows students to observe  
24 and participate remotely in an instructional segment via livestreaming.

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

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

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

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

39           (a) Sells, purchases, lists, exchanges or leases membership camping  
40 contracts.

41           (b) Offers to sell, purchase, exchange or lease membership camping  
42 contracts.

43           (c) Negotiates or offers, attempts or agrees to negotiate the sale,  
44 purchase, exchange or lease of membership camping contracts.

1 (d) Advertises or holds himself out as being engaged in the  
2 business of selling, buying, exchanging or leasing membership camping  
3 contracts or counseling or advising regarding membership camping  
4 contracts.

5 (e) Assists or directs in procuring prospects calculated or  
6 intended to result in the sale, purchase, listing, exchange or lease of  
7 membership camping contracts.

8 (f) Performs any of the foregoing acts as an employee or on behalf  
9 of a membership camping operator or membership contract owner.

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

14 41. "Membership camping operator":

15 (a) Means an enterprise, other than one that is tax exempt under  
16 section 501(c)(3) of the internal revenue code of 1986, as amended, that  
17 solicits membership paid for by a fee or periodic payments and has as one  
18 of its purposes camping or outdoor recreation, including the use of  
19 camping sites primarily by members.

20 (b) Does not include camping or recreational trailer parks that are  
21 open to the general public and that contain camping sites rented for a per  
22 use fee or a mobile home park.

23 42. "Membership camping salesperson" means a natural person who  
24 acts on the person's own behalf or through and on behalf of a professional  
25 limited liability company or a professional corporation engaged by or on  
26 behalf of a licensed membership camping or real estate broker, or by or on  
27 behalf of a corporation, partnership or limited liability company that is  
28 licensed as a membership camping or real estate broker, to perform any act  
29 or participate in any transaction in a manner included in the definition  
30 of membership camping broker.

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

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

37 45. "Perpetual care" or "endowed care":

38 (a) Means maintaining and caring, in all places where interments  
39 have been made, for the trees, shrubs, roads, streets and other  
40 improvements and embellishments contained within or forming a part of the  
41 cemetery.

42 (b) Does not include maintaining or repairing monuments, tombs,  
43 copings or other man-made ornaments as associated with individual burial  
44 spaces.

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

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

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

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

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

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

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

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

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

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

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

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

42           (g) Collects or offers, attempts or agrees to collect rent for the  
43 use of real estate, businesses and business opportunities or timeshare  
44 interests. This subdivision does not apply to a person who is not a  
45 licensee, who works for a real estate broker or a real estate salesperson,

1 who collects in-person rent and related fees on behalf of the real estate  
2 broker or real estate salesperson for the use of real estate as part of  
3 the person's clerical duties and who provides a receipt when rent is paid.

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

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

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

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

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

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

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

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

44 (p) Acts as a business broker.

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

4           53. "Real estate salesperson" means a natural person who acts on  
5 the person's own behalf or through and on behalf of a professional limited  
6 liability company or a professional corporation engaged by or on behalf of  
7 a licensed real estate broker, or by or on behalf of a limited liability  
8 company, partnership or corporation that is licensed as a real estate  
9 broker, to perform any act or participate in any transaction in a manner  
10 included in the definition of real estate broker subject to section  
11 32-2155.

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

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

22           56. "School" means a person or entity that offers a course of study  
23 toward completion of the education requirements leading to licensure or  
24 renewal of licensure under this chapter.

25           57. "Stock cooperative" means a corporation to which all of the  
26 following apply:

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

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

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

35           58. "Subdivider":

36           (a) Means any person who offers for sale or lease six or more lots,  
37 parcels or fractional interests in a subdivision or who causes land to be  
38 subdivided into a subdivision for the subdivider or for others, or who  
39 undertakes to develop a subdivision.

40           (b) Does not include a public agency or officer authorized by law  
41 to create subdivisions.

42           59. "Subdivision" or "subdivided lands":

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

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

4 (c) Does not include:

5 (i) Leasehold offerings of one year or less.

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

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

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

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

24 60. "Timeshare" or "timeshare property" means real property  
25 ownership or right of occupancy in real property pursuant to article 9 of  
26 this chapter. For the purposes of this chapter, a timeshare is not a  
27 security unless it meets the definition of a security under section  
28 44-1801.

29 61. "TIMESHARE SALESPERSON" MEANS A NATURAL PERSON WHO ACTS UNDER  
30 THE SUPERVISION OF A LICENSED REAL ESTATE BROKER TO SELL OR EXCHANGE  
31 TIMESHARE PROPERTIES ON BEHALF OF A TIMESHARE PLAN DEVELOPER OR OTHER  
32 PERSON.

33 ~~61.~~ 62. "Trustee":

34 (a) Means a person who either:

35 (i) Is designated under section 32-2194.27 to act as a trustee for  
36 an endowment-care cemetery fund.

37 (ii) Holds bare legal title to real property under a subdivision  
38 trust.

39 (b) Does not include a developer, subdivider, broker or salesperson  
40 within this chapter.

41 ~~62.~~ 63. "Unimproved lot or parcel" means a lot or parcel of a  
42 subdivision that is not an improved lot or parcel.

43 ~~63.~~ 64. "Unsubdivided lands":

44 (a) Means land or lands divided or proposed to be divided for the  
45 purpose of sale or lease, whether immediate or future, into six or more

1 lots, parcels or fractional interests and the lots or parcels are  
2 thirty-six acres or more each but less than one hundred sixty acres each,  
3 or that are offered, known or advertised under a common promotional plan  
4 for sale or lease, except that agricultural leases shall not be included  
5 in this definition.

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

12 Sec. 2. Section 32-2122, Arizona Revised Statutes, is amended to  
13 read:

14 32-2122. License required of brokers and salespersons

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

- 16 1. Real estate broker.
- 17 2. Real estate salesperson.
- 18 3. Cemetery broker.
- 19 4. Cemetery salesperson.
- 20 5. Membership camping broker.
- 21 6. Membership camping salesperson.
- 22 7. **TIMESHARE SALESPERSON.**

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

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

34 D. Except as otherwise provided in this subsection, any act, in  
35 consideration or expectation of compensation, that is included in the  
36 definition of a real estate broker, cemetery broker or membership camping  
37 broker, whether the act is an incidental part of a transaction or the  
38 entire transaction, constitutes the person offering or attempting to  
39 perform the act of a real estate broker or real estate salesperson, a  
40 cemetery broker or cemetery salesperson, **A TIMESHARE SALESPERSON** or a  
41 membership camping broker or ~~a~~ membership camping salesperson within the  
42 meaning of this chapter. A person who is not a licensee may collect  
43 in-person rent and related fees for the use of real estate as part of the  
44 person's clerical duties if the person works for a licensee, the rent

1 collection is on behalf of the licensee and the person provides a receipt  
2 when rent is paid.

3 Sec. 3. Section 32-2124, Arizona Revised Statutes, is amended to  
4 read:

5 32-2124. Qualifications of licensees

6 A. Except as otherwise provided in this chapter, the commissioner  
7 shall require proof, through the application or otherwise, as the  
8 commissioner deems advisable with due regard to the interests of the  
9 public, as to the competency of the applicant and shall require that the  
10 applicant has:

11 1. If for an original real estate broker's license, been an active  
12 licensed real estate salesperson or real estate broker for at least three  
13 years during the five years immediately preceding the time of application.

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

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

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

30 5. If for any type of broker's or salesperson's license, not had a  
31 license revoked within the two years immediately preceding application in  
32 this state pursuant to section 32-2153 or a similar statute in any other  
33 state.

34 6. If reapplying for a license that expired more than one year  
35 before the date of application, met all current education and experience  
36 requirements and retakes the examination the same as if the applicant were  
37 applying for the license for the first time.

38 7. If for a real estate broker's, cemetery broker's or membership  
39 camping broker's license, other than a renewal application, an equivalent  
40 amount of active experience within the immediately preceding five years in  
41 the field in which the applicant is applying for the broker's license, as  
42 a substitute for the licensed active experience otherwise required in  
43 paragraphs 1, 2 and 3 of this subsection. The licensed active experience  
44 required may be met if the applicant can demonstrate to the commissioner's  
45 satisfaction that the applicant has an equivalent amount of experience in

1 the past five years that, if the applicant had held a license, would have  
2 been sufficient to fulfill the licensed experience requirement.

3 B. All applicants other than renewal applicants under section  
4 32-2130 for a real estate salesperson's license shall show evidence  
5 satisfactory to the commissioner that they have completed a real estate  
6 salesperson's course that is prescribed and approved by the commissioner  
7 and that is at least ninety classroom hours, or the equivalent, of  
8 instruction in a real estate school certified by the commissioner and have  
9 satisfactorily passed an examination on the course. An applicant may  
10 complete the real estate salesperson's course prescribed by this  
11 subsection through a live classroom course or a distance learning course  
12 if the live classroom course or distance learning course is offered by a  
13 real estate school that is certified by the commissioner. The applicant  
14 must complete a proctored examination on the live classroom course or the  
15 distance learning course in person. An applicant may complete the  
16 required course or instructional segments in any combination of in-person  
17 or synchronous remote delivery methods. The real estate salesperson's  
18 course completion or its equivalent may not be more than ten years before  
19 the date of application unless, at the time of application, the  
20 commissioner determines in the commissioner's discretion that the  
21 applicant has work experience in a real estate-related field and education  
22 that together are equivalent to the prelicensure education  
23 requirement. Except as provided in section 32-4302, the commissioner may  
24 waive all or a portion of the prelicensure course requirement, other than  
25 the twenty-seven-hour Arizona-specific course, for an applicant who holds  
26 a current real estate license in another state.

27 C. All applicants other than renewal applicants under section  
28 32-2130 for a real estate broker's license shall show evidence  
29 satisfactory to the commissioner that they have completed a real estate  
30 broker's course that is prescribed and approved by the commissioner and  
31 that is at least ninety classroom hours, or the equivalent, of instruction  
32 in a real estate school certified by the commissioner and have  
33 satisfactorily passed an examination on the course. An applicant may  
34 complete the real estate broker's course prescribed by this subsection  
35 through a live classroom course or a distance learning course if the live  
36 classroom course or distance learning course is offered by a real estate  
37 school that is certified by the commissioner. The applicant must complete  
38 a proctored examination on the live classroom course or distance learning  
39 course in person. An applicant may complete the required course or  
40 instructional segments in any combination of in-person or synchronous  
41 remote delivery methods. The real estate broker's course completion or  
42 its equivalent may not be more than ten years before the date of  
43 application unless, at the time of application, the commissioner  
44 determines in the commissioner's discretion that the applicant has work  
45 experience in a real estate-related field and education that together are

1 equivalent to the prelicensure education requirement. Except as provided  
2 in section 32-4302, the commissioner may waive all or a portion of the  
3 prelicensure course requirement, other than the twenty-seven-hour  
4 Arizona-specific course, for an applicant who holds a current real estate  
5 license in another state.

6 D. Before receiving any license provided for by this chapter, an  
7 applicant must be at least eighteen years of age.

8 E. The commissioner shall ascertain by a written, electronic or  
9 other examination method that an applicant for a real estate license has:

10 1. An appropriate knowledge of the English language, including  
11 reading, writing and spelling, and of arithmetical computations common to  
12 real estate practices.

13 2. At a minimum, an understanding of the general purpose and legal  
14 effect of any real estate practices, principles and related forms,  
15 including agency contracts, real estate contracts, deposit receipts,  
16 deeds, mortgages, deeds of trust, security agreements, bills of sale, land  
17 contracts of sale and property management, and of any other areas that the  
18 commissioner deems necessary and proper.

19 3. A thorough understanding of the obligations between principal  
20 and agent, the principles of real estate and business opportunity  
21 practice, the applicable canons of business ethics, this chapter and rules  
22 adopted pursuant to this chapter.

23 4. An appropriate knowledge of other real estate practices and  
24 principles as determined by the commissioner.

25 F. The commissioner shall ascertain by a written, electronic or  
26 other examination method that an applicant for a license as a cemetery  
27 broker or a cemetery salesperson has:

28 1. Appropriate knowledge of the English language, including  
29 reading, writing and spelling, and of elementary arithmetic.

30 2. A general understanding of:

31 (a) Cemetery associations, cemetery corporations and duties of  
32 cemetery directors and officers.

33 (b) Plot ownership, deeds, certificates of ownership, contracts of  
34 sale, liens and leases.

35 (c) Establishing, dedicating, maintaining, managing, operating,  
36 improving, preserving and conducting a cemetery.

37 (d) The provisions of this chapter and rules adopted pursuant to  
38 this chapter relating to the organization and regulation of cemeteries and  
39 the licensing and regulation of cemetery brokers and cemetery  
40 salespersons.

41 3. A general understanding of the obligations between principal and  
42 agent, the principles of cemetery practice and the canons of business  
43 ethics pertaining to the operation of cemeteries and the sale of cemetery  
44 property.

1 G. The commissioner shall ascertain by a written, electronic or  
2 other examination method that an applicant for a license as a membership  
3 camping broker or a membership camping salesperson has:

4 1. An appropriate knowledge of the English language, including  
5 reading, writing and spelling, and of elementary arithmetic.

6 2. A general understanding of:

7 (a) The general purposes and legal effect of contracts and agency  
8 contracts.

9 (b) Establishing, maintaining, managing and operating a membership  
10 campground.

11 (c) The provisions of this chapter and rules adopted pursuant to  
12 this chapter relating to the organization and regulation of membership  
13 campgrounds and the licensing and regulation of membership camping brokers  
14 and membership camping salespersons.

15 3. A general understanding of the obligations between principal and  
16 agent and the canons of business ethics pertaining to the operation and  
17 promotion of membership campgrounds.

18 H. THE COMMISSIONER MAY ADOPT RULES THAT SPECIFY THE REQUIREMENTS  
19 OF EXAMINATION PREPARATION COURSES FOR APPLICANTS FOR TIMESHARE  
20 SALESPERSON LICENSES. THE EXAMINATION PREPARATION COURSE AND THE  
21 TIMESHARE EXAMINATION SHALL BE LIMITED TO THOSE SPECIFIC REAL ESTATE LAWS,  
22 REGULATIONS, BUSINESS PRACTICES AND CANONS OF BUSINESS ETHICS THAT ARE  
23 DIRECTLY RELATED TO THE SALE OF TIMESHARE INTERESTS IN THIS STATE. THE  
24 COMMISSIONER SHALL ASCERTAIN BY A WRITTEN, ELECTRONIC OR OTHER EXAMINATION  
25 METHOD THAT AN APPLICANT FOR A LICENSE AS A TIMESHARE SALESPERSON MEETS  
26 BOTH OF THE FOLLOWING:

27 1. HAS AN APPROPRIATE KNOWLEDGE OF ELEMENTARY ARITHMETIC AND OF THE  
28 ENGLISH LANGUAGE, INCLUDING READING, WRITING AND SPELLING.

29 2. HAS A GENERAL UNDERSTANDING OF ALL OF THE FOLLOWING:

30 (a) THE PROVISIONS OF THIS CHAPTER AND THE RULES ADOPTED PURSUANT  
31 TO THIS CHAPTER THAT RELATE TO THE DEVELOPMENT OF TIMESHARE PROPERTIES,  
32 THE ORGANIZATION AND REGULATION OF TIMESHARE PROPERTIES, THE SALE OR  
33 EXCHANGE OF TIMESHARE PROPERTIES, THE LICENSING AND REGULATION OF  
34 TIMESHARE SALESPERSONS AND THE ROLE OF LICENSED REAL ESTATE BROKERS IN  
35 REVIEWING AND APPROVING TIMESHARE SALES OR EXCHANGES.

36 (b) TIMESHARE OWNERSHIP METHODS, INCLUDING DEEDS, CERTIFICATES OF  
37 OWNERSHIP AND CONTRACTS OF SALE, LEASES OF TIMESHARE PROPERTIES AND LIENS  
38 AND FORECLOSURE OF TIMESHARE INTERESTS.

39 (c) THE CANONS OF BUSINESS ETHICS PERTAINING TO THE OPERATION OF  
40 TIMESHARE PROPERTIES AND THE SALE AND EXCHANGE OF TIMESHARE PROPERTIES.

41 ~~H.~~ I. A renewal applicant for a real estate broker's, cemetery  
42 broker's or membership camping broker's or real estate salesperson's,  
43 cemetery salesperson's, ~~or~~ membership camping salesperson's OR TIMESHARE  
44 SALESPERSON'S license is not required to submit to an examination if the  
45 application is made within twelve months after the license expires and the

1 license is not canceled, terminated or suspended at the time of  
2 application.

3 ~~J.~~ J. The examination for a broker's license shall be more  
4 exacting and stringent and of a broader scope than the examination for a  
5 salesperson's license.

6 ~~K.~~ K. An applicant for a real estate salesperson's or real estate  
7 broker's license who currently holds at least an equivalent license in  
8 another state is exempt from taking the national portion of the real  
9 estate examination pursuant to section 32-4302.

10 ~~L.~~ L. Identification of each applicant whose licensing requirement  
11 was allowed to be met by an equivalent alternative pursuant to this  
12 section shall be included in the annual performance evaluation presented  
13 by the board to the governor pursuant to section 32-2104.

14 ~~M.~~ M. An applicant for an original real estate salesperson's  
15 license, after completing the requirements of subsection B of this  
16 section, shall provide certification to the department at the time of  
17 application evidencing completion of six hours of instruction in real  
18 estate contract law and contract writing. This instruction shall include  
19 participation by the applicant in drafting contracts to purchase real  
20 property, listing agreements and lease agreements.

21 ~~N.~~ N. The commissioner shall not issue a license to a person who  
22 has been convicted of a felony offense and who is currently incarcerated  
23 for the conviction, paroled or under community supervision and under the  
24 supervision of a parole or community supervision officer or who is on  
25 probation as a result of the conviction.

26 ~~O.~~ O. The commissioner shall require an out-of-state applicant for  
27 a license that is issued pursuant to section 32-4302 to pass an  
28 examination specific to the laws of this state relating to this chapter  
29 before the commissioner issues the license to the applicant.

30 Sec. 4. Section 32-2125.01, Arizona Revised Statutes, is amended to  
31 read:

32 32-2125.01. Issuance of license; multiple licenses; use

33 A. When the requirements for application, examination and payment  
34 of fees are completed to the satisfaction of the commissioner, the  
35 commissioner shall issue the license applied for to the applicant. Any  
36 person who has passed the state examination for broker or salesperson must  
37 become licensed within one year from the date of the examination. Failure  
38 to comply with this section will necessitate the submission to and passing  
39 of another examination.

40 B. Not more than one license shall be issued and outstanding to or  
41 in favor of a licensee at any one time, except that a person WHO IS  
42 licensed as a real estate broker or real estate salesperson may engage in  
43 cemetery, ~~or~~ membership camping OR TIMESHARE sales activities without  
44 being separately licensed to engage in these activities. A real estate

1 licensee may have only one employing broker in each of the following  
2 LICENSING categories:

- 3 1. Cemetery.
- 4 2. Membership camping.
- 5 3. Real estate.
- 6 4. **TIMESHARE.**

7 C. A designated or employing real estate broker may engage in  
8 cemetery or membership camping sales activities and may employ cemetery  
9 ~~and~~ SALESPERSONS, membership camping salespersons and associate brokers  
10 without being separately licensed as a cemetery ~~or~~ BROKER, CEMETERY  
11 SALESPERSON, membership camping broker or MEMBERSHIP CAMPING salesperson.

12 Sec. 5. Section 32-2130, Arizona Revised Statutes, is amended to  
13 read:

14 32-2130. Renewal of licenses; education requirements; broker  
15 licensee renewal as salesperson licensee

16 A. Except as provided in subsection K of this section, a license  
17 may be renewed in a timely manner by filing an application for renewal in  
18 the manner prescribed by the commissioner, by paying the renewal fee  
19 specified in this chapter and by presenting evidence of attendance at a  
20 school certified by the commissioner during the preceding license period  
21 of twenty-four credit hours for salespersons and associate brokers and  
22 thirty credit hours for designated brokers or for associate brokers  
23 employed by a designated broker pursuant to section 32-2151.01, subsection  
24 G, or a lesser number of credit hours prescribed by the commissioner, of  
25 real estate oriented continuing education courses prescribed and approved  
26 by the commissioner. The total number of credit hours shall be accrued at  
27 a rate of twenty-four credit hours for salespersons and associate brokers  
28 and thirty credit hours for designated brokers or for associate brokers  
29 employed by a designated broker pursuant to section 32-2151.01, subsection  
30 G during each twenty-four-month period of licensure. The department shall  
31 maintain a current list of approved courses. The commissioner may waive  
32 all or a portion of the continuing education requirement for good cause  
33 shown. The commissioner shall determine by rule the content of the  
34 renewal credit hours. The renewal credit hours may include the  
35 commissioner's current topics, including short sales. For the purposes of  
36 this subsection, "short sales" means real estate transactions in which the  
37 sales price is insufficient to pay the loan encumbering the property in  
38 addition to the costs of sale and the seller is unable to pay the  
39 difference.

40 B. If an applicant is renewing a license within one year after it  
41 expired, the applicant may apply continuing education hours completed  
42 after the expiration toward the continuing education required for renewal.

43 C. Each renewal application shall contain, as applicable, the same  
44 information required in an original application pursuant to section  
45 32-2123.

1 D. Cemetery brokers and salespersons and membership camping brokers  
2 and salespersons are exempt from the educational requirements of this  
3 section.

4 E. This section does not require a licensee to attend department  
5 produced or sponsored courses if approved courses are otherwise available.

6 F. Between the expiration date of the license and the date of  
7 renewal of the license, the rights of the licensee under the license  
8 expire. While the license is expired it is unlawful for a person to act  
9 or attempt or offer to act in a manner included in the definition of a  
10 real estate **BROKER OR REAL ESTATE SALESPERSON, A TIMESHARE SALESPERSON, A**  
11 cemetery **BROKER OR CEMETERY SALESPERSON** or **A** membership camping broker or  
12 **MEMBERSHIP CAMPING** salesperson. If the license of an employing broker  
13 expires under this subsection, the licenses of persons who are employed by  
14 the employing broker shall be severed from the employing broker on the  
15 license expiration date of the employing broker. These persons may be  
16 rehired on renewal of the employing broker's license. The department  
17 shall terminate a license that has been expired for more than one year.

18 G. Except as provided in section 32-4301, not more than one year  
19 after the license expiration date, the department shall renew a license  
20 without requiring the applicant to submit to an examination if the  
21 applicant held a license that was not canceled or suspended at the time of  
22 expiration. Except as provided in section 32-4301, the license period for  
23 a license renewed pursuant to this subsection commences the day after the  
24 expiration date of the expired license. Except as provided in section  
25 32-2131, subsection A, paragraph 4 or 6, an applicant whose license has  
26 been terminated or revoked does not qualify for license renewal.

27 H. Any employee or immediate family member of any employee of this  
28 state who, pursuant to section 32-2110 or any other law, rule or  
29 requirement, is prohibited from using a license issued under this chapter  
30 shall have, on the request of the employee or family member, the license  
31 placed on inactive status, shall have the right to renew the license and  
32 shall not be required to pay further fees until the employee or family  
33 member is again eligible to use the license. Renewal fees for the license  
34 shall not be required for only as long as the employee or family member is  
35 prohibited from using the license.

36 I. The department shall not renew the license of a person who has  
37 been convicted of a felony offense and who is currently incarcerated for  
38 the conviction, paroled or under community supervision and under the  
39 supervision of a parole or community supervision officer or who is on  
40 probation as a result of the conviction. This subsection does not limit  
41 the commissioner's authority and discretion to deny the renewal for any  
42 other reason pursuant to this chapter.

43 J. A real estate broker licensee may renew as a real estate  
44 salesperson licensee without having to meet the requirements prescribed by  
45 section 32-2124, subsection B. If a person renews as a real estate

1 salesperson pursuant to this subsection, the person shall pay the  
2 salesperson's renewal fee as prescribed in section 32-2132. If the person  
3 subsequently wants to obtain a real estate broker license, the person must  
4 meet the requirements of this chapter, including the requirements  
5 prescribed by section 32-2124, subsection C.

6 K. A licensee with an inactive license does not need to complete  
7 continuing education credit hours during the period that the license is  
8 inactive. If the licensee applies with the department to change the  
9 license status to active:

10 1. The commissioner may require the licensee to complete continuing  
11 education credit hours before activating the license.

12 2. In addition to the continuing education requirement described in  
13 paragraph 1 of this subsection, if the license has been inactive for more  
14 than fifteen years, the commissioner shall require that the applicant  
15 successfully pass an examination specific to the laws of this state  
16 relating to this chapter before activating the license.

17 L. One year before the fifteen-year period described in subsection  
18 K, paragraph 2 of this section expires, the department shall send a notice  
19 to a licensee with an inactive license. The notice shall be sent to the  
20 licensee's last known address of record maintained by the department and  
21 shall disclose the requirements of subsection K of this section.

22 Sec. 6. Title 32, chapter 20, article 2, Arizona Revised Statutes,  
23 is amended by adding section 32-2134.02, to read:

24 32-2134.02. Timeshare salesperson certificate of convenience

25 NOTWITHSTANDING ANY OTHER LICENSING REQUIREMENT PURSUANT TO THIS  
26 CHAPTER, THE COMMISSIONER MAY ISSUE A ONETIME THIRTY-DAY CERTIFICATE OF  
27 CONVENIENCE WITHOUT EXAMINATION TO ANY PERSON WHO HAS APPLIED AND  
28 OTHERWISE QUALIFIES FOR A TIMESHARE SALESPERSON'S LICENSE. AN EMPLOYING  
29 TIMESHARE PLAN DEVELOPER'S DESIGNATED BROKER SHALL CERTIFY BY AFFIDAVIT TO  
30 THE COMMISSIONER THAT THE TIMESHARE SALESPERSON APPLICANT WILL BE TRAINED  
31 IN APPLICABLE TIMESHARE AND CONTRACT LAWS BEFORE PARTICIPATING IN ANY  
32 OFFER OR SALE.

33 Sec. 7. Section 32-2153, Arizona Revised Statutes, is amended to  
34 read:

35 32-2153. Grounds for denial, suspension or revocation of  
36 licenses; letters of concern; provisional license;  
37 retention of jurisdiction by commissioner;  
38 definitions

39 A. The commissioner may suspend or revoke a license, deny the  
40 issuance of a license, issue a letter of concern to a licensee, issue a  
41 provisional license or deny the renewal or the right of renewal of a  
42 license issued under this chapter if it appears that the holder or  
43 applicant, within five years immediately preceding, in performing or  
44 attempting to perform any acts authorized by the license or by this  
45 chapter, has:

- 1           1. Pursued a course of misrepresentation or made false promises,  
2 either directly or through others, whether acting in the role of a  
3 licensee or a principal in a transaction.
- 4           2. Acted for more than one party in a transaction without the  
5 knowledge or written consent of all parties to the transaction.
- 6           3. Disregarded or violated any of the provisions of this chapter or  
7 any rules adopted by the commissioner.
- 8           4. Knowingly authorized, directed, connived at or aided in the  
9 publication, advertisement, distribution or circulation of any material  
10 false or misleading statement or representation concerning the licensee's  
11 business or any land, cemetery property, subdivision or membership  
12 campground or camping contract offered for sale in this or any other  
13 state.
- 14           5. Knowingly used the term "real estate broker", "cemetery broker"  
15 or "membership camping broker" without the legal right to do so.
- 16           6. Employed any unlicensed salesperson or unlicensed associate  
17 broker.
- 18           7. Accepted compensation as a licensee for performing any of the  
19 acts specified in this chapter from any person who is not authorized to  
20 provide compensation pursuant to section 32-2155.
- 21           8. Represented or attempted to represent a broker other than the  
22 broker to whom the salesperson or associate broker is licensed.
- 23           9. Failed, within a reasonable time, to account for or to remit any  
24 monies, to surrender to the rightful owner any documents or other valuable  
25 property that comes into the licensee's possession and that belongs to  
26 others, or to issue an appraisal report on real property or cemetery  
27 property in which the licensee has an interest, unless the nature and  
28 extent of the interest are fully disclosed in the report.
- 29           10. Paid or received any rebate, profit, compensation or commission  
30 in violation of this chapter.
- 31           11. Induced any party to a contract to break the contract for the  
32 purpose of substituting a new contract with the same or a different  
33 principal, if the substitution is motivated by the personal gain of the  
34 licensee.
- 35           12. Placed a sign on any property offering it for sale or for rent  
36 without the written authority of the owner or the owner's authorized  
37 agent.
- 38           13. Solicited, either directly or indirectly, prospects for the  
39 sale, lease or use of real property, cemetery property or membership  
40 camping contracts through a promotion of a speculative nature involving a  
41 game of chance or risk or through conducting lotteries or contests that  
42 are not specifically authorized under this chapter.
- 43           14. Failed to pay to the commissioner the renewal fee as specified  
44 in this chapter promptly and before the time specified.

1           15. Failed to keep an escrow or trust account or other record of  
2 monies deposited with the licensee relating to a real estate transaction.

3           16. Commingled the monies or other property of the licensee's  
4 principal or client with the licensee's own or converted these monies or  
5 property to the licensee or another.

6           17. Failed or refused on demand to produce any document, contract,  
7 book, record, information, compilation or report that is in the licensee's  
8 possession or that the licensee is required by law to maintain concerning  
9 any real estate, cemetery or membership camping business, services,  
10 activities or transactions involving or conducted by the licensee for  
11 inspection by the commissioner or the commissioner's representative.

12           18. Failed to maintain a complete record of each transaction that  
13 comes within this chapter.

14           19. Violated the federal fair housing law, the Arizona civil rights  
15 law or any local ordinance of a similar nature.

16           20. Tendered to a buyer a wood infestation report in connection  
17 with the transfer of residential real property or an interest in  
18 residential real property knowing that wood infestation exists or that the  
19 wood infestation report was inaccurate or false as of the date of the  
20 tender or that an inspection was not done in conjunction with the  
21 preparation of the wood infestation report.

22           21. As a licensed broker, failed to exercise reasonable supervision  
23 over the activities of salespersons, associate brokers or others under the  
24 broker's employ or failed to exercise reasonable supervision and control  
25 over the activities for which a license is required of a corporation,  
26 limited liability company or partnership on behalf of which the broker  
27 acts as designated broker under section 32-2125.

28           22. Demonstrated negligence in performing any act for which a  
29 license is required.

30           23. Sold or leased a property to a buyer or lessee that was not the  
31 property represented to the buyer or lessee.

32           24. Violated any condition or term of a commissioner's order.

33           25. Signed the name of another person on any document or form  
34 without the express written consent of the person.

35           26. As a licensed school, failed to exercise reasonable supervision  
36 over the activities for which a license is required for an owner,  
37 director, administrator or instructor in the school's employ.

38           B. The commissioner may suspend or revoke a license, deny the  
39 issuance of a license, issue a letter of concern to a licensee, issue a  
40 provisional license or deny the renewal or the right of renewal of a  
41 license issued under this chapter if it appears that the holder or  
42 applicant has:

43           1. Procured or attempted to procure a license under this chapter  
44 for the holder or applicant or another by fraud, misrepresentation or

- 1 deceit or by filing an original or renewal application that is false or  
2 misleading.
- 3 2. Been convicted in a court of competent jurisdiction in this or  
4 any other state of a felony or of any crime of forgery, theft, extortion,  
5 conspiracy to defraud, a crime of moral turpitude or any other like  
6 offense.
- 7 3. Made any substantial misrepresentation.
- 8 4. Made any false promises of a character likely to influence,  
9 persuade or induce.
- 10 5. Been guilty of any conduct, whether of the same or a different  
11 character than specified in this section, that constitutes fraud or  
12 dishonest dealings.
- 13 6. Engaged in the business of a real estate broker, cemetery broker  
14 or membership camping broker or real estate salesperson, **TIMESHARE**  
15 **SALESPERSON**, cemetery salesperson or membership camping salesperson  
16 without holding a license as prescribed in this chapter.
- 17 7. Demonstrated incompetence to perform any duty or requirement of  
18 a licensee under or arising from this chapter. For the purposes of this  
19 paragraph, "incompetence" means a lack of basic knowledge or skill  
20 appropriate to the type of license the person holds or a failure to  
21 appreciate the probable consequences of the licensee's action or inaction.
- 22 8. Violated the terms of any criminal or administrative order,  
23 decree or sentence.
- 24 9. Violated any federal or state law, regulation or rule that  
25 relates to real estate or securities or that involves forgery, theft,  
26 extortion, fraud, substantial misrepresentation, dishonest dealings or  
27 violence against another person or failure to deal fairly with any party  
28 to a transaction that materially and adversely affected the transaction.  
29 This paragraph applies equally to violations of which the licensee was  
30 convicted in any lawful federal or state tribunal and to any admissions  
31 made in any settlement agreement by the licensee to violations.
- 32 10. Failed to respond in the course of an investigation or audit by  
33 providing documents or written statements.
- 34 C. A judgment based on a court's finding or stipulation of fraud by  
35 a licensee following a trial on the merits or a criminal conviction of a  
36 licensee that results in a payment from the real estate recovery fund is  
37 prima facie evidence of a violation and grounds for discipline under this  
38 section.
- 39 D. The commissioner may deny, suspend or revoke the issuance of a  
40 license on application by a corporation, a limited liability company or a  
41 partnership if it appears that an owner, officer, director, member,  
42 manager, partner, stockholder owning ten percent or more of the stock in  
43 the corporation or limited liability company or person exercising control  
44 of the entity is a current or former licensee whose license as a broker or  
45 a salesperson has been denied, suspended or revoked.

1           E. The lapsing or suspension of a license by operation of law or by  
2 order or decision of the commissioner or a court of law or the voluntary  
3 surrender of a license by a licensee does not deprive the commissioner of  
4 jurisdiction to do any of the following:

5           1. Proceed with any investigation of or action or disciplinary  
6 proceeding against the licensee.

7           2. Render a decision suspending or revoking the license or denying  
8 the renewal or right of renewal of the license.

9           3. Assess a civil penalty pursuant to section 32-2160.01.

10          F. For the purposes of this section:

11          1. "Letter of concern" means an advisory letter to notify a  
12 licensee that, while the conduct or evidence does not warrant disciplinary  
13 action, the commissioner believes that the licensee should modify or  
14 eliminate certain practices and that continuation of the activities may  
15 result in disciplinary action against the licensee.

16          2. "Provisional license" means a license that the department issues  
17 and that allows a licensee to practice subject to either a consent order  
18 as prescribed in section 32-2153.01 or the commissioner's terms,  
19 conditions and restrictions.

20          Sec. 8. Legislative intent

21           The legislature intends to:

22           1. Establish a separate type of real estate license under the state  
23 real estate department for individuals who are retained exclusively to  
24 assist others in purchasing, selling and exchanging timeshare interests.

25           2. Narrow the scope of the training and the examination  
26 requirements for applicants for timeshare salesperson licenses and thereby  
27 reduce the barriers for employment while protecting the public by  
28 requiring that all purchases, sales and exchanges of timeshare interests  
29 be performed under the purview of a licensed real estate broker and in  
30 full compliance with the specified statutory and regulatory requirements  
31 applicable to timeshare sales.

32          Sec. 9. Effective date

33           This act is effective from and after June 30, 2027.