



Bill Number: H.B. 2694

Gray Floor Amendment

Reference to: House Engrossed Bill

Amendment drafted by: Leg Council

## FLOOR AMENDMENT EXPLANATION

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1. Defines *live classroom course*, relating to real estate prelicensure and renewal education, as a course or instructional segment delivered in either an in-person or synchronous remote instructional format that allows students to observe and participate remotely in an instructional segment via livestreaming.
2. Clarifies that an applicant for an initial real estate salesperson or broker license (applicant) may complete a live classroom course by a certified real estate school.
3. Requires an applicant to complete an examination for a live classroom course in-person.
4. Allows an applicant to complete the required course in any combination of in-person or synchronous remote delivery methods.
5. Requires the prelicensure or renewal course fee to be the same regardless of the instructional format a person uses to complete a prelicensure or renewal education course or instructional segment.
6. Makes technical and conforming changes.

Amendment explanation prepared by Jason Theodorou

05/24/2022

GRAY FLOOR AMENDMENT  
SENATE AMENDMENTS TO H.B. 2694  
(Reference to House engrossed bill)

1 Page 1, between lines 1 and 2, insert:

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. "Advertising" means the attempt by publication, dissemination,  
9 exhibition, solicitation or circulation, oral or written, or for broadcast  
10 on radio or television to induce directly or indirectly any person to enter  
11 into any obligation or acquire any title or interest in lands subject to  
12 this chapter, including the land sales contract to be used and any  
13 photographs, drawings or artist's presentations of physical conditions or  
14 facilities existing or to exist on the property. Advertising does not  
15 include:

16 (a) Press releases or other communications delivered to newspapers,  
17 periodicals or other news media for general information or public relations  
18 purposes if no charge is made by the newspapers, periodicals or other news  
19 media for the publication or use of any part of these communications.

20 (b) Communications to stockholders as follows:

21 (i) Annual reports and interim financial reports.

22 (ii) Proxy materials.

23 (iii) Registration statements.

24 (iv) Securities prospectuses.

25 (v) Applications for listing of securities on stock exchanges.

26 (vi) Prospectuses.

1 (vii) Property reports.

2 (viii) Offering statements.

3 3. "Affiliate" means a person who, directly or indirectly through  
4 one or more intermediaries, controls, is controlled by or is under common  
5 control with the person specified.

6 4. "Associate broker" means a licensed broker who is employed by  
7 another broker. Unless otherwise specifically provided, an associate  
8 broker has the same license privileges as a salesperson.

9 5. "Barrier" means a natural or man-made geographical feature that  
10 prevents parcels of land from being practicably, reasonably and  
11 economically united or reunited and that was not caused or created by the  
12 owner of the parcels.

13 6. "Blanket encumbrance" means any mortgage, any deed of trust or  
14 any other encumbrance or lien securing or evidencing the payment of money  
15 and affecting more than one lot or parcel of subdivided land, or an  
16 agreement affecting more than one lot or parcel by which the subdivider  
17 holds the subdivision under an option, contract to sell or trust  
18 agreement. Blanket encumbrance does not include taxes and assessments that  
19 are levied by public authority.

20 7. "Board" means the state real estate advisory board.

21 8. "Broker", when used without modification, means a person who is  
22 licensed as a broker under this chapter or who is required to be licensed  
23 as a broker under this chapter.

24 9. "Business broker" means a real estate broker who acts as an  
25 intermediary or agent between sellers or buyers, or both, in the sale or  
26 purchase, or both, of businesses or business opportunities where a lease or  
27 sale of real property is either a direct or incidental part of the  
28 transaction.

29 10. "Camping site" means a space that is designed and promoted for  
30 the purpose of locating any trailer, tent, tent trailer, pickup camper or  
31 other similar device used for camping.

1           11. "Cemetery" or "cemetery property" means any one, or a  
2 combination of more than one, of the following in a place that is used, or  
3 intended to be used, and dedicated for cemetery purposes:

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

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

6           (c) A crematory, or a crematory and columbarium, for cinerary  
7 interments.

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

10          12. "Cemetery broker" means a person other than a real estate broker  
11 or real estate salesperson who, for another, for compensation:

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

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

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

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

21          13. "Cemetery salesperson" means a natural person who acts on the  
22 person's own behalf or through and on behalf of a professional limited  
23 liability company or a professional corporation engaged by or on behalf of  
24 a licensed cemetery or real estate broker, or through and on behalf of a  
25 corporation, partnership or limited liability company that is licensed as a  
26 cemetery or real estate broker, to perform any act or transaction included  
27 in the definition of cemetery broker.

28          14. "Commissioner" means the state real estate commissioner.

29          15. "Common promotional plan" means a plan, undertaken by a person  
30 or a group of persons acting in concert, to offer lots for sale or lease.  
31 If the land is offered for sale by a person or group of persons acting in

1 concert, and the land is contiguous or is known, designated or advertised  
2 as a common unit or by a common name, the land is presumed, without regard  
3 to the number of lots covered by each individual offering, as being offered  
4 for sale or lease as part of a common promotional plan. Separate  
5 subdividers selling lots or parcels in separately platted subdivisions  
6 within a master planned community shall not be deemed to be offering their  
7 combined lots for sale or lease as part of a common promotional plan.

8 16. "Compensation" means any fee, commission, salary, money or other  
9 valuable consideration for services rendered or to be rendered as well as  
10 the promise of consideration whether contingent or not.

11 17. "Contiguous" means lots, parcels or fractional interests that  
12 share a common boundary or point. Lots, parcels or fractional interests  
13 are not contiguous if they are separated by either of the following:

14 (a) A barrier.

15 (b) A road, street or highway that has been established by this  
16 state or by any agency or political subdivision of this state, that has  
17 been designated by the federal government as an interstate highway or that  
18 has been regularly maintained by this state or by any agency or political  
19 subdivision of this state and has been used continuously by the public for  
20 at least the last five years.

21 18. "Control" or "controlled" means a person who, through ownership,  
22 voting rights, power of attorney, proxy, management rights, operational  
23 rights or other rights, has the right to make decisions binding on an  
24 entity, whether a corporation, a partnership or any other entity.

25 19. "Corporation licensee" means a lawfully organized corporation  
26 that is registered with the Arizona corporation commission and that has an  
27 officer licensed as the designated broker pursuant to section 32-2125.

28 20. "Department" means the state real estate department.

29 21. "Designated broker" means the natural person who is licensed as  
30 a 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 22. "Developer" means a person who offers real property in a  
5 development for sale, lease or use, either immediately or in the future, on  
6 the person's own behalf or on behalf of another person, under this  
7 chapter. Developer does not include a person whose involvement with a  
8 development is limited to the listing of property within the development  
9 for sale, lease or use.

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

14 24. "Employing broker" means a person who is licensed or is required  
15 to be licensed as a:

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

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

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

28 26. "Improved lot or parcel" means a lot or parcel of a subdivision  
29 on which there is a residential, commercial or industrial building or  
30 concerning which a contract has been entered into between a subdivider and  
31 a purchaser that obligates the subdivider directly, or indirectly through a

1 building contractor, to completely construct a residential, commercial or  
2 industrial building on the lot or parcel within two years after the date on  
3 which the contract of sale for the lot is entered into.

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

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

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

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

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

20 32. "Limited liability company licensee" means a lawfully organized  
21 limited liability company that has a member or manager who is a natural  
22 person and who is licensed as the designated broker pursuant to section  
23 32-2125.

24 33. "LIVE CLASSROOM COURSE" MEANS A COURSE OR INSTRUCTIONAL SEGMENT  
25 DELIVERED IN EITHER AN IN-PERSON CLASSROOM INSTRUCTIONAL FORMAT OR A  
26 SYNCHRONOUS REMOTE INSTRUCTIONAL FORMAT THAT ALLOWS STUDENTS TO OBSERVE AND  
27 PARTICIPATE REMOTELY IN AN INSTRUCTIONAL SEGMENT VIA LIVESTREAMING.

28 ~~33.~~ 34. "Lot reservation" means an expression of interest by a  
29 prospective purchaser in buying at some time in the future a subdivided or  
30 unsubdivided lot, unit or parcel in this state. In all cases, a subsequent

1 affirmative action by the prospective purchaser must be taken to create a  
2 contractual obligation to purchase.

3 ~~34.~~ 35. "Master planned community" means a development that  
4 consists of two or more separately platted subdivisions and that is either  
5 subject to a master declaration of covenants, conditions or restrictions,  
6 is subject to restrictive covenants sufficiently uniform in character to  
7 clearly indicate a general scheme for improving or developing real property  
8 or is governed or administered by a master owner's association.

9 ~~35.~~ 36. "Member" means a member of the real estate advisory board.

10 ~~36.~~ 37. "Membership camping broker" means a person, other than a  
11 salesperson, who, for compensation:

12 (a) Sells, purchases, lists, exchanges or leases membership camping  
13 contracts.

14 (b) Offers to sell, purchase, exchange or lease membership camping  
15 contracts.

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

18 (d) Advertises or holds himself out as being engaged in the business  
19 of selling, buying, exchanging or leasing membership camping contracts or  
20 counseling or advising regarding membership camping contracts.

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

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

26 ~~37.~~ 38. "Membership camping contract" means an agreement that is  
27 offered or sold in this state evidencing a purchaser's right or license to  
28 use the camping or outdoor recreation facilities of a membership camping  
29 operator and includes a membership that provides for this use.

30 ~~38.~~ 39. "Membership camping operator" means an enterprise, other  
31 than one that is tax exempt under section 501(c)(3) of the internal revenue



1 code of 1986, as amended, that solicits membership paid for by a fee or  
2 periodic payments and has as one of its purposes camping or outdoor  
3 recreation, including the use of camping sites primarily by members.  
4 Membership camping operator does not include camping or recreational  
5 trailer parks that are open to the general public and that contain camping  
6 sites rented for a per use fee or a mobile home park.

7 ~~39.~~ 40. "Membership camping salesperson" means a natural person who  
8 acts on the person's own behalf or through and on behalf of a professional  
9 limited liability company or a professional corporation engaged by or on  
10 behalf of a licensed membership camping or real estate broker, or by or on  
11 behalf of a corporation, partnership or limited liability company that is  
12 licensed as a membership camping or real estate broker, to perform any act  
13 or participate in any transaction in a manner included in the definition of  
14 membership camping broker.

15 ~~40.~~ 41. "Online course" means prelicensure education that is a  
16 planned learning experience with a geographic separation that may be  
17 synchronous or asynchronous, that does not require real-time interaction  
18 between a student and an instructor and that uses a platform with  
19 self-paced or prerecorded lessons and materials that a student can access  
20 via the internet to proceed at the student's own pace.

21 ~~41.~~ 42. "Partnership licensee" means a partnership with a managing  
22 general partner who is licensed as the designated broker pursuant to  
23 section 32-2125.

24 ~~42.~~ 43. "Permanent access", as required under article 4 of this  
25 chapter, means permanent access from the subdivision to any federal, state  
26 or county highway.

27 ~~43.~~ 44. "Perpetual care" or "endowed care" means maintaining and  
28 caring, in all places where interments have been made, for the trees,  
29 shrubs, roads, streets and other improvements and embellishments contained  
30 within or forming a part of the cemetery but does not include maintaining

1 or repairing monuments, tombs, copings or other man-made ornaments as  
2 associated with individual burial spaces.

3 ~~44.~~ 45. "Perpetual or endowed-care cemetery" means a cemetery in  
4 which lots or other burial spaces are sold or transferred under the  
5 representation that the cemetery will receive perpetual care or endowed  
6 care free of further cost to the purchaser after payment of the original  
7 purchase price for the lot, burial space or interment right.

8 ~~45.~~ 46. "Person" means any individual, corporation, partnership or  
9 company and any other form of multiple organization for carrying on  
10 business, foreign or domestic.

11 ~~46.~~ 47. "Private cemetery" means a cemetery or place that is not  
12 licensed under article 6 of this chapter, where burials or interments of  
13 human remains are made, in which sales or transfers of interment rights or  
14 burial plots are not made to the public and in which not more than ten  
15 interments or burials occur annually.

16 ~~47.~~ 48. "Promotion" or "promotional practice" means advertising and  
17 any other act, practice, device or scheme to induce directly or indirectly  
18 any person to enter into any obligation or acquire any title or interest in  
19 or use of real property subject to this chapter, including meetings with  
20 prospective purchasers, arrangements for prospective purchasers to visit  
21 real property, travel allowances and discount, exchange, refund and  
22 cancellation privileges.

23 ~~48.~~ 49. "Real estate" includes leasehold-interests and any estates  
24 in land as defined in title 33, chapter 2, articles 1 and 2, regardless of  
25 whether located in this state.

26 ~~49.~~ 50. "Real estate broker" means a person, other than a  
27 salesperson, who, for another and for compensation:

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

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

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

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

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

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

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

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

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

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

1           (k) Incident to the sale of real estate, businesses and business  
2 opportunities negotiates or offers, attempts or agrees to negotiate a loan  
3 secured or to be secured by any mortgage or other encumbrance on or  
4 transfer of real estate, businesses and business opportunities or timeshare  
5 interests subject to section 32-2155, subsection C. This subdivision does  
6 not apply to mortgage brokers as defined in and subject to title 6, chapter  
7 9, article 1.

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

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

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

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

30           (p) Acts as a business broker.

1           ~~50.~~ 51. "Real estate sales contract" means an agreement in which  
2 one party agrees to convey title to real estate to another party on the  
3 satisfaction of specified conditions set forth in the contract.

4           ~~51.~~ 52. "Real estate salesperson" means a natural person who acts  
5 on the person's own behalf or through and on behalf of a professional  
6 limited liability company or a professional corporation engaged by or on  
7 behalf of a licensed real estate broker, or by or on behalf of a limited  
8 liability company, partnership or corporation that is licensed as a real  
9 estate broker, to perform any act or participate in any transaction in a  
10 manner included in the definition of real estate broker subject to section  
11 32-2155.

12           ~~52.~~ 53. "Sale" or "lease" includes every disposition, transfer,  
13 option 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           ~~53.~~ 54. "Salesperson", when used without modification, means a  
18 natural person who acts on the person's own behalf or through and on behalf  
19 of a 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           ~~54.~~ 55. "School" means a person or entity that offers a course of  
23 study towards completion of the education requirements leading to licensure  
24 or renewal of licensure under this chapter.

25           ~~55.~~ 56. "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 real  
28 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.

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

4 ~~56.~~ 57. "Subdivider" means any person who offers for sale or lease  
5 six or more lots, parcels or fractional interests in a subdivision or who  
6 causes land to be subdivided into a subdivision for the subdivider or for  
7 others, or who undertakes to develop a subdivision, but does not include a  
8 public agency or officer authorized by law to create subdivisions.

9 ~~57.~~ 58. "Subdivision" or "subdivided lands":

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

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

16 (c) Does not include:

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

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

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

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

30 (v) A sale or lease of a lot, parcel or fractional interest that  
31 occurs ten or more years after the sale or lease of another lot, parcel or

1 fractional interest if the other lot, parcel or fractional interest is not  
2 subject to this article and is treated as an independent parcel unless, on  
3 investigation by the commissioner, there is evidence of intent to  
4 subdivide.

5 ~~58.~~ 59. "Timeshare" or "timeshare property" means real property  
6 ownership or right of occupancy in real property pursuant to article 9 of  
7 this chapter. For the purposes of this chapter, a timeshare is not a  
8 security unless it meets the definition of a security under section  
9 44-1801.

10 ~~59.~~ 60. "Trustee" means:

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

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

16 ~~60.~~ 61. "Unimproved lot or parcel" means a lot or parcel of a  
17 subdivision that is not an improved lot or parcel.

18 ~~61.~~ 62. "Unsubdivided lands":

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

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

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

3           32-2124. Qualifications of licensees

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

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

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

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

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

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



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

5           7. If for a real estate, cemetery or membership camping broker's  
6 license, other than a renewal application, an equivalent amount of active  
7 experience within the immediately preceding five years in the field in  
8 which the applicant is applying for the broker's license, as a substitute  
9 for the licensed active experience otherwise required in paragraphs 1, 2  
10 and 3 of this subsection. The licensed active experience required may be  
11 met if the applicant can demonstrate to the commissioner's satisfaction  
12 that the applicant has an equivalent amount of experience in the past five  
13 years that, if the applicant had held a license, would have been sufficient  
14 to fulfill the licensed experience requirement.

15           B. All applicants other than renewal applicants under section  
16 32-2130 for a real estate salesperson's license shall show evidence  
17 satisfactory to the commissioner that they have completed a real estate  
18 salesperson's course that is prescribed and approved by the commissioner  
19 and that is at least ninety classroom hours, or its equivalent, of  
20 instruction in a real estate school certified by the commissioner and have  
21 satisfactorily passed an examination on the course. An applicant may  
22 complete the real estate salesperson's course prescribed by this subsection  
23 through A LIVE CLASSROOM COURSE OR an online course if the LIVE CLASSROOM  
24 COURSE OR online course is offered by a real estate school that is  
25 certified by the commissioner. ~~, but~~ The applicant must complete an  
26 examination on the LIVE CLASSROOM COURSE OR THE online course in  
27 person. AN APPLICANT MAY COMPLETE THE REQUIRED COURSE OR INSTRUCTIONAL  
28 SEGMENTS IN ANY COMBINATION OF IN-PERSON OR SYNCHRONOUS REMOTE DELIVERY  
29 METHODS. In no case shall the real estate salesperson's course completion  
30 or its equivalent be more than ten years before the date of application  
31 unless, at the time of application, the commissioner determines in the

1 commissioner's discretion that the applicant has work experience in a real  
2 estate-related field and education that together are equivalent to the  
3 prelicensure education requirement. The commissioner may waive all or a  
4 portion of the prelicensure course requirement, other than the  
5 twenty-seven-hour Arizona-specific course, for an applicant who holds a  
6 current real estate license in another state.

7 C. All applicants other than renewal applicants under section  
8 32-2130 for a real estate broker's license shall show evidence satisfactory  
9 to the commissioner that they have completed a real estate broker's course  
10 that is prescribed and approved by the commissioner and that is at least  
11 ninety classroom hours, or the equivalent, of instruction in a real estate  
12 school certified by the commissioner and have satisfactorily passed an  
13 examination on the course. An applicant may complete the real estate  
14 broker's course prescribed by this subsection through **A LIVE CLASSROOM**  
15 **COURSE OR** an online course if the **LIVE CLASSROOM COURSE OR** online course is  
16 offered by a real estate school that is certified by the commissioner.  
17 ~~, but~~ The applicant must complete an examination on the **LIVE CLASSROOM**  
18 **COURSE OR** online course in person. **AN APPLICANT MAY COMPLETE THE REQUIRED**  
19 **COURSE OR INSTRUCTIONAL SEGMENTS IN ANY COMBINATION OF IN-PERSON OR**  
20 **SYNCHRONOUS REMOTE DELIVERY METHODS.** In no case shall the real estate  
21 broker's course completion or its equivalent be more than ten years before  
22 the date of application unless, at the time of application, the  
23 commissioner determines in the commissioner's discretion that the applicant  
24 has work experience in a real estate-related field and education that  
25 together are equivalent to the prelicensure education requirement. The  
26 commissioner may waive all or a portion of the prelicensure course  
27 requirement, other than the twenty-seven-hour Arizona-specific course, for  
28 an applicant who holds a current real estate license in another state.

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

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

3           1. An appropriate knowledge of the English language, including  
4 reading, writing and spelling, and of arithmetical computations common to  
5 real estate practices.

6           2. At a minimum, an understanding of the general purpose and legal  
7 effect of any real estate practices, principles and related forms,  
8 including agency contracts, real estate contracts, deposit receipts, deeds,  
9 mortgages, deeds of trust, security agreements, bills of sale, land  
10 contracts of sale and property management, and of any other areas that the  
11 commissioner deems necessary and proper.

12           3. A thorough understanding of the obligations between principal and  
13 agent, the principles of real estate and business opportunity practice, the  
14 applicable canons of business ethics, the provisions of this chapter and  
15 rules adopted pursuant to this chapter.

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

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

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

23           2. A general understanding of:

24           (a) Cemetery associations, cemetery corporations and duties of  
25 cemetery directors and officers.

26           (b) Plot ownership, deeds, certificates of ownership, contracts of  
27 sale, liens and leases.

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

1 (d) The provisions of this chapter and rules adopted pursuant to  
2 this chapter relating to the organization and regulation of cemeteries and  
3 the licensing and regulation of cemetery brokers and cemetery salespersons.

4 3. A general understanding of the obligations between principal and  
5 agent, the principles of cemetery practice and the canons of business  
6 ethics pertaining to the operation of cemeteries and the sale of cemetery  
7 property.

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

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

13 2. A general understanding of:

14 (a) The general purposes and legal effect of contracts and agency  
15 contracts.

16 (b) Establishing, maintaining, managing and operating a membership  
17 campground.

18 (c) The provisions of this chapter and rules adopted pursuant to  
19 this chapter relating to the organization and regulation of membership  
20 campgrounds and the licensing and regulation of membership camping brokers  
21 and membership camping salespersons.

22 3. A general understanding of the obligations between principal and  
23 agent and the canons of business ethics pertaining to the operation and  
24 promotion of membership campgrounds.

25 H. A renewal applicant for a real estate, cemetery or membership  
26 camping broker's or salesperson's license is not required to submit to an  
27 examination if the application is made within twelve months after the  
28 license expires and the license is not canceled, terminated or suspended at  
29 the time of application.

1 I. The examination for a broker's license shall be more exacting and  
2 stringent and of a broader scope than the examination for a salesperson's  
3 license.

4 J. An applicant for a real estate salesperson's or broker's license  
5 who currently holds at least an equivalent license in another state may be  
6 exempt from taking the national portion of the real estate examination if  
7 the applicant can demonstrate passing a national examination within the  
8 past five years that is satisfactorily similar to the one administered by  
9 the department.

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

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

21 M. The commissioner shall not issue a license to a person who has  
22 been convicted of a felony offense and who is currently incarcerated for  
23 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 N. The commissioner shall require an out-of-state applicant for a  
27 license that is issued pursuant to section 32-4302 to pass an examination  
28 specific to the laws of this state relating to this chapter before the  
29 commissioner issues the license to the applicant."

30 Renumber to conform

1 Page 2, lines 1 and 3, strike "live classroom"; after "education" insert "LIVE  
2 CLASSROOM"

3 Line 4, after the period insert "THE PRELICENSURE COURSE FEE IMPOSED BY THIS  
4 SUBDIVISION SHALL BE THE SAME AND THE RENEWAL COURSE FEE IMPOSED BY THIS  
5 SUBDIVISION SHALL BE THE SAME REGARDLESS OF THE INSTRUCTIONAL FORMAT A  
6 PERSON USES TO COMPLETE A PRELICENSURE EDUCATION COURSE OR INSTRUCTIONAL  
7 SEGMENT OR A RENEWAL EDUCATION COURSE OR INSTRUCTIONAL SEGMENT."

8 After line 17, insert:

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

11 32-2135. Real estate schools; courses of study; instructors;  
12 certification

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

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

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

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

7 2. ~~Improper certification of~~ IMPROPERLY CERTIFYING student  
8 attendance or performance.

9 3. COMMITTING any act that is grounds for discipline under section  
10 32-2153.

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

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

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

17 7. Teaching course content that is not current or that has  
18 substantially changed from the course as approved.

19 D. A real estate school, through any owner, director, administrator,  
20 instructor or other agent, shall not:

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

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

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

29 F. Except as provided in subsection G of this section, at least  
30 thirty days before holding a course of study for completion of the  
31 education requirements leading to licensure of real estate applicants or

1 for license renewal requirements, an application for a certificate of  
2 course approval or renewal must be filed with the department. For a live  
3 classroom course, the application shall include a course outline with  
4 sufficient detail to clearly identify the scope and content of the  
5 course. The outline shall state a desired instructional outcome for the  
6 course. A prelicensure education course outline that is submitted for  
7 approval shall be divided into estimated fifty-minute instructional  
8 segments. Course approval shall not be unreasonably withheld and shall not  
9 be issued later than thirty days after filing with the department for a  
10 live classroom course. A continuing education distance learning course  
11 approval shall not be issued later than ninety days after filing with the  
12 department. If the approvals under this subsection are not granted within  
13 the time frames prescribed by this subsection, the course shall be  
14 automatically approved on a provisional basis for one hundred eighty days,  
15 unless the department has otherwise notified the applicant of specific  
16 deficiencies or unfulfilled requirements for the course submission. A  
17 provisional approval may be withdrawn by the department ~~upon~~ ON fifteen  
18 days' advance notice if the department's review of the course subsequently  
19 reveals course deficiencies or unfulfilled course requirements. If not  
20 withdrawn, the course approval shall remain approved for the entire course  
21 approval period. Course approval shall be for a period of at least four  
22 years if the contents of the course remain current and substantially  
23 unchanged. The course may not be taught if the content ceases to be  
24 current or is substantially changed. The department may establish by rule  
25 additional appropriate requirements for approval of a distance learning  
26 course.

27 G. At least ninety days before holding an online course of study for  
28 completion of the education requirements leading to licensure of real  
29 estate applicants, an application for a certificate of online course  
30 approval must be filed with the department. An online course outline that  
31 is submitted for approval shall be divided into estimated fifty-minute



1 instructional segments. Online course approval shall not be unreasonably  
2 withheld and shall be issued not later than ninety days after filing with  
3 the department. If the approvals under this subsection are not granted  
4 within the time frames prescribed by this subsection, the online course  
5 shall be automatically approved on a provisional basis for one hundred  
6 eighty days, unless the department has otherwise notified the applicant of  
7 specific deficiencies or unfulfilled requirements for the online course  
8 submission. A provisional approval may be withdrawn by the department on  
9 fifteen days' advance notice if the department's review of the online  
10 course subsequently reveals course deficiencies or unfulfilled course  
11 requirements. If not withdrawn, the online course approval shall remain  
12 approved for the entire online course approval period. Online course  
13 approval shall be for a period of at least four years if the contents of  
14 the online course remain current and substantially unchanged. The online  
15 course may not be taught if the content ceases to be current or is  
16 substantially changed. Approved online courses must provide for student  
17 participation, feedback and remedial instruction. The department may  
18 establish by rule additional appropriate requirements for approval of an  
19 online course.

20 H. For a currently approved course or online course:

21 1. The school shall submit notice to the department at least  
22 fourteen days before holding the course to ~~permit~~ ALLOW department  
23 employees to monitor the course. The notice is not otherwise subject to  
24 review and approval by the department.

25 2. With the permission of the school that received original approval  
26 for the course, another school that desires to offer the course is subject  
27 only to the fourteen-day notice requirement before holding the same course.  
28 No additional review and approval by the department is required.

29 I. The department shall approve for continuing education credit any  
30 course of study proposed by a real estate school if the course satisfies  
31 the commissioner's requirements and is held in this state.

1           J. The department may approve for continuing education credit any  
2 course of study proposed by a real estate school if the course satisfies  
3 the commissioner's requirements and is held outside this state. On the  
4 commissioner's request, the school shall either:

5           1. Provide the department with a videotape or videotapes of the  
6 course.

7           2. Make arrangements that are approved by the department for  
8 monitoring the course.

9           K. An instructor shall file with the department an application for  
10 instructor approval or renewal. Instructor approval shall be for at least  
11 four years from the date of approval and is subject to amendment during the  
12 license period only if information material to the instructor's  
13 qualifications has changed. A person holding instructor approval to teach  
14 specific subject matter is not subject to additional or duplicate approval  
15 requirements during the original approval period, except that an additional  
16 instructor competency area may be added during the license period on  
17 submission by the instructor of evidence of competency in such additional  
18 competency area.

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

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

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



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

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

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

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

10 D. The offering of real estate brokerage services specified by  
11 section 32-2101, paragraph ~~49~~ 50 for compensation or any other thing of  
12 value pertaining to real property located in this state through an internet  
13 website constitutes activity that requires a broker's license issued by the  
14 department.

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

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

22 Amend title to conform

RICK GRAY

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C: MU