

AZ1

Arizona Key Facts: Real Estate Code

1. _____ of the Arizona Constitution gives licensees the authority to prepare all types of real estate contracts.
2. The _____ requires real estate contracts to be in writing to be enforceable.
3. The _____ are not law but have the force and effect of law on real estate licensees.
4. The real estate commissioner is appointed by the _____.
5. The four duties of the Real Estate Commissioner are:

6. The Real Estate Advisory Board consists of _____ members who meet _____ and receive \$ _____ as compensation.
7. The _____ is the government power that enables the state to require real estate agents to become licensed.
8. A real estate broker is defined in law as someone who performs real estate services for _____ and for _____.
9. Failure of a broker to notify the Commissioner of a change of business address automatically _____.
10. A broker must have _____ at the entrance to the broker's place of business.
11. A branch office must be managed by a _____ or _____.
12. A _____ license must be displayed in the office.
13. A _____ license must be available for review by the public.

14. If a designated broker is unable to act within _____, the broker may designate a _____ employed by the broker or another designated broker to act on the broker's behalf. The designation shall not exceed _____ days in duration.
15. A salesperson always represents _____.
16. An attorney-in-fact holding a _____ and acting in an isolated transaction is not required to be licensed.
17. A salesperson's or broker's license must be placed on active or inactive status within _____ from _____.
18. Licenses are issued for _____ from the end of the month in which activated.
19. To have a "timely renewal," a license must be renewed every _____ by the last _____ of the renewal month.
20. If a license is not renewed, it is considered to be _____.
21. After a license has expired, the licensee has a _____ month grace period to renew.
22. If a license is not renewed on a timely basis, the licensee must pay a _____ in order to renew the license.
23. In order to renew a license, salespersons must have taken at least _____ hours of continuing education.
24. A temporary broker's license may be issued for a period not to exceed _____ days to the surviving spouse, next of kin, or personal representative of a deceased broker or a broker who is _____.
25. Unless otherwise stated, a broker must immediately place all monies entrusted to the broker in either a neutral _____ depository in Arizona or in a trust fund account with a _____ located in Arizona.
26. When depositing a client's monies in a trust account, the _____ does not need to be on the deposit slip.
27. Complete records of monies received by a broker must be maintained in the _____ or _____.
28. The type of accounting principles a broker must use are called _____.
29. Regarding trust accounts, clients' ledgers must be reconciled each _____.

30. Mixing client's money with a broker's business money is called _____.
31. A broker must keep records of all transactions handled for a period of at least _____ from the _____ of the transaction.
32. The amount and _____ of earnest money received in a transaction must be specifically stated in the purchase agreement, lease or earnest money receipt.
33. When must salespersons place money in the care of the broker? _____
34. Contracts must be reviewed and initialed by the broker within _____ days of execution. If the broker fails to initial the agreement it (does) or (does not) invalidate the contract?
35. Rejected offers to purchase real property must be retained by the broker for at least _____.
36. An _____ is a contract hiring a broker to buy or sell real property for compensation or commission.
37. An employing broker shall not assign a listing agreement to another broker without the _____ of all parties.
38. An action for collection of compensation may be taken in the _____.
39. To begin the action for commission, a licensee must prove that they were licensed _____.
40. The Commissioner will not entertain complaints regarding disputes between licensees concerning _____.
41. Real estate brokers may receive compensation from _____.
42. Real estate brokers may pay other _____ and their _____.
43. Real estate salespersons may receive compensation only from their _____ and may pay _____.
44. It is _____ for anyone to pay compensation to an unlicensed person.
45. An unlicensed person who takes compensation for real estate services is guilty of a _____.
46. To collect from the recovery fund, the law suit must be filed against the licensee within _____ years.
47. The recovery fund is liable for a maximum of \$ _____ per cause of action and \$ _____ per licensee.

48. The licensee's license is _____ upon payment from the recovery fund.
49. No claim against the recovery fund may be made by a _____.
50. To originate a license a salesperson must pay \$_____ into the recovery fund and a broker must pay \$_____.
51. Additional money must be paid into the recovery fund when licensees renew their licenses if the fund falls below \$_____ by June 30th of any year.
52. A manager of one property or an on-site leasing agent may receive _____ bonuses that may not be paid more frequently than _____ and cannot exceed _____ of their regular compensation.
53. The Commissioner may issue a _____ to a person who is violating statute or rule through some act, practice or transaction.

AZ2

Arizona Key Facts: Subdivisions & Timeshares

1. A subdivision is land which is divided into _____ or more lots, parcels or fractional interests created for _____ or _____.
2. A _____, also called a _____, is a statement of important facts relating to a subdivision which allows the purchaser to make an informed decision regarding the property.
3. Prior to issuance of the public report, a subdivider may only accept _____.
4. If a subdivider fails to provide a public report to the purchaser, the sale is rescindable by the purchaser within _____.
5. The receipt from a buyer for the public report must be kept by the subdivider for _____.
6. A buyer of unimproved lots or parcels from a subdivider has _____ to rescind the purchase if the buyer has seen the land and _____ to rescind if the buyer has not inspected the land.
7. If a person who owns or has owned six or more properties in the same subdivision sells one of the properties, the seller must provide the buyer with a _____.
8. When a subdivision is within an AMA the subdivider must obtain a Certificate of _____ from the ADWR.
9. One of the many requirements a subdivider must meet is to provide a(an) _____ to the parcels in the subdivision.
10. If a property is not in a city and not in a recorded subdivision, the seller must provide the buyer with an _____ or the sale is rescindable by the buyer.
11. When required, an Affidavit of Disclosure must be delivered to a buyer at least _____ prior to closing.
12. After receiving an Affidavit of Disclosure, a buyer has _____ to rescind the purchase.

13. The sale of _____ or more timeshare units requires the developer to obtain a _____.
14. A purchaser may rescind a contract to purchase a timeshare within _____ days of executing the contract.
15. If a sale is made prior to issuance of a timeshare public report, the sale is voidable by the purchaser within _____.
16. Two important items that a timeshare public report must contain are a statement for installation of all improvements including _____ and provisions for the _____ of occupancy rights with other owners.

AZ2

Arizona Key Facts: Commissioner's Rules

1. If a license is not renewed in a timely manner, the licensee is charged a _____.
2. If a licensee's home address changes, the Commissioner must be notified within _____.
3. If a licensee is convicted of a felony or misdemeanor, has another professional license revoked or has a judgment levied against them relating to real estate, the Commissioner must be notified within _____.
4. A branch manager of an office may be a _____ or _____.
5. A branch office license is not required for an on-site _____.
6. When advertising a property owned by a licensee, the licensee must disclose their licensed status by using the wording _____.
7. All advertising must contain the name of the _____ in a _____ manner.
8. The _____ must supervise all advertising.
9. When advertising uses the term "acre," the licensee must be referring to an area of land representing _____.
10. In order to place a sign on a property, the licensee must obtain the owner's _____.
11. A licensee shall not describe a premium offered at no cost or reduced cost to promote sales or leasing as an _____ or _____.
12. A person shall not solicit, sell, or offer to sell an interest in a development by conducting a _____ or _____ to influence a purchaser or prospective purchaser.
13. Upon execution of any transaction document, a licensee shall deliver a legible copy of the signed document to _____.

14. A licensee shall promptly submit all _____ to the client.
15. A licensee may disclose the terms of one offer to other offerors only with the _____.
16. After an offer has been accepted by a seller, a licensee has a duty to present _____ to the seller, unless instructed otherwise.
17. A licensee owes a _____ duty to clients.
18. A licensee must deal _____ with non-clients in a transaction.
19. A license must disclose information that _____ and _____ affects the parties to a transaction.
20. A licensee shall not allow a _____ with another licensee to jeopardize, delay, or interfere with a transaction on behalf of a client.
21. When a licensee is acting as a principal in a transaction, the licensee must disclose their _____ status to the other parties.
22. If a property is listed exclusively by one licensee, all negotiations must be carried on through the _____.

AZ3

Arizona Key Facts: Mortgages, Trust Deeds & Land Contracts

1. A pledge of real property as collateral in which the borrower keeps possession is known as a _____.
2. The document that serves as evidence of a debt is a _____.
3. A mortgage names a property as _____.
4. The borrower in a mortgage is the _____.
5. The lender in a mortgage is the _____.
6. The payoff of a mortgage loan is also called _____.
7. When a note and mortgage are paid off, the lender must deliver a _____ within _____ days.
8. When a mortgage is in default, the lender's only remedy is a _____ foreclosure.
9. The document that states that litigation is pending on a property is known as a _____.
10. When a mortgage is foreclosed and the debt is declared immediately due and payable, the debt has been _____.
11. Under a judicial foreclosure, the sale is known as a _____ sale.
12. The document delivered to the high bidder at a judicial foreclosure sale is a _____.
13. After a sheriff's sale, the statutory redemption period is _____.
14. After the redemption period in a judicial foreclosure has expired, title is transferred to the high bidder through a _____.
15. The period of time between the initiation of a judicial foreclosure and the Sheriff's Sale is called the _____.
16. The period of time between the Sheriff's sale and delivery of the deed is called the _____.
17. When a foreclosure sale brings more than the amount owed to the lender, the excess money belongs to the _____.
18. If a property sells for less than the amount owed at a foreclosure sale, the lender may be able to obtain a _____ against the borrower.

19. The borrower in a deed of trust is the _____.
20. The lender in a deed of trust is the _____.
21. The party to whom the power of sale (legal title) is conveyed in a deed of trust is the _____.
22. The type of title that a trustor under a deed of trust retains is known as _____ title.
23. The document that is used to indicate that a deed of trust has been paid off is known as a _____.
24. When a deed of trust is in default, the lender's foreclosure options include _____ and _____.
25. The first step the trustee takes in a non-judicial foreclosure is to record a _____.
26. In a non-judicial trust deed foreclosure, the trustee must wait at least _____ before conducting the foreclosure auction.
27. Between the initiation of a non-judicial trust deed foreclosure and the foreclosure auction, the borrower has a right of _____.
28. In a non-judicial trust deed foreclosure, the foreclosure sale is called a _____.
29. The redemption period after a non-judicial trust deed foreclosure is _____ days.
30. The person who gives instructions to the trustee to begin the non-judicial foreclosure of a trust deed is the _____.
31. The person who conducts the foreclosure sale in a non-judicial trust deed foreclosure is the _____.
32. An "Agreement for Sale" is also called a _____ or a _____.
33. The parties to a land contract are the _____ and _____.
34. When a land contract is used, the document that is not delivered to the buyer until the purchase price is paid is the _____.
35. In order for a seller to foreclose a land contract judicially, the agreement must contain an _____.

36. When payments on a land contract are in arrears, the non-judicial process used by the seller to terminate the buyer's interest is known as _____.
37. If a buyer has not made payments required on a land contract and has paid less than 20% of the purchase price, the seller must give the buyer at least _____ days to bring the payments current.
38. The grace period for delinquency under a land contract in which the buyer has paid 20% or more but less than 30% of the purchase price is _____.
39. The grace period for delinquency under a land contract in which the buyer has paid 30% or more but less than 50% of the purchase price is _____.
40. The grace period for delinquency under a land contract in which the buyer has paid 50% or more of the purchase price is _____.
41. If a foreclosure sale brings less money than the lender is owed, the lender might be able to obtain a _____ judgment for the balance.
42. In certain foreclosure situations, Arizona law prohibits the lender from obtaining a deficiency judgment if the property is _____ acres in size and used as a _____ or _____.
43. If a borrower transfers ownership to a lender instead of going through a foreclosure, the borrower gives the lender a "Deed _____".
44. Foreclosure of a lien may terminate the lien of a _____ lien holder.
45. In a _____ state, the lender does not hold any title to the property.
46. In a _____ state, the lender does hold title to the property.
47. Arizona is a _____ state.

AZ4

Arizona Key Facts: Involuntary Liens & Homestead Exemption

1. A money encumbrance is known as a _____.
2. In Arizona, the lien with highest priority is _____.
3. The term _____ means “according to value.”
4. The document that states the sales price of a property and is required to accompany the deed to be recorded is an _____.
5. The assessed value is determined by multiplying the _____ x the _____.
6. The real property tax is determined by multiplying the _____ x the _____.
7. The assessed value ratio on residential property is _____.
8. The assessed value ratio on vacant land is _____.
9. The assessed value ratio on commercial property is _____.
10. In Arizona, how often are taxes levied? _____.
11. In Arizona, are taxes paid in advance or in arrears? _____.
12. In Arizona, how often are taxes paid? _____.
13. The due date for taxes for the first half of any year is _____.
14. The delinquency date for taxes for the first half of any year is _____.
15. The due date for taxes for the second half of any year is _____.
16. The delinquency date for taxes for the second half of any year is _____.
17. In Arizona, property taxes become a lien on the property on _____ (date).
18. Interest on delinquent taxes is charged at the rate of _____.
19. The public auction of tax liens is commonly called a _____.
20. The highest bidder at a tax lien auction receives a _____.
21. The redemption period after a tax lien auction is _____.
22. A tax lien certificate holder must begin a foreclosure within _____ or the lien becomes void.
23. The document through which a manufactured home becomes taxed as real property is an _____.

24. A government lien placed on property to pay the cost of improvements such as street lights or sewers is an _____.
25. Special assessments have what priority? _____.
26. A lien for labor or materials is a _____.
27. In order for a contractor to place a lien on a property, the contractor must provide the owner with a preliminary lien notice within no more than _____ days of first performing work or supplying materials.
28. Mechanic's liens for labor may only be recorded by a _____.
29. Mechanic's liens must be recorded within _____ days from _____ of work.
30. Once a mechanic's lien has been recorded, a contractor must begin foreclosure of the lien within _____ days.
31. Once recorded, mechanic's liens establish priority as of the day the work _____.
32. A general lien levied by a decision of a court is a _____.
33. The priority of a judgment is established by the date the judgment was _____.
34. Unless otherwise stipulated, judgments bear interest at the _____ rate.
35. A _____ exempts a portion of a homeowner's equity from attachment and execution of a judgment.
36. The maximum dollar exemption allowed under the provisions of a homestead exemption is _____.

AZ5

Arizona Key Facts #5: LTA, Property Mgmt, Planned Communities & HOAs

1. The Arizona Residential Landlord & Tenant Act does not apply to the following 5 types of property: _____, _____, _____, _____ & _____.
2. The maximum security deposit (including pre-paid rent) a landlord can require a tenant to pay is _____ times the monthly rent.
3. Unless a deposit is stated as being _____, the law considers it to be _____.
4. To apply security deposits to damages, the landlord must provide the tenant with an itemized accounting within _____ days of the tenant's demand.
5. If the landlord does not provide a tenant with an accounting of how security deposits were applied, the landlord is liable for _____ the deposit as damages.
6. A landlord may charge a tenant non-refundable _____ over and above the security deposit.
7. A landlord must inform the tenant that a free copy of the _____ is available from the Arizona Department of Housing.
8. Except in emergencies, unless waived by the tenant, the landlord must give the tenant _____ days' notice of landlord's intent to enter the premises.
9. If there is non-compliance by the landlord affecting health and/or safety, the tenant may deliver notice to terminate the lease within _____ days.
10. If there is non-compliance by the landlord for issues that do not affect health and/or safety, the tenant may deliver notice to terminate the lease within _____ days.
11. If the landlord does not promptly repair minor defects the tenant may hire a _____ to perform the required work so long as the reasonable cost of the repairs does not exceed \$_____ or _____ the monthly rent, whichever is greater.
12. The provisions of the previous question (#11) are commonly referred to as _____.

13. To terminate a month-to-month tenancy, the landlord or tenant must provide the other party with a minimum of _____ days' notice.
14. For failure to pay rent, a landlord may begin an eviction procedure after giving the tenant _____ days written notice.
15. If tenant abandons the premises and leaves personal property, the landlord must hold the personal property for at least _____ days.
16. Holding a tenant's personal property for back rent is known as _____ and is _____ in Arizona for residential property.
17. The parties to a property management agreement are the _____ and the _____.
18. As a property manager, the broker is considered to be a _____ agent.
19. A property manager is concerned with obtaining the highest _____ return for the owner.
20. All property management accounts must be designated as _____.
21. A property management agreement must contain a _____ date and _____ date.
22. A property management agreement must specify the _____ and frequency of status reports.
23. A property management agreement must state the amount and purpose of monies the manager holds as a _____ for emergencies and other purposes.
24. A property management agreement must provide for the disposition and allocation of _____ earned on trust accounts.
25. A property management agreement may not be assigned to another entity without the expressed _____ of all parties.
26. The three persons who may sign on a property management trust account are the _____, _____ and _____.
27. The person who may not sign on a trust account is the _____.
28. Residential leases and finder fee records must be kept for _____ year(s) after termination.
29. Commercial leases must be kept for _____ year(s) after termination.

- 30. A real estate development which includes real estate owned by an association created for the purpose of managing, maintaining or improving the property, and in which the owners of separately owned parcels are mandatory members and required to pay association assessments is known as a _____.
- 31. When the sale of a unit in a planned community is pending, the buyer must be given extensive information about the association and its by-laws within _____ days of receipt of written notice of that sale.
- 32. The seller must provide the information to the buyer if there are _____ units or less in the planned community.
- 33. The association must provide the information to the buyer if there are _____ units or more in the planned community.
- 34. The board of directors of the HOA must meet _____.
- 35. When a property management agreement is terminated the firm must give the owner an accounting as follows:
 - _____ days for _____
 - _____ days for _____
 - _____ days for _____
 - _____ days for _____

AZ6

Arizona Key Facts: Water Law & Land Descriptions

1. The two categories of water are _____ and _____.
2. Surface water rights in Arizona are regulated by the Doctrine of _____.
3. The state agency that regulates water rights in Arizona is the _____.
4. In 1980, Arizona adopted the _____ Code to regulate ground water.
5. The three objectives of the Arizona Groundwater Management Code are to: control _____, allocate _____ and increase supplies through _____ sources.
6. The two types of areas created by the Arizona Groundwater Management Code in which ground water use is restricted are: _____ and _____.
7. Areas where irrigation use threatens to exceed limited water supplies are designated as _____.
8. Areas where excessive overdraft is occurring are designated as _____.
9. If a subdivision is developed within the boundaries of an Active Ground Water Management Area, the subdivider must obtain a Certificate of _____ from the ADWR.
10. In an AMA, the developer or water provider must demonstrate what 3 things?

11. In Maricopa, Pinal and Pima counties, the _____ District was created to replenish CAP water. Property owners are charged for this on their _____.
12. If a subdivision is developed outside the boundaries of an Active Ground Water Management Area, the subdivider must obtain a _____ Report from the ADWR.

13. Within an AMA, an exempt well may have a pumping capacity of not more than _____ gallons per minute.
14. An irrigation grandfathered water right (may) or (may not) be sold separately from the land.
15. A Type I non-irrigation water right (may) or (may not) be sold separately from the land.
16. A Type II non-irrigation water right (may) or (may not) be sold separately from the land.
17. The method of describing property using distances and directions is known as _____.
18. The four requirements for a valid metes and bounds description are: _____, _____, _____ and _____.
19. A method of describing property that is based on a survey map that has been entered into the public records is known as _____ or _____.
20. The method of describing property that uses baselines and meridians is known as _____ or _____.
21. The Baseline runs in an _____ direction.
22. The Meridian runs in a _____ direction.
23. Range lines run in a _____ direction and are drawn every _____ miles east and west of the _____.
24. A range is a strip of land _____ miles wide which runs in a _____ direction.
25. Ranges are numbered by their distance and direction from the _____.
26. Township lines run in a _____ direction and are drawn every _____ miles north and south of the _____.
27. The intersection of range lines and township lines creates squares which are called _____ and are _____ miles long on each side.
28. Townships are numbered by their distance and direction from the _____.
29. An east-west row of townships is called a _____.
30. A township is _____ miles square and contains an area of _____ square miles.
31. Townships are broken down into _____ sections.
32. A section is _____ mile square and contains an area of _____ square miles.

33. A section contains _____ acres.
34. One square mile equals _____ acres.
35. One acre equals _____ square feet.
36. A half section contains _____ acres.
37. A quarter section contains _____ acres.
38. One mile equals _____ feet.
39. One half mile equals _____ feet.
40. One quarter mile equals _____ feet.
41. In a rectangular survey description, corrections for the earth's curvature are made every _____ miles.
42. In a rectangular survey description, a parcel of land that is 24 miles square is known as a _____.
43. A check contains _____ townships.
44. A township that absorbs the adjustments made for the earth's curvature is known as a _____ township.
45. The sections that are adjusted in a correction township are along the _____ and _____ sides of that township and are called _____ sections.
46. The number of fractional sections in a correction township is _____.
47. The number of standard sections in a correction township is _____.

AZ1 Key Facts: Real Estate Code

1. **Article XXVI** of the Arizona Constitution gives licensees the authority to prepare all types of real estate contracts.
2. The **Statute of Frauds** requires real estate contracts to be in writing to be enforceable.
3. The **Commissioner's Rules** are not law but have the force and effect of law on real estate licensees.
4. The real estate commissioner is appointed by the **Governor**.
5. The four duties of the Real Estate Commissioner are:
 - Investigate complaints against licensees**
 - Manage the AZ Dept. of Real Estate**
 - Promulgate Commissioner's Rules**
 - Audit books & records of licensees**
6. The Real Estate Advisory Board consists of **Ten (10)** members who meet **quarterly** and receive **\$0** as compensation.
7. The **Police Power** is the government power that enables the state to require real estate agents to become licensed.
8. A real estate broker is defined in law as someone who performs real estate services for **another** and for **compensation**.
9. Failure of a broker to notify the Commissioner of a change of business address automatically **terminates the broker's license**.
10. A broker must have a **sign** at the entrance to the broker's place of business.
11. A branch office must be managed by a **licensed salesperson** or **licensed broker**.
12. A **broker's** license must be displayed in the office.
13. A **salesperson's** license must be available for review by the public.

14. If a designated broker is unable to act within **24 hours**, the broker may designate a **licensee** employed by the broker or another designated broker to act on the broker's behalf. The designation shall not exceed **30** days in duration.
15. A salesperson always represents the **employing broker**.
16. An attorney-in-fact holding a **power of attorney** and acting in an isolated transaction is not required to be licensed.
17. A salesperson's or broker's license must be placed on active or inactive status within **1 year** from passing the **state exam**.
18. Licenses are issued for **2 years** from the end of the month in which activated.
19. To have a "timely renewal," a license must be renewed every **2 years** by the last **day** of the renewal month.
20. If a license is not renewed, it is considered to be **expired**.
21. After a license has expired, the licensee has a **12 month** grace period to renew.
22. If a license is not renewed on a timely basis, the licensee must pay a **late fee (late penalty)** in order to renew the license.
23. In order to renew a license, salespersons must have taken at least **24 hours** of continuing education.
24. A temporary broker's license may be issued for a period not to exceed **90** days to the surviving spouse, next of kin, or personal representative of a deceased broker or a broker who is **disabled or incompetent**.
25. Unless otherwise stated, a broker must immediately place all monies entrusted to the broker in either a neutral **escrow** depository in Arizona or in a trust fund account with a **federally insured depository** located in Arizona.
26. When depositing a client's monies in a trust account, the **broker's name** does not need to be on the deposit slip.
27. Complete records of monies received by a broker must be maintained in the **main office or branch office**.
28. The type of accounting principles a broker must use are called **GAAP-Generally Accepted Accounting Principles**.
29. Regarding trust accounts, clients' ledgers must be reconciled each **month**.

30. Mixing client's money with a broker's business money is called **commingling**.
31. A broker must keep records of all transactions handled for a period of at least **5 years** from the **closing or termination** of the transaction.
32. The amount and **type** of earnest money received in a transaction must be specifically stated in the purchase agreement, lease or earnest money receipt.
33. When must salespersons place money in the care of the broker? **Promptly**.
34. Contracts must be reviewed and initialed by the broker within **10 business days** of execution. If the broker fails to initial the agreement it **does not** invalidate the contract
35. Rejected offers to purchase real property must be retained by the broker for at least **1yr.**
36. An **employment contract** is a contract hiring a broker to buy or sell real property for compensation or commission.
37. An employing broker shall not assign a listing agreement to another broker without the **written consent** of all parties.
38. An action for collection of compensation may be taken in the **courts**.
39. To begin the action for commission, a licensee must prove that they were licensed **at the time the claim for commission arose**.
40. The Commissioner will not entertain complaints regarding disputes between licensees concerning **commissions**.
41. Real estate brokers may receive compensation from **anyone**.
42. Real estate brokers may pay other **brokers** and their own **salespersons & associate brokers**.
43. Real estate salespersons may receive compensation only from their **employing broker** and may pay **no one**.
44. It is **illegal** for anyone to pay compensation to an unlicensed person.
45. An unlicensed person who takes compensation for real estate services is guilty of a **felony**.
46. To collect from the recovery fund, the law suit must be filed against the licensee within **5 years**.
47. The recovery fund is liable for a maximum of **\$30,000** per cause of action and **\$90,000** per licensee.

48. The licensee's license is **automatically revoked** upon payment from the recovery fund.
49. No claim against the recovery fund may be made by a **licensee**.
50. To originate a license a salesperson must pay **\$10** into the recovery fund and a broker must pay **\$20**.
51. Additional money must be paid into the recovery fund when licensees renew their licenses if the fund falls below **\$600,000** by June 30th of any year.
52. A manager of one property or an on-site leasing agent may receive **performance** bonuses that may not be paid more frequently than **monthly** and cannot exceed **one-half** of their regular compensation.
53. The Commissioner may issues a **Cease and Desist Order** to a person who is violating statute or rule through some act, practice or transaction.

AZ2 Key Facts: Subdivisions & Timeshares

1. A subdivision is land which is divided into 6 or more lots, parcels or fractional interests created for sale or lease.
2. A public report, also called a subdivision disclosure statement, is a statement of important facts relating to a subdivision which allows the purchaser to make an informed decision regarding the property.
3. Prior to issuance of the public report, a subdivider may only accept lot reservations.
4. If a subdivider fails to provide a public report to the purchaser, the sale is rescindable by the purchaser within 3 years.
5. The receipt from a buyer for the public report must be kept by the subdivider for 5 years.
6. A buyer of unimproved lots or parcels from a subdivider has 7 days to rescind the purchase if the buyer has seen the land and 6 months to rescind if the buyer has not inspected the land.
7. If a person who owns or has owned six or more properties in the same subdivision sells one of the properties, the seller must provide the buyer with a public report.
8. When a subdivision is within an AMA the subdivider must obtain a Certificate of Assured Water Supply from the ADWR.
9. One of the many requirements a subdivider must meet is to provide legal access to the parcels in the subdivision.
10. If a property is not in a city and not in a recorded subdivision, the seller must provide the buyer with an Affidavit of Disclosure or the sale is rescindable by the buyer.
11. When required, an Affidavit of Disclosure must be delivered to a buyer at least 7 days prior to closing.
12. After receiving an Affidavit of Disclosure, a buyer has 5 days to rescind the purchase.

13. The sale of **12** or more timeshare units requires the developer to obtain a **timeshare public report**.
14. A purchaser may rescind a contract to purchase a timeshare within **7 days** of executing the contract.
15. If a sale is made prior to issuance of a timeshare public report, the sale is voidable by the purchaser within **3 years**.
16. Two important items that a timeshare public report must contain are a statement for installation of all improvements including **off-site improvements** and provisions for the **exchange** of occupancy rights with other owners.

AZ2 Key Facts: Commissioner's Rules

1. If a license is not renewed in a timely manner, the licensee is charged a **late fee.**
2. If a licensee's home address changes, the Commissioner must be notified within **10 days.**
3. If a licensee is convicted of a felony or misdemeanor, has another professional license revoked or has a judgment levied against them relating to real estate, the Commissioner must be notified within **10 days.**
4. A branch manager of an office may be **a salesperson or broker.**
5. A branch office license is not required for an on-site **subdivision office.**
6. When advertising a property owned by a licensee, the licensee must disclose their licensed status by using the wording "**owner-agent.**"
7. All advertising must contain the name of the **employing broker** in a **conspicuous** manner.
8. The **designated broker** must supervise all advertising.
9. When advertising uses the term "acre," the licensee must be referring to an area of land representing **43,560 square feet.**
10. In order to place a sign on a property, the licensee must obtain the owner's **written permission.**
11. A licensee shall not describe a premium offered at no cost or reduced cost to promote sales or leasing as an **award or prize.**
12. A person shall not solicit, sell, or offer to sell an interest in a development by conducting a **lottery, contest, drawing or game of chance** to influence a purchaser or prospective purchaser.
13. Upon execution of any transaction document, a licensee shall deliver a legible copy of the signed document to **each party signing the document.**

14. A licensee shall promptly submit all **offers** to the client.
15. A licensee may disclose the terms of one offer to other offerors only with the **client's permission.**
16. After an offer has been accepted by a seller, a licensee has a duty to present **other offers** to the seller, unless instructed otherwise.
17. A licensee owes a **fiduciary duty** to clients.
18. A licensee must deal **fairly** with non-clients in a transaction.
19. A licensee must disclose information that **materially and adversely** affects the parties to a transaction.
20. A licensee shall not allow a **controversy** with another licensee to jeopardize, delay, or interfere with a transaction on behalf of a client.
21. When a licensee is acting as a principal in a transaction, the licensee must disclose their **licensed status** to the other parties.
22. If a property is listed exclusively by one licensee, all negotiations must be carried on through the **listing broker or the broker's agent.**

AZ3 Key Facts: Mortgages, Trust Deeds & Land Contracts

1. A pledge of real property as collateral in which the borrower keeps possession is known as a **hypothecation**.
2. The document that serves as evidence of a debt is a **promissory note**.
3. A mortgage names a property as **collateral (security) for the debt**.
4. The borrower in a mortgage is the **mortgagor**.
5. The lender in a mortgage is the **mortgagee**.
6. The payoff of a mortgage loan is also called **defeasance**.
7. When a note and mortgage are paid off, the lender must deliver a **satisfaction of mortgage** within **30 days**.
8. When a mortgage is in default, the lender's only remedy is a **judicial** foreclosure.
9. The document that states that litigation is pending on a property is known as a **"lis pendens."**
10. When a mortgage is foreclosed and the debt is declared immediately due and payable, the debt has been **accelerated**.
11. Under a judicial foreclosure, the sale is known as a **Sheriff's** sale.
12. The document delivered to the high bidder at a judicial foreclosure sale is a **Sheriff's Certificate of Sale**.
13. After a sheriff's sale, the statutory redemption period is **6 months**.
14. After the redemption period in a judicial foreclosure has expired, title is transferred to the high bidder through a **Sheriff's Deed**.
15. The period of time between the initiation of a judicial foreclosure and the Sheriff's Sale is called the **Equity of Redemption**.
16. The period of time between the Sheriff's sale and delivery of the deed is called the **Statutory Right of Redemption**.
17. When a foreclosure sale brings more than the amount owed to the lender, the excess money belongs to the **borrower**.
18. If a property sells for less than the amount owed at a foreclosure sale, the lender may be able to obtain a **deficiency judgment** against the borrower.

19. The borrower in a deed of trust is the **trustor**.
20. The lender in a deed of trust is the **beneficiary**.
21. The party to whom the power of sale (legal title) is conveyed in a deed of trust is the **trustee**.
22. The type of title that a trustor under a deed of trust retains is known as **equitable** title.
23. The document that is used to indicate that a deed of trust has been paid off is known as a **Deed of Reconveyance**.
24. When a deed of trust is in default, the lender's foreclosure options include **judicial foreclosure** and **non-judicial foreclosure**.
25. The first step the trustee takes in a non-judicial foreclosure is to record a **Notice of Default and Trustee's Sale**.
26. In a non-judicial trust deed foreclosure, the trustee must wait at least **90 days** before conducting the foreclosure auction.
27. Between the initiation of a non-judicial trust deed foreclosure and the foreclosure auction, the borrower has a right of **reinstatement**.
28. In a non-judicial trust deed foreclosure, the foreclosure sale is called a **Trustee's Sale**.
29. The redemption period after a non-judicial trust deed foreclosure is **0 (zero)** days.
30. The person who gives instructions to the trustee to begin the non-judicial foreclosure of a trust deed is the **beneficiary**.
31. The person who conducts the foreclosure sale in a non-judicial trust deed foreclosure is the **trustee**.
32. An "Agreement for Sale" is also called a **land contract** or a **contract for deed**.
33. The parties to a land contract are the **seller (vendor)** and **buyer (vendee)**.
34. When a land contract is used, the document that is not delivered to the buyer until the purchase price is paid is the **deed**.
35. In order for a seller to foreclose a land contract judicially, the agreement must contain an **acceleration clause**.

36. When payments on a land contract are in arrears, the non-judicial process used by the seller to terminate the buyer's interest is known as **forfeiture**.
37. If a buyer has not made payments required on a land contract and has paid less than 20% of the purchase price, the seller must give the buyer at least **30 days** to bring the payments current.
38. The grace period for delinquency under a land contract in which the buyer has paid 20% or more but less than 30% of the purchase price is **60 days**.
39. The grace period for delinquency under a land contract in which the buyer has paid 30% or more but less than 50% of the purchase price is **120 days**.
40. The grace period for delinquency under a land contract in which the buyer has paid 50% or more of the purchase price is **9 months**.
41. If a foreclosure sale brings less money than the lender is owed, the lender might be able to obtain a **deficiency** judgment for the balance.
42. In certain foreclosure situations, Arizona law prohibits the lender from obtaining a deficiency judgment if the property is **2.5** acres in size and used as a **single one-family dwelling** or **single two-family dwelling (duplex)**.
43. If a borrower transfers ownership to a lender instead of going through a foreclosure, the borrower gives the lender a **"Deed in Lieu of Foreclosure"**.
44. Foreclosure of a lien may terminate the lien of a **subordinate** lien holder.
45. In a **lien theory** state, the lender does not hold any title to the property.
46. In a **title theory** state, the lender does hold title to the property.
47. Arizona is a **lien theory** state.

AZ4 Key Facts: Involuntary Liens & Homestead Exemption

1. A money encumbrance is known as a **lien**.
2. In Arizona, the lien with highest priority is **property taxes**.
3. The term "**Ad Valorem**" means "according to value."
4. The document that states the sales price of a property and is required to accompany the deed to be recorded is an **Affidavit of Legal Value**.
5. The assessed value is determined by multiplying the **Limited Property Value** x the **Assessed Value Ratio**.
6. The real property tax is determined by multiplying the **Assessed Value** x the **Tax Rate**.
7. The assessed value ratio on residential property is **10%**.
8. The assessed value ratio on vacant land is **15%**.
9. The assessed value ratio on commercial property is **18%**.
10. In Arizona, how often are taxes levied? **Annually**.
11. In Arizona, are taxes paid in advance or in arrears? **Arrears**.
12. In Arizona, how often are taxes paid? **Semi-annually**.
13. The due date for taxes for the first half of any year is **October 1st**.
14. The delinquency date for taxes for the first half of any year is **November 1st**.
15. The due date for taxes for the second half of any year is **March 1st of the next year**.
16. The delinquency date for taxes for the second half of any year is **May 1st of the next yr**.
17. In Arizona, property taxes become a lien on the property on **January 1st**.
18. Interest on delinquent taxes is charged at the rate of **16%**.
19. The public auction of tax liens is commonly called a **Treasurer's Sale**.
20. The highest bidder at a tax lien auction receives a **Treasurer's Certificate of Purchase**.
21. The redemption period after a tax lien auction is **3 years**.
22. A tax lien certificate holder must begin a foreclosure within **10 years** or the lien becomes void.
23. The document through which a manufactured home becomes taxed as real property is an **Affidavit of Affixture**.

24. A government lien placed on property to pay the cost of improvements such as street lights or sewers is an **assessment (special assessment)**.
25. Special assessments have what priority? **#2 (second)**.
26. A lien for labor or materials is a **mechanic's lien**.
27. In order for a contractor to place a lien on a property, the contractor must provide the owner with a preliminary lien notice within no more than **20 days** of first performing work or supplying materials.
28. Mechanic's liens for labor may only be recorded by a **licensed contractor**.
29. Mechanic's liens must be recorded within **120** days from **completion** of work.
30. Once a mechanic's lien has been recorded, a contractor must begin foreclosure of the lien within **180 days**.
31. Once recorded, mechanic's liens establish priority as of the day the work **began**.
32. A general lien levied by a decision of a court is a **judgment**.
33. The priority of a judgment is established by the date the judgment was **recorded**.
34. Unless otherwise stipulated, judgments bear interest at the **legal** rate.
35. A **Homestead Exemption** exempts a portion of a homeowner's equity from attachment and execution of a judgment.
36. The maximum dollar exemption allowed under the provisions of a homestead exemption is **\$150,000**.

AZ5 Key Facts: LTA, Prop Mgmt, Planned Communities/HOA's

1. The Arizona Residential Landlord & Tenant Act does not apply to the following 5 types of property: **hotels and motels**, **religious service housing**, **school dormitories**, **public housing & commercial property**.
2. The maximum security deposit (including pre-paid rent) a landlord can require a tenant to pay is **1.5 (one and one-half)** times the monthly rent.
3. Unless a deposit is stated as being **non-refundable**, the law considers it to be **refundable**.
4. To apply security deposits to damages, the landlord must provide the tenant with an itemized accounting within **14 business days** of the tenant's demand.
5. If the landlord does not provide a tenant with an accounting of how security deposits were applied, the landlord is liable for **2 times** the deposit as damages.
6. A landlord may charge a tenant non-refundable **fees** over and above the security deposit.
7. A landlord must inform the tenant that a free copy of the **Arizona Residential Landlord-Tenant Act** is available from the Arizona Department of Housing.
8. Except in emergencies, unless waived by the tenant, the landlord must give the tenant **2 days'** notice of landlord's intent to enter the premises.
9. If there is non-compliance by the landlord affecting health and/or safety, the tenant may deliver notice to terminate the lease within **5 days**.
10. If there is non-compliance by the landlord for issues that do not affect health and/or safety, the tenant may deliver notice to terminate the lease within **10 days**.
11. If the landlord does not promptly repair minor defects the tenant may hire a **licensed contractor** to perform the required work so long as the reasonable cost of the repairs does not exceed **\$300** or **one-half** the monthly rent, whichever is greater.
12. The provisions of the previous question are commonly referred to as **"self-help for minor defects"**.

13. To terminate a month-to-month tenancy, the landlord or tenant must provide the other party with a minimum of **30 days**' notice.
14. For failure to pay rent, a landlord may begin an eviction procedure after giving the tenant **5 days** written notice.
15. If tenant abandons the premises and leaves personal property, the landlord must hold the personal property for at least **10 days**.
16. Holding a tenant's personal property for back rent is known as **distrain** and is **illegal** in Arizona for residential property.
17. The parties to a property management agreement are the **property owner** and the **broker**.
18. As a property manager, the broker is considered to be a **general** agent.
19. A property manager is concerned with obtaining the highest **net return** for the owner.
20. All property management accounts must be designated as **trust accounts**.
21. A property management agreement must contain a **beginning (inception)** date and **ending (expiration)** date.
22. A property management agreement must specify the **type** and frequency of status reports.
23. A property management agreement must state the amount and purpose of monies the manager holds as a **reserve** for emergencies and other purposes.
24. A property management agreement must provide for the disposition and allocation of **interest** earned on trust accounts.
25. A property management agreement may not be assigned to another entity without the expressed **written consent** of all parties.
26. The three persons who may sign on a property management trust account are the **broker, persons licensed to the broker** and **employees of the broker**.
27. The person who may not sign on a trust account is the **property owner**.
28. Residential leases and finder fee records must be kept for **1 year** after termination.
29. Commercial leases must be kept for **5 years** after termination.

30. A real estate development which includes real estate owned by an association created for the purpose of managing, maintaining or improving the property, and in which the owners of separately owned parcels are mandatory members and required to pay association assessments is known as a **Planned Community**.
31. When the sale of a unit in a planned community is pending, the buyer must be given extensive information about the association and its by-laws within **10 days** of receipt of written notice of that sale.
32. The seller must provide the information to the buyer if there are **49** units or less in the planned community.
33. The association must provide the information to the buyer if there are **50** units or more in the planned community.
34. The board of directors of the HOA must meet **annually**.
35. When a property management agreement is terminated, the firm must give the owner an accounting as follows:
 - 5** days for **a list of all security deposits**
 - 35** days for **reimbursement of all monies in property management account**
 - 75** days for **a final accounts receivable and payable list**
 - 75** days for **final bank account reconciliation**

AZ6 Key Facts: Water Law & Land Descriptions

1. The two categories of water are surface water and groundwater.
2. Surface water rights in Arizona are regulated by the Doctrine of Prior Appropriation
3. The state agency that regulates water rights in Arizona is the Arizona Department of Water Resources (ADWR).
4. In 1980, Arizona adopted the Groundwater Management Code to regulate ground water.
5. The three objectives of the Arizona Groundwater Management Code are to: control overdraft, allocate groundwater and increase supplies through supplemental sources.
6. The two types of areas created by the Arizona Groundwater Management Code in which ground water use is restricted are: Active Groundwater Management Areas (AMAs) and Irrigation Non-Expansion Areas (INAs).
7. Areas where irrigation use threatens to exceed limited water supplies are designated as Irrigation Non-Expansion Areas.
8. Areas where excessive overdraft is occurring are designated as Active Groundwater Management Areas.
9. If a subdivision is developed within the boundaries of an Active Groundwater Management Area, the subdivider must obtain a Certificate of Assured Water Supply (100 year supply) from the ADWR.
10. In an AMA, the developer or water provider must demonstrate what 3 things?
Uninterruptable 100-year supply
Financial ability to construct a water delivery system
The subdivision goals are consistent with AMA management goals
11. In Maricopa, Pinal and Pima counties, the Central Arizona Ground Water Replenishment District was created to replenish CAP water. Property owners are charged for this on their property tax bill.
12. If a subdivision is developed outside the boundaries of an Active Groundwater Management Area, the subdivider must obtain a Water Adequacy Report from the ADWR.

13. Within an AMA, an exempt well may have a pumping capacity of not more than **35** gallons per minute.
14. An irrigation grandfathered water right (may) or **(may not)** be sold separately from the land.
15. A Type I non-irrigation water right (may) or **(may not)** be sold separately from the land.
16. A Type II non-irrigation water right **(may)** or (may not) be sold separately from the land.
17. The method of describing property using distances and directions is known as **metes and bounds.**
18. The four requirements for a valid metes and bounds description are: **Point of Beginning (POB), Distances, Directions** and **Closure (return to POB).**
19. A method of describing property that is based on a survey map that has been entered into the public records is known as **Recorded Plat (Recorded Subdivision)** or **Lot & Block.**
20. The method of describing property that uses baselines and meridians is known as **Rectangular Survey** or **Government Survey.**
21. The Baseline runs in an **East-West** direction.
22. The Meridian runs in a **North-South** direction.
23. Range lines run in a **North-South** direction and are drawn every **6** miles east and west of the **Principal Meridian.**
24. A range is a strip of land **6** miles wide which runs in a **North-South** direction.
25. Ranges are numbered by their distance and direction from the **Principal Meridian.**
26. Township lines run in an **East-West** direction and are drawn every **6** miles north and south of the **Baseline.**
27. The intersection of range lines and township lines creates squares which are called **Townships** and are **6** miles long on each side.
28. Townships are numbered by their distance and direction from the **Baseline.**
29. An east-west row of townships is called a **Tier.**
30. A township is **6** miles square and contains an area of **36** square miles.
31. Townships are broken down into **36** sections
32. A section is **1** mile square and contains an area of **1** square mile.
33. A section contains **640** acres.

34. One square mile equals **640** acres.
35. One acre equals **43,560** square feet.
36. A half section contains **320** acres.
37. A quarter section contains **160** acres.
38. One mile equals **5,280** feet.
39. One half mile equals **2,640** feet.
40. One quarter mile equals **1,320** feet.
41. In a rectangular survey description, corrections for the earth's curvature are made every **24** miles.
42. In a rectangular survey description, a parcel of land that is 24 miles square is known as a **Check**.
43. A check contains **16** townships.
44. A township that absorbs the adjustments made for the earth's curvature is known as a **correction** township.
45. The sections that are adjusted in a correction township are along the **North** and **West** sides of that township and are called **fractional** sections.
46. The number of fractional sections in a correction township is **11**.
47. The number of standard sections in a correction township is **25**.