

12. Numerous transactions involving the same parties, usually in the same geographical area
13. Carry backs-seller financed
14. Unusually low down payments
15. Several lot splits in short period of time

These “Red Flags” do not necessarily mean you are dealing with an illegal subdivision. However, many illegal subdivisions do have more than one of these items.

Acting in Concert:

A.R.S. §32-2181(D) provides that a person or group of persons acting in concert cannot attempt to avoid the provisions of the subdivision laws by using a series of owners, or trusts or conveyances, or by any other method which ultimately results in the sale of subdivided lands. (See statute for complete wording)

Info ADRE utilizes to Conduct an Investigation:

1. All recorded documents from the County Recorder’s Office, i.e., deeds.
2. Plat maps. The original plat map and the updated one showing the splits.
3. A chart or spreadsheet showing all parties involved.
4. Pictures or copies of advertising, signs, etc.
5. Surveys from the county records.
6. Access applications from the county records.
8. Building permits from the county records.
9. Zoning requests from the county records.
10. County road information from the county records.
11. Easements.



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Info ADRE Utilizes to Conduct an Investigation

“Subdivision” or “Subdivided Lands” means improved or unimproved land or lands divided or proposed to be divided for the purpose of sale or lease, whether immediate or future, into six (6) or more lots. See A.R.S. §32-2101(55) for the complete definition. Condominiums are included.

“Subdivider” means any person who offers for sale or lease six (6) or more lots in a subdivision or cause land to be subdivided into a subdivision. See A.R.S. §32-2101(54) for the complete definition.

Subdivision Disclosure Report

A.R.S. §32-2183(F) provides that no Subdivider shall sell lots in a subdivision without first obtaining a public report unless exempt. Further, any sale prior to issuance of the public report to the purchaser shall render the sale rescindable by the purchaser. An action to rescind shall be brought within three (3) years of the date of execution of the purchase agreement.

The Subdivision Disclosure Report (public report) is a disclosure document containing information provided by the subdivider and gathered by the Department. The law requires it be given to buyers prior to purchase so that they may make an informed decision. Information disclosed in the report includes:

1. Physical features and characteristics of the subdivided lands and surrounding area.
2. Ownership and the condition of title to the subdivided land including liens and encumbrances.
3. Land use and restrictions.
4. Completion status of subdivision improvements, e.g. streets, utilities, water, sewer, recreational facilities.

5. Costs to be borne by buyers for completion of subdivision improvements or for extensions and hook-ups of utility services.
6. The manner in which Seller plans to conduct sales.
7. General information about the Seller which may include past violations of law.

Requirements to Obtain a Subdivision Disclosure Report include:

1. Recorded map (plat) of the subdivision containing local government acceptance and approval.
2. Completed questionnaire section of the ADRE's application for Subdivision Disclosure Report.
3. Title Report.
4. Permanent access to all lots.
5. Ability to deliver title clear of all liens and encumbrances.
6. Health Department approval of the subdivisions water and wastewater disposal plans (from ADEQ or their designee).
7. Certificate of Assured Water Supply or Water Report from ADWR.

Investigating Illegal Subdivisions:

1. Determine that a subdivision was created.

2. The method by which the subdivision was created.
3. The subdivision was created without complying with State, County or City laws or ordinances.
4. The sale of lots or parcels were in violation of the State Subdivision Laws.

Red Flags:

1. Earnest monies paid in cash.
2. Monies paid out of escrow
3. Double escrows
4. Short time between transactions
5. Same last names in transactions
6. Transfers from individuals to company to individuals
7. Use of same address for different transactions
8. Use of the same Notary in several transactions
9. Use of same surveyor
10. Use of same Real Estate Agent
11. Agreements of sale, purchase contracts or Deeds of Trust, etc., with lot release provisions