

TITLE 4. PROFESSIONS AND OCCUPATIONS

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DIVISION**

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ARTICLE 1. GENERAL PROVISIONS

R4-46-101. Definitions

The definitions in [A.R.S. §§ 32-3601](#), [32-3651](#), and [32-3661](#) apply to this Chapter. Additionally, unless the context otherwise requires, in this Chapter:

“Accredited” means approved by an accrediting agency recognized by the Council for Higher Education Accreditation or the U.S. Secretary of Education.

“AMC” means appraisal management company as defined at [A.R.S. § 32-3661](#).

“Appraisal practice” means valuation services performed by an individual acting as an appraiser, including but not limited to an appraisal or appraisal review.

“Appraiser” means an individual, other than a property tax agent as defined at [A.R.S. § 32-3651](#), registered, licensed, or certified by the Superintendent to complete valuation assignments regarding real estate competently in a manner that is independent, impartial, and objective.

“AQB” means the Appraisal Qualifications Board as defined at [A.R.S. § 32-3601](#).

“Assignment” means the valuation service that an appraiser provides as a consequence of an agreement between the appraiser and a client.

“Classroom education” means appraisal education delivered in a setting where there is no geographical separation between the instructor and student.

“Consent agreement” means a written agreement between the Superintendent and a respondent that concerns disciplinary or remedial action.

“Conviction” means a judgment by any state or federal court of competent jurisdiction in a criminal case, regardless of whether an appeal is pending or could be taken, and includes any judgment or order based on a plea of no contest.

“Course owner” means a person or a combination of persons that own the propriety rights to a course. A course owner may have developed the course or may have purchased the propriety rights to the course.

“Department of Financial Institutions counsel” means the assistant attorney general who provides legal advice to the Superintendent.

“Direct supervision” means that a designated supervisory appraiser of a registered trainee appraiser is directing and overseeing the production of each appraisal assignment and is personally and physically present during the entire inspection of each appraised property.

“Disciplinary action” means any regulatory sanction imposed by the Department, including a letter of due diligence, a consent agreement, probation, suspension, revocation, or an acceptance of surrender of a license or certificate.

“Dismissal” means termination of a complaint when the Superintendent finds there is no unprofessional conduct.

“Distance education” means appraisal education delivered in a setting in which the learner and instructor are geographically separated.

“Due diligence” means the diligence reasonably expected from, and ordinarily exercised by, a person regulated by the Superintendent, in accordance with A.R.S. Title 32, Chapter 36 and this Chapter.

“Formal complaint” means a notice of allegations issued by the Superintendent under [R4-46-302](#).

“Formal hearing” means an adjudication of a disputed matter, conducted by the Office of Administrative Hearings (OAH) or the Superintendent, under [R4-46-302](#).

“Informal hearing” means a voluntary meeting with Department staff in which a respondent is asked to respond to a complaint under [R4-46-301\(D\)](#).

“Initial review” means the Department staff’s first review of a complaint, the response to the complaint, if any, the relevant appraisal report or other work product, work file, and investigative summary, if any.

“Investigation” means a fact-finding process initiated when the Superintendent receives a complaint concerning the appraisal practice or professional conduct of a named respondent.

“Investigator” means an individual who is a Department employee or operates under a contract with the Superintendent to carry out independent investigations of alleged violations.

“Jurisdictional criteria” means the statutory standards used by the Department to determine whether a complaint falls within the Superintendent’s jurisdiction.

“Letter of concern” means a non-disciplinary advisory letter to notify a respondent that the finding of the Superintendent does not warrant disciplinary action, but is nonetheless cause for concern on the part of the Superintendent and that its continuation may result in disciplinary action.

“Letter of due diligence” means a disciplinary letter of agreement between the Superintendent and a respondent that may or may not include remedial action when minor violations of A.R.S. Title 32, Chapter 36 or this Chapter are found.

“Letter of remedial action” means a non-disciplinary letter issued by the Superintendent that requires a respondent to take remedial action when any minor violation of A.R.S. Title 32, Chapter 36 or this Chapter is found.

“Mentor” means a certified appraiser authorized by the Department staff to supervise the work product of an appraiser who is subject to disciplinary action by the Superintendent.

“Order” means an administrative order that contains findings of fact, conclusions of law, and disciplinary action, issued by the Superintendent after a formal hearing or by consent.

“Party” means each person or agency named or admitted as a party or properly seeking and entitled to participate in any proceeding before the Department staff.

“Probation” means a term of oversight by the Department staff, imposed upon a respondent as part of a disciplinary action, which may include submission of logs, working under the supervision of a mentor, or other conditions intended to protect the public and educate the respondent.

“Remedial action” means any corrective remedy ordered by the Superintendent that is designed to assist the respondent in improving the respondent’s professional practice.

“Respondent” means an appraiser, course owner, property tax agent, or appraisal management company against whom a complaint has been filed or any other party responding to a motion or a proceeding before the Superintendent.

“Secondary provider” means a person that purchases or otherwise lawfully acquires the right to provide a course independently of the course owner that retains proprietary rights to the course.

“Summary suspension” means an immediate suspension of a license, certificate, registration or designation by the Superintendent based on a finding that the public health, safety, or welfare imperatively requires emergency action.

“USPAP” means the Uniform Standards of Professional Appraisal Practice, issued and updated by The Appraisal Foundation and made state law under [A.R.S. § 32-3610](#).

“Work file” means the documentation necessary to support the analysis, opinions, and conclusions of an appraisal-assignment or tax appeal.

R4-46-102. Powers of Superintendent

- A. The Superintendent may appoint advisory committees the Superintendent deems appropriate. The committees shall make advisory recommendations to the Superintendent. The Superintendent, in its discretion, may accept, reject, or modify the advisory recommendations.
- B. Under the authority provided by [A.R.S. § 32-3605\(B\)](#), the Superintendent may designate, train, and supervise volunteer licensees to conduct compliance audits of approved courses under [R4-46-508](#).

R4-46-103. Real Estate Appraisal Records; Public Access; Copying

- A. The Department shall keep all documents and information reasonably necessary or appropriate to maintain an accurate record of official activities including, but not limited to:
 - 1. Applications for an original registration, license, certificate, designation, or course approval;
 - 2. Renewal applications;
 - 3. Examination results;
 - 4. Documents, transcripts, and pleadings relating to disciplinary proceedings and to hearings on the denial of a registration, license, certificate, designation, or course approval;
 - 5. Investigative reports;
 - 6. Staff memoranda; and
 - 7. General correspondence between the Superintendent and any person, including a member of the Department's staff.
- B. A person shall not remove Department records from the office unless the records are in the custody and control of the Superintendent, a member of the Department's staff, or the Department of Financial Institutions counsel. The Superintendent may designate a staff member to observe and monitor any examination of Department records.
- C. The Superintendent shall provide copies of all non-confidential records for public inspection and copying according to the procedures described in [A.R.S. Title 39, Chapter 1, Article 2](#).

R4-46-106. Fees

- A. Under the specific authority provided by [A.R.S. §§ 32-3607, 3619, and 3667](#), the Superintendent establishes and shall collect the following fees:
 - 1. Application for original license or certificate: \$400
 - 2. Application for registration as a trainee appraiser: \$300
 - 3. Examination: The amount established by the AQB-approved examination provider
 - 4. Biennial renewal of a license or certificate: \$425
 - 5. Renewal of registration as a trainee appraiser: \$300
 - 6. Delinquent renewal (in addition to the renewal fee): \$25
 - 7. Biennial national registry: The amount established by the appraisal subcommittee

8. Application for license or certificate by reciprocity: \$400
 9. Application for non-resident temporary license or certificate: \$150
 10. Course approval:
 - a. Core-curriculum qualifying education
 - i. Initial course approval: \$200
 - ii. Renewal of course approval: \$200
 - b. Continuing education
 - i. Initial course approval: \$200
 - ii. Renewal of course approval: \$200
 11. Application for initial registration as an appraisal management company: \$2,500
 12. Biennial renewal of registration as an appraisal management company: \$2,500
- B.** The fees established in subsection (A) and those specified in [A.R.S. § 32-3652](#) are not refundable unless the provisions of [A.R.S. § 41-1077](#) apply.
- C.** A person shall pay fees by cash or credit or debit card, or by certified or cashier's check or money order payable to the Department of Financial Institutions. If a person pays a fee by credit or debit card, the Superintendent shall, as authorized by [A.R.S. § 32-3607\(C\)](#), impose a convenience fee in the amount established under state contract in addition to the amount specified in subsection (A) or [A.R.S. § 32-3652](#).

R4-46-107. Procedures for Processing Applications

- A.** To comply with A.R.S. Title 41, Chapter 6, Article 7.1, the Superintendent establishes the following time-frames for processing applications for registration, licensure, certification, and designation, including renewal applications, and applications for course approval:
1. Department staff shall notify the applicant within 45 days after receipt of the application that it is either administratively complete or incomplete. If the application is incomplete, Department staff shall specify in the notice what information is missing.
 2. Department staff shall not substantively review an application until the applicant has fully complied with the requirements in statute or this Chapter. The Superintendent shall render a final decision not later than 45 days after the applicant successfully completes all requirements in statute or this Chapter.
 3. The overall time-frame for action is 90 days, 45 days for administrative completeness review and 45 days for substantive review.
- B.** If the Superintendent denies registration, licensure, certification, designation, or course approval to an applicant, Department staff shall send the applicant written notice explaining:
1. The reason for denial, with citations to supporting statutes or rules;
 2. The applicant's right to seek a hearing to appeal the denial; and
 3. The time for appealing the denial.

ARTICLE 2. REGISTRATION, LICENSURE, AND CERTIFICATION AS AN APPRAISER

R4-46-201. Appraiser Qualification Criteria

- A. Classifications.** As specified in [A.R.S. § 32-3612](#), Arizona recognizes five classifications of appraisers. These classifications are:
1. Registered trainee appraiser,
 2. State licensed real estate appraiser,
 3. State certified residential real estate appraiser,
 4. State certified general real estate appraiser, and
 5. Designated supervisory appraiser.
- B. Qualification criteria.** Except as provided elsewhere in this Chapter, an applicant for registration, licensure, certification, or designation shall meet the classification-specific qualification criteria established by the AQB in:
1. The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria (Real Property Appraiser Qualification Criteria Effective January 1, 2008; Appendix, Real Property Appraiser Qualification Criteria Prior to January 1, 2008; Includes All Interpretations and Supplementary Information as of February 1, 2007) referred to as the “2008 Criteria;” or
 2. The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria (Real Property Appraiser Qualification Criteria Effective January 1, 2015; Appendix, Real Property Appraiser Qualification Criteria Prior to January 1, 2015; Includes All Interpretations and Supplementary Information) referred to as the “2015 Criteria;”
 3. The Board incorporates by reference the materials listed in subsections (B)(1) and (2). The incorporated materials include no future editions or amendments. A copy of the incorporated materials is on file with the Board and may be obtained from the Board or the Appraisal Foundation, 1155 15th Street, NW, Suite 1111, Washington, DC 20005; (202) 347-7722; fax (202) 347-7727; or www.appraisalfoundation.org.
- C. Components of qualification criteria.** For each level of classification identified under subsection (A), the qualification criteria referenced in subsection (B) are divided into three components: education, experience, and examination. The education component is further divided:
1. For applicants for registration, licensure, or certification, the education component requires a specified number of hours of the appraiser core curriculum;
 2. For applicants for licensure or certification, the education component requires hours of college-level education from an accredited degree-granting institution, and
 3. For applicants who are certified by the Board and applying to be designated as a supervisory appraiser and for applicants for registration, the education component requires completion of a course that complies with the specifications for content established by the AQB.

D. Application of qualification criteria.

1. If an applicant is not currently registered, licensed, certified, or designated by the Board, the applicant shall meet the qualification criteria for the classification for which application is made:

- a. Through December 31, 2014, the qualification criteria for licensure or certification are those listed in subsection (B)(1);
- b. Through December 31, 2014, the qualification criteria for registration as a trainee appraiser are the 75 hours of appraiser core curriculum required under [R4-46-201\(B\)\(1\)](#) for licensure including the 15-hour National USPAP Course or its ABQ-approved equivalent; and
- c. On and after January 1, 2015, the qualification criteria for all classifications are those listed in subsection (B)(2).

2. If an individual currently registered, licensed, or certified by the Board makes application to be licensed or certified in a different classification, as specified under subsection (A), the Board shall require the individual to show evidence that the individual meets the education, experience, and examination requirements for the new classification that differ from the requirements for the current classification.

E. Regardless of whether a transaction is federally related:

1. A state licensed residential appraiser is limited to the scope of practice in [A.R.S. § 32-3612\(A\)\(3\)](#), and
2. A state certified residential appraiser is limited to the scope of practice in [A.R.S. § 32-3612\(A\)\(2\)](#).

F. Notwithstanding the criteria incorporated by reference in subsection (B),

1. An applicant shall not obtain more than 75 percent of required core-curriculum qualifying education through distance education. The Board shall allow credit toward qualifying education requirements only if distance education provides live interaction between learner and instructor and includes testing;

2. An applicant shall not obtain the 15-hour National USPAP Course, or its ABQ-approved equivalent, through distance education;

3. Qualifying education credit may be obtained at any time before the date of application, except:

a. The 15-hour National USPAP Course or its AQB approved equivalent shall be obtained within two years before the date of application; and

b. On and after January 1, 2015, an applicant for original registration as an appraiser trainee shall obtain all qualifying education within five years before the date of application; and 4. Seventy-five percent of the applicant's experience component shall include work product where the applicant inspected the subject property.

R4-46-201.01. Application for Designation as a Supervisory Appraiser; Supervision of a Registered Trainee Appraiser

A. On and after January 1, 2015, an individual who wishes to act as a supervisory appraiser for a registered trainee appraiser shall:

1. Apply for and obtain designation from the Board as a supervisory appraiser before providing supervision to a registered trainee appraiser;
2. Have been state certified for at least three years; and
3. Apply for designation under [A.R.S. § 32-3614.02](#).

B. To apply for designation as a supervisory appraiser on and after January 1, 2015, a certified appraiser shall submit to the Board:

1. An application for designation, which is available from the Board office and on its web site;
2. A statement whether the applicant for designation has been disciplined in any jurisdiction in the last three years in a manner that affects the applicant's eligibility to engage in appraisal practice and if so, the name of the jurisdiction, date of the discipline, circumstances leading to the discipline, and date when the discipline was completed;
3. Evidence that the applicant for designation completed a training course that complies with the course content established by the AQB and is specifically oriented to the requirements and responsibilities of supervisory and trainee appraisers;
4. A signed affirmation that the applicant for designation will comply with the USPAP competency rule for the property type and geographic location in which the supervision will be provided;
5. Fingerprints that meet the criteria of the Federal Bureau of Investigation and are taken by a law enforcement agency or other qualified entity. The applicant for designation shall obtain a fingerprint card from the Board and provide the card to the agency or entity that takes the fingerprints; and
6. The amount charged by the Department of Public Safety for processing fingerprints.

C. Supervision requirements.

1. A registered trainee appraiser may have more than one designated supervisory appraiser.
2. A designated supervisory appraiser shall not supervise more than three registered trainee appraisers at any one time.
3. A registered trainee appraiser shall maintain a separate appraisal log for each designated supervisory appraiser and, at a minimum, include the following in each log for each appraisal:
 - a. Type of property,
 - b. Date of report,
 - c. Address of appraised property,
 - d. Description of work performed by the registered trainee appraiser,
 - e. Scope of review and supervision provided by the designated supervisory appraiser,
 - f. Number of actual work hours worked by the registered trainee appraiser on the assignment, and
 - g. Signature and state certificate number of the designated supervisory appraiser.

4. A designated supervisory appraiser shall provide to the Board in writing the name and address of each registered trainee appraiser within 10 days of engagement, and notify the Board in writing immediately when the engagement ends.
5. If a registered trainee appraiser or designated supervisory appraiser fails to comply with the applicable requirements of this Section:
 - a. The registered trainee appraiser or the designated supervisory appraiser may be subject to disciplinary action under [A.R.S. § 32-3631\(A\)\(8\)](#), and
 - b. The registered trainee appraiser shall not receive experience credit for hours logged during the period that the registered trainee appraiser or designated supervisory appraiser failed to comply with the applicable requirements of this Section.
- D.** Through December 31, 2014, to act as a supervising appraiser of a trainee appraiser, a certified appraiser whose certificate is in good standing and who has not been disciplined in a manner that affects the certified appraiser's eligibility to engage in appraisal practice in the last three years may apply for designation under subsection (B) or shall:
 1. Submit to the Board proof that the certified appraiser completed at least four hours of Board-approved continuing education regarding the role of a supervising appraiser;
 2. Comply with subsection (C);
 3. Instruct and directly supervise the trainee appraiser; and
 4. Review and sign all final appraisal documents certifying the appraisals comply with USPAP.

Historical Note

Section [R4-46-201.01](#) made by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-202. Application for Original Registration, Licensure, or Certification

- A.** An applicant for an original registration, licensure, or certification shall submit:
1. A completed application form, which is available from the Board office and on its web site. There is an application form specific to each classification listed in [R4-46-201\(A\)](#). An applicant shall ensure that the applicant completes the correct application form;
 2. Evidence of being qualified under A.R.S. Title 32, Chapter 36, Article 2, and this Chapter;
 3. Documentation of citizenship or alien status, specified under [A.R.S. § 41-1080\(A\)](#), indicating the individual's presence in the U.S. is authorized under federal law, and
 4. Fingerprints that meet the criteria of the Federal Bureau of Investigation and are taken by a law enforcement agency or other qualified entity. The applicant shall obtain a fingerprint card from the Board and provide the card to the agency or entity that takes the fingerprints.
- B.** To be eligible for an original registration, licensure, or certification, an applicant shall:

1. Meet the education and experience qualification criteria contained in A.R.S. Title 32, Chapter 36, Article 2 and this Chapter;
 2. Achieve a passing score on the applicable examination required by [R4-46-204\(B\)](#), unless exempted under [A.R.S. § 32-3626](#) or the application is for registration as a trainee appraiser;
 3. Pay the application, examination, and biennial national registry fees specified in [R4-46-106](#);
 4. Pass a criminal background check; and
 5. Pay the charge established by the Department of Public Safety for processing fingerprints.
- C.** Additionally, on and after January 1, 2015, an applicant for original registration as a trainee appraiser shall submit:
1. Evidence that the applicant completed a training course that complies with the course content established by the AQB and is specifically oriented to the requirements and responsibilities of supervisory and trainee appraisers; and
 2. A signed affirmation that the applicant knows and will comply with the USPAP competency rule for the property type that will be appraised.
- D.** An applicant shall meet all requirements for registration, licensure, or certification within one year after filing the application or the Board shall close the applicant's file. If an applicant whose file is closed wishes to be considered further for registration, licensure, or certification, the applicant shall reapply under this Section. The Board shall notify an applicant whose application is closed by certified mail or personal service at the applicant's address of record. Notice is complete when deposited in the U.S. mail or by service as permitted under the Arizona Rules of Civil Procedure.

Historical Note

Adopted effective December 29, 1995 (Supp. 95-4). Amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 6 A.A.R. 768, effective February 3, 2000 (Supp. 00-1). Amended by final rulemaking at 11 A.A.R. 1880, effective May 3, 2005 (Supp. 05-2). Amended by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2). Amended by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-202.01. Application for Licensure or Certification by Reciprocity

The Board shall license or certify an individual by reciprocity in the same classification, as specified in [R4-46-201\(A\)](#), in which the individual is currently licensed or certified if the individual:

1. Is licensed or certified in a state that meets the standards established at [A.R.S. § 32-3618](#);
2. Submits the application form required by the Board. The application form may be obtained from the Board office or on its web site;
3. Submits documentation of citizenship or alien status, specified under [A.R.S. § 41-1080\(A\)](#), indicating the individual's presence in the U.S. is authorized under federal law;
4. Has the state in which the individual is currently licensed or certified send a verification of credential directly to the Board that provides the following information:
 - a. License or certification number;
 - b. Classification, as specified in [R4-46-201\(A\)](#), in which the individual is currently licensed or certified;

- c. Statement of whether the license or certificate is in good standing; and d. Statement of whether disciplinary proceedings are pending against the individual;
- 5. Submits fingerprints that meet the criteria of the Federal Bureau of Investigation and are taken by a law enforcement agency or other qualified entity. The applicant shall obtain a fingerprint card from the Board and provide the card to the agency or entity that takes the fingerprints; and
- 6. Submits the application and biennial national registry fees specified in R4-46-106 and pays the charge established by the Department of Public Safety for processing fingerprints.

Historical Note

Section R4-46-202.01 made by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-203. Application for Non-resident Temporary Licensure or Certification

- A.** To be eligible to obtain a non-resident temporary license or certificate, an individual shall:
 - 1. Be licensed or certified as an appraiser in a state other than Arizona;
 - 2. Not be licensed or certified as an appraiser in Arizona; and
 - 3. Have a dated and signed letter from a client that names the individual and indicates the client has engaged the individual to conduct an appraisal in Arizona, identifies the property or properties to be appraised, and specifies a date certain for completion of the assignment that is no more than one year from the date on which the Board issues a non-resident temporary license or certificate.
- B.** To apply for a non-resident temporary license or certificate, an individual who meets the pre-requisites in subsection (A) shall submit:
 - 1. An application form, which is available from the Board office and on its web site;
 - 2. An irrevocable consent to service of process;
 - 3. Documentation of citizenship or alien status, specified under [A.R.S. § 41-1080\(A\)](#), indicating the applicant's presence in the U.S. is authorized under federal law;
 - 4. Fingerprints that meet the criteria of the Federal Bureau of Investigation and are taken by a law enforcement agency or other qualified entity. The applicant shall obtain a fingerprint card from the Board and provide the card to the agency or entity that takes the fingerprints.
 - 5. The fee required under [R4-46-106 \(A\)\(6\)](#). The charge established by the Department of Public Safety for processing fingerprints.
- C.** The Board shall grant an extension of no more than 120 days to an individual to whom a non-resident temporary license or certificate has been issued if the individual provides written notice to the Board before the date specified in subsection (A)(3) that more time is needed to complete the assignment described in subsection (A)(3).
- D.** An appraiser to whom the Board has previously issued a nonresident temporary license or certificate may, if qualified under subsection (A), apply for another non-resident temporary license or certificate by complying with

subsection (B) except, the Board shall not require the applicant to comply again with subsections (B)(4) and (B)(6).

E. The Board shall issue no more than 10 non-resident temporary licenses or certificates to an individual in any 12-month period.

Historical Note

Adopted effective December 29, 1995 (Supp. 95-4). Section R4-46-203 renumbered to R4-46-204; new Section R4-46-203 adopted effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 11 A.A.R. 1880, effective May 3, 2005 (Supp. 05-2). Amended by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2). Section repealed; new Section made by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-204. Licensure and Certification Examinations

A. An applicant for licensure or certification may schedule an examination after the Board provides written notice to the applicant that the Board has determined the applicant's experience and education meet the standards specified in [R4-46-201](#).

B. An applicant shall successfully complete the AQB-approved examination for the classification for which application is made.

C. An applicant for licensure or certification who fails to pass the required examination or fails to appear for a scheduled examination may schedule another examination by providing written notice to the Board and paying the examination fee specified in [R4-46-106](#).

Historical Note

Adopted effective December 29, 1995 (Supp. 95-4). Former Section R4-46-204 renumbered to R4-46-205; new Section R4-46-204 renumbered from R4-46-203 and amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 11 A.A.R. 1880, effective May 3, 2005 (Supp. 05-2). Amended by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2). Amended by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-205. Issuance of a Registration, License, or Certificate

If the Board determines that an applicant for registration, licensure, or certification meets the qualification criteria prescribed in [R4-46-202](#), the Board shall issue a registration, license, or certificate that entitles the applicant to practice within the appropriate scope specified in [A.R.S. § 32-3612](#) for the term specified in [A.R.S. § 32-3616](#).

Historical Note

Adopted effective December 29, 1995 (Supp. 95-4). R4-46-205 renumbered to R4-46-206; new Section R4-46-205 renumbered from R4-46-204 and amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2). Amended by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-206. Repealed

Historical Note

Adopted effective December 29, 1995 (Supp. 95-4). R4-46-206 renumbered to R4-46-207; new Section R4-46-206 renumbered from R4-46-205 and amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 11 A.A.R. 1880, effective May 3, 2005 (Supp. 05-2). Amended by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2). Repealed by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-207. Renewal of a Registration, License, or Certificate; Changing Classification

A. An appraiser seeking to renew a registration, license, or certificate in the appraiser's current classification, as specified under [R4-46-201\(A\)](#), shall submit a completed application. To be eligible for renewal of a registration, license, or certificate, an applicant shall:

1. Meet the requirements of A.R.S. Title 32, Chapter 36, and this Chapter;
2. Meet the continuing education requirements in *The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria*, which is incorporated by reference in [R4-46-201\(B\)](#), except:
 - a. The Board shall not grant hours toward the continuing education requirement unless the length of the educational offering is at least three hours;
 - b. A renewal applicant shall not obtain the 7-Hour National USPAP Update Course, or its AQB approved equivalent through distance education;
 - c. A renewal applicant shall not obtain more than 75 percent of required continuing education through distance education. The Board shall allow credit toward continuing education requirements only if distance education provides live interaction between learner and instructor and includes testing or another mechanism to demonstrate knowledge of the subject matter.
 - d. Except for the 7-Hour National USPAP Update Course or its AQB-approved equivalent, the Board shall not accept a repeated educational offering for use as continuing education within a renewal period; and
 - e. During each renewal period, the Board shall allow an appraiser to receive a total of 50 percent of the required continuing education hours from the following:
 - i. Teaching a Board-approved course. The Board shall allow the instructor of an approved course the same number of continuing education hours as a participant in the approved course. The Board shall allow continuing education hours during a renewal period for only one teaching of the same Board-approved course;
 - ii. Serving as a volunteer auditor under [R4-46-506](#). The Board shall allow the auditor of an approved course the same number of continuing education hours as a participant in the approved course. The Board shall allow continuing education hours during a renewal period for only one audit of the same Board approved course; and
 - iii. Attending a regularly scheduled Board meeting. The Board shall allow an appraiser to receive a continuing education hour for each hour of one regularly scheduled Board meeting attended to a maximum of three hours during a renewal period. To receive these continuing education hours, the appraiser shall attend at least two hours of the regularly scheduled Board meeting and ensure that the appraiser's name is not part of an item on the meeting agenda.
 - f. A registered trainee appraiser shall fulfill three hours of the continuing education requirement by attending at least three hours of one Board meeting.
3. If the documentation submitted under [R4-46-202\(A\)\(3\)](#) was a limited form of work authorization issued by the federal government, submit evidence that the work authorization has not expired; and
4. Pay both the renewal and biennial national registry fees.

B. If the last day for filing a renewal application falls on a Saturday, Sunday, or legal holiday, the appraiser may file the renewal form on the next business day.

C. If an appraiser fails to seek renewal within the time specified in [A.R.S. § 32-3619](#) but wants to continue to engage in real estate appraisal activity, the former appraiser shall reapply and meet the requirements of [R4-46-202](#).

D. An appraiser who wishes to be licensed or certified in a classification different from the appraiser's current classification shall:

1. Submit the appropriate application form required under [R4-46-202\(A\)](#);
2. Make the showing required under [R4-46-201\(D\)\(2\)](#);
3. Pay the fees required under [R4-46-202\(B\)\(3\)](#); and
4. If not done previously, comply with [R4-46-202\(A\)\(4\)](#) and [\(B\)\(4\)](#) and [\(5\)](#).

Historical Note

Adopted effective December 29, 1995 (Supp. 95-4). R4-46-207 renumbered to R4-46-209; new Section R4-46-207 renumbered from R4-46-206 and amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 11 A.A.R. 1880, effective May 3, 2005 (Supp. 05-2). Amended by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2). Amended by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-208. Repealed

Historical Note Adopted effective December 29, 1995 (Supp. 95-4). R4-46-208 renumbered to R4-46-210; new Section R4-46-208 adopted effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 11 A.A.R. 1880, effective May 3, 2005 (Supp. 05-2). Section repealed by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2).

R4-46-209. Replacement of a Registration, License, or Certificate; Name Change

- A.** If an original registration, license, or certificate is lost, damaged, or destroyed, the appraiser may obtain a replacement registration, license, or certificate by providing written notice to the Board.
- B.** If the name of an appraiser is legally changed, the appraiser shall submit written notice of the change to the Board and attach to the notice documentation showing the circumstances under which the name change occurred. The Board shall issue the appraiser a new registration, license, or certificate with the correct name.

Historical Note

R4-46-209 renumbered from R4-46-207 and amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Amended by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2). Amended by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).

R4-46-210. Repealed

Historical Note

R4-46-210 renumbered from R4-46-208 and amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3). Section repealed by final rulemaking at 13 A.A.R. 1381, effective June 2, 2007 (Supp. 07-2).

ARTICLE 3. HEARINGS AND DISCIPLINARY PROCEEDINGS

Due to the consolidation of the Board of Appraisal to the Department of Financial Institutions, the existing rules have conflicting language. The Department is working towards rectifying this language. In the meantime, please refer to the below Substantive Policy Statement for guidance on hearings and disciplinary proceedings.

Arizona Department of Financial Institutions

SUBSTANTIVE POLICY STATEMENT

Section: Real Estate Appraisal
Subject: Procedures for Hearings and Disciplinary Proceedings

July 3, 2015
Policy Statement #REA-1

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with Arizona Administrative Procedure Act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under A.R.S. § 41-1033 for a review of the statement.

STATEMENT OF PURPOSE AND SCOPE

[Senate Bill 1480](#), 2015 Leg., 52nd Reg. Sess. (Az. 2015), repealed the State Board of Appraisal (“Board”) and all authority of the Board was moved to the Superintendent and the Arizona Department of Financial Institutions (“Department”), which succeeded to the authority, powers, duties and responsibilities of the Board.

This Substantive Policy is intended to inform the regulated real estate appraisers industry (including trainees, appraisers, property tax agents and appraisal management companies) of the Department’s opinion and approach to the requirements of currently existing real estate appraisal statutes and rules, pending further legislative changes and rulemaking. Specifically, this Substantive Policy Statement is intended to inform the regulated real estate appraisers industry of the stages and steps associated with the complaint resolution process and the administrative procedures for hearings and disciplinary proceedings, in the light of the consolidation of the Board and the Department.

PROCEDURES FOR COMPLAINT REVIEW AND DISCIPLINARY PROCESS

1. **INITIAL REVIEW AND INVESTIGATION:** The Department will screen all complaints to ensure each complaint meets the minimum information criteria and any jurisdictional requirements. See [A.R.S. § 32-3605](#). For instance, [A.A.C. R-4-46-301\(A\)\(1\)](#) requires that a complaint include:
 - a. The name of the respondent against whom the allegations are being made,
 - b. The action that is the basis of the complaint,
 - c. The time-frame in which the action occurred,
 - d. Each violation alleged to have been committed by the respondent, and
 - e. A copy of the report, if the complaint includes allegations concerning an appraisal, consulting assignment, or property tax appeal.

If the complaint meets the minimum and jurisdictional requirements, the Department will promptly initiate investigation of the complaint and notify the Respondent within 14 days of receipt of the complaint. The Department will provide the Respondent with a copy of the complaint and provide an opportunity to submit a written response within 30 days of notifying Respondent of the complaint. In the process of investigation, the Department may also contact the Complainant, Respondent or third parties, or subpoena additional information. The Department may decide that the investigation requires a qualified investigator to prepare an investigative report, or that the Department should consult with a specialized subject matter expert. At the conclusion of its initial review or investigation, the Department may find either that the Respondent is (i) in compliance (e.g., that the complaint allegations, even if true, do not constitute a violation of the law or regulations, the allegations are not supported by sufficient credible evidence, or, the facts show a complete defense or legal justification), in

which case the Department will close the complaint and dismiss any pending matters; or (ii) the Department may decide to proceed with further administrative action.

2. **CONTINUED INVESTIGATION/SETTLEMENT DISCUSSIONS:** If the Department finds that violations of laws or regulations may have occurred but that suspension or revocation is not immediately warranted, the Department may contact the Respondent and offer an opportunity to participate in an interview or a settlement conference.

The Department will disclose to the Respondent its findings, and, if appropriate, will provide a consent agreement to resolve the matter by agreement. The Respondent may submit additional evidence or request an in-person conference in lieu of or in addition to a written response. In this intermediate stage, the Department may also request or subpoena additional information, or conduct further investigation.

The Department may resolve a matter at any point by settlement in which the Respondent agrees to accept disciplinary or remedial action by consent in lieu of a disciplinary order. Actions may include a letter of remedial action, a payment of civil penalty, a letter of due diligence (which may include education and mentorship), probation, restriction on the nature and scope of practice, suspension, or revocation.

3. **ADMINISTRATIVE HEARINGS:** If the Department finds that a violation of law or regulations has occurred, the Department may issue a Notice of Hearing setting forth its findings of fact, describing the required disciplinary or remedial action.

The Respondent may agree to disciplinary action, or request an informal settlement conference and/or request a hearing before an administrative law judge at the Office of Administrative Hearings (OAH). The administrative law judge will hear the case and issue a recommended decision as prescribed in [A.R.S. § 41-1092.08](#), which the Superintendent may then accept, reject, or modify, before issuing a final order. (The final order may be further submitted for re-hearing or judicial review.)

The Department may initiate administrative action at any time it determines that suspension (including summary suspension) or revocation may be warranted.

4. **COMPLIANCE FILE REVIEW:** If the Department's final decision includes the imposition of education, mentorship, suspension or the like, the Department will conduct compliance reviews to ensure compliance with the order. The Department may direct further investigation or open a complaint for noncompliance.
5. **12-MONTH FILE REVIEW:** The Department will review all complaints that are still open 12 months after the Department received the initial response to the complaint. The purpose of the review is to ensure that each complaint is processed expeditiously. As a result of this review, the Department may affirm or modify its prior decision (if any), may dismiss the complaint, or may direct the staff to proceed with further action.

Authority: 2015 Ariz. Legis. Serv. Ch. 19 (S.B. 1480), A.R.S. § 32-3601 *et seq.*
Effective Date: July 3, 2015

ARTICLE 4. APPRAISAL MANAGEMENT COMPANIES

R4-46-401. Application for Initial Registration

- A. Unless exempt under [A.R.S. § 32-3663](#), a person shall not engage in business as an AMC and shall not provide any appraisal management services unless registered with the Department.
- B. To register under subsection (A), a person shall submit:

1. A registration application form, which is available from the Department and on its web site, and provide the information and certifications required under [A.R.S. § 32-3662\(B\)](#);
 2. The name and contact information of the controlling person who will be the main contact for all communication between the Department and the AMC;
 3. For the controlling person and each individual who owns 10 percent or more of the AMC:
 - a. A copy of a fingerprint clearance card obtained under [A.R.S. § 41-1758.03](#); and
 - b. The certification required under [A.R.S. § 32-3668\(B\)\(3\)](#) or [32-3669\(B\)\(1\)](#), as applicable.
 4. Proof of the surety bond required under [A.R.S. § 32-3667](#) and [R4-46-402](#); and
 5. The fee required under [R4-46-106](#).
- C.** If an AMC operates in Arizona under more than one name, other than a DBA, the controlling person of the AMC shall ensure that a complete application, as described in subsection (B), is submitted in each name under which the AMC will operate. However, if an individual previously submitted a copy of a valid fingerprint clearance card under subsection (B), the individual is not required to submit a copy of the fingerprint clearance card again.

R4-46-402. Bond Required

- A.** The surety bond required under [A.R.S. § 32-3667](#) shall be in the amount of \$20,000 and shall be issued by a surety company authorized to do business in Arizona.
- B.** The controlling person of a registered AMC shall ensure that the surety bond required under [A.R.S. § 32-3667](#) requires the issuing surety company to provide written notice to the Department by registered or certified mail at least 30 days before the surety company cancels the bond and within 30 days after the surety company pays a loss under the bond.
- C.** The surety bond required under [A.R.S. § 32-3667](#) is to be used exclusively to ensure that a registered AMC pays:
 1. All amounts owed to persons that perform real estate appraisal services for the AMC; and
 2. All amounts adjudged against the AMC as a result of negligent or improper real property appraisal services or appraisal management services or breach of contract in performing real property appraisal services or appraisal management services.
- D.** The controlling person of a registered AMC shall ensure that the required surety bond is:
 1. Maintained in the amount of \$20,000;
 2. Funded to \$20,000 within seven days after being drawn down; and
 3. Maintained for at least one year after the AMC's registration expires, is revoked or surrendered, or otherwise ends.
- E.** If Department staff receives notice from the surety company of intent to cancel the required bond, the Department staff shall notify the controlling person of the AMC and require that the controlling person submit

proof of a replacement bond before the existing bond is cancelled. Under [A.R.S. § 32-3678](#), failure to maintain the required bond is grounds for disciplinary action.

- F. If a registered AMC operates in Arizona under more than one name, other than a DBA, the controlling person shall ensure that a separate surety bond in the amount of \$20,000 is maintained in each name.
- G. If the name of a registered AMC is changed, the controlling person of the registered AMC shall ensure that a surety bond in the amount of \$20,000 is:
 - 1. Maintained in the former name for one year after the name is changed; and
 - 2. Obtained in the registered AMC's new name.
- H. A person damaged by a registered AMC's failure to pay an obligation listed in subsection (C) has a right of action against the surety bond. The damaged person shall begin the action against the bond with the Department or in a court of competent jurisdiction within one year after the AMC failed to pay the amount owed or the amount adjudged against the AMC.
- I. If the surety bond required under [A.R.S. § 32-3667](#) is cancelled, liability of the issuing surety company is not limited or cancelled regarding any claim against the surety bond started before cancellation of the bond.

R4-46-403. Change in Controlling Person or Agent for Service of Process

- A. If any of the information submitted under [R4-46-401\(B\)\(2\)](#) changes, the controlling person of the registered AMC shall provide to the Department written notice of the change within 10 business days.
- B. If an individual becomes the controlling person of a registered AMC and the information required under [R4-46-401\(B\)\(3\)](#) was not previously submitted for the individual, the new controlling person shall ensure that the required information is submitted to the Department within 10 business days after the change in controlling person.
- C. If a registered AMC is required under [A.R.S. § 32-3662\(B\)\(4\)](#) to provide the name and contact information for an agent for service of process in this state, the controlling person of the AMC shall provide Department staff written notice of any change in the information within 10 business days.

R4-46-404. Application for Renewal Registration

- A. Under [A.R.S. § 32-3665](#), an initial registration for an AMC expires one year after the date of issuance. A renewal registration for an AMC expires two years after the date of issuance.
- B. To renew registration for an AMC, the controlling person of the registered AMC shall, at least 60 days before expiration, submit:
 - 1. A renewal registration application form, which is available from the Department and on its web site;
 - 2. The certifications required under [A.R.S. § 32-3662\(B\)](#);
 - 3. Proof of the surety bond required under [A.R.S. § 32-3667](#) and [R4-46-402](#); and
 - 4. The renewal fee specified in [R4-46-106](#).

- C. If the controlling person of a registered AMC fails to comply with subsection (B) and the registration expires, the controlling person shall ensure that the AMC immediately ceases providing all appraisal management services.

R4-46-405. Certifications

- A. Under A.R.S. § 32-3672, the controlling person of a registered AMC is required to make certain certifications to the Superintendent at the time the AMC's registration is renewed.
- B. To make the certifications required under [A.R.S. § 32-3672](#), the controlling person of a registered AMC shall use a form that is available from the Department and on its web site.
- C. The controlling person of a registered AMC shall make available to the Department on request evidence that the certifications are true and that the systems, processes, and records certified are effective in protecting the public.
- D. Under [A.R.S. § 32-3678](#), failure to comply with this Section is grounds for disciplinary action.

R4-46-406. Appeal for Waiver

- A. Under [A.R.S. §§ 32-3668](#) and [32-3669](#), an AMC for which registration is sought under R4-46-401 may not have an owner, controlling person, officer, or other individual with a 10 percent or greater financial interest in the AMC who has ever had a financial, real estate, or mortgage lending industry license or certificate refused, denied, canceled, revoked, or voluntarily surrendered in any state.
- B. The requirement in subsection (A) may be waived, at the discretion of the Superintendent, when an appeal is made by the individual who has had a financial, real estate, or mortgage lending industry license or certificate refused, denied, canceled, revoked, or voluntarily surrendered.
- C. To make an appeal for waiver under subsection (B), the individual who has had a financial, real estate, or mortgage lending industry license or certificate refused, denied, canceled, revoked, or voluntarily surrendered shall submit to the Superintendent an appeal for waiver form, which is available from the Department and on its web site.
- D. In deciding whether to waive the requirement under subsection (A), the Superintendent shall consider the following factors:
1. Whether the refusal, denial, cancellation, revocation, or voluntary surrender of a license or certificate was based on a finding of fraud, dishonesty, misrepresentation, or deceit on the part of the appellant;
 2. The amount of time that has elapsed since the refusal, denial, cancellation, revocation, or voluntary surrender of a license or certificate;
 3. Whether the act leading to the refusal, denial, cancellation, revocation, or voluntary surrender of a license or certificate was an isolated occurrence or part of a pattern of conduct;
 4. Whether the act leading to the refusal, denial, cancellation, revocation, or voluntary surrender of a license or certificate appears to have been done for a self-serving purpose;

5. The harm caused to victims, if any;
6. Efforts at rehabilitation, if any, undertaken by the appellant and evidence regarding whether the rehabilitation efforts were successful;
7. Restitution made by the appellant to victims, if any; and
8. Other factors in mitigation or aggravation that the Superintendent determines are relevant.

R4-46-407. Training Required

- A.** The controlling person of a registered AMC shall ensure that all employees and other individuals who work on behalf of the AMC and are responsible for selecting independent appraisers to perform real property appraisal services receive sufficient training to be qualified to comply with federal and state law regarding appraisal management services.
- B.** The controlling person of a registered AMC shall ensure that the training required under subsection (A) includes at least the following:
 1. Overview of the USPAP,
 2. Federal and state law applicable to real property appraisal services,
 3. Appraiser classifications and the scope of work for each classification,
 4. Factors that influence the complexity of an appraisal assignment, and
 5. Maintaining the independence of an appraiser.
- C.** The controlling person of a registered AMC shall maintain a record of all training provided to an individual described under subsection (A) for one year beyond the termination of that individual's employment by or work on behalf of the AMC.
- D.** The controlling person of a registered AMC shall make available to the Department on request a copy of all materials used to provide the training required under this Section and the records maintained under subsection (C).

R4-46-408. Voluntarily Relinquishing Registration

- A.** The controlling person of a registered AMC may voluntarily relinquish the AMC's registration if:
 1. No complaint is currently pending against the AMC;
 2. All amounts owed under [R4-46-402\(C\)](#) have been paid; and
 3. The AMC is in good standing with the Department.
- B.** To voluntarily relinquish an AMC's registration, the controlling person of the AMC shall enter into an agreement with the Superintendent that provides the AMC shall:
 1. Cease engaging in business as an AMC and cease providing appraisal management services immediately; and
 2. Maintain the surety bond required under [A.R.S. § 32-3667](#) for one year after the agreement is entered.

ARTICLE 5. COURSE APPROVAL

R4-46-501. Course Approval Required

- A. Under [A.R.S. §§ 32-3601\(10\)](#) and [32-3625](#), the Superintendent is required to approve a course, including a course presented by distance education, before the course is offered in Arizona. The Superintendent shall approve a course as either qualifying or continuing education.
- B. When approving a course as either qualifying or continuing education, Department staff shall determine whether the course satisfies the criteria specified in the material incorporated by reference in [R4-46-201\(B\)](#), except:
1. The 15-hour National USPAP Course or its AQB-approved equivalent shall not be in the form of distance education; and
 2. Only continuing education courses of at least three hours shall be approved.
- C. A course owner shall ensure that the course is not offered as either qualifying or continuing education until the course owner receives notice that the course has been approved by the Superintendent unless the course owner includes notice in the offering materials that course approval by the Superintendent is pending and no credit may be claimed for participating in the course until approval is received.
- D. Department staff shall include in the notice of course approval referenced in subsection (C):
1. An index number for the approved course,
 2. The maximum number of hours of instruction (including examination time if applicable) that may be claimed for participating in the approved course, and
 3. Whether the course is approved as qualifying or continuing education.
- E. A course owner shall ensure that the course is not advertised or represented as Superintendent -approved until after receipt of the notice referenced in subsection (D). After receiving notice of course approval, the course owner may represent in any materials that the course is Superintendent-approved.

R4-46-502. Approval of Distance-education Delivery Mechanism

If a course is to be delivered by distance education, the course owner shall obtain approval of the course-delivery mechanism from one of the following sources:

1. An AQB-approved organization that provides approval of course design and delivery;
2. An accredited institution of higher education that approves the content of the course and offers and awards academic credit for the distance-education course; or
3. An accredited institution of higher education approves the content of the course and a distance-education approval organization approves the course design and delivery, which includes interactivity.

R4-46-503. Course Owners

- A.** Superintendent approval of a course granted to the course owner extends to a secondary provider. However, for a course delivered by distance education:
1. A course owner's approval of the course-delivery mechanism, as required under [R4-46-502](#), does not extend to a secondary provider; and
 2. Both the course owner and secondary provider shall apply for and obtain approval of the course-delivery mechanism from a source listed in [R4-46-502](#).
- B.** If a course owner allows a Superintendent-approved course to be offered by a secondary provider, the course owner shall ensure that the secondary provider:
1. Uses the course owner's materials, including the same textbook and examination, if any;
 2. Allows only the number of hours specified by Department staff under [R4-46-501\(D\)](#);
 3. Uses an instructor who is qualified under the standards specified in [R4-46-506\(7\)](#); and
 4. Adheres to the course owner's policies regarding student attendance, course scheduling, and prerequisites, if any.
- C.** Before allowing a Superintendent-approved course to be offered by a secondary provider using distance education, the course owner shall comply with subsection (B) and:
1. Ensure that the secondary provider has obtained approval of the course-delivery mechanism from a source listed in [R4-46-502](#); and
 2. Provide to the Superintendent evidence that the secondary provider has obtained approval of the course-delivery mechanism for the Superintendent-approved course.
- D.** The Superintendent shall hold a course owner responsible if a secondary provider authorized by the course owner under subsection (B) or (C) violates any provision of this Chapter.

R4-46-504. Application for Course Approval

Only a course owner may apply for course approval. To apply for course approval, a course owner shall submit to the Department:

1. An application for course approval, which is available from the Department and on its web site;
2. Materials and other documents that demonstrate the course meets the minimum standards specified in [R4-46-506](#);
3. If the course will be offered using distance education, evidence of approval of the course-delivery mechanism from a source listed in [R4-46-502](#); and
4. The fee specified under [R4-46-106](#).

R4-46-505. Course Approval without Application

The Superintendent approves without application the following:

1. A course approved through the AQB’s voluntary Course Approval Program;
2. The 15-Hour National USPAP Course or its AQB-approved equivalent if the course is taught by at least one AQB-certified USPAP instructor who is also a state certified appraiser in good standing; and
3. The 7-Hour National USPAP Update Course or its AQB-approved equivalent if the course is taught by at least one AQB-certified USPAP instructor who is also a state certified appraiser in good standing.

R4-46-506. Minimum Standards for Course Approval

The Superintendent shall approve a course only if the course owner submits the following materials and documents with the application for approval required under [R4-46-504](#) and demonstrates the course, including a course presented by distance education, meets the following minimum standards:

1. Course description. Clearly describe the subject matter content of the course.
2. Summary outline. Identify major topics and the number of classroom hours devoted to each.
3. Prerequisites. Specify necessary prerequisites for any course other than a course on:
 - a. Introductory real estate appraisal principles and practices; and
 - b. Appraisal standards and ethics.
4. Learning objectives. Specific learning objectives shall:
 - a. State clearly the specific knowledge and skills students are expected to acquire by completing the course;
 - b. Be consistent with the course description required under subsection (1);
 - c. Be consistent with the instructional materials described in subsection (5);
 - d. Be achievable in the number of hours allotted for the course;
 - e. If for qualifying education, specify the required core curriculum, module subtopic, and number of course hours; and
 - f. If for continuing education, specify the appraisal topic and number of course hours.
5. Instructional materials. Instructional materials used by students shall:
 - a. Cover the subject matter in sufficient depth to achieve the learning objectives specified in subsection (4);
 - b. Reflect current knowledge and practice in the field of appraisal;
 - c. Contain no significant errors;
 - d. Use correct grammar and spelling;
 - e. Be written in a clear, concise, and understandable manner;
 - f. Be in a format that facilitates learning; and
 - g. Be bound or packaged and produced in a quality manner.

6. Examinations for qualifying education courses. Qualifying education courses shall include a series of examinations, a comprehensive final examination, or both. A course examination shall:
 - a. Contain enough questions to assess adequately whether a student acquired knowledge of the subject matter covered by the course;
 - b. Contain questions directed towards assessing whether students achieved the learning objectives specified in subsection (4);
 - c. Be allotted sufficient time for students to complete;
 - d. Contain questions on information adequately addressed in the instructional material required under subsection (5);
 - e. Contain questions that are written in a clear, accurate, and unambiguous manner;
 - f. Contain questions for which the intended answer is clearly the best answer choice;
 - g. Be proctored and close-book; and
 - h. Have a criterion for passing that is announced before the examination is given.
7. Instructor qualifications policy. The course owner has a written policy that requires use of instructors who meet at least one of the following:
 - a. Has a baccalaureate degree in any field and at least three years of experience directly related to the subject matter to be taught;
 - b. Has a master's degree in any field and one year of experience directly related to the subject matter to be taught;
 - c. Has a master's or higher degree in a field directly related to the subject matter to be taught;
 - d. Has at least five years of real estate appraisal teaching experience directly related to the subject matter to be taught; or
 - e. Has at least seven years of real estate appraisal experience directly related to the subject matter to be taught.
8. Required policies. The course owner shall have the following written policies:
 - a. Attendance policy that ensures student attendance is verified.
 - i. Stipulate that to receive credit, a student must be present for the entire course,
 - ii. Include the instructor's name on the attendance record, and
 - iii. Maintain attendance records for five years;
 - b. Scheduling policy.
 - i. Provide that a student may participate in a maximum of eight hours of instruction in a day, and
 - ii. Provide that appropriate breaks are included during each class session;
 - c. Completion certificate policy.
 - i. Require that a signed and dated completion certificate be issued promptly to all students who complete a course; and

- ii. Require that a completion certificate contain all information required on the form of certification provided by the Department.

R4-46-507. Secondary Providers

The Superintendent shall hold a course owner responsible for the activities of a secondary provider who conducts the course owner's Superintendent-approved course in Arizona. To protect the integrity of the Superintendent's approval, a course owner shall have a written agreement with a secondary provider that requires the secondary provider to:

1. Use the materials required under [R4-46-506\(5\)](#) and the examination required under [R4-46-506\(6\)](#) without change;
2. Conduct the course in accordance with the policies required under R4-46-506(7) and (8);
3. Clearly state in advertising materials that the course has been lawfully acquired from the course owner and that Superintendent approval was provided to the course owner and not to the secondary provider;
4. Cease using the materials and examination when the course approval expires under R4-46-510; and
5. If the course is to be delivered by distance learning, obtain approval of the course-delivery mechanism from a source listed in [R4-46-502](#).

R4-46-508. Compliance Audit of Approved Courses

- A. To improve the quality of education available to appraisers in this state, Department staff shall regularly audit approved courses for compliance with this Chapter.
- B. The Superintendent shall identify approved courses for audit using the following to establish the priority of audits:
 1. Approved courses about which a complaint has been received,
 2. Approved courses of a course owner that is new to this state, and
 3. Approved courses that have not been audited in the last five years.
- C. On request from the Superintendent, the course owner of an approved course shall provide the dates, times, and locations at which the approved course will be taught and the name of the instructor who will teach each presentation of the approved course.
- D. The audit of an approved course shall be conducted by a volunteer auditor trained by Department staff.
- E. The course owner of an approved course shall allow an auditor described under subsection (D) to attend the approved course at no charge.
- F. The auditor shall be identified to the instructor before the approved course starts.
- G. On request from the auditor, the course owner shall allow the auditor to examine records, materials, and other documents relevant to the approved course audited.

- H.** After review by the Superintendent, Department staff shall provide a copy of the audit report to the course owner. If the audit identifies ways in which the approved course fails to comply with this Chapter, Department staff shall:
1. Work with the course owner to establish a correction plan to bring the course into compliance;
 2. Establish a time within which the course owner is required to complete the correction plan and bring the course into compliance; and
 3. Inform the course owner of the manner in which to report the approved course is in compliance with this Chapter.
- I.** Failure of a course owner to comply with this Chapter may lead to revocation of course approval.

R4-46-509. Changes to an Approved Course

The Superintendent encourages revisions and updates that improve and keep an approved course current. However, if any of the information provided under [R4-46-506\(1\), \(2\), \(4\), or \(5\)](#) changes so substantially as to alter the scope of the approved course, the course owner of the approved course shall submit a new application for approval under [R4-46-504](#).

R4-46-510. Renewal of Course Approval

- A.** Course approval expires a maximum of two years after approval is granted. Approval of a distance education course expires in two years or, if applicable, when the distance education delivery-mechanism approval required under [R4-46-502](#) or approval under [R4-46-505](#) expires, whichever is less.
- B.** The Superintendent shall renew the approval of a course only:
1. Once after initial approval; and
 2. If the information provided under [R4-46-506\(1\), \(2\), \(4\), and \(5\)](#) has not changed substantially.
- C.** If an approved course meets the standard in subsection (B), the course owner may apply for renewal of course approval no later than 30 days before the course approval expires.
- D.** To apply for renewal of course approval, a course owner shall submit a renewal application, which is available from the Department and on its web site, and pay the renewal fee specified in [R4-46-106\(A\)\(10\)](#).

R4-46-511. Transfer of an Approved Course

- A.** A course owner that transfers the proprietary rights to a Superintendent-approved course shall provide written notice of the transfer to the Department. The course owner shall include in the notice the name of and contact information for the new course owner and the date of the transfer.
- B.** The new course owner to which the proprietary rights to a Superintendent-approved course are transferred shall attach to the notice required under subsection (A) a certification, using a form available from the Department and on its web site, that the new course owner:

1. Will adhere to the requirements in this Article, and
 2. Will be responsible for the actions of all secondary providers who have an agreement under R4-46-507.
- C. If proprietary rights to a Superintendent-approved course are transferred under this Section, the expiration date of the course approval does not change.

ARTICLE 6. PROPERTY TAX AGENTS

R4-46-601. Standards of Practice

The Superintendent may revoke or suspend a property tax agent's registration or otherwise discipline a property tax agent to the extent permitted by [A.R.S. § 32-3654](#) for any of the following acts or omissions:

1. Engaging in an activity that leads to a conviction for a crime involving the tax profession;
2. Operating beyond the boundaries of an agreed relationship with an employer or a client;
3. Inferring or implying representation of a person or firm that the agent does not represent, or filing a document on behalf of a taxpayer without specific authorization of the taxpayer;
4. Violating the confidential nature of the property tax agent-client relationship, except as required by law;
5. Inappropriately offering or accepting anything of value with the intent of inducing or in return for a specific action;
6. Assigning, accepting, or performing a tax assignment that is contingent upon producing a predetermined analysis or conclusion;
7. Issuing an appraisal analysis or opinion, in the performance of a tax assignment, that fails to disclose bias or the accommodation of a personal interest;
8. Willfully furnishing inaccurate, deceitful, or misleading information, or willfully concealing material information in the performance of a tax assignment;
9. Preparing or using, in any manner, a resume or statement of professional qualifications that is misleading or false;
10. Promoting a tax agent practice or soliciting assignments by using misleading or false advertising;
11. Soliciting a tax assignment by assuring a specific result or by stating a conclusion regarding that assignment without analysis of the facts; or
12. Performing an appraisal, as defined by [A.R.S. § 32-3601](#), unless licensed or certified by the Superintendent as an appraiser.

R4-46-602. Repealed