Chapter 46: Department of Financial Institutions - Real Estate Appraisal Division

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The release of this Chapter in Supp. 19-2 replaces Supp. 15-3, 1-17 pages

Please note that the Chapter you are about to replace may have rules still in effect after the publication date of this supplement. Therefore, all superseded material should be retained in a separate binder and archived for future reference.
PREFACE

Under Arizona law, the Department of State, Office of the Secretary of State (Office), accepts state agency rule filings and is the publisher of Arizona rules. The Office of the Secretary of State does not interpret or enforce rules in the Administrative Code. Questions about rules should be directed to the state agency responsible for the promulgation of the rule.

Scott Cancelosi, Director
ADMINISTRATIVE RULES DIVISION

RULES
The definition for a rule is provided for under A.R.S. § 41-1001. “‘Rule’ means an agency statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedures or practice requirements of an agency.”

THE ADMINISTRATIVE CODE
The Arizona Administrative Code is where the official rules of the state of Arizona are published. The Code is the official codification of rules that govern state agencies, boards, and commissions.

The Code is separated by subject into titles. Titles are divided into chapters. A chapter includes state agency rules. Rules in chapters are divided into Articles, then Sections. The “R” stands for “rule” with a sequential numbering and lettering outline separated into subsections.

Rules are codified quarterly in the Code. Supplement release dates are printed on the footers of each chapter.

First Quarter: January 1 - March 31
Second Quarter: April 1 - June 30
Third Quarter: July 1 - September 30
Fourth Quarter: October 1 - December 31
For example, the first supplement for the first quarter of 2019 is cited as Supp. 19-1.

Please note: The Office publishes by chapter, not by individual rule section. Therefore there might be only a few sections codified in each chapter released in a supplement. Historical notes at the end of a section provide an effective date and information when a rule was last updated.

AUTHENTICATION OF PDF CODE CHAPTERS
The Office began to authenticate chapters of the Administrative Code in Supp. 18-1 to comply with A.R.S. § 41-1012(B) and A.R.S. § 5302(1), (2)(d) through (e), and (3)(d) through (e).

A certification verifies the authenticity of each Code chapter posted as it is released by the Office of the Secretary of State. The authenticated pdf of the Code includes an integrity mark with a certificate ID. Users should check the validity of the signature, especially if the pdf has been downloaded. If the digital signature is invalid it means the document’s content has been compromised.

HOW TO USE THE CODE
Rules may be in effect before a supplement is released by the Office. Therefore, the user should refer to issues of the Arizona Administrative Register for recent updates to rule Sections.

ARIZONA REVISED STATUTE REFERENCES
The Arizona Revised Statutes (A.R.S.) are available online at the Legislature’s website, www.azleg.gov. An agency’s authority note to make rules is often included at the beginning of a chapter. Other Arizona statutes may be referenced in rule under the A.R.S. acronym.

SESSION LAW REFERENCES
Arizona Session Law references in a chapter can be found at the Secretary of State’s website, under Services-> Legislative Filings.

EXEMPTIONS FROM THE APA
It is not uncommon for an agency to be exempt from the steps outlined in the rulemaking process as specified in the Arizona Administrative Procedures Act, also known as the APA (Arizona Revised Statutes, Title 41, Chapter 6, Articles 1 through 10). Other agencies may be given an exemption to certain provisions of the Act.

An agency’s exemption is written in law by the Arizona State Legislature or under a referendum or initiative passed into law by Arizona voters.

When an agency files an exempt rulemaking package with our Office it specifies the law exemption in what is called the preamble of rulemaking. The preamble is published in the Register online at www.azsos.gov/rules, click on the Administrative Register link.

Editor’s notes at the beginning of a chapter provide information about rulemaking sections made by exempt rulemaking. Exempt rulemaking notes are also included in the historical note at the end of a rulemaking Section.

The Office makes a distinction to certain exemptions because some rules are made without receiving input from stakeholders or the public. Other exemptions may require an agency to propose exempt rules at a public hearing.

EXEMPTIONS AND PAPER COLOR
At one time the office published exempt rules on either blue or green paper. Blue meant the authority of the exemption was given by the Legislature; green meant the authority was determined by a court order. In 2001 the Office discontinued publishing rules using these paper colors.

PERSONAL USE/COMMERCIAL USE
This chapter is posted as a public courtesy online, and is for private use only. Those who wish to use the contents for resale or profit should contact the Office about Commercial Use fees. For information on commercial use fees review A.R.S. § 39-121.03 and 1 A.A.C. 1, R1-1-113.

Rhonda Paschal, managing rules editor, assisted with the editing of this chapter.
CHAPTER 46. DEPARTMENT OF FINANCIAL INSTITUTIONS - REAL ESTATE APPRAISAL DIVISION

Pursuant to Laws 2015, Ch. 19, § 5(C), the Title of 4 A.A.C. 46 was amended from the State Board of Appraisal to Real Estate Appraisal Division (Supp. 15-3).

Title 4, Chapter 46, consisting of Article 1, Sections R4-46-101 through R4-46-105; Article 2, Sections R4-46-201 through R4-46-208; Article 3, Sections R4-46-301 through R4-46-306; Article 4, Section R4-46-401; Article 5, Sections R4-46-501 through R4-46-503; and Article 6, Section R4-46-601, adopted effective December 29, 1995 (Supp. 95-4).

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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.

“Administrative law judge” has the meaning stated at A.R.S. § 41-1092(1).

“AMC” means appraisal management company as defined at A.R.S. § 32-3661.

“Appealable agency action” has the meaning stated at A.R.S. § 41-1092(3).

“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.

“Complaint” means a written allegation against a party.

“Conditional dismissal” means an agreement between the Superintendent and the respondent, which allows the Superintendent to dismiss the complaint upon the respondent's completion of a Department specified continuing education course.

“Contested case” has the meaning stated at A.R.S. § 41-1001(5).

“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 proprietary rights to a course. A course owner may have developed the course or may have purchased the proprietary rights to the course.

“Department” has the meaning stated at A.R.S. § 6-101(5).

“Disciplinary action” means any regulatory sanction imposed by the Superintendent, including a civil money penalty, restriction on the nature and scope of the respondent’s practice, consent agreement, probation, mentorship, suspension, revocation, or an acceptance of surrender of a license or certificate.

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

“Investigation” means a fact-finding process and review that is initiated when the Department receives a complaint.

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

“Jurisdictional criteria” means the statutory standards of A.R.S. §§ 6-123, 6-124, and A.R.S. Title 32, Chapter 36, 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 remedial action” means a non-disciplinary letter 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 to supervise the work product of an appraiser who is subject to disciplinary action by the Superintendent.

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

“Person” means a natural person or any legal or commercial entity including a corporation, business trust, estate, trust, partnership, limited partnership, joint venture, association, limited liability company, limited liability partnership, or limited liability limited partnership.

“Probation” means a term of oversight by the Department, 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 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 an investigation, an action, 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.

“Superintendent” means the Superintendent of the Department of Financial Institutions.

“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.

Historical Note
CHAPTER 46. DEPARTMENT OF FINANCIAL INSTITUTIONS - REAL ESTATE APPRAISAL DIVISION

4 A.A.C. 46

Under the specific authority provided by A.R.S. §§ 32-3607, A. R4-46-106. Fees
R4-46-103. Repealed
A. Under the authority provided by A.R.S. § 32-3605(B), the Superintendent may appoint advisory committees the
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.
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.

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.

Historical Note
Adopted effective December 29, 1995 (Supp. 95-4).

R4-46-103. Repealed
Historical Note
Adopted effective December 29, 1995 (Supp. 95-4).

R4-46-104. Repealed
Historical Note
Adopted effective December 29, 1995 (Supp. 95-4).

R4-46-105. Repealed
Historical Note

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. 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.

Historical Note
Adopted effective December 29, 1995 (Supp. 95-4).

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 timeframes for processing applications for registration, licensure, certification, and designation, including renewal applications, and applications for course approval:
1. The Department 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, the Department shall specify in the notice what information is missing.
2. 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 timeframe for action is 90 days, 45 days for administrative completeness review and 45 days for substantive review.
B. An applicant whose application is incomplete shall supply the missing information within 30 days after the date of the notice unless the time frame is extended by mutual agreement. The administrative completeness review time frame stops running on the date of the Department’s written notice of an incomplete application, and resumes when the Department receives a complete application. If the applicant fails to submit a complete application within the specified time limit, the Department may reject the application and close the file. An applicant may reapply.
C. If the Superintendent denies registration, licensure, certification, designation, or course approval to an applicant, the Department 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.
An individual who wishes to act as a supervisory appraiser for a registered trainee appraiser shall:
1. Apply for and obtain designation from the Superintendent as a supervisory appraiser before providing supervision to a registered trainee appraiser,
2. Have been state certified for at least three years, and
3. Designated supervisory appraiser.

A. Declarations. 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 an original or renewal of a registration, licensure, certification, or designation shall meet the qualification-specific qualification criteria established and updated May 1, 2018 by the AQB, which the Superintendent incorporates by reference. A copy of the incorporated materials is on file with the Department and may be obtained from the Department or the Appraisal Foundation. This rule does not incorporate any later date or edition of this material.

C. 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).

D. If the Superintendent determines that an applicant for registration, licensure, or certification meets the qualification criteria prescribed in A.R.S. Title 32, Chapter 36 and this Chapter, including evidence that the applicant has applied for a valid fingerprint clearance card pursuant to A.R.S. § 32-3620(B), the Superintendent 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

R4-46-201. Application for Designation as a Supervisory Appraiser; Supervision of a Registered Trainee Appraiser

A. An individual who wishes to act as a supervisory appraiser for a registered trainee appraiser shall:
1. Apply for and obtain designation from the Superintendent as a supervisory appraiser before providing supervision to a registered trainee appraiser,
2. Have been state certified for at least three years, and
3. Designated supervisory appraiser.

B. To apply for designation as a supervisory appraiser, a certified appraiser shall submit to the Superintendent:
1. An application for designation;
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; and
5. Any other information and documentation that is necessary to meet the qualification criteria established and updated by the AQB.

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 Superintendent in writing the name and address of each registered trainee appraiser within 10 days of engagement and notify the Superintendent 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.

Historical Note
Amended effective October 1, 1998; filed in the Office of the Secretary of State September 10, 1998 (Supp. 98-3).

R4-46-202.01 Application for Licensure or Certification by Reciprocity
The Superintendent 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 a completed application form;
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 Superintendent 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 evidence that the individual has applied for a valid fingerprint clearance card pursuant to A.R.S. § 32-3620(B); and
6. Submits the application and biennial National Registry fees specified in R4-46-106.

Historical Note

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 Superintendent 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. A completed application form;
   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. Evidence that the applicant has applied for a valid fingerprint clearance card pursuant to A.R.S. § 32-3620(B); and
   5. The fee required under R4-46-106.
C. The Superintendent 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 Superintendent 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 Superintendent has previously issued a non-resident 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 Superintendent shall not require the applicant to comply again with subsection (B)(4).
E. The Superintendent shall issue no more than 10 non-resident temporary licenses or certificates to an individual in any 12-month period.

Historical Note

R4-46-204 Licensure and Certification Examinations
A. An applicant for licensure or certification may schedule an examination after the Department provides written notice to the applicant, to the extent written notice is required by the AQB. In such case, an applicant shall have 30 days from the written notice to successfully complete the AQB-approved examination for the classification for which application is made unless the time frame is extended by mutual agreement.
B. 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 Superintendent and paying the examination fee specified in R4-46-106. The applicant remains subject to the specified time limit in subsection (A) or in R4-46-107, as applicable.

Historical Note
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Historical Note


R4-46-206. Repealed

Historical Note


R4-46-207. Repealed

Historical Note


R4-46-208. Repealed

Historical Note


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

If the name of an appraiser is legally changed, the appraiser shall submit written notice of the change to the Department and provide documentation showing the circumstances under which the name change occurred. The Superintendent shall issue the appraiser a new registration, license, or certificate with the correct name.

Historical Note


R4-46-210. Repealed

Historical Note


ARTICLE 3. COMPLAINT INVESTIGATIONS

R4-46-301. Complaints and Investigations; Complaint Resolution

A. Complaints and Investigations

1. The Department shall investigate a complaint, if the complaint meets the minimum jurisdictional criteria.
2. The Department may notify the respondent of a complaint.
3. The Department may require that the respondent file a written response to the complaint and provide any one or more of the following:
   a. Appraisal report
   b. Appraisal review
   c. Consulting assignment
   d. Property tax appeal at issue
   e. Work file, and
   f. Any other relevant records.
4. The Department may assign or contract with an investigator.
5. Under A.R.S. §§ 6-123(3), 6-124, and 12-2212, the Superintendent may compel testimony or document production, regardless of whether an investigation is in process.

B. Complaint Resolution

1. Without limiting any other remedy allowed by statute, if the Superintendent finds a violation of A.R.S. Title 32, Chapter 36, or this Chapter, the Superintendent may:
   a. Dismiss the matter based upon mitigating factors;
   b. Issue a letter of concern;
   c. Issue an order, which may include disciplinary action and/or remedial action; or
   d. Resolve the matter by settlement.
2. Any time after a complaint has been filed against a respondent, the matter may be resolved by a settlement in which the respondent agrees to accept disciplinary action and/or remedial action by consent. If the Superintendent determines that the proposed settlement will adequately protect the public, the Department may enter into a consent agreement or letter of remedial action with the respondent. The Superintendent may also allow for a conditional dismissal.

Historical Note


R4-46-302. Repealed

Historical Note

Adopted effective December 29, 1995 (Supp. 95-4). R4-46-302 repealed; new Section R4-46-302 renumbered from R4-46-303 and amended effective October 1, 1998;

R4-46-303. Repealed

**Historical Note**

R4-46-304. Repealed

**Historical Note**

R4-46-305. Repealed

**Historical Note**

R4-46-306. Repealed

**Historical Note**

**ARTICLE 3.1. RULES OF PRACTICE AND PROCEDURE BEFORE THE SUPERINTENDENT**

**R4-46-301.01. Scope of Article**
This Article governs procedures in all contested cases and appealable agency actions, including administrative appeals, filed with the Department. The Department shall use the authority of A.R.S. §§ 41-1092 through 41-1092.12, and the Office of Administrative Hearings’ procedural rules to govern the initiation and conduct of proceedings. In a case or action, special procedural requirements in state statute or another Section in this Chapter shall also govern the proceedings unless the requirements are inconsistent with either A.R.S. §§ 41-1092 through 41-1092.12 or the Office of Administra-
permitted under R2-19-108. A party shall make service upon each represented party’s attorney unless the administrative law judge orders separate service on the actual party. A party shall make service upon each unrepresented party by service on the actual party.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 1139, effective June 10, 2019 (Supp. 19-2).

R4-46-305.01. Stays

A person aggrieved by the Department’s action or order who files a timely written request for a hearing may ask, in the request for a hearing, that the Superintendent stay an action or any part of an order that will become effective before the Department can hold a hearing. The Superintendent may, in the Superintendent’s discretion, stay the legal effectiveness of any action or order until the matter can be heard and finally decided if the aggrieved person’s request demonstrates that:

1. The person has a reasonable defense that might prevail on the merits at the hearing;
2. The person will suffer irreparable injury unless the Superintendent grants the stay;
3. The stay would not substantially or irreparably harm other interested persons, and
4. The stay would not jeopardize the public interest or contravene public policy.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 1139, effective June 10, 2019 (Supp. 19-2).

R4-46-306.01. Rehearing

**A.** Except as provided in subsection (H), any party in a contested case who is aggrieved by a decision rendered in that case may file with the Superintendent, within time limits and other procedural guidelines contained in A.R.S. § 41-1092.09, a written motion for rehearing or review of the decision specifying the particular reason for rehearing.

**B.** A party requesting rehearing under this Section may amend a motion for rehearing at any time before the Superintendent rules on the motion. Any other party, or the Attorney General, may file a response to the motion for rehearing within 15 days after service of the motion for rehearing, or the amended motion for rehearing. The Superintendent may require a written brief of the issues raised in the motion and may allow oral argument.

C. The Superintendent may grant a motion for rehearing for any of the following causes:

1. Irregularity in the proceedings before the Superintendent, in any order, or any abuse of discretion that deprives the moving party of a fair hearing;
2. Misconduct of the Department, the administrative law judge, or the prevailing party;
3. Accident or surprise that could not have been prevented by ordinary care;
4. Newly discovered material evidence that could not reasonably have been discovered and produced at the original hearing;
5. Excessive or insufficient penalties;
6. Error in admitting or rejecting evidence or other legal errors occurring at the hearing;
7. The decision is not justified by the evidence or is contrary to law.

D. The Superintendent may affirm or modify the decision or grant a rehearing as to all or any of the parties and on all or part of the issues for any reason listed in subsection (C). An order granting a rehearing shall specify the reason for granting the rehearing, and the rehearing shall cover only those matters specified.

E. The Superintendent, within the time for filing a motion for rehearing, may without a motion order a rehearing or review of a decision for any reason that would allow the granting of a motion for rehearing by a party. The order for rehearing, granted without a motion, shall specify the reason for granting the rehearing.

F. After giving the parties notice and an opportunity to be heard on the matter, the Superintendent may grant a motion for rehearing, timely served, for a reason not stated in the motion. The order for rehearing, granted for a reason not stated in the motion, shall specify the reason for granting the rehearing.

G. When a motion for rehearing is based on an affidavit, the moving party shall serve the affidavit with the motion. An opposing party or the Attorney General may serve opposing affidavits within 10 days after service of the motion for rehearing.

H. The Superintendent may issue a final decision, subject only to judicial review and without an opportunity for rehearing or administrative review, if the Superintendent includes in the decision:

1. An express finding that the decision needs to be made immediately effective to preserve the public peace, health, and safety; and
2. An express finding that a rehearing or review is:
   a. Impossible,
   b. Unnecessary, or
   c. Contrary to the public interest.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 1139, effective June 10, 2019 (Supp. 19-2).

R4-46-307.01. Settlement

A. The Department will enter into a settlement, either in litigation or in an administrative proceeding, only if the defendant or respondent admits to the allegations in the complaint, notice, or order relating to the jurisdiction of the Superintendent or the jurisdiction of the tribunal that will enter the judgment or order.

B. The Superintendent has sole discretion to decide whether to resolve a matter by settlement. Nothing in Article 3 or Article 3.1 gives the Superintendent a duty to approve a settlement in any matter.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 1139, effective June 10, 2019 (Supp. 19-2).

**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 website, 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, each officer, and each individual who owns 10 percent or more of the AMC:
   a. A copy of a fingerprint clearance card application under A.R.S. § 41-1758.03; and
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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 application under subsection (B), the individual is not required to submit a copy of the fingerprint clearance card again.

Historical Note


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 the Department receives notice from the surety company of intent to cancel the required bond, the Department 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 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.

Historical Note


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 the Department written notice of any change in the information within 10 business days.

Historical Note


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 website;
Under A.R.S. § 32-3678, failure to comply with this Section is
the requirement in subsection (A) may be waived, at the dis-
the controlling person of a registered AMC shall make avail-
To make the certifications required under A.R.S. § 32-3672,
To voluntarily relinquish an AMC’s registration, the con-
R4-46-405. Certifications
A. Under A.R.S. § 32-3672, the controlling person of a registered
B. To make the certifications required under A.R.S. § 32-3672,
C. The controlling person of a registered AMC shall make avail-
D. Under A.R.S. § 32-3678, failure to comply with this Section is
Historical Note
R4-46-406. Appeal for Waiver
A. Under A.R.S. §§ 32-3668 and 32-3669, an AMC for which
B. The requirement in subsection (A) may be waived, at the dis-
C. To make an appeal for waiver under subsection (B), the indi-
D. In deciding whether to waive the requirement under subsection
Historical Note
R4-46-407. Training Required
A. The controlling person of a registered AMC shall ensure that
B. The controlling person of a registered AMC shall ensure that
Historical Note
R4-46-408. Voluntarily Relinquishing Registration
A. The controlling person of a registered AMC may voluntarily
B. To voluntarily relinquish an AMC’s registration, the con-
Historical Note
The Department shall include in the notice of course approval:

A course owner shall ensure that the course is not advertised or offered as either qualifying or continuing education.

Prior to the approval of a course as either qualifying or continuing education, the Department shall determine whether the course satisfies the qualification criteria in R4-46-201(B).

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.

The Department 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.

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.

**Historical Note**

**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 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.

**Historical Note**

**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 the Department 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.

**Historical Note**

**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 website;
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.

**Historical Note**

**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.

Historical Note

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 closed-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, and
   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.

Historical Note

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 writ-
ten 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.

Historical Note
New Section made by final rulemaking at 21 A.A.R. 1675, effective October 6, 2015 (Supp. 15-3).

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 as determined at the sole discretion of the Superintendent, the course owner of the approved course shall submit a new application for approval under R4-46-504.

Historical Note

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 expires.

B. The Superintendent may renew the approval of a course only 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 a course approval, a course owner shall submit a renewal application, which is available from the Department and on its website, and pay the renewal fee specified in R4-46-106(A)(10).

Historical Note

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 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 website, 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.

Historical Note

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.

**Historical Note**


**R4-46-602. Repealed**

**Historical Note**


**ARTICLE 7. REPEALED**

**R4-46-701. Repealed**

**R4-46-702. Repealed**

**R4-46-703. Repealed**

**R4-46-704. Repealed**

**Historical Note**

New Section made by final rulemaking at 17 A.A.R. 566, effective April 5, 2011 (Supp. 11-2). Section repealed by exempt rulemaking at 19 A.A.R. 4023, effective November 21, 2013 (Supp. 13-4).