2020–2025
STRATEGIC PLAN

BUREAU OF REAL ESTATE APPRAISERS

Gavin Newsom, Governor

Alexis Podesta, Secretary,
Business, Consumer Services and Housing Agency

Kimberly Kirchmeyer, Director,
Department of Consumer Affairs

Jim Martin, Chief,
Bureau of Real Estate Appraisers

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Message from the Bureau Chief

The Bureau of Real Estate Appraisers *2020-2025 Strategic Plan* is the result of participation by a broad range of stakeholders including consumers, licensees, registrants, and education providers. Survey results were insightful on both the current position of the Bureau and the state of the environment in which we operate. The Bureau's staff contributions were instrumental in identifying opportunities relating to day-to-day operations and mission-critical objectives.

With this input, and guidance from the Department of Consumer Affairs' SOLID staff, the Bureau executive team developed a strategic plan that is both responsive and actionable. The plan will allow the organization to respond to change while remaining faithful to our mission.

Services provided by the appraisal profession are integral in business and the everyday life of consumers. California, with the largest number of licensees in the nation, plays a critical role in partnering with the federal government to implement requirements supporting a high level of public trust in the appraisal industry.

The Bureau must respond not only to a changing regulatory climate but also to real estate market conditions and trends which impact program processes and workload. This plan positions the Bureau to be flexible and excel in a leadership role protecting the public and consumers of appraisal services in California and nationwide.

I am proud of the work and contributions of my executive team and staff, and grateful to the survey participants for their vital input. With that I offer this road map to guide our vision of real estate appraisal excellence in California.

Sincerely,
James S. Martin, Bureau Chief

About the Bureau

In 1989, Title XI of the federal *Financial Institutions Reform, Recovery and Enforcement Act* was adopted by Congress mandating states to license and certify real estate appraisers who appraise property for federally related transactions. The federal law was enacted as a result of the savings and loan crisis.

In response to the federal mandate, the California Legislature enacted the Real Estate Appraisers Licensing and Certification Law in 1990 (AB 527, Chapter 491, Statutes of 1990). The Office of Real Estate Appraisers (OREA) was established within the Business, Transportation and Housing Agency, and charged with developing and implementing a real estate appraiser licensing and certification program compliant with the federal mandate. In 2012, Governor Brown submitted a reorganization plan to the Legislature. As a result, on July 1, 2013, OREA became the Bureau of Real Estate Appraisers within the Department of Consumer Affairs.

The Bureau, which is entirely funded by licensing fees, is a single program comprised of two core components, licensing and enforcement.

The Licensing Unit implements the minimum requirements for licensure, according to criteria established by the federal government and California law, to ensure that only qualified persons are licensed to conduct appraisals in federally related real estate transactions. Applicants must meet minimum education and experience requirements and successfully complete a nationally approved examination. The Licensing Unit also registers Appraisal Management Companies (AMC) in compliance with California law.

The Enforcement Unit investigates the background of applicants, licensees, and AMC registrants to ensure they meet the standards for licensure. The Enforcement Unit also investigates complaints of violations of California law and national appraisal standards filed against licensed appraisers and registered AMCs.

The Bureau is responsible for the accreditation of educational courses and providers for real estate appraisers. The Bureau has reviewed and approved over 1,800 prelicensing and continuing education courses. In addition to the real estate appraisal related courses offered by California's community colleges and universities, the Bureau accredits approximately 70 proprietary schools that provide appraisal education.

Federal Oversight

The following entities are not part of the Bureau, but they have influence over the Bureau and its operations at the federal level:

Appraisal Subcommittee

The Appraisal Subcommittee (ASC) was created in 1989 pursuant to Title XI of the *Financial Institutions Reform, Recovery, and Enforcement Act of 1989*. The ASC's role as an independent federal institution is to generally oversee the real estate appraisal process as it relates to federally regulated transactions. More specifically, the ASC reviews each state's compliance with federal requirements for licensed appraisers and appraisal management companies and can take action in the case of noncompliance; maintains a national registry of approved appraisers; and oversees the Appraisal Foundation.

Appraisal Foundation

The Appraisal Foundation is a nonprofit organization that works to advance professionalism for appraisers through the promulgation of standards, appraiser qualifications, and guidance regarding appraisal methods and techniques. The Appraisal Standards Board within the foundation determines and maintains the Uniform Standards of Professional Appraisal Practice which all states must enforce to be compliant with federal requirements and allow state licensed appraisers to participate in federally regulated transactions. The Appraisal Qualifications Board within the foundation establishes the minimum education and experience requirements as well as the examination requirements. The Appraisal Practices Board within the foundation is charged with providing guidance and issuing opinions on recognized valuation methods and techniques.

Recent Accomplishments

2018-2019

- The Bureau's Enforcement and Licensing Programs received an Excellent rating for the second bi-annual audit in a row. An Excellent rating represents meeting all Title XI mandates, complies with ASC Policy Statements, maintains a strong regulatory program and is at a very low risk of failure.
- The Bureau's Appraisal Management Company (AMC) Program was audited for the first time and received a Good rating for its meeting the majority of Title XI mandates, complying with most ASC Policy Statements, maintaining an effective regulatory program and is at a low risk of failure.
- The Bureau amended its regulations to clarify Bureau Investigators do not complete appraisals or appraisal reviews.
- The Bureau amended its AMC regulations; these amendments included revising definitions to comply with the recently revised statutory changes, requiring controlling person to timely notify the Bureau when changes occur and increasing the minimum standards of practice for AMCs.
- The Bureau passed the IT Security Audit performed by the California Department of Military.
- The Bureau moved to a new facility in Rancho Cordova which will save the Bureau almost $300,000 over the term of the lease.
- The Bureau permanently reduced staff by three positions for a $350,000 annual savings.
- The Bureau completed an Environmental Scan that provided a very high 10 percent response rate and an 80 percent rating for Effective or Very Effective across Licensing and Registration; Enforcement; Laws and Regulations; Organizational Effectiveness and Communication, Customer Service, and Outreach.
- The Bureau chief posted a Consumer Alert on the Bureau's website that cautioned consumer to be careful in utilizing certain appraisals that do not contain all pertinent information in order to be understood.

- The Bureau chief attended the Real Estate Education Conference to encourage instructors of Real Estate appraisal courses by providing information on recent changes in education and course accreditation requirements.
- The Bureau collaborated with a major course provider for the purpose of creating a dual General Appraiser disciplinary and qualifying education course.

2017-2018

- The Bureau's Licensing Unit reduced application process "days aged" from an average of 65 to 10 by increasing efficiencies including the increased utilization of online renewal.
- The Bureau enhanced its disciplinary monitoring program by improving monitoring reports.
- The Bureau enhanced the licensing search function on it's website to include expired licenses, making this information more easily available to the public and reducing phone inquiries to the office.
- The Bureau enhanced the Appraisal Management Company online registry search to reflect registration history. Thereby increasing transparency and decreasing phone calls.
- The Bureau implemented AB1381 (effective 2017), amending B&P 11317.2, requiring the Bureau to post licensee Continuing Education submitted for license renewal. The Bureau's website includes this information in a licensee's search to allow clients, potential clients, employers, and potential employers to easily access this information.
- The Bureau functionally reduced Bureau staff by two positions saving the Bureau $290,000 annually.
- The Bureau chief participated in a focus group facilitated by the Appraisal Qualifications Board proposing alternative options of the education requirements for the certified levels of appraisal licenses.

2016-2017

- Disciplinary Guidelines were promulgated into law effective April 1, 2017. The guidelines detail each violation and assign that violation a minimum and maximum discipline. The guidelines also identify various mitigating and aggravating factors to assist in determining which minimum, maximum, or other discipline should be applied to the respondent. The guidelines will promote consistency in license discipline for similar offenses.

- The Bureau's Enforcement Unit incorporated four on-line courses developed by the Appraisal Foundation into their selection of disciplinary education. These in-depth training courses cover a range of Uniform Standards of Professional Appraisal Practice (USPAP) compliance issues identified by state regulators as common trouble spots. These courses are geared toward appraisers who need a deep dive into specialized topics. The Bureau's Enforcement Staff audited the courses and found them to cover key deficiencies noted in many enforcement cases. The Bureau anticipates that the effectiveness of these classes will protect the public by preventing repeat offenders.

- The Bureau's Enforcement Unit made a procedural change in how it presents case evidence exhibits to the Attorney Generals Office. Secure exhibit binders are now used with numerical tabs identifying each exhibit. Additionally, the Bureau's legal counsel now reviews the exhibit prior to its submission. This process should make it significantly easier to reference exhibits by all parties throughout the entire Administrative Law process.

- The Bureau's Enforcement Unit opened 56 more cases in FY 2016/17, while decreasing the average processing time by 37 days (FY 2015/16 the Bureau received 285 complaints and in FY 2016/17 the Bureau received 341 complaints).

- The Bureau's Enforcement Unit implemented Trainee Outreach program in FY 2015/2016, and successfully decreased the number of supervisory enforcement complaints in FY 2016/2017. The outreach increased the awareness of the trainee/supervisor relationship responsibilities. Complaints against supervisors dropped from approximately six to zero cases annually.

- The Bureau worked with course providers in the development of an examination for the course entitled State and Federal Laws and Regulations. Beginning on January 1, 2017, all initial, reciprocals, and renewal applicants are required to complete the course and pass a final examination before issuance of their license. The purpose of the course and examination is to ensure that all licensees understand the federal and state laws. See Senate Bill 1196 (Hill, Chapter 800, Statutes 2016).

2015-2016

- The Bureau chief appeared before the legislature in May for the 2016 Sunset Review. All issues that were raised as well as its recommendations at 2012 Sunset were addressed. The Bureau successfully demonstrated its efforts to ensure the success of its mission to "Safeguard public trust by promoting professionalism in the real estate appraisal industry through licensing, education, and enforcement."

- The Bureau implemented process/procedural changes based on new federal laws/rules and state regulations: meeting new minimum licensing requirements Regulation Section 3528, trainee/supervisor requirements Regulation Section 3568, and the elimination of proof of citizenship Section 3530. The implementation of these new laws and regulations ensures the success of the Bureau's mission to safeguard public trust.

Mission

Safeguard public trust by promoting professionalism in the real estate appraisal industry through licensing, education, and enforcement.

Vision

Empowering real estate appraisal excellence.

Values

Accountability
We take ownership and responsibility for our performance.

Excellence
We strive for quality, innovation, and continuous improvement of our programs, services, and processes.

Fairness
We treat everyone equally and make impartial, unbiased decisions.

Integrity
We are honest, dependable, respectful, and ethical.

Strategic Goals

1. **Licensing and Registration**
   The Bureau has implemented appraiser licensing requirements according to criteria established by the federal government and California law in order to protect consumers and to allow reasonable access to the appraisal profession.

   The Bureau has implemented appraisal management company (AMC) registration requirements according to federal and California law in order to protect consumers and to allow reasonable access to AMCs serving clients with California property appraisal needs.

2. **Enforcement**
   The Bureau protects the safety of consumers through the enforcement of the laws and regulations governing the practice of licensed real estate appraisers and registered appraisal management companies.

3. **Laws and Regulations**
   The Bureau pursues statutes, regulations, policies, and procedures to strengthen and support the Bureau's mandate and mission.

4. **Organizational Effectiveness**
   The Bureau standard is to maintain an excellent organization through proper Bureau governance, effective leadership, and responsible management, with a focus on retention and succession planning.

5. **Communication, Customer Service, and Outreach**
   The Bureau informs consumers, licensees, and stakeholders about the practice and regulation of the profession, while ensuring responsive customer service.

1. Licensing and Registration

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1.1 Perform a feasibility study of opportunities for expanding online services to determine if additional online services will be more efficient, if it is determined to be a feasible change, then:

- Develop an online initial application process that includes licensee upgrades. Identify and measure operational efficiencies.
- Work with the information technology services team and management to create and implement a process for the acceptance of online signatures to reduce processing time.

1.2 Explore an incentive program to encourage more supervisors to take on trainees to allow trainees better access to supervisors.

1.3 Enhance online license renewals to allow appraisers to more efficiently renew online, such as developing a platform for education providers to directly report licensee course completion certificates.

2. Enforcement

The Bureau protects the safety of consumers through the enforcement of the laws and regulations governing the practice of licensed real estate appraisers and registered appraisal management companies.

2.1 Implement and adjust as needed the AMC audit program to ensure AMCs' compliance with Bureau's laws and regulations.

2.2 Collaborate with the Appraiser Qualification Board (AQB) to establish additional pathways to experience to allow an alternative to supervisor-trainee experience.

2.3 Advocate an investigator specialist classification or pay differential to attract and retain exceptionally skilled investigators.

2.4 Explore investigator recruitment options to ensure succession planning.

2.5 Perform a feasibility study on to examine a methodology for measuring the effectiveness of the appraisers' continuing education in decreasing the number of complaints.

3. Laws and Regulations

The Bureau pursues statutes, regulations, policies, and procedures to strengthen and support the Bureau's mandate and mission.

3.1 Promulgate a regulation requiring an appraiser ethics course as a requirement for all appraisers to educate licensees, protect the public, and reduce complaints.

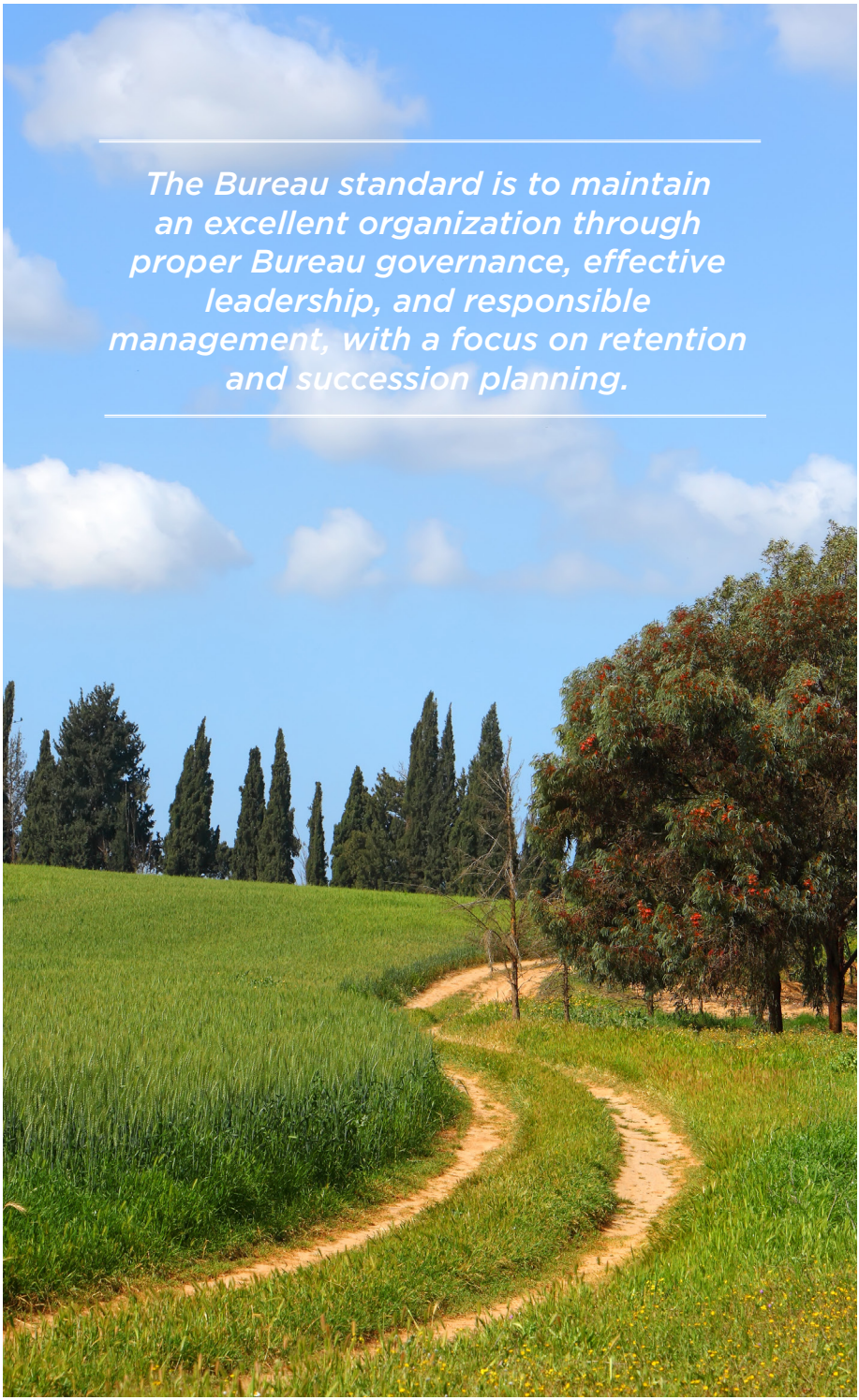
3.2 Strengthen AMC statutes and regulations to make enforcement more effective.

3.3 Promulgate a regulation lowering experience requirements to conform to federal experience requirements.

3.4 Train administrative staff to assist with the Bureau's regulation development as proposed by the Bureau.

3.5 Develop the Bureau's process to accept and validate additional pathways to experience to allow an alternative to supervisor-trainee experience, such as practical applications of real estate appraisal (PAREA).

The Bureau protects the safety of consumers through the enforcement of the laws and regulations governing the practice of licensed real estate appraisers and registered appraisal management companies.



The Bureau standard is to maintain an excellent organization through proper Bureau governance, effective leadership, and responsible management, with a focus on retention and succession planning.

4. Organizational Effectiveness

The Bureau standard is to maintain an excellent organization through proper Bureau governance, effective leadership, and responsible management, with a focus on retention and succession planning.

4.1 Develop automated performance measure reports to quickly create consistent reports.

4.2 Update and complete the policy and procedure manual to reflect changes in policy and procedures that ensure consistent performance.

4.3 Monitor industry trends and licensee population to project fiscal impact on Bureau.

- 4.3.1 Monitor revenue versus expenditures; adjust operations accordingly to ensure organizational long-term sustainability.
- 4.3.2 Look for opportunities to streamline processes to increase efficiencies to lower costs.

5: Communication, Customer Service, and Outreach

The Bureau informs consumers, licensees, and stakeholders about the practice and regulation of the profession, while ensuring responsive customer service.

5.1 Create general email address not associated with customer satisfaction survey to increase communication with public.

5.2 Develop more outreach opportunities to increase awareness of the Bureau's role, changes, and careers.

5.3 Increase and continue outreach efforts:

- 5.3.1 Distribute newsletters twice a year.
- 5.3.2 Send email blasts on important information and announcements.
- 5.3.3 Update Facebook postings.
- 5.3.4 Increase public appearances to communicate with applicants, licensees, and other stakeholders.

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Planning Process

To understand the environment in which the Bureau operates, as well as identify factors that could impact the Bureau's success in carrying out its regulatory duties, the Department of Consumer Affairs' SOLID Training and Planning Solutions unit conducted an environmental scan of the Bureau's internal and external environments by collecting information through the following methods:

- Online survey sent to the Bureau's external stakeholders in June 2019. The online survey received 1,153 responses.
- Interviews with the Bureau's chief and deputy chief in June 2019.
- Interviews with four Bureau managers in June 2019.
- Focus group in January 2019 with a participation of 21 staff.

The most significant themes and trends identified from the environmental scan were discussed among the chiefs and management team during a strategic planning session facilitated by SOLID on July 30, 2019. This information guided the Bureau in the development of its strategic objectives outlined in this *2020–2025 Strategic Plan.*

Bureau of Real Estate Appraisers
3075 Prospect Park Drive, Suite 190
Rancho Cordova, CA 95670

Prepared by:
Department of Consumer Affairs
1747 North Market Blvd., Suite 270
Sacramento, CA 95834

Strategic plan adopted July 30, 2019.

This strategic plan is based on stakeholder information and discussions facilitated by SOLID for the Bureau of Real Estate Appraisers in July 2019. Subsequent amendments may have been made after the Bureau's adoption of this plan.

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