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Enforcement Division

Administrative Manual

Revised 2015

The Enforcement Division investigates the background of applicants, licensees, and AMC registrants to ensure they meet the standards for licensure as established by Title XI of FIRREA and California Law. The Enforcement Division also investigates complaints of violations of California law and national appraisal standards filed against licensed appraisers and registered AMCs. In addition, the Enforcement Division handles public inquiry calls not related to administrative application or credential processing questions.

Background Investigation

(a) Criminal Background Investigations.

- (1) *Initial Applications.* All initial applicants undergo a criminal background investigation with a fingerprint check and must answer background questions on the application. The Bureau evaluates any criminal convictions to determine if a license should be granted or denied.
- (2) *Subsequent Arrest Notification.* The Bureau also receives subsequent arrest notifications from the Department of Justice for all licensees who reside in California. This notification system alerts the Bureau if any licensee is arrested. Depending on the arrest or any subsequent conviction, the Bureau may take disciplinary action against the licensee.

(b) Experience Verification.

- (1) *Initial and Upgrade Applications.* Initial and upgrade applications must meet mandatory experience requirements.¹ An investigator must review an applicant's appraisal work log to determine if the applicant meets the experience requirement. This review includes verifying that the work completed includes the appropriate certifications and conforms to the minimum professional standards as dictated by the Appraisal Subcommittee (ASC).

Complaint Investigation

- (a) *Complaint Intake.* The Bureau may receive complaints from anyone, but generally complaints are received from the public (homeowners/borrowers), lenders, appraisers, and appraisal management companies. All complaints must be signed and verified by the complainant.² A verified complaint is opened as a case and the case is assigned to a Bureau investigator (Certified Appraiser trained as an investigator). The complainant is sent an acknowledgement letter within ten working days after the Bureau receives the verified complaint.³
- (b) *Jurisdictional Determination.* Each complaint is reviewed to determine if the Bureau has jurisdiction. If so, the case continues, if not the case is closed and referred to the appropriate entity, if any.

¹ Trainee applications do not require experience.

² California Code of Regulations section 3726(a)(3)

³ California Code of Regulations section 3726(b)

(c) *Complaint Prioritization.* Once it is determined the Bureau has jurisdiction a case is prioritized based upon the following:

- (1) Priority 1 complaints are those where the public may be at risk of serious harm or the complaint is regarding a licensee or registrant currently under investigation due to another open case;
- (2) Priority 2 complaints involve a licensee or registrant who has a prior history of discipline; and
- (3) Priority 3 complaints are all others, prioritized in the order in which they were received.

(d) *Complaint Processing*

- (1) Each case results in a confidential investigative report showing a summary of the acts and/or omissions alleged, and a summary of the supporting evidence together with a recommendation to division management for appropriate enforcement action, if any.
- (2) When the confidential investigation report shows: a) allegations are supported by credible evidence that a violation of law or regulations was committed by a licensed appraiser, registrant, or person or entity acting in a capacity requiring a license or certificate of registration; and b) that the violation is substantially related to the qualifications, duties, or functions of an appraiser, the Bureau shall take appropriate action as defined below.
- (3) Where the confidential investigative report shows that the allegations, even if true, do not constitute a violation of the law or regulations, that the allegations are not supported by sufficient credible evidence, or that the facts show a complete defense or legal justification, the investigation is closed.⁴

(e) *Appropriate Action.* Depending on the seriousness of the violation, the division may recommend either a: verbal advisory; written advisory; cease and desist letter (unlicensed or unregistered only); private reproof, public reproof, citation; or accusation.⁵ The Bureau evaluates each case individually to determine what action is appropriate. The complainant is notified of final action taken on the complaint.⁶

(f) *Monitoring.* Depending on the outcome of the case the process may include follow up monitoring of any disciplinary action or probation requiring education, payment of a fine or ongoing review of work.

Public Inquiry Calls

(a) *Public Inquiry Calls.* Most calls directed to the Enforcement Division originate with licensees, registrants, homeowners, or real estate agents/brokers and are

⁴ California Code of Regulations section 3728

⁵ California Code of Regulations section 3721

⁶ California Code of Regulations section 3726(b)

handled by a staff investigator. Depending upon the call the investigator may direct callers to the BREA website or an appropriate federal agency for more information. Other calls may pertain to appraisal methodology, compliance with the Uniform Standards of Professional Appraisal Practice or federal rules relating to the practice of appraisal. The investigator will generally direct the caller to additional reference material for further guidance. In some cases the investigator may recommend the caller file a complaint so the Bureau can investigate the matter.