

Bureau of Real Estate Appraisers



2014-2018 Strategic Plan

MESSAGE FROM THE CHIEF

James S. Martin, Bureau Chief



The Bureau of Real Estate Appraisers (BRE) 2014-2018 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 BRE and the state of the environment in which we operate. BRE 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 (DCA), SOLID staff, BRE executive team developed a strategic plan that is both responsive and actionable. The plan will allow for 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.

BRE 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.

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OVERVIEW OF STRATEGIC PLANNING

SOLID began the strategic planning process by conducting a preliminary meeting with the Bureau Chief and Bureau management to learn about the background of the Bureau of Real Estate Appraisers, identify key areas of focus, define roles and responsibilities, and establish a customized strategic planning schedule.

To understand the environment in which the Bureau operates and identify factors that could impact the Bureau's success, SOLID conducted an environmental scan and analysis of the internal and external environments by collecting information through the following methods:

- An online survey sent to 5,000 Bureau stakeholders, consisting of professional licensees, Appraisal Management Companies, continuing education providers, real estate appraisal professional associations, and others who expressed interest in the strategic direction of the Bureau. Over 1,500 stakeholders responded to the survey.
- Telephone interviews with seven Bureau management members, including the Chief, conducted during the months of April and May 2014.
- Two focus group discussions on April 14 and 17, 2014, with Bureau staff to identify the strengths and weaknesses of the Bureau from an internal perspective.

The most significant themes and trends identified from the environmental scan were discussed by the executive team during a strategic planning session facilitated by SOLID. This information guided the team in developing its vision, mission, and values, and directed the strategic goals and objectives outlined in this strategic plan for the Bureau to accomplish over the next five years 2014–2018.

ABOUT THE BUREAU OF REAL ESTATE APPRAISERS

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 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 (BREA) within the Department of Consumer Affairs.

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

The Licensing Division 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 Division also registers Appraisal Management Companies (AMC) in compliance with California law.

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

BREA is responsible for the accreditation of educational courses and providers for real estate appraisers. BREA has reviewed and approved over 1,800 pre-licensing and continuing education courses. In addition to the real estate appraisal related

courses offered by California's community colleges and universities, over 70 proprietary schools 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 non-compliance; maintains a national registry of approved appraisers; and oversees the Appraisal Foundation.

Appraisal Foundation

The Appraisal Foundation (Foundation) is a non-profit 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.

SIGNIFICANT ACCOMPLISHMENTS

Over the last 10 years the Bureau's program has undergone significant change due to the influence of unstable market conditions and changes in federal regulatory mandates. The following are significant Bureau accomplishments during this period.

1. Tremendous growth in real estate market activity and the changes increasing the qualifying education and experience requirements mandated by the Appraisal Qualifications Board in 2008 triggered a large volume of appraisal license applications. The Bureau's licensee population grew from approximately 12,000 in 2003 to over 20,000 in 2007.
2. Beginning in 2009, as a result of the national real estate market downturn, the Bureau responded to increasing complaint volume by implementing policies, processes and procedures designed to reduce enforcement case turnaround time and improve overall operational efficiencies.
 - In July 2009 Enforcement Division staff implemented a "Fast Track" complaint triage and case resolution process allowing for the efficient processing and closing of complaints for minor violations. The process has since been modeled and adopted by other states.
 - In 2010 Enforcement staff increased the scope and detail of the work sample review process on initial and upgrade applications. Monitoring appraisal reports submitted to meet the experience requirement for licensure has become a proactive tool to assure only qualified applicants are licensed.
 - In 2010 and 2012 the Bureau implemented two legislative initiatives. SB 237 requiring the registration and oversight of Appraisal Management Companies and SB 706 requiring the web posting of formal accusations.
 - Beginning in 2012 the Bureau significantly increased the monitoring and communication in its caseload management process with the Office of the Attorney General. The Bureau also worked with the Office of the Attorney General to develop new disciplinary guidelines improving the consistency

and conformity of administrative disciplinary actions. Internal legal resources within the Bureau were redirected to further enhance enforcement efficiency.

3. In 2009 Bureau staff subject matter experts and a dedicated information technology team began development of a customized web based Enterprise Information System known as the Real Estate Appraiser Licensing and Enforcement (REALE) system. This comprehensive application includes powerful tools and reports improving the efficiency and effectiveness of the Bureau's regulatory activities.
4. In 2012-2013 further implementation and enhancement of the REALE database yielded new efficiencies and services including on-line license renewal and temporary practice permits, automated education verification, and real-time reporting between the California Appraisers License Registry and the federal Appraisal Subcommittee Registry. These improvements significantly reduced license renewal turnaround time and increased consumer protection as California is the only state in the nation offering immediate verification of their credential holders at the national level.
5. In April 2014 Bureau staff attended and made presentations at the Association of Appraiser Regulatory Officials (AARO) conference in San Francisco. This conference included attendance by state appraiser regulatory officials from across the country and Appraisal Subcommittee (ASC) staff. Also, the Bureau Chief was appointed to the ASC Advisory Committee to participate in making recommendations to the ASC on the upcoming rule making process as mandated by the Dodd-Frank legislation. These activities illustrate the influence and leadership role that California plays in appraiser regulatory matters at the national level.
6. In the spring of 2014 the Bureau reintroduced The California Appraiser newsletter and completed the redesign of the Bureau website, including user friendly mobile access. Both of these tools now allow for increased communication and access to information by Bureau stakeholders.

OUR VISION

Empowering real estate appraisal excellence.

OUR MISSION

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

OUR VALUES

Accountability – We take ownership and responsibility for our performance.

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

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

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

OUR STRATEGIC GOALS

1 LICENSING AND REGISTRATION

The Bureau promotes licensing standards for licensees and registration standards for Appraisal Management Companies to protect consumers and allow reasonable access to the profession.

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 build an excellent organization through proper Bureau governance, effective leadership, and responsible management, with a focus on retention and succession planning.

5 COMMUNICATION, CUSTOMER SERVICE, OUTREACH

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

GOAL 1: LICENSING AND REGISTRATION

- ▶ *The Bureau promotes licensing standards for licensees and registration standards for Appraisal Management Companies to protect consumers and allow reasonable access to the profession.*

- 1.1 Establish the process and add database capability to address supervisor-trainee regulation change as per new federal requirements effective January 1, 2015.
- 1.2 Explore the feasibility of expanding pathways for licensure by developing a process to allow the use of practicum experience to meet licensing requirement.
- 1.3 Measure application timeframes and evaluate the process and implement improvements for efficiencies if needed.
- 1.4 Review and analyze the practicality of changing continuing education schedule for licensing renewals to simplify the process if appropriate.
- 1.5 Conduct a licensing fee study and make necessary changes in regulations to align with current and projected licensee population.

GOAL 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 Continue to reduce disciplinary case resolution time by implementing the contingent dismissal process and increasing the frequency and attendance at settlement conferences.
- 2.2 Improve the Office of the Attorney General's basic understanding of the Uniform Standards of Professional Appraisal Practice to better facilitate the representation of BREAs on technical appraisal issues.
- 2.3 Increase enforcement activities over Appraisal Management Companies by implementing new federal and State standards and increasing BREAs auditing.

GOAL 3: LAWS AND REGULATIONS

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

- 3.1 Review and revise state regulations, including forms, to enhance clarity, increase enforceability, and remain compliant with federal law.
- 3.2 Seek regulatory authority to require a basic California Laws and Regulations course as an initial licensure requirement.
- 3.3 Review and revise regulations regarding appraisal management companies for parity with federal laws and to support program objectives.
- 3.4 Review and revise regulations regarding supervisor-trainee definitions and requirements to provide clarity and remain consistent with federal law.

GOAL 4: ORGANIZATIONAL EFFECTIVENESS

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

- 4.1 Develop an organization-wide succession plan that includes recruitment, retention and appropriate classification adjustments, if needed.
- 4.2 Develop and implement a staff recognition program to acknowledge achievements.
- 4.3 Update internal policy and procedure manuals to reflect changing processes and maintain consistency.
- 4.4 Explore feasibility of a paperless records management application and implement if possible.
- 4.5 Increase learning opportunities for staff to diversify work functionality and provide backup for essential functions.

GOAL 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 At a minimum, develop and deliver a biannual newsletter and provide timely email notification to stakeholders to increase the Bureau's outreach.
- 5.2 Utilize various outlets of social media to distribute relevant program information to stakeholders and increase public awareness about the Bureau.
- 5.3 Improve the internal call referral process to better identify subject matter experts to respond to technical questions.
- 5.4 Create a process to better inform staff of changes in policy, laws and regulations, and licensing requirements, in a timely manner.
- 5.5 Explore options for expansion of online services for stakeholders to improve customer service and increase program efficiency.

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This strategic plan is based on stakeholder information and discussions facilitated by SOLID for the California Bureau of Real Estate Appraisers from April 2014 to June 2014. Subsequent amendments may have been made after Bureau approval of this plan.



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