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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

November 23, 1999

Don Gooder, Chairperson  
Arizona Board of Appraisal  
1400 W. Washington, Suite 360  
Phoenix, AZ 85007

Dear Mr. Gooder:

Thank you for your cooperation and your staff's assistance in the October 6-8, 1999 Appraisal Subcommittee ("ASC") review of the Arizona Board of Appraisal ("Board") and appraiser regulatory program ("Program").

Our review revealed that, in most respects, the Arizona Program is efficient and well operated. The following Program areas, however, need attention.

- **The Board must report disciplinary actions to the ASC in a timely manner.**

Many disciplinary actions taken by the Board have not been reported to us as required by ASC Policy Statement 9, Information Sharing. As stated in that Policy, the expeditious reporting of disciplinary actions to us "is vital to the integrity of the system of State appraiser regulation." Disciplinary actions are recorded in the National Registry and are made available to other State appraiser regulatory agencies ("State agencies") and the public through our Web site. Revocations, suspensions, and voluntary surrenders in lieu of disciplinary actions are made available to the public. Additional information relating to "other," lesser sanctions is made available only to State agencies. The Board must take appropriate steps to ensure that all final disciplinary actions are reported promptly to us.

- **The Board needs to continue improving the complaint investigation and resolution process.**

We are pleased to find that the Board recently changed from using volunteer appraisers to investigate complaints to paid contract reviewers, implementing one of our December 20, 1996 recommendations. This action has reduced the turnaround time for complaint investigations and overall complaint resolution time. Nevertheless, complaint investigation and resolution is not always completed in a timely manner. At the time of our review, while 88% of complaints have been resolved, 105 remained open. Thirty-six of these complaints ranged from one to four years old. Most of these 36 complaints were waiting for some Board action or investigation step. The Board needs to focus its efforts to resolve these long outstanding complaints. To enable us to monitor your progress, please provide us a copy of your complaint log on a quarterly basis. Please make sure that the log identifies each action's result, *i.e.*, the sanction or penalty.

- **The Board should initiate the process of updating Arizona's appraiser statute.**

The Arizona appraiser statute contains several inaccurate provisions. First, it states that the ASC establishes the standards and criteria for appraisers. The Appraisal Standards Board

(“ASB”) and the Appraisers Qualifications Board (“AQB”) establish the standards and criteria, respectively. Second, it requires that a roster of appraisers be submitted to us annually. Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, (“Title XI”) and ASC Policy Statement 8 require the submission to be at least monthly. Third, the statute provides that temporary practice permits may be approved if the appraiser’s home jurisdiction has a program that is “approved” by the ASC. The ASC does not “approve” State appraiser regulatory programs. The ASC only can disapprove programs. Finally, a conflict exists between the statute’s requirement for appraisers to retain records for three years and Arizona’s Administrative Code that has adopted USPAP, which requires records retention for five years. Title XI requires licensed and certified real estate appraisers to adhere to USPAP. The Board needs to take appropriate steps to have the inaccuracies and conflicts in Arizona’s statute corrected.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

If you have any questions, please contact us.

Sincerely,

Herbert S. Yolles  
Chairman