

**ARIZONA BOARD OF APPRAISAL**

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December 17, 1999

Mr. Herbert S. Yolles, Chairman  
Federal Financial Institutions Examination Council  
Appraisal Subcommittee (ASC)  
2000 K. Street, NW, Suite 310  
Washington, DC 20006

3 2 0 1999

Re: Response to ASC Review of October 6-8, 1999

Dear Chairman Yolles:

Thank you for your letter of November 23, 1999. Dennis Greene and Vicki Ledbetter of your staff were most cordial and helpful during their review of our program on October 6-8, 1999 and we enjoyed having them here. We are particularly gratified to know that ASC considers the Arizona program to be efficient and well operated.

With respect to the three recommendations set out in your letter, we are happy to report significant progress. We believe that we have resolved the first two. The Board is taking the third recommendation under advisement until such time as opening our statute becomes appropriate. Here are the details in response to all three ASC recommendations:

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

As of December 15, all disciplinary actions taken by the Board through its December 14, meeting have been posted to the National Registry. In addition, we have posted all entries to the "other" category not previously posted. Keeping these postings current is a priority. This will be evident from the complaint log we send you for the first quarter of 2000.

**2. The Board needs to continue improving the complaint investigation resolution process:**

The Board has taken steps to reduce both the time involved in complaint resolution and the number of pending cases. We have made substantial efforts through various methods such as holding two-day Board meetings and emphasizing other efficiencies. Please see our latest Complaint Log (Exhibit 1) and the analysis of our current pending cases (Exhibit 2). Note that all pending cases are in progress and are being moved along as quickly as the circumstances allow. We have had numerous informal hearings this year which extended the resolution period of the cases involved.

In addition, we had a formal hearing on case number #0545. Formal hearings are the most complicated of all complaint scenarios. That case finally went to the Office of Administrative Hearings (OAH) in October 1999, and then back to the Board where it was resolved on November 30. This complaint was both time and labor intensive but resulted in a fair and equitable outcome for the respondent and the public. At least three more formal hearings involving five cases will be held by OAH in early 2000. Each of these will add to our formal hearing experience curve and are expected to be resolved timely.

As a further measure, we will be holding an Investigative Forum (Exhibit 3) for review and training of our contract investigators in the first quarter of 2000, after the new Board members are in place. This will further fine-tune the complaint process.

### **3. The Board should initiate the process of updating Arizona's appraiser statute:**

The Board acknowledges the need for ASC's recommended changes to the statute. However, timing is an issue for us. In the next two months three major events will impact the Board and we need to address those first before proceeding to open our statute to changes.

First, the Governor will soon be appointing five (of nine) Board members to fill vacancies that expire January 17, including the current Chairperson's position. The first Board meeting to include the new appointees will most likely not be until February 16-17.

Second, the Board has established a new Government Relations Committee that is addressing the Board's past and future relationships with the state legislature. During 2000 it is expected that this Committee will take the lead for the Board in reviewing the statute and in recommending to the Board what action to take. In this regard, the state's 44th legislature comes into its second session on January 10. However, the deadline for agency bill requests was November 15. Any action desired by the Board to change the statute would have to be in an amendment to another bill. The second session is expected to be short this year, about 75 days.

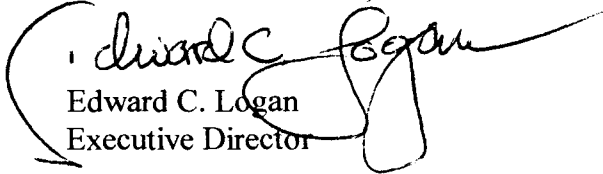
Third, in advance of any approach by the Board to obtain sponsorship of such an amendment, the Board has a requirement to file the first of two annual reports with the Governor and the Joint Legislative Audit Committee by December 31, 1999. These annual reports are to detail the progress the Board has made since a performance audit by the State Auditor General in 1998. The Board is confident that excellent progress has been made and that we can demonstrate this to the satisfaction of all concerned.

In summary, the reception of the 1999 annual report will be a key factor in the Board's relationships with the Executive and Legislative branches and will help determine what direction the Board may want to take during this legislative session, if any, with regard to opening the statute. We will keep you advised as these events unfold in 2000, together with transmitting our complaint logs to you quarterly.

The year 1999 concludes our first nine years of licensing. This has been a watershed year for our program. We have addressed past deficiencies, improved service, and positioned ourselves for excellence in 2000. We look forward to working closely with ASC to become a "best practices" model for appraisal regulatory agencies.

Please call us if you have any questions and thank you again for your past assistance. Happy Holidays from all of us, to all of you.

On behalf of the Board,

A handwritten signature in black ink, appearing to read "Edward C. Logan", is written over the printed name and title. The signature is fluid and cursive, with a large loop at the end.

Edward C. Logan  
Executive Director

- Exhibits:
1. Pending Caseload Analysis
  2. Complaint log as of Dec 15, 1999
  3. Investigators Forum outline