

# PROGRAM FACT SHEET

## Arizona Board of Appraisal

### Services:

The Board was established in 1990 in response to changes in federal banking regulations that required federally regulated financial institutions to use licensed or certified appraisers for real estate-related transactions and allowed all states to establish agencies to regulate them. The Board has the following responsibilities:

- **Licensing appraisers**—Issuing licenses and certifications to applicants who meet the national education and experience standards. As of January 2003, there were 1,757 active appraisers.
- **Resolving complaints**—Receiving and resolving complaints and taking disciplinary action against appraisers who violate the Uniform Standards of Professional Appraisal Practice. In fiscal year 2002, the Board received 222 complaints.
- **Registering property tax agents**—The Board is required to register property tax agents, who advocate for property owners involved in property valuation matters with the county assessor. As of January 2003, there were 292 registered property tax agents.

### Personnel:

The Board consists of the following nine Governor-appointed members, who may serve a maximum of two 3-year terms:

- Four members must be appraisers.
- One member must be a property tax agent.
- One member must be employed by a lending institution that purchases or makes use of commercial or residential appraisals.
- Three must be members of the public.

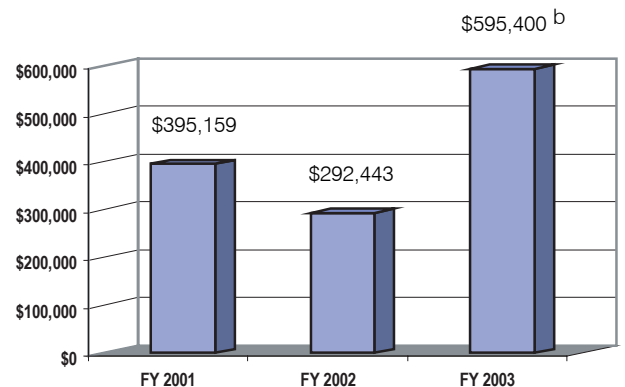
The Board is authorized four full-time equivalent (FTE) positions, which were filled as of May 2003.

### Facilities and equipment:

The Board leases space from the Department of Administration in a state-owned building at 1400 West Washington Street in Phoenix. In addition to typical office equipment such as furniture and staff computers, the Board owns ten laptop computers that board members and an Assistant Attorney General use at meetings.

### Program revenue:

Fiscal Years 2001, 2002, and 2003 <sup>a</sup>



<sup>a</sup> Licensing revenues fluctuate significantly between fiscal years because most of the Board's licensees renew their licenses in odd-numbered years. In addition, licensing fees increased by \$100 for new licenses and by \$200 for renewals as of December 1, 2000. These increases were in effect for only 7 months in fiscal year 2001; consequently, projected licensing revenues are significantly higher for 2003.

<sup>b</sup> Fiscal year 2003 revenues are estimates.

## Mission:

The Board's mission is to promote quality real estate appraisal in Arizona that protects the health, safety, and welfare of the public.

## Board goals:

1. To ensure that license/certification is granted only to candidates who are competent and who meet the Appraisal Qualification Board standards and state standards, and adhere to the current Uniform Standards of Professional Appraisal Practice.
2. To efficiently process applications and license/certify appraisers.
3. To expedite investigation of complaints and provide remedial discipline or take stronger regulatory measures when necessary to protect the public from incompetent and unethical conduct. (This goal is worded to "provide remedial discipline"; however, the Board has statutory authority to take remedial or disciplinary action.)
4. To maintain up-to-date lists of all licensed and certified real estate appraisers, all registered property tax agents, and all approved qualifying and continuing education courses and providers.

## Adequacy of goals and performance measures:

Although the Board's goals appear to be reasonably aligned with its mission, auditors identified some problems with the Board's performance measures. For example:

- The Board has efficiency measures for timeliness of applications and complaints. However, it does not currently collect information such as the date an application is received or approved, or the date that a complaint is closed in a database, but rather reports only estimates.
- The Board has an outcome measure under its third goal to report on individuals who recidivate after they have been disciplined, but the Board does not adequately define recidivism. The Board should clarify its definition to include all repeat offenders instead of only those who commit the same violation twice. Further, staff must manually identify these individuals and research individual complaint files to evaluate the Board's performance. The Board should maintain this information in its database.
- The Board reports a rating for customer satisfaction based on a scale from 1 to 8. However, the rating number is based on staff's perception of public and appraiser satisfaction with the Board's performance, rather than on survey results.
- The Board has not appropriately classified all of its performance measures. For instance, the Board's performance measure on disciplinary actions taken during a year is classified as an efficiency measure, but this measure should be classified as an output measure because the numbers of actions are not assessed against other measures, such as timeliness.