Alabama Real Estate Appraisers Board

VOLUME 17 NO. 1

THE APPRAISER BULLETIN

SPRING 2015

BOARD MEMBERS

Board members listed from L-R and congressional district they represent: **FRONT:** Billy Cotter - 2nd. Congressional District, Angie Frost - AMC Member, Chester Mallory - State-At-Large; **BACK:** Edmond Eslava, III (Buddy) - 1st. Congressional District, Richard Pettey (Rick) - 5th Congressional District, Dennis Key (Denny) - 4th Congressional District, Carroll Watson (Lew) - 3rd Congressional District and Robert Butler - 7th Congressional District. Not pictured is Christopher Baker (Chris) - 6th Congressional District. Currently Mr. Baker serves at Chairman and Mr. Eslava as Vice-Chairman.

During the 2015 regular session Governor Bentley re-appointed Mr. Eslava, Mr. Key, Mr. Baker and Ms. Frost. Also, during this session Governor Bentley appointed Ms. Patrice McClammy to replace Mr. Mallory since he has served his second term. The Alabama Senate confirmed all of these appointments. **See a short bio and photo of Ms. McClammy on the next page.**

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Inactive Status

Patrice E. McClammy - appointed as a State-At-Large Member. Ms. McClammy owns Patrice E. McClammy, Attorney-At-Law, L.L.C. in Montgomery, Alabama. Attorney with general criminal, civil, municipal, public administration, airport, real estate, and domestic relations law practice. Appointed Counsel for Montgomery County Juvenile, Family and Probate Courts, Former General Counsel, Montgomery Regional Airport: Of Counsel, Susan G. James & Associates. We are honored and excited for her appointment to our Board.

CALENDAR

The Alabama Real Estate Appraisers Board meets on the third Thursday every other month unless there is a need to reschedule. If committee meetings are scheduled they will be held on the Wednesday afternoon before the meeting on Thursday. If a disciplinary hearing is scheduled the regular meeting and hearing is typically scheduled on Thursday. Meeting notices are now published in advance on the Secretary of State's website at www.sos.state.al.us/aloma/. Continuing education credits are available for Board meeting attendance. Most meetings and all disciplinary hearings are held at the Board offices in Montgomery. All licensees are urged to attend Board meetings. When you plan to attend a meeting please call the Board office in advance to confirm the particulars of time and location.

2015 TENTATIVE MEETING SCHEDULE

January 15, 2015
March 19, 2015
May 21, 2015
July 16, 2015
September 17, 2015
November 19, 2015

NEW 2015 AQB TRAINEE REAL PROPERTY APPRAISER and SUPERVISORY APPRAISER EDUCATION REQUIREMENT

As of January 1, 2015 **Trainee Appraisers** shall be required to complete a course that, at a minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. **The course must be completed by the Trainee Appraiser prior to the Trainee Appraiser credential being issued.** This will take the place of the Trainee/Mentor course previously conducted by the Board. Several education providers have approved courses that meet this requirement approved and they are listed on the approved education list on the Board's website. Further, this course is not eligible towards the 75 hours of qualifying education required.

As of January 1, 2015, **appraisers who are approved as Mentors** must complete a course that, at a minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. **The course must be completed by the Mentor prior to supervising a Trainee Appraiser.** This will take the place of the Trainee/Mentor course previously conducted by the Board. Several education providers have approved courses that meet this requirement and they are listed on the approved education list on the Board's website.

*Supervisory appraisers shall have been certified for a minimum of three (3) years prior to being eligible to become a Supervisory Appraiser.

To satisfy the continuing education requirement for the September 2015 renewal, all Trainees and Mentors who received their license/mentor status after October 1, 2013 must take this course before their license will be renewed in 2015.

If you have any questions please don't hesitate to contact our office at 334-242-8747.

DISCIPLINARY REPORT

The Alabama Law requires the Board to regulate the conduct of appraisers in Alabama. The Board's Administrative Rules outline the procedure for handling complaints. The Uniform Standards of Professional Appraisal Practice provide the basic ethical standards for which appraisers must comply. Appraisers should carefully note the following violations, which resulted in disciplinary action of the Board.

AB-12-23; AB-12-25: On January 16, 2014, the Board approved a Consent Settlement Order with **Roger Pugh, G00162** where Licensee agreed to pay an administrative fine of $8,000 to the Board. The violations in the reports are as follow: In **AB-12-23**, Licensee failed to fully identify the characteristics and attributes of the Subject. Information provided for the main residence was limited and no information was provided for the second residence except an exterior photo. Licensee failed to provide the analysis for the differences in site and differences in location of the Subject and Comparables. Licensee failed to provide the analysis of the actual age, when the actual age of the Subject *(6 years)* and the Comparables *(C#1-72 years, C#2-15 years, C#3-87 years)* were different. The actual ages provided were not supported by the data source. Licensee failed to provide the analysis when a second residence was present on the property. For Comparable #1/Garage-Carport section, Licensee stated "None" when the data source reports there was a 3-car garage. In Comparable #1, Licensee failed to completely list and analyze the amenities reported in the data source: located on the crest of Red Mountain with a view of the city on an estate size lot, with energy efficient items, an elevator, a gated entrance to the property, fire-places, a playhouse and a generator. In Comparable #2, Licensee failed to completely list and analyze the amenities reported in the data source: energy efficient items, elevator, fireplaces and a generator. In Comparable #3, Licensee failed to completely list and analyze the amenities reported in the data source: energy efficient items, indoor fireplaces, outdoor fireplace, putting green and generator. The appraisal was used for a tax appeal and Licensee's decision to use a Fannie Mae Mortgage Form to report the appraisal without striking the mortgage language from the form results in a misleading report. In the Site/Dimensions, Area and Shape sections, Licensee provided information that was not accurate: The dimensions were not complete; the square footage of the area analyzed was not credible; the shape was stated as rectangular, when it was irregular. In the Improvements/General Description section, Licensee reported improvements as a "one" unit when there was a second residence on the property. In the Sales Comparison Approach/Actual Age section, Licensee stated and analyzed incorrect actual ages for the Subject and Comparables. In the Sales Comparison Approach/Porch-Patio-Deck section, Licensee failed to provide an analysis of the porch/patio for the Subject and Comparables. In the Sales Comparison Approach/ Comparable #1/Garage-Carport section, Licensee stated "None" when the data source provides there was a 3-car garage. In the Reconciliation section, Licensee indicates the appraisal is made "as is". In the Additional Comments section, Licensee provided information about the room count of the home that did not reflect the room count information provided in the Improvement section and/or Sales Comparison Approach section of the appraisal report. Licensee failed to identify the client by name and did not comply with USPAP when the client name is omitted at the client's request. Licensee failed to identify the intended user or comply with USPAP when the intended user's name is omitted. Licensee failed to identify the intended use of the report. Licensee, in the

the Neighborhood/Present Lane Use % section, failed to analyze the complete land use percentages of the named neighborhood or the described neighborhood. Licensee failed to provide the information on the commercial land use or explain the 10% other land use within the neighborhood. Licensee, in the Neighborhood/Neighborhood Description section, provided a general comment that did not actually provide a neighborhood description of the neighborhood. *(White collar neighborhood with high end residence)* Licensee reported the appraisal Fannie Mae Form 1004/ Freddie Mac Form 70 March 2005 version. The appraisal report form was not designed for the appraisal of a property within two residences, which resulted in the form failing to provide sufficient information on the second residence appraised/analyzed. Licensee, in the Sales Comparison Approach/Sales or Financing Concessions section, failed to provide the sales information and analysis. Licensee, in the Sales Comparison Approach/Location section, failed to provide the actual elements of comparison for the location of the Subject and Comparables that would have been analyzed. Licensee, in the Sales Comparison Approach/Site section, failed to provide information of the analysis of the difference in the Subject site and the site of the Comparables. Licensee, in the Sales Comparison Approach/Actual Age section, failed to provide the analysis of the difference in the actual age of the Subject *(6 years)* and the Comparables *(C#1-72, C#2-15, C#3-87)*. *(actual age analyzed was not accurate)* In the Sales Comparison Approach/Comparable #1 & Comparable #2/Total Room Count sections, Licensee failed to provide an analysis of the differences in the total room count. In the Sales Comparison Approach/Subject, Comparable #1 & Comparable #3/Second Residence section, stated only "Yes" without providing sufficient information as to the analysis of the guest house; no information provided for GLA/square feet, room count, amenities. In the Sales Comparison Approach/Comparable #1 section, Licensee failed to state and analyze the amenities listed in the data source: located on the crest of Red Mountain with a view of the city on an estate size lot, energy efficient items, elevator, gated entrance to the property, 3 car garage, fireplaces, playhouse and generator. In the Sales Comparison Approach section, Licensee failed to provide an analysis of the pools and media rooms. Licensee failed to explain the exclusion of the Cost Approach and the Income Approach within the appraisal report. Licensee failed to provide a sketch of the Subject in the appraisal report when a reference to the sketch was elsewhere in the report. Licensee failed to identify the client within the appraisal report. Licensee failed to comply with USPAP when the client is not named. Licensee failed to identify the intended use of the report. Licensee failed to explain the exclusion of the Cost Approach and Income Approach, which was not employed within the appraisal process.

In the case of **AB-12-25,** Licensee reported and communicated the results of a retrospective market value appraisal assignment for an ad valorem tax protest on a Fannie Mae Form 1004/Freddie Mac Form 70 March 2005, a mortgage lending form and did not strike out the many references to mortgage lending, resulting in misleading language in the report. The appraisal report form (1004) was not designed for retrospective market value appraisals. Licensee included and considered a sale that occurred after the effective date of value. Licensee failed to research, collect, verify and analyze the necessary information/data in preparing and developing the appraisal assignment. *(No analysis of the property tax assessment of the Subject, Comparable or Neighborhood properties.)* Licensee failed to identify an appropriate scope of work. Licensee failed to analyze that the Subject is located within a gated, planned community/development with restrictions, covenants and special assessments. Licensee failed to identify the Scope of Work necessary for a retrospective ad valorem tax protest appraisal. For Comparable #3, Licensee failed to analyze the $6,000 seller

concession, and the homeowners' association fees. For Comparable #2 Licensee failed to analyze all the amenities listed in the data source: planned gated community/development with a scenic view of the river valley, energy efficient items, appliances and fireplaces. Comparable #3 sale occurred after the effective date of the retrospective appraisal report. The sale would not have been available for analysis by an appraiser on the effective date of the appraisal report. In the Neighborhood/Market Conditions section, Licensee provided a comment "All properties in this neighborhood sell within 30 days of listing assuming the listing price is realistic." The comment is inconsistent with the Neighborhood/One Unit Housing Trend/Marketing Time section and is not supported by Licensee's work file. Licensee failed to identify the client by name or comply with USPAP requirements when the identity of the client is omitted. In the Subject/Special Assessment HOA section License failed to provide the homeowners' association fee. Licensee failed to provide information on the commercial land use or explain the 5% other land use analyzed within the neighborhood. Licensee described the neighborhood as white collar neighborhood. In Comparable #3, Licensee failed to analyze the $6,000 seller concession. Licensee failed to explain the exclusion of the Cost Approach and Income Approach within the appraisal report. Licensee's sketch did not include the second floor, porch, deck, patio and basement (garage) of the improvements to the Subject property. Licensee failed to provide an analysis of the tax assessment records for the Subject, Comparables and Neighborhood properties. Licensee did not include the name of the client or comply with USPAP when the client name is omitted. Licensee failed to explain the exclusion of the Cost Approach and Income Approach, which were not employed within the appraisal process.

AB-09-06: On March 20, 2014, the Board approved a Consent Settlement Order with a Certified Residential appraiser where Licensee received a private reprimand and agreed to pay an administrative fine of $750 to the Board. The violations in the reports are as follow: Licensee analyzed dwelling costs (Porch, Stoop, Fireplace) in the "as is" value of site improvements under the Cost Approach to Value section of the report. In describing the "Neighborhood Boundaries" (page 1 of the report), Licensee stated a neighborhood boundary that was not accurate. The Subject property was not located within the neighborhood boundary described, but was rather to the south of the southern boundary described in the report. No finding of violation is made as to the "Neighborhood Description" stated in the report. Licensee stated or commented in a manner that was not clear and accurate when: The Subject is not located within the neighborhood boundaries stated within the appraisal report; and by representing a photo of a room with a fireplace in the photo addendum as the Subject, when the photo was of a different piece of property. Licensee failed to include the statutory certification as required by the Alabama Real Estate Appraisers Act.

AB-13-17: On March 20, 2014, the Board approved a Consent Settlement Order from **John T. Woodall, R00285**, where Licensee agreed to assessment of an administrative fine of $1500. The violations are: Licensee signed a certification that included in item 2 "I performed a complete visual inspection of the interior and exterior areas of the Subject property." Licensee also certified in item 19 "If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual and disclosed the specific tasks performed in the appraisal report. Licensee did not inspect the interior of the Subject and did not acknowledge the assistance of the trainee. Assignment was an FHA appraisal and was appraiser specific and could not be performed by

another appraiser. The assignment had to meet FHA guidelines as required by the client and these guidelines required at a minimum an interior and exterior inspection of the Subject by the licensee. Licensee did not inspect the interior of the Subject property. Licensee did not inspect the Subject interior yet signed the report as the appraiser and failed to acknowledge the assistance of the trainee.

AB-13-33: On May 15, 2014, the Board approved a Consent Settlement Order with a Certified General appraiser **Ray Brannum, G00260** where Licensee agreed to pay an administrative fine of $1,000 to the Board. The violations in the reports are as follow*:* The assignment was a Market Value appraisal. Licensee only considered sales of REO / Foreclosed properties and the work file did not contain data to determine if a condition of sale adjustment should have been made. The work file did not contain records of comparable sales of non- REO properties so it is assumed that only REO properties were considered as comparable sales. Licensee did not perform the Income Approach because the business had been closed for a substantial period of time demonstrating a lack of understanding of the use of the Income Approach in this assignment. Licensee developed an opinion of Highest and Best Use for the Subject and then used sales in the Comparison Approach of properties with uses different than Licensee's opinion of Highest and Best Use for subject. This indicated that the licensee did not correctly employ the Sales Comparison Approach. Licensee committed a substantial error of omission by not performing the Income Approach because the business had been closed for a substantial period of time. Licensee failed to analyze the comparable sales utilized that would produce a credible assignment result. The Comparables were REO properties that did not meet the definition of Market Value used in the appraisal and the condition of sale should have been analyzed. Licensee has no support or justification in the appraisal report or the licensees work file for the depreciation utilized. There is also no discussion, support of justification in the report or work file for the depreciated value of furniture utilized in the final value of the Cost Approach. Licensee analyzed and reported the Highest and Best Use of the Subject property as one thing but used comparable sales and cost data from properties with different use to develop the opinion of value reported in the report. Licensee reported on the cover page the report that a "limited appraisal report" was performed. It was also noted that in the cover letter the licensee states that "A full report with the Assumptions and Limiting Conditions follow". It was also noted that in the licensees report under the Assumptions and Limiting Conditions section the licensee states "This Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Limited Appraisal Report" the same statement is made on page 10 of the report under section titled "Type Appraisal and Report". The licensee states that the Income Approach was considered but because the business "had been closed for an extended period of time" was not used. An appraisal measures future benefits in to a present value, therefore a business not being operational for an extended time is not a valid reason for not doing an Income Approach.

AB-13-37: On July 17, 2014, the Board approved a Consent Settlement Order with a Certified Residential appraiser **William M. Robbins, R00223** where Licensee agreed to pay an administrative fine of $3,500 to the Board and complete a 15 hour USPAP course with exam. The violations in the reports are as follows*:* The licensee did not gather significant information about the proposed sales or sales contract to make a thorough analysis such as: days on market, relationship between buyer and seller. Licensee failed to develop and perform a Scope of Work that intended users and Licensee's peers would expect by: selecting sales that were not comparable to the subject in terms of size, age and condition when there were sales closer to the subjects size, age and

condition that Licensee chose not to use. Licensee did not correctly employ the Sales Comparison Approach when he selected comparable sales where size, age, and condition were superior to the subject and did not adjust the sales price with market based adjustments. Licensee did not demonstrate that he understood the proper execution of the Sales Comparison Approach to value. Licensee made an unsupported assumption that the Subject 86 year old home had an effective age of 20 years. Licensee stated under the section titled verification source, MLS/AGDA/CRS. These are not verification, these are data sources. Verification is with a party to the transaction. Licensee has no support or justification in the appraisal report or the work file for the site value utilized and the value was not developed utilizing an appropriate appraisal method or technique. Licensee did not have date to support his opinion of effective age and the adjustments to the comparable sales based on that effective age.

AB-13-39: On July 17, 2014, the Board approved a Consent Settlement Order with a Certified Residential appraiser **Alan Lloyd Daniel, R01205** where Licensee agreed to pay an administrative fine of $3,500 to the Board and complete a 15 hour USPAP course with exam. The violations in the reports are as follow: The letter of engagement specified that the assignment was to meet FHA guidelines and that the assignment "can only be completed by the approved appraiser to whom it has been assigned". Licensee did not personally inspect the interior of the Subject as required by FHA guidelines. The Licensee certified in Item 2, Page 8, "I have performed a complete visual inspection of the interior and exterior areas of the Subject property." Additionally, in Item 8, page 30 Licensee certifies: "I have personally inspected the interior and exterior area of the Subject property". Licensee did not personally inspect the interior of the Subject property and disclosed that the Trainee inspected the interior only when the AMC made a post appraisal inquiry. On page 6, in the Cost Approach section, Licensee supports the opinion of site value by stating "There is insufficient data to help establish a market value for the site and the tax appraisal for the site value is utilized in helping determine the site value of this appraisal." The use of ad valorem tax values is not a recognized method to develop an opinion of site value. The use of ad valorem tax values is not an appropriate method to develop an opinion of site value. Licensee falsely certified he inspected the Subject property. Licensee failed to disclose the significant real property appraisal assistance of a Trainee appraiser and falsely certified that the work was his own until the AMC ordering the appraisal requested an explanation based on the homeowner's statement that the interior inspection was made by a female. Licensee altered the appraisal report submitted to the Board when the copy of the report was requested for investigation.

AB-08-100: **Joshua Matthew Smith** is a Certified Residential Property Appraiser, **R00770**, who serves as a mentor appraiser. While he had no current trainees at the time of this hearing, he had previously mentored Charles William Jaggers, who held a Trainee Real Property Appraiser's Certificate numbered T00662. During the course of this mentor/trainee relationship, Mr. Smith received, on November 10, 2006, a Request for Appraisal from First Commonwealth Mortgage. This Request for Appraisal dealt with the Subject property, which is a single-family residence located at 357 County Road 429, Fruithurst, Alabama, 36262, in the County of Cleburne. Mr. Smith assigned this appraisal to Mr. Jaggers, his trainee who inspected the property, otherwise researched the necessary data, and prepared the report. The final appraisal report was issued on November 14, 2006, effective November 13, 2006. Both Mr. Jaggers and Mr. Smith executed the final report which was transmitted to the client, First Commonwealth. Thereafter, on or about

August 18, 2008, the Board received a complaint against Mr. Smith related to this appraisal. The Board notified Mr. Smith about the complaint and initiated an investigation of the matter. The Board provided Mr. Smith with a copy of the complaint, redacting the name of the complainant. Mr. Smith was asked to turn over his work file on this appraisal and he submitted his file to the Board. Further, an attorney on Mr. Smith's behalf filed a response to the complaint on or about May 15, 2009.

In the hearing of this matter, Mr. Smith acknowledged that he is responsible for the report and for assuring that the report meets both the Ethical Rules and the tandards set forth in the Uniform Standards of Professional Appraisal Practice.

Mr. Smith served as the supervisory appraiser for this report. As such, he made certain certifications which are found on page 6 of 6 of the Uniform Residential Appraisal Report. This report is found in Board's Exhibit 8. The relevant certifications are as follows: "SUPERVISORY APPRAISERS CERTIFICATION: The supervisory appraiser certifies and agrees that: I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of the Appraisal Foundation and that were in place at the time this appraisal report was prepared." Based upon the evidence presented in the hearing of this matter, it is clear that the instant report failed to meet certain requirements of the Ethics Rule and the standards established by the 2006 Uniform Standards of Professional Appraisal Practice. There were two discrepancies between data set forth in the report regarding the Subject property and the actual state of the Subject property. The Respondent argues that it is impossible for the Board to know the state of the Subject property in 2006 because the Board's investigator did not make his inspection until 2009. However, with respect to these two particular discrepancies, this argument is not persuasive for reasons that will be set forth herein. The discrepancies are as follows: The report states that the Subject property had two upstairs bedrooms. Exhibit 8, which is a copy of the licensee's file contains a copy of the report. The report contains a printed building sketch, which is found at Bates #20 of Exhibit 8. The sketch shows that those two upstairs bedrooms are at opposite ends across the front of the structure. That sketch indicates that a closet exists in the outside corner of each of these bedrooms. The Board's investigator, upon inspection, determined that there are no closets in these bedrooms. While he was unable to enter the structure, he was able to look through the windows. He also took photographs through the windows of the interior of these bedrooms. There were no closets in these corners. Additionally, from the exterior of the structure, he measured the wall length available on these corners for a closet. Windows are present on both walls close to the corners where these closets were supposed to have been located, which restrict the available space. The measurements taken from the outside by the investigator indicate that only one foot, seven inches existed on the front measurement, and two feet 10 inches existed on the side wall measurement. This means that any such closet would be implausibly small. The only way to make a larger closet would be to obstruct the windows. Nevertheless, there is no indication in the photographs taken by the investigator and, indeed the investigator observed no signs that closets had ever been in these two corners. Indeed, Exhibit 8, page 28, is a hand sketch of the floor plan of this structure, which

was probably made at the time of the licensee's inspection of the Subject property. The sketch of the first floor shows two bedrooms with a notation that each of these bedrooms contains a closet. The sketch of the second floor shows two bedrooms, but shows that there are no closets present. Additionally, the licensee offered no reliable testimony to the effect that closets ever existed in these bedrooms. The licensee never made an inspection of the Subject property. Therefore, there are four bases for finding that no closets existed in the upstairs bedroom when the licensee conducted his inspection. Those bases are (1) there was not enough room in these bedrooms for a closet to exist; (2) there were no closets in 2009 and there was no physical indication that there had ever been any closets in these corners; (3) the hand sketch of the licensee contained in the licensee's working file, Exhibit 8, demonstrates that there were no closets in these bedrooms at the time the sketch was drawn; and (4) the licensee did not submit any reliable testimony based on personal knowledge that closets did exist in these bedrooms in 2006. The licensee misrepresented in the report that closets existed in the upstairs bedrooms. The report states that this property contained a central heating and central air conditioning system. The report indicates that there were two individual units which, presumably, meant that there were two central A/C compressors. However, the investigation of the Board determined that this house contained two window units and no central heating and air conditioning. Again, the licensee argues that the Board's inspection was made in 2009, three years after the licensee's report, and that things could change in the structure in that time frame. However, this Hearing Officer finds that there was no central heating and air conditioning in the Subject property at the time of the licensee's inspection. When the Board made its inspection, there was absolutely no sign that central heating and air conditioning ever existed in this structure. The floors and the ceiling were visible and showed no signs of duct work or vents. There was no evidence that any ducts or vents ever existed in any part of the structure. The licensee says that perhaps all evidence of a preexisting central heating and air conditioning system had been removed. However, based upon the condition of the house, such a conclusion is unwarranted. Further, there is no indication that a pad for a central heating and air conditioning unit was ever situated outside the structure. The only indication of heating and air conditioning in the structure are the two gravity units in the walls. The licensee admits that he really does not know whether central heating and air conditioning ever existed in this structure because he did not inspect it. It is untenable to think that a central heating and air conditioning system existed in this structure. Therefore, this Hearing Officer finds that the licensee misrepresented in the report the fact that central heating and air conditioning existed in the Subject property. In addition to the two discrepancies, there are inadequacies or failures of the licensee to properly prepare the report in accordance with the Uniform Standards of Professional Appraisal Practice and there are other errors in the factual reporting. These are as follows: On Page 2 of 6 of the Uniform Residential Appraisal Report (Bates Page 6 of Exhibit 8) there is a block beside "Sales Comparison Approach" labeled "Quality of Construction." The appropriate response to place in that block is an evaluation as to whether the Subject property rates a fair, average, good, or some other similar designation. Instead of appropriately making the evaluation in this fashion, the licensee indicated that the Subject property was "vinyl siding." For the comparables in the same block he indicated that they were brick/veneer siding, wood siding, and wood siding. These are inappropriate designations and do not comport with the requirements of USPAP. On Page 3 of 6 of the Uniform Residential Appraisal Report (Bates Page 7 of Exhibit 8) there is a block beside the designation "Cost Approach" which reads "Quality Rating from Cost Service." In this block the licensee stated that the rating was average. However, this is an incorrect rating for the subject property. As listed on the report, the source of this cost data is Marshall and Swift residential estimator. The investigator

for the Board testified with respect to the Marshall and Swift estimator. Board Exhibit 15 contains a copy of criteria for residential construction quality from this Marshall and Swift publication. The Board's investigator testified that the Subject property fell within the fair quality range, not average. Whereas, the Marshall and Swift fair quality criteria called for eight-foot interior ceilings, the Subject property had two bedrooms with seven-foot interior ceilings. The fair quality criteria set forth therein lists "flat roof or low-pitch roof." The Subject property had a low-pitched roof. The "fair" criteria referenced "low-quality fixtures" as a fixture count of ten or below. The Subject property had only six fixtures. The "fair" quality criteria included an owner-built (not professional) reference, and the investigator determined, upon investigation, that some of the construction did indeed appear to be owner built. The investigator found below-quality workmanship, which is another criteria under "fair" quality construction. Indications of below-quality workmanship in the Subject property include a wall -mounted heat pump with a large gap between the top of the heat pump and the wall; a countertop that does not fit properly, the lack of handrails on the stairs and very narrow stairs, a kitchen outlet with a hole in the sheetrock larger than the outlet cover, no doors on the downstairs closets, and outside drain pipes emptying into the yard. These conditions are not the type that would likely develop from poor maintenance or destructive vice. This Hearing Officer finds that these conditions existed in 2006.

The licensee argued that there are certain features of the Subject property that actually exceed the criteria for average quality. He also points out that the Subject property meets or exceeds most of the average quality criteria in the Marshall and Swift estimator. In this regard, the Board's investigator, who is himself a well-qualified Real Property Appraiser, and the licensee disagree. The scales tip in favor of the Board's position on this point by virtue of the following explanation. The Board's investigator examined Property Record Cards on the Subject property and the three comparables. The 2006 Property Record Card for the Subject property lists the quality class as E minus. The Code definitions in the Alabama Department of Revenue's Alabama Appraisal Manuel, which are found in Board's Exhibit 15 state that E minus means "fair" quality construction. The Department of Revenue has a classification code system for various levels of quality and uses plus and minus signs to indicate structures that fall between the classifications. For example, a Class C property is a good or better than average property. A Class D property is an average or standard class of property. A C minus or D plus would be a property falling between Classes C and D. Class E describes a residence that might be considered slightly below average or fair. Class F is a low-cost or poor type of structure. An E minus indicates a less than below average property. The E minus means that the Subject property should be rated as "fair" quality construction. For all of the reasons set forth herein, the quality of construction of the Subject property, using the Cost Approach, should have been identified as "fair," not average. The report fails to state the differences between the Subject and the Comparables. There clearly are differences between the Subject and the Comparables, but the licensee reported that there were no differences in certain material aspects. For example, on Page 2 of 6 of the report (Bates #6 of Exhibit 8) under Sales Comparison Approach, in the heating/cooling block the licensee states that all four properties have central heating and cooling. This is simply not true. Additionally, under Functional Utility, the licensee reports that all of the properties are average. This is clearly incorrect as will be further set forth herein. In the Uniform Residential Appraisal Report, Page 2 of 6 (Bates #6 of Exhibit 8) under the Sales Comparison Approach, the block entitled "Condition" describes all of the properties as average. Again, this is not correct. Additionally, there is no adjustment for differences in the ages of the

properties. Some comment should have been made with respect to these differences. The licensee reported the Subject property virtually throughout at a higher classification than warranted when comparing the Subject to the Comparables. As set forth in paragraph 8(c) above, the functional utility of the Subject property is listed as average. This evaluation does not comport with the actual status of the property. The layout of the Subject property is inferior to the layout of the comparables. Two upstairs bedrooms in the Subject property without closets and the lack of an upstairs bathroom causes the bedrooms to be functionally obsolete. In fact, it is quite arguable that the two upstairs bedrooms should not have been listed as bedrooms at all. Further, the floor plan is functionally obsolete. All of the comparable properties had two bathrooms and the Subject property had only one. The floor plan of the Subject property required that a person in an upstairs bedroom traverse a narrow set of stairs with no hand rail through either the kitchen or one of the downstairs bedrooms to get to the only bathroom in the house. The Board's investigator testified that none of the comparables suffered from functional obsolescence. Two of the comparables were ranch-style houses with all rooms on one floor. The licensee testified that the Subject property was not functionally obsolete because the market data regarding Comparable Two, which had one bedroom upstairs without a bath, did not support that conclusion. However, the licensee is not comparing apples with apples. Further, the licensee did not address in testimony the other two comparables. His analysis and, therefore, his opinion in this regard fails. Further, the licensee did not address functional obsolescence in his Cost Approach. The licensee should have used a method calculated to account for functional obsolescence. For example, the licensee could have used a cost-to-cure factor in his analysis, but did not do so. Had the licensee not allowed the discrepancies referenced herein, and had the licensee not failed to comply with the Uniform Standards of Professional Appraisal Practice, there would have been a different outcome in this appraisal. The licensee denied any wrongdoing. He stated that he did not observe the Subject property. However, his failure to inspect is irrelevant to the issues herein regarding the propriety of the report for which he was responsible. The licensee gave his opinions with regard to various aspects of the criticisms offered by the Board's investigator to the effect that he is right about all analysis performed and data reflected in the report. Many of these opinions have been previously addressed in this Order. Clearly, however, the licensee's opinions in these regards do not warrant much weight. The attorney for the licensee has admirably argued his client's case, and both the testimony of the licensee and the arguments of his attorney have been duly considered by this Hearing Officer and given the appropriate measure of weight. The licensee argues that a public reprimand or a suspension would harm him financially. This is certainly a consideration; however, it cannot be determinative of the issues and the ultimate recommendation of this Hearing Officer. This Hearing Officer finds that the licensee violated Uniform Standard of Professional Appraisal Practice Rule 1-1 (a) in that he did not correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal. For example, the licensee did not properly employ the Sales Comparison Approach. He failed to make proper adjustments for differences in the quality of construction between the Subject property and the comparables. Each of the three comparables were of higher quality construction than the Subject property, as demonstrated in this Finding of Fact. No adjustments were made for differences in age or functional utility, as referenced above. The licensee improperly reported that the Subject property had central heating and air conditioning, and failed to make any adjustment for the fact that the comparables all had central heating and air conditioning. This Hearing Officer finds that the licensee violated Uniform Standard of Professional Appraisal Practice Rule 1-1(b) by committing substantial errors of omission or commission that significantly affected the appraisal. These errors have been sufficiently discussed above, however,

they include the fact that closets were reported in the upstairs bedrooms where none existed, the licensee reported that the Subject property had central heating and air conditioning, which it did not, and the licensee did not consider functional utility regarding the Subject property, which had a functionally obsolete floor plan. This Hearing Officer finds that the licensee violated Uniform Standard of Professional Appraisal Practice Rule 1-4(a) by failing in the use of the Sales Comparison Approach to analyze comparable sales data which was available to indicate a value conclusion. The licensee did not verify and correctly analyze all of the pertinent information necessary for a credible result. The licensee did not verify pertinent facts and failed to properly analyze the differences in quality of construction, age, condition, and functional utility of the Subject property in relationship to the three comparable sales. This Hearing Officer finds that the licensee violated Uniform Standard of Professional Appraisal Practice Rule 1-4(b)(2)(i) in the licensee's use of the Cost Approach by failing to analyze comparable cost data available for the purpose of estimating the cost new of improvements. The licensee priced out the house with central heating and air conditioning when the house actually had wall heat pumps. This Hearing Officer finds that the licensee violated Uniform Standard of Professional Appraisal Practice Rule 1-4(b)(3)(i) by failing to analyze comparable data available for the purpose of estimating the difference between the cost new and the present worth of the improvements. The licensee did not consider functional utility when calculating the depreciation from all causes. The two upstairs bedrooms were only eight by ten feet and neither had closets. The house suffered from a very bad floor plan that had the main entry to the house coming into the kitchen area with stairs leading upstairs into a living area that had to be crossed to reach the two upstairs bedrooms. Access to the bath from upstairs was back down the stairs, through the kitchen and the breakfast area. The licensee violated the Ethics Rule of Conduct found in Exhibit 14, Uniform Standard of Professional Appraisal Practice, page 7, lines 247, 248, and 249, in that he communicated assignment results in a misleading manner. The undersigned Hearing Officer sets forth the following Conclusions of Law with regard to this matter:

a. The licensee breached the standards for the development and communication of real estate appraisals by virtue of the above-stated acts and omissions in violation of §34-27A-20(a)(6), Code of Alabama (1975).
b. The licensee failed without good cause to exercise reasonable diligence in developing, preparing, and in communicating the appraisal report in violation of §34-27A-20(a)(7), Code of Alabama (1975).
c. The licensee was negligent in developing, preparing and communicating the appraisal report in violation of §34-27A-20(a)(8).
d. The licensee willfully disregarded the regulations of the Board for the administration and enforcement of the law in violation of §34-27A-20(a)(9), Code of Alabama (1975).

The Board hereby suspends the Certified Residential Real Property Appraiser License # **R00770** of **Joshua M. Smith** for one month beginning on February 1, 2011 through February 28, 2011; Respondent Smith pay an administrative fine of $5,000. This action has been taken and this Order issued by the State of Alabama Real Estate Appraisers Board effective January 20, 2011.

AB-13-44; AB-13-45; AB-13-46: On September 18, 2014, the Board approved a Consent Settlement Order with Certified General appraiser **Ira M. Betts, Jr., G00087** where Licensee agreed to a public reprimand and an administrative fine of $3,750. The violations in the reports are as follow*:* AB-13-44 Licensee failed to summarize the information analyzed to support conclusions of the Highest and Best Use (single family residential). Licensee also failed to analyze terms in the contract: that it included conversion of the existing manufactured home to a storage unit where the kitchen would be inoperable and utilities disconnected. In the Cost Approach, Licensee failed to provide support for the opinion of site value. Licensee failed to show the contribution to value in the Cost Approach for carports, storm shelter, barns, sheds, ponds, lighted horse corral. In the Sales Comparison Approach, failed to disclose Comparable #3 was a REO where the selling price *($81,937)* was higher than the list price *($79,900)*. In the Neighborhood/Present Land Use % section, failed to report the commercial land use. The present land use reported was 35% one-unit and 65% vacant, which ignored other existing land uses in the neighborhood. Licensee reported zoning compliance as legal when No zoning" should have been indicated. Licensee failed to use a local cost multiplier in calculating dwelling cost. Licensee analyzed the delivery, installation and setup costs twice within the Cost Approach. (Cost data source (Marshall & Swift) calculates the delivery and setup cost within the per square foot cost. Licensee analyzed an additional delivery, installation and setup cost, which resulted in the delivery, installation and setup cost being analyzed twice within the Cost Approach. Licensee failed to collect, verify and analyze all available sales data and also analyzed sales data that was not supported by his stated data source. Also, the comparables were located outside of the Subject property's neighborhood and no analysis was provided. For Comparable #1 and #2/Garage-Carport section, failed to state the detached two (2) car carport and provide an analysis of the detached two (2) car carport. For Comparable #2, there is no analysis of the storm shelter included in the sale. Licensee did not disclose Comparable #3 was an REO with the selling price *($81,937)* higher than the list price *($79,900)*. Licensee, in Comparable #4, failed to report and analyze two ponds, barns, sheds and a lighted horse corral. Licensee failed to collect, verify and analyze data or analyzed data that was not supported by the data source, which rendered the Sales Comparison Approach non-credible. Licensee's work file failed to provide support for the GLA analyzed in the Sales Comparison Approach for Comparable #2 and Comparable #4. In the Cost Approach, the dwelling cost data in the work file was different than the dwelling cost analyzed. **AB-13-45:** Licensee failed to summarize the information analyzed within the sales contract of the manufactured home in accordance with Standard Rule 1-5 as required when reporting an opinion of market value. Licensee failed to summarize the information from the sales contract of the site area, in accordance with Standard Rule 1-5 as required when reporting an opinion of market value. Licensee failed to summarize the information analyzed to support Licensee's conclusions of the Highest and Best Use of the Subject property being single family residential. Licensee, in the Sales Comparison Approach/Comparable #3, analyzed a $3,000 superior location adjustment and a $3,000 site adjustment for the comparable being located on water front property. Licensee failed to summarize information to provide an analysis that supported the adjustments. **AB-13-46:** Licensee failed to summarize the information analyzed to support the Highest and Best Use. Licensee. Licensee did not disclose that Comparable #1 was a REO sale. Licensee did not analyze differences for carport with storage, pond, 30x 60 3-bay garage with bath, workshop & bunk room/sewing/office, additional manufactured home for rental with an additional manufactured home space to rent, barn, equipment-storage shed and a storage building. Licensee reported zoning compliance as legal when there was no zoning. Licensee, in the Cost Approach section, provided the opinion of site value was $32,500, which was

the purchase price of the two parcels of property. Licensee, in the Sales Comparison Approach/ Sale-Transfer History section, provided the property was under contract for $25,500. Licensee, in the Sales Comparison Approach/Comparable #3/GLA section, due to a typo error provided and analyzed a GLA that was not supported. Licensee failed to develop/analyze credible cost data and failed to develop/analyze a local cost multiplier for the dwelling cost for the manufactured home in the Cost Approach. Licensee failed to analyze comparable sales data that was available from the data source and analyzed data that was unsupported by the data source within the Sales Comparison Approach. Licensee failed to collect, verify and analyze sufficient data/information. Licensee analyzed unsupported cost data in the square foot cost. Licensee failed to analyze a local cost multiplier for the dwelling cost. Licensee, in the Cost Approach section, explained the value *(opinion of site value)* given the land is the total of the purchase prices paid by the borrower for the two parcels, which is not an appropriate method and technique to develop an opinion of site value. Licensee, in Comparable #1, failed to provide information and an analysis of the comparable being a REO property. Licensee, in Comparable #1/Fireplace section, analyzed a single fireplace when the home had two fireplaces. Licensee, in Comparable #2, failed to provide information and an analysis of the carport with storage and pond, which was reported in the data source information. Licensee, in Comparable #3, analyzed 11.47 acres when the data source reported 15 acres. Licensee analyzed a two car garage when the garage was a 3-bay 30 x 60 garage with workshop and bath downstairs and a bunk room/sewing/office upstairs. Licensee failed to analyze the covered patio along with the additional manufactured home available for rental on the property and the extra manufactured home space available for rental on the property, which was reported in the data source information. Licensee, in Comparable #4, failed to provide information and analysis of the barn, equipment-storage shed and storage building, which was reported in the data source information. Licensee's work file failed to provide support for the GLA of Comparable #3 and Comparable #4 analyzed in the Sales Comparison Approach. Licensee's work file information failed to provide support for the dwelling cost analyzed within the Cost Approach. The dwelling cost information, within the work file information, was different than the dwelling cost analyzed.

AB-13-50: On September 18, 2014, the Board approved a Consent Settlement Order with Certified Residential appraiser **Robert Hadley Howard, Jr., R00735** where Licensee agreed to pay an administrative fine of $875 and complete a Board approved 15 hour course on Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets. The violations cited in the report are: Licensee states the appraised value of the Subject that "No personal property or intangible items were included in the overall value estimated." But based of the appraisal report, the final estimate of value relied heavily on the Income Approach and licensees Income Approach was based on net operating income from operating businesses which represented net income for an ongoing business which also includes tangible and intangible property. Subject property sold within the three year window, licensee was aware of sale and reported said sale but did not analyze the sale. Licensee failed to address operating expenses for the Subject property, instead utilizing Net operating income and disregarding a discussion of expenses in the Income Approach. Licensee failed to analyze the comparable rental data to properly estimate gross potential income of the real property, instead utilized net operating income from information of business income of similar properties. This income represented net income for an ongoing business which also includes tangible and intangible property. Licensee made an unsupported assumption that the subject 29 year old building had an effective age of 10 years. Licensee, by performing the income approach

but utilizing Net Operating Income from businesses to estimate the net operating income of the real property that was the Subject of this assignment did not correctly employ the income approach to value real property. Licensee by accepting the assignment to appraise land and building only but having used comparable information on Net Operating Income that was business income to estimate the Net Operating Income for the subject of the assignment did not properly identify the problem to be addressed and did not have the knowledge to complete the assignment competently.

AB-13-51: On September 18, 2014, the Board approved a Consent Settlement Order with a Certified General appraiser where Licensee agreed to a private reprimand and to pay an administrative fine of $875. The violations cited in the report are: Licensee states the appraised value of the Subject that "No personal property or intangible items were included in the overall value estimated." But based of the appraisal report, the final estimate of value relied heavily on the Income Approach and licensees Income Approach was based on net operating income from operating businesses which represented net income for an ongoing business which also includes tangible and intangible property. Subject property sold within the three year window, licensee was aware of sale and reported said sale but did not analyze the sale. Licensee failed to address operating expenses for the Subject property, instead utilizing Net operating income and disregarding a discussion of expenses in the Income Approach. Licensee failed to analyze the comparable rental data to properly estimate gross potential income of the real property, instead utilized net operating income from information of business income of similar properties. This income represented net income for an ongoing business which also includes tangible and intangible property. Licensee made an unsupported assumption that the Subject 29 year old building had an effective age of 10 years. Licensee, by performing the Income Approach but utilizing Net Operating Income from businesses to estimate the net operating income of the real property that was the subject of this assignment did not correctly employ the income approach to value real property. Licensee by accepting the assignment to appraise land and building only but having used comparable information on Net Operating Income that was business income to estimate the Net Operating Income for the Subject of the assignment did not properly identify the problem to be addressed and did not have the knowledge to complete the assignment competently.

AB-14-08: On September 18, 2014, the Board approved a Consent Settlement Order with Certified Residential appraiser **John T. Woodall, R00285** where Licensee agreed to pay an administrative fine of $500. The violations cited in the report are: Licensee made an unsupported assumption that the Subject 56 year old home had an effective age of 10 years. Licensee failed to verify, with a party to the transaction, the sales utilized by the licensee in the Sales Comparison Approach. The Appraisal of Real Estate, Thirteenth Edition, Page 304, states "Appraisers should verify information with a party to the transaction to ensure its accuracy and to gain insight into the motivation behind each transaction. The buyer's and seller's views of precisely what was being purchased at the time of sale are important. Licensee made an unsupported assumption that the Subject 56 year old home had an effective age of 10 years and 15 years. Licensee performed three appraisals of the Subject property: January 26, 2011; July 30, 2011; and November 3, 2011. Licensee failed to disclose in the July 30, 2011 and November 3, 2011 appraisals that he had previously appraised the Subject property.

AB-12-63: On November 20, 2014, the Board approved a Consent Settlement Order with a Certified Residential Real Property Appraiser where Licensee agreed to a private reprimand and an administrative fine of $1,625. The violations in the reports are as follow: Licensee summarized the work performed but did not specify the work not performed by the appraiser. The Scope of Work statement was a canned statement that differed from the Licensee's actual scope of work and over-stated Licensee's Scope of Work performed. Licensee's appraisal report contained a series of errors which affected the overall credibility of the results of the appraisal report as communicated. Licensee failed to identify all of the characteristics of the Subject which were necessary for an acceptable Highest and Best Use analysis of commercial property. Licensee identified the type of utilities but did not identify the capacity of the utility. Licensee failed to identify the visibility, irregular shape, limited road frontage, view and other commonly analyzed characteristics. Licensee failed to collect, verify and analyze the necessary information for credible assignment results. Licensee failed to analyze comparable sales data, which was available to develop a credible conclusion of value. Licensee failed to analyze the corner lot factor in Comparable #1 and the second Comparable #3. (Two comparable #3s labeled in report.) For Comparable #2, Licensee failed to analyze the old residence included in the sale price. Licensee, in the 1st Comparable #3, analyzed the access and frontage as superior to the Subject, when the comparable sale access was a limited/restricted access and about half the road frontage of the Subject. Licensee's form/ worksheet limited the analysis and Licensee did not analyze all the characteristics and attributes of a parcel of property with a commercial Highest and Best Use. An example of some of the characteristics and attributes not analyzed by Licensee were the corner influence and view. Licensee, in the Value Indication/Reconciliation section, provided a comment of all market data was taken from along the Hwy XX West traffic corridor, when none of the sales were from the Hwy XX West traffic corridor. In the Value Indication/Reconciliation section, Licensee provided a comment of utilizing sales from the neighborhood as previously defined in the appraisal. The sales utilized, within the appraisal report, were located outside of the previously defined neighborhood. Licensee, provided information, within the appraisal report, that was not consistent. Page 5 has "None" stated for extraordinary assumptions. Page 6 states the legal description used in the report is assumed to be correct (see extraordinary assumption). Page 3 has no legal description. On page 9, a partial legal description was provided. In the Sales Comparison Approach, Licensee provided two sales with the label of Sale 3, which was confusing to the reader of the appraisal report. Licensee failed to provide the exposure time when an element of the definition of market value referenced a reasonable exposure time. In the Neighborhood Comments section, Licensee provided a comment of the neighborhood being the area along either side of XYZ Road. Licensee failed to provide neighborhood boundaries as to which section of XYZ Road was analyzed. *(XYZ Road consists of several miles of road across the county with sections of different type uses.)* Licensee failed to provide information to support the Highest and Best Use of the Subject property as commercial *(Site Information/Highest & Best Use section-stated commercial)* or what type of commercial use would be the Highest and Best Use. Licensee indicated the Subject with good residential desirability, within the appraisal report, but lacked information to support the Highest and Best Use of commercial or what type of commercial use. Licensee, within the appraisal report, failed to state the use of the real estate existing as of the date of value, failed to state the use of the real estate reflected in the appraisal and summarize the support and rationale for the opinion of Highest and Best Use. Licensee, in the Site Information/Utilities section, stated gas, water, sewer and electricity as being public. Licensee failed to provide information, if the utilities were present on the property or available to the property and in what capacity would the utilities be available to use on the

property. Licensee, in comments #2, #4 and #6 of the certification section, in the comment between the appraisal scope of development and the reporting process section and the checklist of computations and exhibits sections, in comments #12, #14, #15, #16 & #17 of the assumptions and limiting conditions section and in the final paragraph of the definition of market value section, failed to provide the complete sentence/paragraph where the information would be available in the printed copy of appraisal report to assist the intended user in understanding the appraisal report. Licensee developed the appraisal assignment of a parcel of property, which Licensee analyzed the Highest and Best Use as commercial. Licensee failed to state why Cost Approach and Income Approach were omitted. Licensee developed the Sales Comparison Approach using a form/worksheet, which did not provide for the analysis of all the characteristics and attributes necessary for a commercial appraisal assignment. Licensee failed to provide sufficient information for the intended user to understand the information analyzed, the appraisal methods and techniques employed and the reasoning that supports the analyses, opinions and conclusions of Licensee. Licensee's analyses, opinions and conclusions as developed were not credible. Licensee, in the Sales Comparison Approach section, failed to provide information to explain the reason for the lack of a market adjustment between a property without zoning and comparable that is Subject to zoning regulations. Licensee failed to explain the reason the Cost Approach and Income Approach were excluded from the appraisal assignment and not considered in the development of the appraisal assignment. Licensee developed the Sales Comparison Approach using a form/worksheet, which did not provide space for the analysis of all the characteristics and attributes necessary for a commercial appraisal assignment. Licensee failed to provide sufficient information for the intended user to understand the information analyzed, the appraisal methods and techniques employed and the reasoning that supports the analyses, opinions and conclusions of Licensee. Licensee's analyses, opinions and conclusions, as developed, were not credible. Licensee included only a portion of the statutory certification. He used the statement specified for a trainee or state registered real property appraiser instead of the certification for a licensed real property appraiser.

AB-13-23: On November 20, 2014, the Board approved a Consent Settlement Order with Certified Residential Real Property Appraiser, **Scott Daniel Abercrombie, R01038**, where Licensee agreed to an administrative fine of $2,125 and complete a Board approved 15 hour USPAP course with exam. The violations in the reports are as follow: Licensee performed an appraisal assignment outside of the appraiser's licensee classification. Licensee also certified to an interior inspection of the Subject property, when no interior inspection was performed and provided a Scope of Work that was not clear and accurate as to the work performed or not performed by each appraiser. Licensee performed an appraisal assignment outside of the appraiser's license classification. Licensee failed to decline or withdraw from the appraisal assignment, when the appraisal assignment could not legally be completed by Licensee. The information provided explains an inspection of the Subject lot *(unclear if improvements inspected or not),* subdivision and neighborhood. In the Certification, the information provided "I have made a personal inspection of the interior and exterior areas of the property that is the Subject of this report, and the exteriors of all properties listed as comparables." According to Licensee, an exterior only inspection was made of the Subject, an exterior inspection of the comparables including an inspection of the neighborhood and no interior inspection of the Subject. In the Supplemental Addendum/Scope of Work section, Licensee said that he performed research and analysis of active listings and pending and closed sales of similar properties to the Subject in the first paragraph. In the second paragraph, Licensee states no sales of subdivision clubhouses with pool were found. According to Licensee's information provided in the second

paragraph, the Scope of Work was overstated in the first paragraph due to a lack of closed sales being available for analysis. Licensee, in the Market Data Analysis section, used methods and techniques that produced non credible results. Licensee doubled the sale price of the vacant comparable lots to arrive at a sale price of the comparables since the Subject site originally contained two lots. Licensee failed to analyze the difference between the Subject and comparables' characteristics, attributes and amenities. Licensee adjusted for the cost of the improvements to the site by using a cost estimate from the builder/developer that was over two years old subtracting the land acquisition cost from the cost estimate for the adjustment (Cost analyzed, not market analysis). In the Income Approach, Licensee analyzed HOA dues to develop an indicated value by the Income Approach of the clubhouse with a pool. The clubhouse with a pool did not generate an income and the homeowners' association dues do not reflect an income from the clubhouse or pool. Licensee failed to research and provide the prior three year sales history of the Subject property, which would have revealed a prior sale and an accurate legal description for the Subject property. Licensee failed to use due diligence and due care when preparing and developing an appraisal report. Licensee's appraisal report contained a series of errors which affected the overall credibility of the results of the appraisal report as communicated. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a 10% present land use without providing information as to what the 10% land use was that was analyzed. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a total of 95% present land use. Licensee failed to provide information, for the lack of an analysis of the other 5% present land use *(100% - 95% = 5%)* that was not analyzed. Licensee, in the Reconciliation section, provided a comment of the Income Approach and Cost Approach not being utilized when the Income Approach was developed making the comment inaccurate. Licensee, in the Supplemental Addendum/ Neighborhood Description and Neighborhood Market Condition sections, due to clone/template errors provided the name of the adjoining city, within the comments, rather than the city where the Subject neighborhood was actually located. Licensee failed to identify the characteristics and attributes of the property such as amenities, easements, special use property, personal property/ trade fixtures, covenants, restrictions, etc. Licensee failed to collect, verify and analyze the necessary information for a credible assignment results. Licensee appraised a clubhouse with a pool, which was owned by a homeowners association within a development. Licensee developed a Market Data Analysis and failed to analyze the complete characteristics and attributes of the lots *(Subject & Comparables)* along with analyzing outdated data for the cost of the improvements located on the Subject site. *(Licensee analyzed an estimate of site value, then added the 2010 cost from the builder/developer cost estimate less the land acquisition cost to develop the Market Data Analysis in a 2013 appraisal.)* Licensee analyzed the estimated HOA dues to develop the Income Approach for the real estate (clubhouse with pool). The estimated HOA dues were not income from the clubhouse with a pool but estimated HOA dues paid to the HOA. Licensee analyzed a sale price of the vacant lots by doubling the sale price of the lots because the Subject originally contained two lots before being combined and the Comparable sales were single lots. Licensee failed to analyze the difference between the Subject and comparable from other developments with different characteristics, attributes and amenities. Licensee analyzed the Subject's site improvements, including personal property/trade fixtures, from a builder/developer's cost estimate and not the contributing market value of the improvements. Licensee analyzed the estimated HOA dues to be paid by the homeowners to the homeowners association to develop the Income Approach for the clubhouse with a pool. The HOA dues were not income from the clubhouse with a pool, but

operating expenses for the HOA. Licensee's analysis was non credible. Licensee failed to analyze the personal property that was included within the builder/developer's cost estimate such as club house furnishings. Licensee failed to analyze a prior sale, which occurred within 3 years of the effective date of the appraisal. *(Sale date: April 7, 2011, Effective date of appraisal: February 26, 2013)* Licensee, in the Subject/Occupant section, provided information the property was vacant when the property was owned and occupied by the homeowners association for the development. Licensee, in the Reconciliation section, provided a comment of the Income Approach and Cost Approach not being utilized when the Income Approach was developed making the comment inaccurate. Licensee, in the Certification section, provided a certification of an exterior and interior inspection of the Subject property when an exterior only inspection was performed. *(No interior inspection)* Licensee, within the appraisal report, failed to provide the exposure time of the Subject property as required. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a 10% present land use without providing information as to what the 10% land use was that was analyzed. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a total of 95% present land use. Licensee failed to provide information, for the lack of an analysis of the other 5% present land use *(100% - 95% = 5%)* that was not analyzed. Licensee, in the Site/ Dimensions section, failed to provide the dimensions of the site area. Licensee failed to provide information to explain the reason for the exclusion of the Cost Approach. Licensee's definition of market value contained a component of a reasonable time be allowed for exposure in the open market. Licensee failed to provide information, within the appraisal report, as to what a reasonable exposure time would be. Licensee's scope of work provided within the appraisal report was over-stated and not clear and accurate. Licensee failed to explain the reason for the exclusion of the Cost Approach. Licensee stated different highest & best uses without support/rationale for the opinions.

AB-13-24: On November 20, 2014, the Board approved a Consent Settlement Order with Certified Residential Real Property Appraiser, **Marion D. Plott, R00208** where Licensee agreed to an administrative fine of $2,125 and complete a Board approved 15 hour USPAP course with exam. The violations in the reports are as follow: Licensee performed an appraisal assignment outside of the appraiser's licensee classification. Licensee also certified to an interior inspection of the Subject property, when no interior inspection was performed and provided a Scope of Work that was not clear and accurate as to the work performed or not performed by each appraiser. Licensee performed an appraisal assignment outside of the appraiser's license classification. Licensee failed to decline or withdraw from the appraisal assignment, when the appraisal assignment could not legally be completed by Licensee. The information provided explains an inspection of the Subject lot *(unclear if improvements inspected or not),* subdivision and neighborhood. In the Certification, the information provided "I have made a personal inspection of the interior and exterior areas of the property that is the subject of this report, and the exteriors of all properties listed as comparables." According to Licensee, an exterior only inspection was made of the Subject, an exterior inspection of the comparables including an inspection of the neighborhood and no interior inspection of the Subject. In the Supplemental Addendum/Scope of Work section, Licensee said that he performed research and analysis of active listings and pending and closed sales of similar properties to the Subject in the first paragraph. In the second paragraph, Licensee states no sales of subdivision clubhouses with pool were found. According to Licensee's information provided in the second paragraph, the Scope of Work was overstated in the first paragraph due to a lack of closed sales

being available for analysis. Licensee, in the Market Data Analysis section, used methods and techniques that produced non credible results. Licensee doubled the sale price of the vacant comparable lots to arrive at a sale price of the comparables since the Subject site originally contained two lots. Licensee failed to analyze the difference between the Subject and comparables' characteristics, attributes and amenities. Licensee adjusted for the cost of the improvements to the site by using a cost estimate from the builder/developer that was over two years old subtracting the land acquisition cost from the cost estimate for the adjustment (Cost analyzed, not market analysis). In the Income Approach, Licensee analyzed HOA dues to develop an indicated value by the Income Approach of the clubhouse with a pool. The clubhouse with a pool did not generate an income and the homeowners' association dues do not reflect an income from the clubhouse or pool. Licensee failed to research and provide the prior three year sales history of the Subject property, which would have revealed a prior sale and an accurate legal description for the Subject property. Licensee failed to use due diligence and due care when preparing and developing an appraisal report. Licensee's appraisal report contained a series of errors which affected the overall credibility of the results of the appraisal report as communicated. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a 10% present land use without providing information as to what the 10% land use was that was analyzed. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a total of 95% present land use. Licensee failed to provide information, for the lack of an analysis of the other 5% present land use *(100% - 95% = 5%)* that was not analyzed. Licensee, in the Reconciliation section, provided a comment of the Income Approach and Cost Approach not being utilized when the Income Approach was developed making the comment inaccurate. Licensee, in the Supplemental Addendum/ Neighborhood Description and Neighborhood Market Condition sections, due to clone/template errors provided the name of the adjoining city, within the comments, rather than the city where the Subject neighborhood was actually located. Licensee failed to identify the characteristics and attributes of the property such as amenities, easements, special use property, personal property/ trade fixtures, covenants, restrictions, etc. Licensee failed to collect, verify and analyze the necessary information for a credible assignment results. Licensee appraised a clubhouse with a pool, which was owned by a homeowners association within a development. Licensee developed a Market Data Analysis and failed to analyze the complete characteristics and attributes of the lots *(Subject & Comparables)* along with analyzing outdated data for the cost of the improvements located on the Subject site. *(Licensee analyzed an estimate of site value, then added the 2010 cost from the builder/developer cost estimate less the land acquisition cost to develop the Market Data Analysis in a 2013 appraisal.)* Licensee analyzed the estimated HOA dues to develop the Income Approach for the real estate (clubhouse with pool). The estimated HOA dues were not income from the clubhouse with a pool but estimated HOA dues paid to the HOA. Licensee analyzed a sale price of the vacant lots by doubling the sale price of the lots because the Subject originally contained two lots before being combined and the comparable sales were single lots. Licensee failed to analyze the difference between the Subject and comparable from other developments with different characteristics, attributes and amenities. Licensee analyzed the Subject's site improvements, including personal property/trade fixtures, from a builder/developer's cost estimate and not the contributing market value of the improvements. Licensee analyzed the estimated HOA dues to be paid by the homeowners to the homeowners association to develop the Income Approach for the clubhouse with a pool. The HOA dues were not income from the clubhouse with a pool, but operating expenses for the HOA. Licensee's analysis was non credible. Licensee failed to analyze the personal property that was included within the builder/developer's cost estimate such as club house furnishings. Licensee failed to analyze a prior sale, which occurred within 3 years of the

effective date of the appraisal. *(Sale date: April 7, 2011, Effective date of appraisal: February 26, 2013)* Licensee, in the Subject/Occupant section, provided information the property was vacant when the property was owned and occupied by the homeowners association for the development. Licensee, in the Reconciliation section, provided a comment of the Income Approach and Cost Approach not being utilized when the Income Approach was developed making the comment inaccurate. Licensee, in the Certification section, provided a certification of an exterior and interior inspection of the Subject property when an exterior only inspection was performed. *(No interior Inspection)* Licensee, within the appraisal report, failed to provide the exposure time of the Subject property as required. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a 10% present land use without providing information as to what the 10% land use was that was analyzed. Licensee, in the Neighborhood/Present Land Use Percentage section, analyzed a total of 95% present land use. Licensee failed to provide information, for the lack of an analysis of the other 5% present land use *(100% - 95% = 5%)* that was not analyzed. Licensee, in the Site/ Dimensions section, failed to provide the dimensions of the site area. Licensee failed to provide information to explain the reason for the exclusion of the Cost Approach. Licensee's definition of market value contained a component of a reasonable time be allowed for exposure in the open market. Licensee failed to provide information, within the appraisal report, as to what a reasonable exposure time would be. Licensee's scope of work provided within the appraisal report was over-stated and not clear and accurate. Licensee failed to explain the reason for the exclusion of the Cost Approach. Licensee stated different highest & best uses without support/rationale for the opinions.

AB-13-52: On November 20, 2014, the Board approved a Consent Settlement Order with a Certified General Real Property Appraiser where Licensee agreed to a private reprimand and an administrative fine of $2,250. The violations in the reports are as follow: Licensee certified to not knowingly withholding any significant information from the appraisal report and to the best of Licensee's knowledge, all statements and information in the appraisal report are true and correct *(URAR Appraiser's Certification #15)*. Licensee withheld and failed to provide sufficient information for the client/intended user to understand the Subject property was a single family residence with an unattached multi-family apartment building, not a one-unit home with an accessory unit. Licensee communicated a misleading appraisal report. The appraisal report was misleading final value opinion was reconciled from flawed Sales Comparison Approach and Cost Approach values. Licensee's work file failed to provide support of the opinion and conclusions of the effective age; failed to provide support of the conclusions of the opinion of site value; failed to provide support of the dwelling and apartment building cost analyzed within the Cost Approach; failed to provide support for the sale price of Comparable #5; failed to provide support Comparable #9 was a closed sale as analyzed; failed to provide support of the $95,000 apartment adjustment; and failed to provide support of the list price of Listing #1 and Listing #2 as analyzed. Licensee failed to disclose that the scope of work was determined by the client in the assignment conditions instead of determined by the appraiser. In the appraisal order the client determined that the appraisal would be completed as a single unit detached appraisal and not a single family residence with a detached multi-family apartment building. Licensee's Scope of Work was not acceptable. An appraiser must not allow the assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use. Licensee allowed the assignment conditions to limit the scope of work to such a degree, the assignment results were not credible. Licensee failed to analyze comparable sales data that was available to indicate a credible value

conclusion by the Sales Comparison Approach; failed to collect, verify and analyze data necessary to achieve credible results. Licensee analyzed data that was not supported by the data source, which rendered the Sales Comparison Approach non-credible. Licensee certified to not knowingly withholding any significant information from the appraisal report and that to the best of Licensee's knowledge, all statements and information within the appraisal report were true and correct *(Appraiser's Certification #15)*. Licensee withheld and failed to provide sufficient information for the client/intended user to understand the Subject was a single family dwelling with detached multi-family apartment building and not a one-unit home with an accessory unit as represented by Licensee. Licensee failed to identify that the Subject was a single family residence with detached multi-family apartment building on one parcel. Licensee identified and analyzed an effective age that was not supported within the report nor documented within Licensee's work file. Licensee identified and analyzed inaccurate specific zoning classification and zoning description. Licensee failed to provide an analysis of the difference in actual age, when different than the Subject's actual age. Licensee failed to provide an analysis of the difference in the functional utility of the comparables, when different than the Subject's functional utility. *(Subject's functional utility reported as average and the comparables' functional utility reported as good.)* Licensee stated "apartment" with a $95,000 market adjustment for the Subject having an apartment and the comparables *(Comparables #1 - #8)* not having an apartment. Licensee failed to provide an analysis the apartment was actually a multi-family apartment building with four apartments separate from the home. *(The Apartment was a multi-family apartment building and not an accessory unit for the home.)* Licensee, in Comparable #4, analyzed the financing as conventional with a date of sale as 4/2010, when the data source information reported a cash sale with a date of sale of 2/26/2010. Licensee, in Comparable #5, analyzed the sale price of the property as $368,500 with conventional financing when the data source information reported the property sold for $359,400 on a cash sale. Licensee, in Comparable #9/Apartment section, analyzed a guest house *(400 sf +/-)* being equal in the market to a 2,516 sf multi-family apartment building with four apartments. Licensee's work file nor appraisal report provided support the units would be equal in value within the local real estate market. Licensee failed to clearly and accurately set forth the written appraisal in a manner that was not misleading. Licensee, in the Neighborhood/Present Land Use % section, failed to accurately analyze the present land use percentages for the neighborhood named or neighborhood described within the appraisal report. Licensee failed to provide an analysis of the present land use percentages of the residential land use greater than one-unit, the educational use and the commercial land use present. Licensee, in the Site/Specific Zoning Classification and Zoning Description sections, provided a zoning classification and zoning description that was not accurate. Licensee's information of Residential R-1 Single Family was not accurate, according to the City where the Subject property is located. Licensee, in the Site/Alley section, indicated a public alley when there was not an alley. Licensee, in the Improvements/Design (Style) section, provided the design/style as Two (2) Story, which is not an actual design/style of a home. Licensee, in the Sales Comparison Approach/Comparable #4/Financing section, provided information the financing was conventional, which was not accurate according to the work file information. Licensee, in the Sales Comparison Approach/Comparable #5/Sale Price-Financing sections, provided a sale price and financing information that was not accurate according to the work file information. Licensee, in the Sales Comparison Approach/Subject, Comparable #2 and Comparable #4 and Listing #1 and Listing #2/Design-Style sections, provided the design/style as a Two (2) Story, which is not an actual design/style of a home. Licensee, in the Sales Comparison Approach/Comparable #7 and Comparable #9/Design-Style sections, provided the design/style as 1.5 Story, which is not an actual design/style of a home. Licensee, in the Sales Comparison Approach/Comparable #5/Kitchen

Equipment section, due to a typo type error, provided porch, fence rather than the actual kitchen equipment analyzed. Licensee, in the Additional Listings/Listing #1 and Listing #2/List Price sections, provided list price information that was not accurate according to the work file information. Licensee failed to provide sufficient information to enable the intended user(s) of the written appraisal report to understand the report properly. Licensee, in the Site/Dimensions section, failed to provide the complete dimensions of the Subject property. Licensee, in the Site/Highest & Best Use section, failed to provide information of the use of the real estate existing as of the date of value, use of the real estate reflected within the appraisal and support and rationale for the opinion of Highest and Best Use. Licensee, within the appraisal report, failed to provide sufficient information to explain the "apartment" analyzed was not an accessory unit to the single family-unit but a multi-family apartment building with four apartments separate from the home analyzed. Licensee, in the Improvements/Effective Age section, failed to summarize the information analyzed to support Licensee's opinion and conclusions of the effective age of an eighty-five year old home having an effective age of twenty years. Licensee, in the Sales Comparison Approach/Verification Source(s) section, failed to provide the complete list of data sources used to verify the information analyzed within the Sales Comparison Approach. Licensee, in the Sales Comparison Approach/ Sales-Financing Concessions section, provided the sales-financing concessions' amount but failed to provide an analysis of the market effect of the sales-financing concessions, if part of the sale of the comparable. Licensee, in the Sales Comparison Approach/Design-Style sections, failed to provide an analysis of the design-style difference, when different than the Subject's design/style. Licensee, in the Sales Comparison Approach and Additional Listings/Actual Age sections, failed to provide an analysis of the actual age difference, when different than the Subject's actual age. Licensee, in the Sales Comparison Approach/Functional Utility sections, reported the functional utility of the Subject as average and the functional utility of the comparables as good without providing information to explain the lack of an analysis of the difference. Licensee, in the Sales Comparison Approach and Additional Listings/Energy Efficient Items sections, failed to provide information to explain the energy efficient items analyzed. Licensee, in the Sales Comparison Approach and Additional Listings/Apartment sections, failed to provide sufficient information to explain the "apartment" analyzed was not an accessory unit apartment to the Subject's one-unit property *(home)* but a separate multi-family apartment building with four apartments. Licensee, in the Additional Listings/Days on Market sections, adjusted for the list to sale ratio without providing information the adjustments were a list to sale ratio and not a days on market adjustment. Licensee failed to provide sufficient information of the reconciliation of the Cost Approach being employed and the exclusion of the Income Approach within appraisal report. Licensee failed to provide the builders' data/market cost analyzed/obtained from the local builders. Licensee, in the Cost Approach, failed to provide data/information to support the opinion of site value. Licensee provided a range of lot sales from $37,500 to $75,000 with an opinion of site value at $95,000. Licensee provided no actual lot sales and provided no support for the opinion of site value being greater than the range of lot sales stated. Licensee, in the Building Sketch page, failed to provide the complete dimensions of the improvements on the sketch provided. Licensee stated in the Statement of Assumptions and Limiting Conditions, the appraiser provided a sketch with the approximate dimensions of the improvements. Licensee, in the Building Sketch page, failed to identify/label the sketches where the intended user could identify what the sketches represented. Licensee failed to summarize sufficient information to explain, the "apartment" was actually a multi-family apartment building separate from the single unit home and not an accessory unit to the home. Licensee failed to summarize the scope of work necessary to enable the intended user to be properly informed and

not misled about the research and analysis performed and also the research and analysis not performed within the appraisal of a single unit home and multi-family apartment building on one parcel of property. Licensee failed to summarize the reasoning that supports Licensee's analyses, opinions and conclusions within the appraisal report. License failed to summarize the reconciliation of the data and approaches, in accordance with Standard Rule 1-6. Licensee failed to summarize the information analyzed to support Licensee's opinion and conclusions of the Highest and Best Use of the Subject property being the current use. Licensee failed to summarize the information analyzed to support Licensee's opinions and conclusions of the effective age of the Subject property. Licensee failed to summarize the information analyzed to support Licensee's opinion and conclusions of the opinion of site value. Licensee failed to explain a valid reason for the exclusion of the Income Approach, within the appraisal. Licensee failed to state the use of the real estate existing as of the date of value within the appraisal report. Licensee failed to state the use of the real estate reflected within the appraisal report. Licensee failed to summarize support and rationale for the opinion of highest and best use developed by Licensee.

AB-14-01: On November 20, 2014, the Board approved a Consent Settlement Order with a Certified General Real Property Appraiser where Licensee agreed to a private reprimand and an administrative fine of $1,250. The violations in the reports are as follow: Licensee used an Extraordinary Assumption that was not required to develop credible opinions and conclusions to achieve a value. Licensee misstated the design and use of the subject resulting in the licensee failing to perform a credible analysis of the appropriate comparable sales to develop credible assignment results. Licensee committed a substantial error by stating the subject was comprised of 178 three bedroom, two bath apartment units when it actually contained 178 three bedroom, three bath apartment units. Licensee utilized a value for equipment/appliances without support or justification for the value. Licensee used an Extraordinary Assumption that was not required to properly develop credible opinions and conclusions and misstated the design and use of the subject resulting in rendering a misleading appraisal report.

THE ALABAMA REAL ESTATE APPRAISERS BOARD NO LONGER ACCEPTS ANONYMOUS COMPLAINTS

2015 EDUCATION CRITERIA CHANGES

The Appraiser Qualifications Board of the Appraisal Foundation formally adopted changes to the ***Real Property Appraiser Qualification Criteria*** that will become effective on January 1, 2015. **These changes represent the minimum national requirements that each state must implement for individuals applying for a real estate appraiser license or certification as of January 1, 2015.** The changes include increased required education, which is summarized as follows:

Category	Current Requirements [1]	1/1/15 Requirements [1,2]	1/1/15 College-Level Course Requirements [3]
Licensed	150 hours **High School Diploma**	150 hours	**Thirty (30)** semester hours of college-level education, from an accredited college, junior college, community college, or university. **An Associate degree or higher will satisfy the college education requirement.**
Certified Residential	200 hours **Associates or Twenty-one (21) semester credit hours**	200 hours	Must hold a Bachelor's degree or higher from an accredited college or university.
Certified General	300 hours **Associates or Thirty (30) semester credit hours**	300 hours	Must hold a Bachelor's degree or higher from an accredited college or university.

1 Hours required include completion of the 15-hour National USPAP Course (or its equivalent).
2 Hours required include specific coverage of multiple topics – please see the *Real Property Appraiser Qualification criteria* for details.
3 College-level courses and degrees must be obtained from an accredited college or university.
Source: The Appraisal Foundation
The full text of the new education criteria can be accessed on the Foundation website at www.appraisalfoundation.org

No changes are involved in the education for the ***Trainee Real Property Appraiser*** classification or the Alabama classification of ***State Registered Real Property Appraiser***.

For additional information on the required core curriculum effective January 1, 2015 visit www.appraisalfoundation.org.

The following is the required Core Curriculum effective January 1, 2015. These courses will be required in addition to the college courses:

Trainee Real Property Appraiser classification:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours
Trainee Education Requirements	75 Hours

**** NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately preceding the date the application is filed with the Board.***

Licensed Real Property Appraiser classification:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours
Residential Market Analysis and Highest and Best Use	15 Hours
Residential Appraiser Site Valuation and Cost Approach	15 Hours
Residential Sales Comparison and Income Approaches	30 Hours
Residential Report Writing and Case Studies	15 Hours
Licensed Education Requirements	150 Hours

**** NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately preceding the date the application is filed with the Board.***

Appraisers holding a valid **Trainee Real Property Appraiser** credential may satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential by completing the following **additional** educational hours:

Residential Market Analysis and Highest & Best Use	15 Hours
Residential Appraiser Site Valuation & Cost Approach	15 Hours
Residential Sales Comparison & Income Approaches	30 Hours
Residential Report Writing and Case Studies	15 Hours
Total	**75 Hours**

Certified Residential Real Property Appraiser classification:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours
Residential Market Analysis and Highest and Best Use	15 Hours
Residential Appraiser Site Valuation and Cost Approach	15 Hours
Residential Sales Comparison and Income Approaches	30 Hours
Residential Report Writing and Case Studies	15 Hours
Statistics, Modeling and Finance	15 Hours
Advanced Residential Applications and Case Studies	15 Hours
Appraisal Subject Matter Electives	20 Hours
(May include hours over minimum shown above in other modules)	
Certified Residential Education Requirements	**200 Hours**

•***NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately preceding the date the application is filed with the Board.***

Appraisers holding a valid **Trainee Real Property Appraiser** credential may satisfy the educational requirements for the Certified Residential Real Property Appraiser credential by completing the following **additional** educational hours:

Residential Market Analysis & Highest & Best Use	15 Hours
Residential Appraiser Site Valuation & Cost Approach	15 Hours
Residential Sales Comparison & Income Approaches	30 Hours
Residential Report Writing & Case Studies	15 Hours
Statistics, Modeling & Finance	15 Hours
Advanced Residential Applications & Case Studies	15 Hours
Appraisal Subject Matter Electives	20 Hours
Total	**125 Hours**

Appraisers holding a valid **Licensed Real Property Appraiser** credential may satisfy the educational requirements for the Certified Residential Real Property Appraiser credential by completing the following **additional** educational hours:

Statistics, Modeling & Finance	15 Hours
Advanced Residential Applications & Case Studies	15 Hours
Appraisal Subject Matter Electives	20 Hours
Total	**50 Hours**

Certified General Real Property Appraiser classification:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours
General Appraiser Market Analysis and Highest and Best Use	30 Hours
Statistics, Modeling and Finance	15 Hours
General Appraiser Sales Comparison Approach	30 Hours
General Appraiser Site Valuation and Cost Approach	30 Hours
General Appraiser Income Approach	60 Hours
General Appraiser Report Writing and Case Studies	30 Hours
Appraisal Subject Matter Electives	30 Hours
(May include hours over minimum shown above in other modules)	
Certified General Education Requirements	**300 Hours**

**** NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately preceding the date the application is filed with the Board.***

Appraisers holding a valid **Trainee Real Property Appraiser** credential may satisfy the educational requirements for the Certified General Real Property Appraiser credential by completing the following **additional** educational hours:

General Appraiser Market Analysis and Highest and Best Use	30 Hours
Statistics, Modeling & Finance	15 Hours
General Appraiser Sales Comparison Approach	30 Hours
General Appraiser Site Valuation & Cost Approach	30 Hours
General Appraiser Income Approach	60 Hours
General Appraiser Report Writing & Case Studies	30 Hours
Appraisal Subject Matter Electives	30 Hours
Total	**225 Hours**

Appraisers holding a valid **Licensed Real Property Appraiser** credential may satisfy the education requirements for the Certified General Real Property Appraiser credential by completing the following **additional** educational hours:

General Appraiser Market Analysis and Highest and Best Use	15 Hours
Statistics, Modeling & Finance	15 Hours
General Appraiser Sales Comparison Approach	15 Hours
General Appraiser Site Valuation & Cost Approach	15 Hours
General Appraiser Income Approach	45 Hours
General Appraiser Report Writing & Case Studies	15 Hours
Appraisal Subject Matter Electives	30 Hours
Total	**150 Hours**

Appraisers holding a valid **Certified Residential Real Property Appraiser** credential may satisfy the educational requirements for the Certified General Real Property Appraiser credential by completing the following **additional** educational hours:

General Appraiser Market Analysis & Highest & Best Use	15 Hours
General Appraiser Sales Comparison Approach	15 Hours
General Appraiser Site Valuation & Cost Approach	15 Hours
General Appraiser Income Approach	45 Hours
General Appraiser Report Writing & Case Studies	10 Hours
Total	**100 Hours**

WHEN MOVING FROM ONE LICENSE CLASSIFICATION TO ANOTHER COURSES DO NOT NEED TO BE REPEATED.

******NEW CONTINUING EDUCATION OPTION******

At their January 21, 2011 meeting the Board voted to amend the continuing education requirements for all appraisers. As before, 28 hours of continuing education is required, and 7 of those 28 hours must be the National USPAP Update.

Occasionally, appraisers take appraisal related courses not approved by the Board and ask to use them for continuing education credit. The Board now considers approving these requests for continuing education credit **IF** the appraiser does the following:

1. Submit course content, timeline and syllabus.
2. Submit a non-refundable review fee of $35.

The Education Committee will review the course information to determine if the content meets the Appraisal Foundation continuing education criteria. ***If the course meets all requirements a maximum of 7 hours credit will be granted.***

If you have any questions regarding this new option please contact our office.

*****IMPORTANT NEW INFORMATION*****

INACTIVE STATUS

During the January 15, 2015 Board meeting the Board voted to amend Administrative Code 780-X-12-.01 Expirations and Renewals to establish an Inactive Status for appraisers. See below for details of this change:

780-X-12-.01 Expirations and Renewals. Stipulations with reference to expiration and renewal of licenses and certifications and the prerequisite to renewal of continuing education are set out in Code of Ala. 1975, §§34-27A-13, 34-27A-15, 34-27A-19.

A. Any appraiser may elect to place his or her appraiser license in an inactive status by doing all of the following:

a. Before October 1 of any year, make application to transfer to Inactive status;
b. Pay an Inactive Status application fee of One Hundred Seventy Five ($175.00) Dollars each year for inactive status;
c. Submit all continuing education due for the current year.

Appraisers on inactive status are not licensed to conduct appraisal or engage in any appraisal practice. Inactive status may continue for three (3) renewal cycles at which time, an appraiser may return to an active status or allow the license to close. A closed license cannot be reinstated and the former appraiser must complete a new application for licensure pursuant to 780-X-3 and meet all then existing qualifications for licensure.

B. An appraiser who has elected to place a license in an inactive status may return to an active status at any time while the license remains in an official inactive status by notifying the Board in writing of the appraiser's intent to return to active status and paying the License fee of Three Hundred thirty-five dollars ($335.00) plus any National Registry Fee due for Licensed and Certified appraiser classifications. An appraiser who elects to return to Active Status for a partial year must renew the license before October 1.

Alabama Real Estate Appraisers Board

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CHANGE OF ADDRESS FORM

In accordance with the Code of Alabama, 1975, §34-27A-16, which requires **IMMEDIATE** written notification to the Board of changes in business and resident addresses, **PLEASE CHANGE MY ADDRESS TO:**

Business: (Preferred Mailing ____)

_____

_____

Telephone No.: _____

Signed: _____

Date: _____

Home: (Preferred Mailing ___)

_____

_____

Telephone No.: _____

License Number: _____