



Alabama Real Estate Appraisers Board

VOLUME 21 NO. 1

THE APPRAISER BULLETIN

SUMMER 2019

NEW BOARD MEMBERS CONFIRMED

During the 2019 Regular Session of the Alabama Senate four members appointed by Governor Ivey were confirmed. Pictured below are the new Board members.

Inside this issue:



Patrice E. McClammy - re-appointed as a State-At-Large Member. Ms. McClammy owns Patrice E. McClammy, Attorney-At-Law, L.L.C. in Montgomery, Alabama. Miss McClammy has experience in general criminal, civil, municipal, public administration, airport, real estate, and domestic relations. She is 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 re-appointment to our Board.

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Chad Anderson, SRA, AI-RRS - appointed to represent the 1st. Congressional District. Mr. Anderson is a Certified Residential Real Property Appraiser residing and working in Mobile, AL. A graduate of the University of South Alabama, he began appraising residential real estate in 2006 following an early career that included banking, finance, and accounting. From 2006 to 2010, Chad worked as a staff appraiser at the Holyfield Company. In 2010, he founded AAG, Inc. and would later consolidate companies in 2012 with Joshua Tanner, SRA to form Southeastern Appraisal Service, LLC. Chad's business focus includes residential appraisal work primarily in mortgage/lending, estate, tax appeal, pre-listing valuation and re-view. He is also involved in new residential construction along the coast.

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construction along the coast.



Mark C. Haller, MAI, SRA - appointed to represent the 4th Congressional District. Mr. Haller is a Certified General Real Property Appraiser. He began his appraisal career in 2004 after graduating from the University of Alabama in Tuscaloosa. Mark began his training under a reputable real estate appraiser and developer and was fortunate to gain extensive knowledge and experience early in his career, dealing with various property types throughout the State of Alabama. He currently owns and operates Haller Real Estate Advisors, LLC, which provides valuation and consulting services throughout the State.



J. (Roger) Ball, Jr. MAI, AI-GRS, SR/WA - appointed to represent the 6th Congressional District. Mr. Ball is a Certified General Real Property Appraiser. He began his appraisal career in 2004 after graduation from Birmingham-Southern College. From 2004 to 2007, he worked under the direct supervision of the late T. Julian Skinner, III, MAI, where he was exposed to all aspects of the appraisal profession, including significant experience in fee appraisals, condemnation cases, and complex litigation matters involving valuation experts. Following Mr. Skinner's death, Roger joined Commercial Valuation Services, Inc. of Birmingham, where his practice has focused on all types of commercial real estate appraisals. Roger has a keen interest in right of way and condemnation appraisals.



LICENSE RENEWAL

Annual license renewal ***post cards*** will be mailed to all licensees the first week in August 2019 for the licensure year, which begins 10-1-19. Blank renewal forms can also be obtained from our website at www.reab.state.al.us after August 1, 2019. All renewals should be submitted online or by mail to reach the Board office no later than September 30, 2017 to keep your license valid and avoid payment of late fees. September 30 postmarks will be honored.

Allow one week for the renewal process if received at the Board by August 30, 2019, two weeks if received between that date and September 16, 2019 and three weeks if received later. Your current license certificate reflects an expiration date of September 30, 2019. You will receive a new certificate with an expiration date of September 30, 2021.

Continuing education will be due with this license fee renewal. As before, 28 hours of continuing education taken after October 1, 2017 will be required. Please remember 7 of the 28 hours must be the **National USPAP Update, the 15-hour USPAP will not substitute.**

Please visit the Education Page of our website to view all approved continuing education courses.

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-16-26 The Board approved a Consent Settlement Order with Certified General Appraiser **Constance C. Whitworth, G00380**. Licensee agreed to pay an administrative fine of Seven Hundred Fifty (\$750) Dollars and complete a fifteen (15) hours USPAP course. The USPAP course cannot be used for continuing education credit. The violations in the appraisal report were: Licensee utilized the Sales Comparison Approach to value and made several large adjustments to the comparable sales but has no justification or support for these adjustments in the appraisal report or in the work file. Licensee states that the subject property sold March 2016 and that the sales price was \$197,900 verified from deed records. Investigation reveals that the stated consideration in the deed is ten dollars and other consideration. Attached to the deed is a Real Estate Sales Validation Form that shows the Assessor's Market Value as \$197,900 and the Purchase Price is blank. Licensee met with the client/owner of the subject property but did not ask about sales price of the property or any details concerning the March 2016 sale. Licensee committed a substantial error by stating the subject sold in March 2016 for \$197,600 and that the sales price came from the deed when it did not. Licensee continues in the Final reconciliation section of the report and states "*the recent sale of the subject was concluded to also offer some insight into value. The subject was purchased 3/15/2016 for \$197,500.*" Licensee did not analyze this sale that took place on the property less than 6 months prior to the effective date of the assignment and licensee also failed to gather pertinent information about the sale such as relationship between buyer and seller, how the property was marketed, how long it was on the market and if it were a cash transaction. Investigation revealed that there was a transfer of the property from the elderly owner to a caregiver and this transfer was not an arm's length transaction due to the relationship between elderly owner and caregiver, and the transaction did not meet the definition of market value in order for licensee to state "*the recent sale of the subject was concluded to also offer some insight into value.*" Licensee disclosed but did not analyze the March 2016 sale of the subject property less than 6 months prior to the effective date of the assignment. She failed to gather accurate details of the transaction such as relationship between buyer and seller, how the property was marketed, how long it was on the market and if it were a cash transaction.

AB-17-08 The Board approved a Consent Settlement Order with Certified General appraiser **Everett S. Brooks, G00442**. Licensee agreed to pay an administrative fine of Three Thousand (\$3,000) Dollars. The violations in the appraisal report were: Licensee performed an appraisal assignment in a grossly negligent manner: Licensee certified to personally preparing all conclusions and opinions about the real estate that was set forth in the appraisal report. Licensee failed to state the reliance on significant real property appraisal assistance from Angel Lanier in the performance of the appraisal and failed to disclose the tasks performed by Angel Lanier. Licensee's workfile did not include a "true copy" (*replica*) of all written appraisal reports communicated to the Client along with all data, information and documentation necessary to support the appraiser's opinions and

conclusions and show compliance with USPAP. The failure was willful and with knowledge of the requirements of the Record Keeping Rule. Licensee's workfile: Failed to provide a "true copy" (*replica*) of all appraisal reports transmitted to the Client, at the time of the appraisal assignment. Licensee's workfile, as provided to AREAB, failed to provide a copy of the appraisal report transmitted with a date of signature and report of 05/11/2017 with additional commentary dated 5/17/2017 within the appraisal report. Failed to provide support of the opinion and conclusions of the effective age; Licensee analyzed a single (one) comparable sale to develop the effective age and used a sale price of \$134,175 when the actual sale price was \$140,000; as a result, the workfile did not support the opinion and conclusions of the effective age analyzed within the appraisal report *Effective age of 20 years for a home reported to be ~41 years actual age.* Licensee: Analyzed a +3,000 adjustment in the Sales Comparison Approach/Comparable #1/ Garage-Carport section, when according to Licensee, there should have been a "\$0" adjustment analyzed; Analyzed the construction cost of the front porch, with a roof and step-up concrete floor, and the building cost of the rear deck, with a shed roof and wooden floor, together at the same per square foot cost in the Cost Approach; Analyzed the construction cost of the attached carport and the construction cost of the detached garage (*site improvement*) together, at the same per square foot cost in the Cost Approach; In the Subject Photo Addendum section, provided photos taken by Angel Lanier and withheld the source of the photos; In the Comparable Photo Addendum section, provided MLS photos without providing the actual data source of the photos; In the Appraiser's Certification #1, certified to at a minimum, developing and reporting the appraisal in accordance with the scope of work requirements stated in the appraisal report. Some of the scope of work requirements, as stated on the first page of the preprinted section of the URAR under Scope of Work, were not performed. The Scope of Work provides for: Perform a complete visual inspection of the interior and exterior areas of the subject property. The visual inspection was performed by Angel Lanier and not by Licensee. Inspect the neighborhood. The fieldwork was performed by Angel Lanier and not by Licensee. In the Appraiser's Certification #2, certified to, an interior and exterior inspection of the subject property, when the inspections were performed by Angel Lanier. In the Appraiser's Certification #15, certified that he had not knowingly withheld any significant information and to the best of Licensee's knowledge, all statements and information in the appraisal report are true and correct. Licensee failed to provide significant information, the appraisal assignment was assigned to Licensee with the fieldwork (inspections, photos, measurement, etc.) being performed by Angel Lanier. Licensee performed the analyses for the Sales Comparison Approach and Cost Approach along with keying information into the appraisal report and addendum. In the Appraiser's Certification #19, certified to, if Licensee relied on significant real property appraisal assistance from any individual in the performance of the appraisal or preparation of the appraisal report, the individual is named, and disclosure of the specific tasks performed were provided within the appraisal report. Licensee represented the appraisal report was prepared without significant appraisal assistance, when significant appraisal assistance was provided by Angel Lanier. Licensee, in Comparable #1/Condition section, analyzed the cost to cure for the superior condition. The appraisal report nor workfile supported the \$8,000 adjustment being developed by appropriate methods and techniques with supported data. (*No analyses, no figures & calculations with a data source, no support the market would be willing to pay a cost to cure in a condition adjustment.*) Licensee, in Comparable #1/Garage-Carport section, analyzed a + \$3,000 adjustment. According to Licensee, the amount should have been provided and analyzed as "0" rather than the + \$3,000. Licensee, in the Subject Photo Addendum section, provided photos taken by Angel Lanier. The photos were not taken by Licensee, as evidence of an exterior and interior inspection

of the subject property. Inspection was performed by another appraiser without the assistance being noted in the appraisal report. Licensee, in the Comparable Photo Addendum sections, provided MLS photos without providing the actual source of the photos. The photos provided were MLS photos and not the original photos taken by Licensee. Licensee, in the Appraiser's Certification #1, certified to at a minimum, developing and reporting the appraisal in accordance with the scope of work requirements stated in the appraisal report. Some of the scope of work requirements stated in the first page of the preprinted section of the URAR under Scope of Work were not performed. Perform a complete visual inspection of the interior and exterior areas of the subject property. The visual inspection was performed by Angel Lanier and not by Licensee. Inspect the neighborhood. The fieldwork was performed by Angel Lanier and not by Licensee. Licensee, in the Appraiser's Certification #2, certified to an interior and exterior inspection of the subject property, when the inspections were performed by Angel Lanier. Licensee, in the Appraiser's Certification #15, certified to not knowingly withholding any significant information and to the best of Licensee's knowledge, all statements and information in the appraisal report are true and correct. Licensee failed to provide significant information, the appraisal assignment was assigned to Licensee with the fieldwork (inspections, photos, measurement, etc.) being performed by Angel Lanier. Licensee performed the analyses for the Sales Comparison Approach and the Cost Approach along with keying information into the appraisal report and addendum. Licensee, in the Appraiser's Certification #19, certified to, if Licensee relied on significant real property appraisal assistance from any individual in the performance of the appraisal or preparation of the appraisal report, the individual is named, and disclosure of the specific tasks performed were provided within the appraisal report. Licensee represented the appraisal report was prepared without significant appraisal assistance, when significant appraisal assistance was provided by Angel Lanier. Licensee, in the URAR/Improvements section, provided the condition of the building materials as being in average condition with commentary of no updates in the prior 15 years. Additional commentary was provided, the property was found to be in average condition and maintained well at the time of the inspection. Licensee failed to provide sufficient information to explain, how a home built in 1976 (41 years actual age) would have an effective age of 20 years. Licensee, in the URAR/Improvements/Car Storage section, indicated detached for the carport and garage in the checkbox for detached. Licensee failed to provide commentary to explain the garage was detached and the carport was attached. Licensee failed to provide an indication in the checkbox or commentary of the carport being attached. Licensee, in the URAR/Sales Comparison Approach/Comparable #4 and Comparable #5/Sales or Financing section, provided information of arms-length with \$0 concession for the listings, without sufficient information being provided to explain why the information was provided for a listing. Licensee, in the Cost Approach/Dwelling Cost section, developed a dwelling cost of \$81.25 from the online cost service. The dwelling cost was then reduced to \$80.00 per square foot, because the subject was located outside of the city where regulatory/permit cost was lower. Licensee failed to provide data/ information to explain the figures/calculations analyzed for the reduction in per square foot dwelling cost, where the lender/client could replicate the cost figures and calculations. ($\$81.25 \times ?? = \80.00) Licensee, in the Cost Approach section, provided the opinion of site value was developed from the research of latest sales or through allocation. Licensee failed to provide the actual method and technique employed in the development of the opinion of site value. (*The actual method & technique employed to develop the opinion of site value was not provided. Research of latest sales is not a method and technique, but a task performed. Licensee used the term "or", which made it unclear if either was performed.*)

AB-17-13 The Board approved a Consent Settlement Order with Certified Residential appraiser **Anthony Lee Johnson, R00993**. Licensee agree to surrender his license to the Board. The violations in the report were: Licensee chose not to use comparable sales in closer proximity to the subject and available to the Licensee that would indicate a value significantly lower than Licensee's value opinion and instead used sales that were located in different towns, over 10 miles in distance from the subject but that resulted in a significantly different opinion of value. Licensee failed to perform the research for comparable sales that were needed to produce a credible assignment. Licensee failed to do adequate research in the subject market and bypassed sales in closer proximity that were comparable and that would produce a different value opinion. Because Licensee did not have market-based data or other justification for the adjustments made in the Sales Comparison Approach, the Licensee did not demonstrate that he understood how to correctly employ the methods and techniques to reach a credible result. Licensee mis-measured the subject improvements and used a gross living area that was 234 square feet less than the correct GLA. Licensee failed to use sales that were more similar, hence more comparable that were available in the immediate market that would produce a more credible opinion of value.

Letters of Warning were issued on the following investigations for the discrepancies indicated. This disciplinary action will be considered in any future discipline proceedings:

AB-16-30 On April 10, 2018 to a Certified General appraiser because even though the assignment was abandoned by the client, the appraiser's work file included a signed and dated appraiser certification although the appraiser maintains that an appraisal was never completed, and a report was never written. A draft of report prepared at any stage of the appraisal process should never include a signature.

AB-17-17 On March 29, 2018 to a Certified Residential appraiser where the reports say the verification source for sales is MLS and Public Records. The assignment is for a report that meets FANNIE MAE guidelines and the failure to verify the sales with a party to the transaction violates FANNIE MAE guidelines and the Scope of Work.

AB-17-18 On March 29, 2018 to a Certified Residential appraiser where Licensee did not demonstrate that she has geographic competency in the subject property market place. Licensee used sales from surrounding counties as comparables but did not use any sales in the county where the subject property is located. Investigation revealed at least three sales listed in the MLS that serves the area that could have been considered as comparable sales. The stated verification source for sales is MLS and Public Records.

AB-17-02 On June 12, 2018 to a Certified General appraiser who issued a draft of an appraisal report to the client but with the appraiser's signature electronically applied. There were numerous errors and inconsistencies within the draft that appeared to be a completed report because of the signature. The appraiser did not complete the temporary permit process and was not licensed in Alabama when the assignment was begun.

AB-15-33 On March 16, 2017, the Board entered an order after a contested administrative hearing finding Certified General Real Property Appraiser **David H. Burns, G00090**, guilty of violations of the Alabama Appraisers Act and assessed an administrative fine of \$800. Burns appealed that decision to the Tuscaloosa County Circuit Court which affirmed the decision of the Board on November 28, 2018. The findings of violations are as follows: failing to analyze and consider the effect on value that the property being two parcels with different characteristics. Failed to value the two parcels separately by reference to appropriate data and support by an appropriate analysis of such data. Communicated a misleading appraisal report which derived the value of two separate parcels by assigning a value to the acreage consisting of the combination of the two parcels, obtaining a per-acre value based on the value of the whole, and then multiplying the per-acre value by the number of acres in each parcel instead of assigning a value to each parcel separately by reference to appropriate data and support by an appropriate analysis of such data. Failed to provide an adequate explanation in his appraisal reports as to why he did not utilize the income approach to value in his analysis and communication of his reports.

AB-18-03 On January 17, 2019, the Board approved a Consent Settlement Order with Licensed Real Property Appraiser **Bonnie Lynn Burgess, L00358**. Ms. Burgess agreed to complete seven hours of continuing education and pay a \$1000 administrative fine. The violations in the report are as follows: The comparable sales used by Licensee had large differences in sales prices that would indicate completely different sets of market participants and the economic principal of substitution is overlooked in the sales analysis, a basic principle for the sales comparison approach to value. Licensee failed to provide support for the adjustments made to the comparable sales in the sales comparison approach as required by Fannie Mae which states that "All adjustments must be extracted from and supported by the actions of the Market." Licensee checked a box stating the highest and best use was the current use of the property and did not provide an analysis of the highest and best use of the subject property. The licensee stated, "Site value from Chambers County Tax Records and appraiser's knowledge of land sales in the area." There are methods to develop and site value and neither of the stated sources are appropriate. Licensee reported 8% Physical Depreciation after having already reported an economic age for the subject of 8 years with a remaining economic life of 45 years. The licensee could not explain how the 8% depreciation was developed. Licensee's use of sales that would not be considered by the same market participants, making adjustments to the comparable sales that had no support from the market place, basing site value on tax values and not being able to explain where the estimate of physical depreciation came from make this appraisal report misleading. The report contained no support for adjustments made in the sales comparison approach to value and the report had no information or support for the estimate of physical depreciation used in the Cost Approach to value make users of the report unable to understand the report properly.

The report contained comparable sales that would not be considered by the same market participants and the report contained a sales comparison approach that utilized adjustments to the

comparable sales that had no support from the market place. By the licensee basing the site value on tax values and by the licensee not being able to explain where the estimate of physical depreciation came from do not summarize the information analyzed or methods and techniques employed that support the opinions and conclusions in the report. The report had no summary of the support or rationale of the opinion of highest and best use, only a checked box that the current use was the highest and best use.

**THE ALABAMA REAL ESTATE APPRAISERS BOARD DOES NOT
ACCEPT ANONYMOUS COMPLAINTS**

CALENDAR

The Alabama Real Estate Appraisers Board meets on the third Thursday every other month unless there is a need to reschedule or have special called meetings. 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.

2019 TENTATIVE MEETING SCHEDULE

January 17, 2019
March 21, 2019
May 16, 2019
July 18, 2019
September 19, 2019
November 21, 2019

ALABAMA APPRAISERS CAN NOW BEGIN PERFORMING EVALUATIONS

The Alabama Legislature enacted legislation, effective May 29, 2019, allowing state-licensed appraisers to perform **evaluations** of property authorized by federal financial institutions for transactions that do not require an appraisal.

Act 2019-282 states that appraisers **“shall not be subject to any provision”** of the state’s appraiser licensing law when performing an **evaluation**. The **evaluation** report must include a disclaimer stating **“this is not an appraisal”**, and the requirements for an appraiser to comply with the Uniform Standards of Professional Appraisal Practice **DO NOT APPLY**.

Also, **evaluations** may not be used for experience credit by appraisers who intend to upgrade their license. **Effective immediately, appraisers must attach a copy of the engagement letter to their log for each appraisal listed before the log is submitted to the Board.**

Additionally, the Law clarifies that **evaluations** are “governed by federal law and rules of the federal financial institution regulatory agencies, and **NOT THE BOARD.**” Therefore, the Board **will not** accept complaints against appraisers regarding **evaluations** they have completed.

OTHER LEGISLATIVE NEWS

Also, during the 2019 Regular Session of the Alabama Legislature **Act 2019-234** became law on May 22, 2019. This law allows the state, counties, and municipal governments to use the waiver valuation process instead of an appraisal in condemnation proceedings. This applies to properties where an owner is donating the property or if the owner of the property agrees to the waiver valuation and the property is valued at less than \$25,000.

**Alabama Real Estate
Appraisers Board**

RSA Union Building
100 N. Union, Suite 370
Montgomery, AL 36104
Tel. 334/242-8747, Fax. 334/242-8749
WEB Address: www.reab.state.al.us

Editor: Lisa Brooks

Board Members
Chad Anderson
1st Congressional District
Billy Cotter
2nd Congressional District
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3rd Congressional District
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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 ____) | Home: (Preferred Mailing ____) |
| _____ | _____ |
| _____ | _____ |
| Telephone No.: _____ | Telephone No.: _____ |
| Signed: _____ | License Number: _____ |
| Date: _____ | Email: _____ |
| Business Name: _____ | |