

MINUTES
ALABAMA REAL ESTATE APPRAISERS BOARD
RSA UNION STREET
SUITE 370
MONTGOMERY, ALABAMA
January 15, 2015

MEMBERS PRESENT:

Mr. Lew Watson
Mr. Billy Cotter
Mr. Richard D. Pettey
Mr. Robert Butler
Mr. Chester Mallory
Mr. Dennis Key
Ms. Angie Frost

MEMBERS ABSENT:

Mr. Christopher Baker (Chairman)
Mr. Edmond G. Eslava, III (Vice-Chairman)

OTHERS PRESENT:

Mrs. Lisa Brooks, Executive Director
Ms. Neva Conway, Legal Counsel
Mrs. Carolyn Greene, Executive Secretary
Mr. Joe Dixon, Investigator

GUESTS PRESENT:

Ms. Darlene Daugherty, Certified Residential Real Property Appraiser, Lineville, AL
Ms. Penny Nichols, Certified Residential Real Property Appraiser, Millbrook, AL
Mrs. Laura Betts Leavell

- 1.0 With quorum present, Mrs. Lisa Brooks, Executive Director, called the meeting to order at 9:02 a.m. Mrs. Carolyn Greene, Executive Secretary, recorded the minutes. The meeting was held in the 3rd Floor Conference Room, 100 North Union Street, Montgomery, Alabama. Prior notice of the meeting was posted on the Secretary of State's website on December 3, 2014 in accordance with the Alabama Open Meetings Act.
- 2.0 The meeting was opened with prayer and the Pledge of Allegiance, led by Mr. Watson.
- 3.0 Members present were, Mr. Billy Cotter, Mr. Lew Watson, Mr. Robert Butler, Mr. Richard D. Pettey, Mr. Dennis Key, Ms. Angie Frost, and Mr. Chester Mallory. Members absent were Mr. Chris Baker and Mr. Edmond G. Eslava, III.

Mrs. Brooks welcomed the guests present and asked Board Members to introduce themselves.

4.0 On motion by Mr. Key and second by Mr. Butler, the regular minutes for November 20, 2014 were approved as written. Motion carried by unanimous vote.

5.0 Ms. Conway handed out copies of 780-X-14-.06, Disciplinary Hearings, and 780-X-14-.07, Discipline, to the Board members and explained the litigation & hearing process to the Board and guests. She informed the Board that she is working on setting hearings, including one for the March Board meeting.

6.0 Mr. Mallory reported that the Legislative Committee met on Wednesday, January 14, 2014. The Committee discussed Appraisal Management Company reasonable and customary fees and agreed that an amendment should be made to the AMC Law before a fee study is done. Mr. Watson discussed a fee study that had been done by the Louisiana Real Estate Appraisers Board. Ms. Frost suggested that Senior Appraisers with Appraisal Management Companies registered in Alabama should also have an Alabama Appraisers license. Mr. Watson questioned whether a fee study is necessary for the Board to enforce a requirement of payment of customary and reasonable fees for appraisals by Appraisal Management Companies. Ms. Conway advised that without a scientifically reliable study the Board would have no standard to determine whether customary and reasonable fees were paid for appraisals. Enforcement of the customary and reasonable fee requirement would be almost impossible. Mr. Key questioned whether the Louisiana fee study could be used by Alabama and Mr. Butler offered that the Board should look at a study to establish a threshold for appraisal fees instead of a study to establish the price that should be paid for an appraisal. Mr. Watson pointed out that fees paid by Appraisal Management companies are excluded from the study commissioned by the Louisiana Real Estate Appraisers Board and that this is consistent with Federal law and regulations. Mr. Cotter inquired whether there had been any court challenges to the Louisiana fee study. Mr. Pettey was interested in which other states have or are proposing legislation to establish customary and reasonable fees. Ms. Frost encouraged that any proposed amendment to the AMC legislation require transparency of the total fee paid by lending institutions for the services provided and/or secured by Appraisal Management Companies. She pointed out that often Appraisal Management Companies bid out appraisal work at rock bottom fees to keep a larger percentage of the sum disguised as appraisal fees.

After much discussion, on motion by Ms. Frost and second by Mr. Butler, the Board voted to have Ms. Conway draft a proposed amendment to the Appraisal Management Company legislation. Motion carried by unanimous vote.

On motion by Ms. Frost and second by Mr. Mallory, the Board voted to

have Mrs. Brooks include a fee study in the Board's budget as soon as possible. Motion carried by unanimous vote.

The Board discussed sponsorship of the Bill to be drafted by Ms. Conway, and that sponsorship will need to be in place as soon as possible after the language is approved.

The Board discussed holding a special Board meeting in February to approve the language of the proposed amendment to the Appraisal Management Company legislation that Ms. Conway drafts. Ms. Conway informed the Board that 7 days' notice of the meeting must be given to the Secretary of State under the Open Meetings Act. Mrs. Brooks asked the Board members to email her their availability for February.

7.0 On motion by Mr. Cotter and second by Mr. Key the following applications were voted on as listed. Motion carried by unanimous vote.

7.1 **Trainee Real Property Appraiser applications approved:** Lisa Bean Couch, Travis Loyd Cousins and Jerry Dale Gerritsen. **Applications deferred:** None. **Applications denied:** None.

Trainee Real Property Appraiser Experience Logs for Review: **Log approved:** Jessica Lafosse. **Log deferred:** Nancy Turner. **Log denied:** Leah Partridge.

7.2 **State Registered Real Property Appraiser applications approved:** None. **Applications deferred:** None. **Applications denied:** None.

7.3 **Licensed Real Property Appraiser applications approved:** None. **Applications deferred:** None. **Applications denied:** None.

7.4 **Certified Residential Real Property Appraiser applications approved:** Jerry Lamar Bell (Recip.)(GA), and Jeffrey R. Homan (Recip.CA). **Applications deferred:** None. **Applications denied:** None.

7.5 **Certified General Real Property Appraiser applications approved:** Dori DEsposito Bower (Recip.)(GA), Decker Davenport Dickson (Recip.)(GA), Ryan Davidson Kiefaber (Recip.)(GA), Keith Thomas Nelson (Recip.)(GA), Mark Manning Strouse (Recip.)(GA), and Raymond Cecil Watson, III (Recip.)(GA). **Application deferred:** None. **Applications denied:** Carrie Salituro.

7.6 **Mentor applications approved:** Aubrey Paradise. **Applications deferred:** None. **Applications denied:** None.

8.0 Ms. Frost presented the Finance report and stated that in December the Board was 25% into Fiscal Year 2015 and 26% into budget expenditures. Ms. Frost stated that there were no negative trends that could not be reconciled at this time.

On motion by Mr. Mallory and second by Mr. Key, the Board voted to

approve the Financial Reports. Motion carried by unanimous vote.

9.0

On motion by Mr. Pettey and second by Mr. Watson, the following education courses and instructor recommendations were approved, deferred, or denied as indicated. Motion carried by unanimous vote.

ALLTERRA GROUP, LLC

New Application:

(CE) Basic Charts and Graphs – 5 Hours – Online
(Instructor: Carol Trice)

Both Course and Instructor Approved

APPRAISAL INSTITUTE – CHICAGO

New Applications:

(CE) Two Day Advanced Income Capitalization / A – 14 Hours –
Classroom
(Instructor: Ken Foltz)

Both Course and Instructor Approved

(CE) Two Day Advanced Income Capitalization / B – 14 Hours –
Classroom
(Instructor: Ken Foltz)

Both Course and Instructor Approved

Renewal Applications:

(CE) Online Rates & Ratios: Making Sense of GIMs, OARs & OCF – 7
Hours – Online
(Instructor: Ken Lusht)

Both Course and Instructor Approved

(CE) Online The Discounted Cash Flow Model: Concepts, Issues &
Applications – 5 Hours – Online
(Instructor: Ken Lusht)

Both Course and Instructor Approved

(LIC) Online Real Estate Finance, Statistics 7 Valuation Modeling – 15
Hours – Online
(Instructor: Ken Lusht)

Both Course and Instructor Approved

(CE) Online Using Your HP12C Financial Calculator – 7 Hours – Online
(Instructor: Matthew Larrabee)

Both Course and Instructor Approved

IRWA INTERNATIONAL RIGHT OF WAY ASSOCIATION

New Applications:

- (CE) 804 – Skills of Expert Testimony – 8 Hours – Classroom
(Instructor: Joe Neighbors)
Both Course and Instructor Approved

- (CE) University of Alabama Annual Right of Way Conference – 8 Hours
– Classroom
(Instructor: Judy Jones)
**Both Course and Instructor Approved pending receipt of
Instructor information**

MCKISSOCK, LP

New Applications:

- (CE) Secondary Market Appraisal Guidelines – 7 Hours – Classroom
(Instructors: Dan Bradley, Wally Czekalski, Chuck Huntoon, Tracy
Martin, Larry McMillen, Steve Vehmeier, Susanne Barkalow and
John Smithmyer)
Both Course and Instructors Approved

- (CE) The Green Guide to Appraising – 7 Hours – Classroom
(Instructor: John Smithmyer)
Instructor Approved

- (CE) UAD – Up Close and Personal – 3 Hours – Classroom
(Instructor: John Smithmyer)
Instructor Approved

- (CE) Reviewer's Checklist – 7 Hours – Classroom
(Instructor: John Smithmyer)
Instructor Approved

NAIFA

New Application:

- (CE) Understanding & Using Comparable Transactions – 7 Hours –
Classroom
(Instructors: Mike Orman)
Both Course and Instructor Approved

REQUEST FOR CONTINUING EDUCATION CREDIT

Mrs. Brooks discussed a request from Mr. Rusty Rich for credit for attending the Integra Realty Resources' course Building & Improving Litigation Practice. On motion by Mr. Pettey and second by Mr. Watson, the Board voted to grant 7 hours continuing education credit to Mr. Rich.

Motion carried by unanimous vote.

Mrs. Laura Betts Leavell addressed the Board. Mrs. Leavell is requesting the Board to reinstate her Certified General Real Property Appraiser license. On motion by Mr. Mallory and second by Ms. Frost, the Board voted to approve the reinstatement of Mrs. Leavell's Certified General license once she meets the current licensure criteria. Motion carried by unanimous vote. Mrs. Greene is researching the courses that Mrs. Leavell will be required to take. Mrs. Leavell will be notified in writing of the requirements for the reinstatement of her license.

10.0

The Board reviewed the following disciplinary reports.

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 overstated 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. **Violations: Scope of Work Rule, Standards Rule 1-1(c), 1-2(e), 1-2(h), 1-4(a), 2-1(a), 2-1(b), 2-2(b)(v), 2-2(b)(vi), 2-2(b)(vii), 2-2(b)(viii), USPAP, 2012-13 Ed., §34-27A-3(b)(2), Code of Alabama, 1975.**

AB-13-23 – On November 20, 2014, the Board approved a Consent Settlement Order with Scott Daniel Abercrombie, Certified Residential Real Property Appraiser, License No. 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, and 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 overstated 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.

Violations: Ethics Rule, Competency Rule, Lack of Competency Rule, Scope of Work Acceptability Rule, Standards Rule 1-1(a), 1-1(c), 1-2(e), 1-4(a), 1-4(c), 1-4(g), 1-5(b), 2-1(a), 2-1(b), 2-2(b)(v), 2-2(b)(vii), 2-2(b)(viii), 2-2(b)(ix), USPAP, 2012-13 Ed.

AB-13-24 – On November 20, 2014, the Board approved a Consent Settlement Order with Marion D. Plott, Certified Residential Real Property Appraiser, License No. 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

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be. Licensee's scope of work provided within the appraisal report was overstated 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. **Violations: Ethics Rule, Competency Rule, Lack of Competency Rule, Scope of Work Acceptability Rule, Standards Rule 1-1(a), 1-1(c), 1-2(e), 1-4(a), 1-4(c), 1-4(g), 1-5(b), 2-1(a), 2-1(b), 2-2(b)(v), 2-2(b)(vii), 2-2(b)(viii), 2-2(b)(ix), USPAP, 2012-13 Ed.**

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 workfile 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 workfile. 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 workfile 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 workfile 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 workfile 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 workfile 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. Licensee 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. **Violations: Ethics Rule, Conduct Rule, Record Keeping Rule, Scope of Work Rule, Problem Identification Rule, Scope of Work Acceptability Rule, Standards Rule 1-1(a), 1-1(b), 1-2(e), 1-3(a), 1-4(a), 2-1(a), 2-1(b), 2-2(b)(iii), 2-2(b)(vii), 2-2(b)(viii), 2-2(b)(ix), USPAP, 2010-11 Ed.**

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. **Violations: Ethics Rule, Conduct Rule, Scope of Work Rule, Problem Identification Rule, Scope of Work Acceptability Rule, Disclosure Obligations Rule, Standards Rule 1-1(b), 1-4(g), 2-1(a), USPAP, 2012-13 Ed.**

Ms. Conway discussed with the Board the investigative status charts. Ms. Conway informed the Board 6 new complaints were received since the November 2014 Board meeting, 3 complaints were dismissed, and 6 complaints were settled, leaving a total of 20 open complaints.

11.0 The Board reviewed Probable Cause Report **AB-14-15**: With Mr. Pettey recusing, on motion by Mr. Key and second by Mr. Watson, the Board voted that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-14-18**: With Mr. Key and Mr. Butler recusing, on motion by Mr. Cotter and second by Mr. Watson, the Board voted that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-14-19**: On motion by Ms. Frost and second by Mr. Watson, the Board voted that probable cause does not exist and to dismiss this case. Motion carried by unanimous vote.

12.0 There were no negotiated settlements to discuss.

13.0 The following reciprocal licenses were issued since last meeting: Jerry Lamar Bell ('R')(GA), Dori DEsposito Bower ('G')(GA), Decker Davenport Dickson ('G')(GA), Jeffrey R. Homan ('R')(CA), Ryan Davidson Kiefaber ('G')(GA), Keith Thomas Nelson ('G')(GA), Mark Manning Strouse ('G')(GA), and Raymond Cecil Watson, III ('G')(GA).

14.0 The Temporary Permit report was provided to the Board for their information.

15.0 The Appraisal Management report was provided to the Board for their information.

16.0 Mrs. Brooks discussed a memorandum from Thomas L. White, Jr., State Comptroller, announcing that the travel mileage rate for 2015 increased to 57.5 cents per mile.

The Payroll Debit Card Enrollment discussion was deferred until the March 2015 Board meeting.

Mrs. Brooks discussed the following information with the Board:

- The Appraisal Foundation Investigator Training to be held March 9-11, 2015 (Level I) and April 20-22, 2015 (Level II). Mrs. Brooks asked the Board members to let her know if they were interested in attending the training.
- The Association of Appraiser Regulatory Officials (AARO) 2015 Spring Conference to be held May 1-3, 2015. Mrs. Brooks asked the Board members to let her know if they were interested in attending the conference.
- An Administrative Code amendment to 780-X-6-.05, Qualifying Experience. On Motion by Mr. Mallory and second by Mr. Watson, the Board voted to file the amendment as written with Legislative Reference Service and to submit it for final certification if no comments are received during the comment period. Motion carried by unanimous vote.
- An Administrative Code amendment to 780-X-12-.01, Expirations and Renewals (Inactive Status). The Board determined that licensees must apply for the Inactive Status and submit the \$175 fee every year. On Motion by Mr. Key and second by Mr. Cotter, the Board voted to file the amendment as corrected with Legislative Reference Service and to submit it for final certification if no comments are received during the comment period. Motion carried by unanimous vote.

17.0 Mrs. Brooks informed the Board that Alabama Interactive is working on an estimate for online Letters of Good Standing.

The discussion regarding Florida education concerns was deferred until the March 2015 Board meeting.

18.0 The Trainee/Mentor requirements discussion was deferred until the March 2015 Board meeting.

Mr. Pettey notified the Board that former Board member, Mr. Tink Cheney, had passed away on January 14, 2015. Mrs. Brooks expressed her appreciation for Mr. Cheney's friendship and service with the Board.

The Board discussed the 'Pitfalls of Appraising' course that they want the Investigators to develop. The Education Committee will meet on March 18th to develop a curriculum.

19.0 At 11:47 a.m., on motion by Mr. Mallory and second by Ms. Frost, the Board voted to adjourn the regular Board meeting. Motion carried by unanimous vote. The Board's tentative meeting schedule for the remainder of 2015 is March 19, 2015, May 21, 2015, July 16, 2015, September 17, 2015, and November 19, 2015 in the 3rd Floor Conference Room, 100 North Union Street, Montgomery, Alabama.

Sincerely,



Carolyn Greene
Executive Secretary
/cg

APPROVED:



Lisa Brooks, Executive Director