

Report on the

Real Estate Appraisers Board

Montgomery, Alabama



Department of Examiners of Public Accounts

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October 2, 2019

Senator Clyde Chambliss
Chairman, Sunset Committee
Alabama State House
Montgomery, AL 36130

Dear Senator Chambliss,

This report was prepared to provide information for use by the Sunset Committee in conducting its review and evaluation of the operations of the Real Estate Appraisers Board in accordance with the *Code of Alabama 1975*, Section 41-20-9.

The report contains unaudited information obtained from the management, staff, and records of the Real Estate Appraisers Board, in addition to information obtained from other sources.

Please contact me if you have any questions concerning this report.

Sincerely,

Rachel Laurie Riddle
Chief Examiner

Examiner
Christine Kilpatrick

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PROFILE

Purpose/Authority

The Alabama Real Estate Appraisers Board was created by Act No. 693, Acts of Alabama 1990, to comply with requirements of Public Law No. 101-73, known as the Financial Institutions Reform Recovery and Enforcement Act (FIRREA) of 1989. The United States Congress, in response to a savings and loan crisis, passed Public Law No. 101-73 to protect federal financial and public policy interests in real estate related transactions by ensuring that appraisals of real estate are fair, equitable, and in compliance with the requirements of FIRREA and the Uniform Standards of Professional Appraisal Practice (USPAP).

FIRREA requires each state to create its own real estate appraiser licensing program. The program requirements must meet criteria established by the Appraiser Qualifications Board (AQB) and the Appraisal Standards Board (ASB) of the Appraisal Foundation. Federal law requires that appraisals associated with federally insured loans be made only by appraisers licensed under a state program that meets federal standards.

The Appraisal Foundation is a not-for-profit educational organization authorized by the U.S. Congress as the source of appraisal standards and appraiser qualifications. The practices, procedures, activities, and organizational structure of the Appraisal Foundation are under the monitoring and review of the Appraisal Subcommittee (Congressional) established under the Federal Financial Institution Examinations Council Act of 1978 (12 U.S.C. 3301 et. Seq.).

The Alabama Real Estate Appraisers Board operates under authority of the *Code of Alabama 1975*, Sections 34-27A-1 through 34-27A-7; 34-27A-9 through 34-27A-29; and 34-27A-50 through 34-27A-63.

The following legislative act passed since the last sunset review of this agency:

Act No. 282, Acts of Alabama 2019 amended Sections 34-27A-2, 34-27A-3, 34-27A-5, and 34-27A-23 of the *Code of Alabama 1975*, to define the term “evaluation” and to provide that evaluations performed by licensed appraisers for financial institutions would not be governed by Chapter 27A and to further provide for the employment of investigators by the board who are licensees of the board.

<u>Characteristics</u>	
Members and Selection	<p>Nine members appointed by the Governor and confirmed by the Senate.</p> <p>The Real Estate Valuation Advocacy Association or its successor organization submits three names to the Governor for the appraisal management position on the Board.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-4</p>
Term	<p>Three year staggered terms</p> <p>Upon expiration of their terms, members continue to serve until successors are appointed, qualified and confirmed by the Senate. Members can serve no more than two consecutive terms.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-4</p>
Qualifications	<ul style="list-style-type: none"> • Seven real property appraisers • One member from the general public • One member from an appraisal management company <p>Each member must, except for the representative of the appraisal management company, be a resident of Alabama. The public members and their spouses must not engage in the practice of real property appraising.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-4</p>
Consumer Representation	<p>One member from the general public. One consumer member serving.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-4</p>
Racial Representation	<p>Two minority race members required. Two black members currently serving.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-4</p>
Geographical Representation	<p>One real property appraiser member from each United States Congressional District.</p> <p><i>Code of Alabama 1975</i>, Sections 34-27A-4</p>

Other Representation	<p>The overall membership of the Board shall be inclusive and reflect the racial, gender, geographic, urban/rural, and economic diversity of the State.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-4</p>
Compensation	<p>\$300 per month for attendance of Board meetings. In addition, members receive a per diem allowance on Board meeting days as authorized by the Board, not to exceed the current per diem allowance for State employees.</p> <p>No out of state travel or mileage reimbursement for travel beyond Alabama borders shall be made for attendance at board meetings.</p> <p><i>Code of Alabama 1975</i>, 34-27A-4</p>
Attended Board Member Training	<p>Five Board members Executive Director Legal Counsel</p>
<u>Operations</u>	
Administrator	<p>Lisa Brooks, Executive Director, unclassified merit system employee appointed by the Board. Current annual salary of \$82,696.80 is set by the Board and approved by State Personnel.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-5(b)(11)</p>
Location	<p>100 South Union Street, Ste. 370 Montgomery, AL 36130 Office hours: Monday – Friday 8 am – 4:30 pm</p>
Employees	Six
Legal Counsel	Neva Conway, Attorney General’s Office
Subpoena Power	<p>Yes, persons and records</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-21(c)</p>

<p>Internet Presence</p>	<p>http://reab.alabama.gov/</p> <table border="1" data-bbox="662 243 1414 1619"> <tr> <td data-bbox="662 243 1031 1619"> <p>Home Tab</p> <ul style="list-style-type: none"> • Welcome • License renewals • Forms • Board Members • Resources for Educators • Inactive status • Notifications • Information • Resources • Quick Links <p>AMC Regulation Tab</p> <ul style="list-style-type: none"> • Regulation • Forms • Information • FAQs <p>Education Tab</p> <ul style="list-style-type: none"> • Education • CE vs LIC • Information • CE Option <p>Licensure Tab</p> <ul style="list-style-type: none"> • Licensure & Certification • New applicants & Upgrades • Forms • Information <p>Latest News Tab</p> <ul style="list-style-type: none"> • Appraisers • AMCs • Educators • Facebook <p>Search Appraisers Tab</p> <p>Search Mentors Tab</p> </td> <td data-bbox="1031 243 1414 1619"> <p>Law Reference Tab</p> <p>Complaint Process Tab</p> <ul style="list-style-type: none"> • Process • Disciplinary Reports <p>Newsletter Tab</p> <p>FAQs Tab</p> <p>Reciprocity Tab</p> <p>Agency Reports Tab</p> <p>Administrative Code Tab</p> <ul style="list-style-type: none"> • Administrative Code • Proposed changes <p>Temporary Permit Tab</p> <ul style="list-style-type: none"> • Temporary Practice Permit • Helpful information <p>Renewals 18-19 Button</p> <ul style="list-style-type: none"> • Online • By Mail <p>Renewals 17-18 Button</p> <p>Forms/Applications Tab</p> <p>Contact Us Tab</p> <ul style="list-style-type: none"> • Office information • Staff members • Board members <p>Resources for Educators Tab</p> <ul style="list-style-type: none"> • Course & Instructor Approval • Education Provider forms • Forms & information <p>Inactive Status Button</p> </td> </tr> </table>	<p>Home Tab</p> <ul style="list-style-type: none"> • Welcome • License renewals • Forms • Board Members • Resources for Educators • Inactive status • Notifications • Information • Resources • Quick Links <p>AMC Regulation Tab</p> <ul style="list-style-type: none"> • Regulation • Forms • Information • FAQs <p>Education Tab</p> <ul style="list-style-type: none"> • Education • CE vs LIC • Information • CE Option <p>Licensure Tab</p> <ul style="list-style-type: none"> • Licensure & Certification • New applicants & Upgrades • Forms • Information <p>Latest News Tab</p> <ul style="list-style-type: none"> • Appraisers • AMCs • Educators • Facebook <p>Search Appraisers Tab</p> <p>Search Mentors Tab</p>	<p>Law Reference Tab</p> <p>Complaint Process Tab</p> <ul style="list-style-type: none"> • Process • Disciplinary Reports <p>Newsletter Tab</p> <p>FAQs Tab</p> <p>Reciprocity Tab</p> <p>Agency Reports Tab</p> <p>Administrative Code Tab</p> <ul style="list-style-type: none"> • Administrative Code • Proposed changes <p>Temporary Permit Tab</p> <ul style="list-style-type: none"> • Temporary Practice Permit • Helpful information <p>Renewals 18-19 Button</p> <ul style="list-style-type: none"> • Online • By Mail <p>Renewals 17-18 Button</p> <p>Forms/Applications Tab</p> <p>Contact Us Tab</p> <ul style="list-style-type: none"> • Office information • Staff members • Board members <p>Resources for Educators Tab</p> <ul style="list-style-type: none"> • Course & Instructor Approval • Education Provider forms • Forms & information <p>Inactive Status Button</p>
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<u>Financial</u>																	
Source of Funds	Licensing fees, fines and penalties																
State Treasury	Yes, Special Revenue Fund 0606. <i>Code of Alabama 1975</i> , Sections 34-27A-6(b), 34-27A-27																
Required Distributions	None																
Unused Funds	The Board retains unused funds at fiscal year-end. <i>Code of Alabama 1975</i> , Sections 34-27A-6(b), 34-27A-27																
<u>Licensee Information</u>																	
Licensees	As of September 18, 2018 <table border="1"> <thead> <tr> <th>Type of Real Estate Appraiser</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Trainee</td> <td>97</td> </tr> <tr> <td>Inactive Trainees</td> <td>15</td> </tr> <tr> <td>State Registered</td> <td>15</td> </tr> <tr> <td>Licensed</td> <td>67</td> </tr> <tr> <td>Certified Residential</td> <td>632</td> </tr> <tr> <td>Certified General</td> <td>630</td> </tr> <tr> <td>Total</td> <td>1,456</td> </tr> </tbody> </table> Registered Appraisal Management Companies - 126 <i>Source:</i> Board staff	Type of Real Estate Appraiser	Number	Trainee	97	Inactive Trainees	15	State Registered	15	Licensed	67	Certified Residential	632	Certified General	630	Total	1,456
Type of Real Estate Appraiser	Number																
Trainee	97																
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State Registered	15																
Licensed	67																
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Certified General	630																
Total	1,456																
Qualifications	<ul style="list-style-type: none"> • At least 19 years of age • Citizen of the United States, or legally present, or an alien with permanent resident status • If a non-resident, agree to be bound by all provisions of the Board • Provides evidence of passing the Uniform Standards of Professional Appraisal Practice (USPAP) course within two years prior to application • Provides evidence of successful completion of required education from an approved course provider for the real estate appraiser classification for which applied. • Demonstrates basic appraisal skills by passing written exam 																

- **Certified General Real Property Appraiser:** 300 hours of appraisal education as well as a Bachelor’s Degree or higher, plus 30 months experience with a minimum of 300 points of appraisal experience
- **Certified Residential Real Property Appraiser:** 200 hours of appraisal education as well as either a Bachelor’s Degree or Associate’s Degree; plus 24 months experience appraising property with a minimum of 250 points
- **Licensed Real Property Appraiser:** 150 hours of appraisal education and a minimum of 200 points of appraisal experience (two years), plus high school diploma or equivalent
- **State Registered Real Property Appraiser:** 75 hours of appraisal education and a minimum of 100 points appraisal experience plus high school diploma or equivalent
- **Trainee Real Property Appraiser:** 75 hours of appraisal education plus high school diploma or equivalent

Code of Alabama 1975 Sections 34-27A-7, 34-27A-10, and 34-27A-11
Administrative Rule 780-X-3-.06

Examinations

The Appraisal Qualifications Board (AQB) prepares the examination. The Board contracts with a professional testing service, Applied Measurement Professionals, Olathe, KS, to administer and grade examinations. Applicants pay the testing service directly. Examinations are administered daily at H&R Block centers in Athens, Birmingham (2 locations), Huntsville, Mobile and Montgomery.

Pass/Fail Statistics for FY 2015 through FY 2018

Certified General Appraiser			
Fiscal Year	# Taken	# Passed	% Passed
2015	7	4	57%
2016	24	11	46%
2017	6	6	100%
2018	18	9	50%

Certified Residential Appraiser			
Fiscal Year	# Taken	# Passed	% Passed
2015	4	4	100%
2016	10	8	80%
2017	12	8	67%
2018	19	9	47%

Licensed Appraiser			
Fiscal Year	# Taken	# Passed	% Passed
2015	3	1	33%
2016	2	1	50%
2017	1	1	100%
2018	0	0	N/A

Trainee Appraiser			
Fiscal Year	# Taken	# Passed	% Passed
2015	31	10	32%
2016	63	20	32%
2017	42	22	52%
2018	58	25	43%

According to the Executive Director, there are no Alabama Public Educational Institutions offering courses or a degree program in real estate appraisal.

Code of Alabama 1975, Section 34-27A-10

Source: Board staff

Reciprocity

Nonresidents licensed in other states may be licensed in this State upon submission of an irrevocable consent of service of process to the executive director or the Board shall recognize on a temporary basis the certification or license of an appraiser issued by another state if (i) the appraiser’s business is of a temporary nature and (ii) the appraiser registers with the Board.

According to the Executive Director, the Board has reciprocity with all jurisdictions. In 2015 the Appraiser Qualifications Board made changes to the Appraiser Qualifications Criteria making the licensing criteria uniform across the nation.

Code of Alabama 1975, Section 34-27A-14

<p>Renewals</p>	<p>Annually – September 30. No grace period. The Board <i>may</i>, under extenuating circumstances, extend the term of the license for a period not to exceed six months, upon payment by the applicant of a prescribed fee set by the Board for the extension. (The Board has not set an extension fee.)</p> <p>Appraisal Management Companies registration renewals occur annually from the date of the initial registration. No grace period. The registration may be reinstated within six months by paying the renewal fee and a late filing fee established by the Board.</p> <p>59.68% online renewals for 2018</p> <p><i>Code of Alabama 1975</i>, Sections 34-27A-13, 34-27A-15, and 34-27A-55(c) <i>Source:</i> Board staff</p>
<p>Licensee Demographics</p>	<p>Data not collected</p> <p><i>Source:</i> Board staff</p>
<p>Continuing Education</p>	<p>Twenty-eight hours biennially. Seven hours must be a National Uniform Standards of Professional Appraisal Practice (USPAP) course or its equivalent as determined by the Appraiser Qualification Board (AQB) taught by an instructor certified by the AQB.</p> <p><i>Code of Alabama 1975</i>, Section 34-27A-19 <i>Administrative Rule</i> 780-X-12-.02(a)</p>

SIGNIFICANT ISSUES

Significant Issue 2019-01 - The Board charges graduated fees for late renewals that are not authorized by law. The Board adopted Administrative Rule 780-X-4-.02 to charge licensees a delinquent charge of \$50 if the annual license fee is received after September 30; an additional delinquent charge of \$200 for license fees not paid by October 10; and a third delinquent charge of \$50 per month if the annual license fee is not paid by March 31. Only the \$50 late fee is authorized by statute.

The *Code of Alabama 1975*, Section 34-27A-15 (b) states, “If a person fails to renew a license for any classification of real estate appraiser prior to its expiration or within a period of extension granted by the board pursuant to this chapter, the person may obtain a renewal license by satisfying all of the requirements for renewal and by the payment of a (Emphasis added) late renewal fee as set by the board. The statute only authorizes the Board to charge one late fee, not multiple late fees.

Board’s Response – The Board will submit proposed legislation during the 2020 Regular Legislative Session to correct this issue.

Significant Issue 2019-02 - The Board is charging appraisal management monthly late renewal fees that are not authorized by statute. The Board adopted Administrative Rule 780X-17-.05 to charge appraisal companies a renewal fee of \$2,000 plus a late filing fee of \$500 for each month or part thereof that the registration is lapsed, not to exceed \$5,000.00. A late filing fee is not assessed if the renewal is received on or before the 10th day after the registration lapses.

The *Code of Alabama 1975*, Section 34-27A-55(a) allows for *a* (Emphasis added) late filing fee and other fees placed upon appraisal management companies deemed necessary for the proper administration of the Board. Section 34-27A-55(b) states, “In addition to the application fee and late filing fee, where applicable ...” The statute only authorizes the Board to charge one late fee, not multiple fees.

Board’s Response – The Board will submit proposed legislation during the 2020 Regular Legislative Session to correct this issue.

STATUS OF PRIOR FINDINGS/SIGNIFICANT ISSUES

All prior findings/significant issues are resolved.

ORGANIZATION



PERSONNEL

Schedule of Employees By Merit System Classification/Sex/Race					
	#	W/M	W/F	Salary (Range)	Vehicle Assigned
Unclassified					
Executive Director	1		1	\$ 82,696.80	1
Classified					
Executive Secretary	1		1	\$ 42,496.80	
Investigator	1	1		\$ 74,868	1
Administrative Assistant II	2		2	\$ 29,371.20 - 37,584	
Retired State Employee	1		1	Less than \$ 31,000	
Total	6	1	5		2

W/M = White Male, W/F = White Female

The agency owns four vehicles. The executive director uses a vehicle for commuting. The Senior Real Estate Property Valuation Specialist, the Board's investigator, is assigned a vehicle for conducting investigations throughout the state. Two unassigned vehicles are used as a motor pool by Board staff as needed.

Legal Counsel

Legal services for the Board are provided by Neva Conway, Assistant Attorney General, Attorney General's Office.

PERFORMANCE CHARACTERISTICS

Number of Licensees per Employee as of September 18, 2018 – 243

Number of Persons per Licensee in Alabama and Surrounding States

	Population (estimate)*	Number of Licensees	Persons Per Licensee
Alabama	4,888,949	1,456	3,358
Florida	21,312,211	6,480	3,289
Georgia	10,545,138	3,287	3,208
Mississippi	2,982,785	993	3,004
Tennessee	6,782,564	1,941	3,494
*Source: U.S. Census, July 1, 2018 Population Estimates			

Operating Disbursements per Licensee (FY2018) - \$ 584.21

Fines/Penalties as a Percentage of Operating Receipts

	FY 2018	FY 2017	FY 2016	FY 2015
Receipts less fines	\$ 839,193.78	\$ 844,558.52	\$ 794,232.47	\$ 890,455.00
Fines	17,100.00	51,730.00	20,100.00	77,900.00
Percentage	2.04%	6.13%	2.53%	8.75%

Notification of Board decisions to Amend Administrative Rules

The Board complied with notification procedures prescribed in the Administrative Procedure Act, which includes publication of proposed rules in the Administrative Monthly, and public hearings on proposed rules. The Board publishes notification of public hearings regarding rule adoptions and amendments on its website.

COMPLAINT HANDLING

The Board's *Administrative Rules* 780-X-14-.01 through 780-X-14-.10 provide procedures for the receipt, documentation, investigation and hearings of complaints.

Complaints generally are about the valuation of properties due to selection of inappropriate comparable(s) or the use of inappropriate methodology in the valuation

process. The Board does not process complaints about an appraiser's business practices, such as tardiness in product delivery, failure to keep appointments, rude behavior, etc.

Initial Contact/Documentation	<p>The agency receives only written complaints. No specific form is required. Proceedings to revoke, refuse to renew or suspend a certificate or license, or to censure, place on probation and/or fine any licensed real estate appraiser may be initiated by the Board or by any person upon filing with the Board's executive director an original and two copies of a letter of complaint which shall contain:</p> <ul style="list-style-type: none"> • Name and address of the complaining party as well as the name and address of any licensed real estate appraiser against whom the complaint is filed. • A plain and concise statement of the facts, which together indicate that the individual licensed real estate appraiser complained against violated Chapter 27A, Title 34, <i>Code of Alabama 1975</i>, or rules promulgated by the Board or Rules of Professional Conduct (Code of Ethics). • Any documentation of the alleged violations, including a copy of the appraisal in question if available. • The signature of the complainant. <p>The agency sends a letter to the complainant upon receipt of the complaint.</p>
Anonymous Complaints Accepted	No
Investigative Process / Probable Cause Determination	<p>Following the initial review of the letter of complaint by the executive director, the Board's attorney, with the input and involvement of the Board's investigative staff, makes a recommendation to the Board, as to whether probable cause exists. Should a Board member participate in the investigation, the member is eliminated from further involvement except as a witness.</p>
Negotiated Settlements	Yes
Notification of Resolution to the Complainant	The Board notifies complainants by letter.

Source: Board staff

Schedule of Complaints Resolved Calendar Year 2015 through 2018					
Year/Number Received	Year/Number Resolved				Pending
	2015	2016	2017	2018*	
2015 /# 34	15	13	4	0	2
2016 /# 42		8	31	2	1
2017 /# 31			8	21	2
2018 /# 38				12	26
* As of December 21, 2018					
<i>Source:</i> Board staff					

Average Time to Resolve Complaints - 180 business days

According to agency staff, complaints pending for more than one year are due to administrative hearings, judicial review or pending litigation initiated by the complainant.

Reprimands

The *Code of Alabama 1975*, Section 34-27A-20(a), grants the Board power to discipline its licensees through administrative fines, continuing education, or discipline by public reprimands and no more than two private reprimands per licensed real property appraiser.

Reprimands issued by the Board fall into four categories based on severity of the violation and whether the Board thinks that the actions necessitate the Board's progressive discipline process.

- The first and least severe form of discipline is a *letter of warning*. The Board issues a letter of warning when violations are considered mild and may result in the Board requiring additional education or training.
- The second form of progressive discipline is *administrative fines or remedial education*. The Board charges an administrative fine or requires remedial education when violations of standards and/or technical issues occur.
- The third form of progressive discipline is a *private reprimand*, which is limited to two reprimands per licensed real property appraiser. The Board issues a private reprimand when minor competency issues, technical ethical violations, and/or repeat violations occur.
- The fourth form of progressive discipline is a *public reprimand*. The Board issues a public reprimand when serious ethical violations and/or serious competency violations occur, which do not rise to the level of suspension or revocation.

Disposition of Resolved Complaints

# of Complaints	Resolutions
3	Administrative Fine
1	Administrative Fine/Remedial Education
25	Letter of Counsel ⁽¹⁾
3	Letter of Warning
8	Letter of Warning/Administrative Fine
1	Private Reprimand/Administrative Fine/Remedial Education
2	Public Reprimand
2	Revoked License
1	Surrender License
68	No Action Warranted ⁽²⁾

⁽¹⁾No probable cause, dismissal of the complaint with a caution to the licensee

⁽²⁾No violation, no jurisdiction

REGULATION IN CONJUNCTION WITH OTHER ENTITIES

The Appraisal Foundation's three independent boards, the Appraiser Practices Board (APB), the Appraisers Standards Board (ASB), and the Appraiser Qualifications Board (AQB) offer guidance, develop, interpret and amend Uniform Standards of Professional Appraisal Practice (USPAP), establish minimum education, experience, and examination requirements for real property appraisers.

The Appraisal Subcommittee (Congressional) provides oversight of State appraiser regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.

FINANCIAL INFORMATION

Source of Funds – License fees, fines and penalties.

Fund - The Board operates from Special Revenue Fund 0606 established under the authority of the *Code of Alabama 1975*, Section 34-27A-27. The Board retains unexpended balances in the Board's fund at year-end.

Schedule of Fees

The Board's enabling statutes do not set the fees nor do the statutes establish a range for the fees. The Board is authorized to set the fees by Administrative Rule.

The Washington Registry fee is set at \$40.00 by the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.

FEE TYPE/PURPOSE	STATUTORY AUTHORITY	RULE	AMOUNT COLLECTED
Application Fees:			
Trainee Real Property Appraiser	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(a)	\$ 150.00
State Registered Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(b)	\$ 275.00
Licensed Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(c)	\$ 275.00
Certified Residential Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(d)	\$ 275.00
Certified General Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(e)	\$ 275.00
Appraisal Management Company Registration	34-27A-55(a)	780-X-17-.02(b)	\$3,500.00
Annual License Fee:			
Trainee Real Property Appraiser	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(a)	\$ 335.00
State Registered Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(b)	\$ 335.00
Licensed Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(c)	\$ 335.00
Certified Residential Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(d)	\$ 335.00
Certified General Real Property Appraisers	34-27A-6 (a) 34-27A-7(b)	780-X-4-.02(e)	\$ 335.00
Appraisal Management Company Registration	34-27A-6 (a) 34-27A-7(b)	780-X-17-.04(b)	\$2,000.00
Washington Registry (All Licensees)	FIRREA (Title XI Sec. 1109(a)(4)(A))	780-X-4-.02	\$ 40.00
Delinquent Fees:			
Any Real Estate Appraiser Classification			
Renewal not paid by Sept. 30	34-27A-15(b)	780-X-4-.02(f)	\$ 50.00
Renewal not paid by October 10	No statutory authority*	780-X-4-.02(g)	Additional \$ 200.00
Renewal not paid by March 31	No statutory authority*	780-X-4-.02(h)	Additional \$ 50 monthly
Appraisal Management Companies			
Late filing fee	34-27A-55(a)(c)	780-X-17-.05	\$500.00 monthly

*See finding 2019-01

Mentor Status Fee:			
One-time processing, unless revoked	34-27A-6(a) 34-27A-7(b)	780-X-4-.02(i)	\$ 200.00
Trainee Experience Log Review	34-27A-6 (a) 34-27A-7(b)	780-X-9-.01(b)(2)(iii)	\$ 125.00
Evaluation of Education Application:			
Licensure Course per instructor – 15 hr. minimum	34-27A-6 (a) 34-27A-19(d)(1)	780-X-5-.04(14)	\$ 50.00
CE Course per instructor evaluation – 2 hr. minimum	34-27A-6 (a) 34-27A-19(d)(1)	780-X-5-.04(14)	\$ 25.00
Course/Seminar Review per instruction hour	34-27A-6 (a) 34-27A-19(d)(1)	780-X-5-.02(11)	\$ 5.00/hr.
Temporary Permit:			
Non-Resident Temporary Permit	34-27A-6 (a) 34-27A-14(c)	780-X-16-.05	\$ 250.00 per assignment
Reciprocal License:			
Trainee Real Property Appraiser Application and License fee	34-27A-6 (a) 34-27A-7(b) 34-27A-14(b)	780-X-16-.04(2)(b)	\$ 485.00
Licensed Real Property Appraiser Application and License Fee	34-27A-6 (a) 34-27A-7(b) 34-27A-14(b)	780-X-16-.04(2)(b)	\$650.00
Certified Residential Appraiser Application and License fee	34-27A-6 (a) 34-27A-7(b) 34-27A-14(b)	780-X-16-.04(2)(b)	\$650.00
Certified General Appraiser Application and License fee	34-27A-6 (a) 34-27A-7(b) 34-27A-14(a-b)	780-X-16-.04(2)(b)	\$ 650.00
Miscellaneous Fees:			
Copy of USPAP**	34-27A-6	780-X-4-.08(a)	\$ 50.00
Letter of Good Standing	34-27A-6	780-X-4-.08(b)	\$ 25.00
Registry	34-27A-6	780-X-4-.08(c)	\$ 25.00
Return Check Fee	34-27A-6	780-X-4-.08(d)	\$ 30.00
Labels	34-27A-6	780-X-4-.08(e)	\$ 50.00
Administrative Code	34-27A-6	780-X-4-.08(f)	\$ 25.00
Real Estate Appraisers Act	34-27A-6	780-X-4-.08(g)	\$ 15.00
Duplicate Certificate	34-27A-6	780-X-4-.08(h)	\$ 25.00
Board Sponsored Course Tuition	34-27A-6	780-X-4-.08(i)	\$ 50.00
Copy of Course Materials	34-27A-6	780-X-4-.08(j)	\$ 50.00

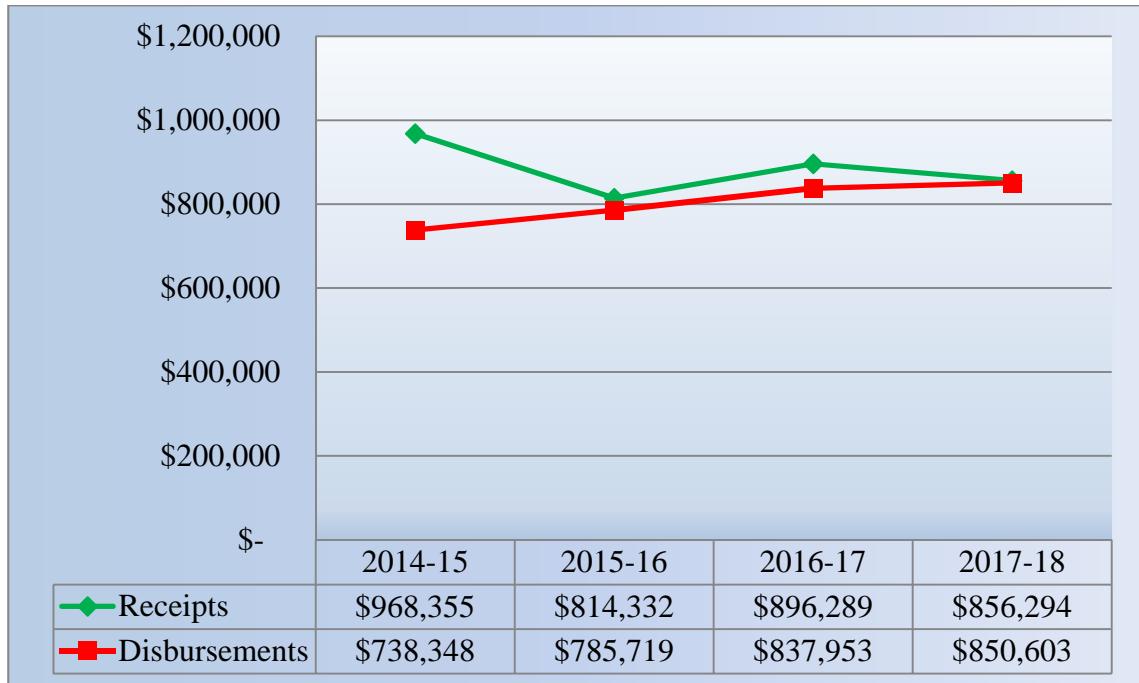
Schedule of Receipts, Disbursements and Balances

October 1, 2014 through September 30, 2018

	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
<u>Receipts</u>				
Licensing Fees	\$ 810,190.00	\$ 808,095.00	\$ 774,525.00	\$ 882,070.00
Miscellaneous Fees*	29,003.78	34,503.52	19,600.00	8,385.00
Fines and Penalties	17,100.00	51,730.00	20,100.00	77,900.00
Salvage Equipment Sales	-	1,960.00	107.47	-
Total	<u>856,293.78</u>	<u>896,288.52</u>	<u>814,332.47</u>	<u>968,355.00</u>
<u>Disbursements</u>				
Personnel Costs	440,867.48	426,966.60	408,657.51	422,186.10
Employee Benefit	164,057.05	159,853.23	144,593.49	145,579.52
Travel, In-State	7,567.22	13,943.57	17,145.11	16,030.01
Travel, Out-of-State	7,704.29	3,572.02	15,834.55	1,287.61
Repairs & Maintenance	520.00	166.00	612.00	165.00
Rentals & Leases	85,922.79	89,337.85	74,432.24	76,890.94
Utilities & Communication	8,324.32	7,284.71	9,604.88	7,919.40
Professional Services	107,722.96	91,881.39	89,264.83	40,738.21
Supplies, Materials, & Operating Expenses	25,215.70	21,996.78	20,196.78	23,494.46
Transportation Equipment Operations	2,701.34	4,595.46	4,436.97	4,056.61
Transportation Equipment Purchases	-	16,798.00	-	-
Other Equipment Purchases	-	1,557.82	941.03	-
Total	<u>850,603.15</u>	<u>837,953.43</u>	<u>785,719.39</u>	<u>738,347.86</u>
Excess of Receipts over Disbursements	5,690.63	58,335.09	28,613.08	230,007.14
Cash Balance at Beginning of Year	<u>1,300,098.69</u>	<u>1,241,763.60</u>	<u>1,213,150.52</u>	<u>983,143.38</u>
Cash Balance at End of Year	1,305,789.32	1,300,098.69	1,241,763.60	1,213,150.52
Reserved for Unpaid Obligations	(123,742.57)	(116,782.09)	(122,876.67)	(85,373.56)
Money Market Funds - State Treasury	<u>463,692.88</u>	<u>456,710.08</u>	<u>454,219.55</u>	<u>452,157.82</u>
Unreserved Cash Balance at End of Year	<u>\$ 1,645,739.63</u>	<u>\$ 1,640,026.68</u>	<u>\$ 1,573,106.48</u>	<u>\$ 1,579,934.78</u>

*Books, letters of good standing, registries, return check fee, labels, duplicate certificates, licensee listing, etc.

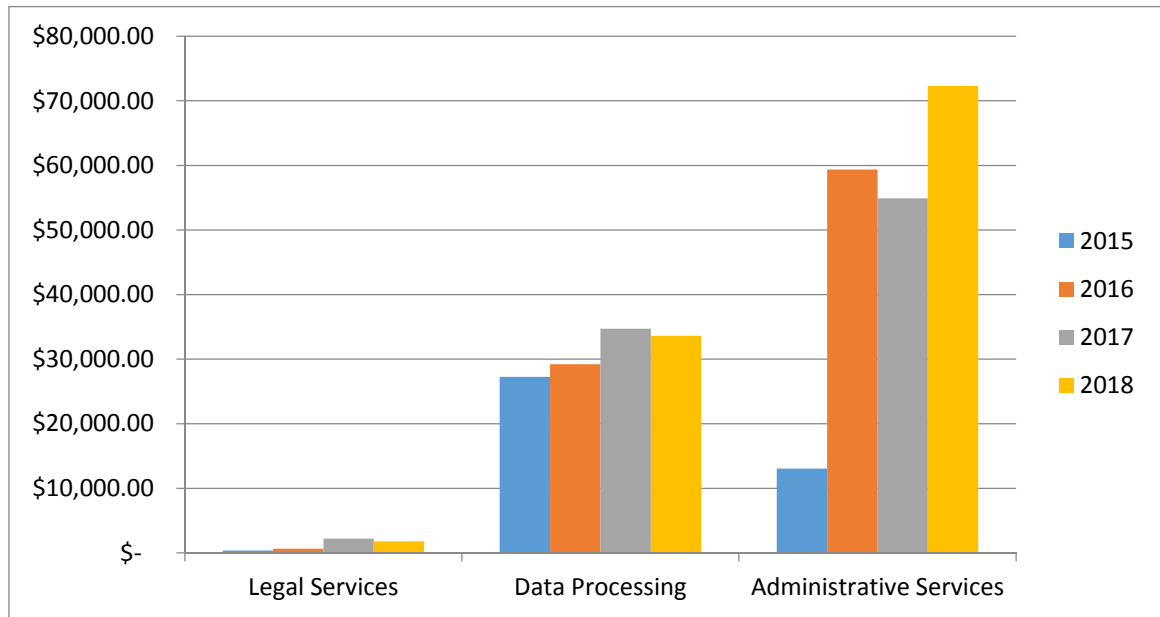
Operating Receipts vs. Operating Disbursements (Chart)



SUMMARY SCHEDULE OF PROFESSIONAL SERVICE DISBURSEMENTS				
As of September 30 th				
Type of Service	FY 2015	FY 2016	FY 2017	FY 2018
Legal	\$ 390.00	\$ 660.00	\$ 2,230.05	\$ 1,800.00
Data Processing	27,265.26	29,220.09	34,723.56	33,612.44
Administrative	13,082.95	59,384.74	54,927.78	72,310.52
Total	\$ 40,738.21	\$ 89,264.83	\$ 91,881.39	\$ 107,722.96

*Detailed information presented in the appendix

Professional Service Disbursement Chart



QUESTIONNAIRES

Board Member Questionnaire

A letter was sent to all nine members of the Real Estate Appraisers Board requesting participation in our survey. All nine participated in the survey. The percentages, where shown, are based on the number who responded to the question.

1. What are the most significant issues currently facing the Alabama Real Estate Appraisers Board and how is the Board addressing these issues?

Board Member #1 - “Changing banking rules and lending guidelines. No valuation products available for lender use and the board has mechanism to allow appraisers to utilize the new tools. Essentially, the board and its policies are antiquated and not in step with the current trends.”

Board Member #2 - “No Comment”

Board Member #3 - “The need for an additional investigator. We discussed opening the position to add another investigator.”

Board Member #4 - “Changes in lending practices. We're drafting changes in legislation to keep up with these changes.”

Board Member #5 - “Real estate valuations by non-certified individuals.”

Board Member #6 - “None”

Board Member #7 - “It would be difficult to rank some of the issues but in no particular order: Fees for appraisers. Dodd Frank gave the state boards the right to have a study performed to determine what is customary in the market. Louisiana did that and now the Consumer Protection Agency says that is not consumer friendly. This ignores the fact that the banks contract with Appraisal Management Companies for a set fee. Appraisal Management Companies (AMC) were established by Dodd Frank as a means of separating the loan officer influence from the appraiser. So the Management Co. selects the appraiser. Example - The AMC has a contract from the bank of \$700. The AMC then sends out the appraisal request to Appraiser A,B, C and D asking for fee and turn time. Thus the lowest fee, say of \$300, gets the work and the AMC just made \$400. AMCs are making so much they have hired lobbyist to protect their position and some are even listed now on the stock exchange. So the Consumer protection Agency is not protecting the consumer, it is denying the appraiser from a reasonable income. We had a fee study performed and were in the process of implementing it when Louisiana got hit by the Consumer Protection Agency, so we have stopped, awaiting the outcome there. Next - Appraisers are bound by a set of Standards called Uniform Standards of Professional Appraisal Practice (USPAP). This set of Standards are required to be followed when an appraiser does an appraisal. In many instances a full blown appraisal or even a restricted report is much more in a report than the job really requires. But, the appraiser is bound by USPAP. Example - Mary needs to know what to sell her mother’s house for, now that she no longer lives there due to some event. The appraiser is bound to provide a report that is typically the same as if the report was going to be sent to the bank for a loan. In many instances banks don't need the same

Board Member Questionnaire

level of work as would be for a federal related transaction. To provide a product that does not conform to USPAP the Board needs legislation passed that would permit an appraiser to perform work outside of USPAP. In the industry that is called an evaluation. The Board is preparing legislation to be introduced in the next session of the legislature that will permit an appraiser to provide evaluations. In general it will allow the banks to utilize appraisers or others to provide something other than an appraisal to assist in loans or assets. Fees will be determined between the parties. For the appraiser there will be no requirement for insurance, E&O, nor even have a file copy of the report sent to the bank. A cheaper product, mostly determined by the banks as to content. USPAP changes every 2 years, which needs to be changed to say once every 5 but this is set by Federal Law so nothing we can do about that.”

Board Member #8 - “Industry is changing. Higher value thresholds that has steadily increased over the years are limiting the requirements for full appraisals and increasing the risk of default and bank failure. Loan threshold was raised from \$250,000 and now is \$400,000 for dwellings by FDIC, OCC and Federal Reserve. Commercial increases from \$250,000 to \$500,000 with the proposal to raise the exemption to \$1,000,000. This exempts an additional 15.7% of commercial real estate from appraisal requirements.”

Board Member #9 - “Monitoring the effect of Unlicensed Evaluations and their impact on State Licensed Appraisers Retention & Expansion of Qualified Appraisers”

2. What changes, if any, to the Board’s laws are needed?

Board Member #1 - “Allow appraisers to complete non-USPAP compliant evaluations and other types of consulting assignments that include value opinions but are non-USPAP compliant.”

Board Member #2 - “Changes to allow state regulated appraisers to provide evaluations.”

Board Member #3 - “None, that I am aware with this issue.”

Board Member #4 - “Changes to allow appraisers to conduct evaluations without violating the current laws.”

Board Member #5 - “No major changes.”

Board Member #6 - “None”

Board Member #7 - “as mentioned above, pass legislation to permit evaluations. other states already have.”

Board Member #8 - “Allow evaluations by licensed appraisers instead of unlicensed real estate agents. We are left out of the loop due to the cost of meeting USPAP requirements. The banking community throughout the nation are using employees (unlicensed) to complete inner-office evaluations to conduct loan activity. We are working on the change in Alabama to allow for the licensed appraisers to conduct evaluation reports without the threat of Board action from our current requirements.”

Board Member #9 - “Finding a way to address the issues above”

Board Member Questionnaire

3. Is the Board adequately funded?

Yes	9	100%
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Respondent #8 - "We are self-funded, but we have to watch our expenses."

4. Is the Board adequately staffed?

Yes	7	78%
No	1	11%
Unknown	1	11%

Board Member #4 - "We were at one point, but have brought on additional staff, unsure if the current staffing level is adequate."

5. Does the Board receive regular reports on the operations of the Board from the chief administrative officer?

Yes	9	100%
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Board Member #8 - "During our bi-monthly meeting, we are typically informed on outstanding issues."

6. Did the Board experience any recent significant changes to its operations?

Yes	4	44%
No	5	56%

Board Member #8 - "We have lost an investigator who retired. This was a good thing because investigations have dropped since the 2008 financial crisis."

Board Member #9 - "RETIREMENT OF ONE INVESTIGATOR"

7. Does the Board plan any significant changes to its operations?

Yes	3	33%
No	5	56%
Unknown	1	11%

Board Member #7 - “permitting evaluation”

Board Member #8 - “We are weighing the consideration to have unbiased qualified licensed appraiser's to complete 1st phase reviews of complaints and invoke additional phases where the staff investigator will step up to complete more in-depth research if the probable cause appears to be present from the complaint and investigation. The cost of a full-time investigator with benefits is in the cost range of \$100,000 to \$125,000, which seems unnecessary at the current rate of complaints. This is a process used in other states and we are considering at this time but no decisions have been made.”

Licensee Questionnaire

A letter was sent to one hundred licensees requesting participation in our survey. Twenty-eight participated in the survey. The percentages, where shown, are based on the number who responded to the question.

1. Do you think regulation of your profession by the Real Estate Appraisers Board is necessary to protect the public welfare?

Yes	24	86%
No	3	10%
No Opinion	1	4%

Respondent #4 - “To a point yes, however some people will report you because they think the house is worth more than the sales indicated.”

Respondent #20 - “But, probably not to the degree it is regulated now.”

2. Do you think any of the Board’s requirements are irrelevant to the competent practice of your profession?

Yes	9	32%
No	18	64%
No Opinion	1	4%

Respondent #4 - “Only based on where I work. There are some that are irrelevant as to which I will never encounter.”

3. How are you informed by the Board of changes to and interpretations of the Board’s positions, policies, rules, and laws?

Respondent #1 - “newsletter”

Respondent #2 - “newsletter”

Respondent #3 - “online”

Respondent #4 - “emails”

Respondent #5 - “website”

Respondent #6 - “emails & newsletters”

Respondent #7 - “I’m not”

Respondent #8 - “email or letter”

Respondent #9 - “Not informed at all. No newsletter, no email, no nothing. No communication from the board for years.”

Respondent #10 - “Don’t pay much attention to it...”

Respondent #11 - “Website and emails”

Respondent #12 - “email mostly”

Respondent #13 - “Typically by email or letter.”

Respondent #14 - “mail/e-mail”

Respondent #15 - “yearly report”

Respondent #16 - “Website”

Respondent #17 - “Not informed on any consistent basis”

Respondent #18 - “email”

Respondent #19 - “Email or letter”

Respondent #20 - “Email newsletter”

Respondent #21 - “newsletter”

Respondent #22 - “Email and newsletter”

Respondent #23 - “have not received”

Respondent #24 - “Website newsletter”

Respondent #25 - “E-mail and communication with peers.”

Respondent #26 - “EMAIL”

Respondent #27 - “e-mail”

Respondent #28 - “email and mail”

4. Did the Board perform your licensing and renewal in a timely manner?

Yes	28	100%
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Respondent #4 - “I completed it through the website, however I never received notification from the Board that my license had been updated.”

5. Did the Board approve sufficient providers of continuing education to ensure your reasonable access to necessary continuing education hours?

Yes	24	86%
Unknown	2	7%
No Opinion	2	7%

Respondent #16 - “I take all ECU’s through the Appraisal Institute and make sure it counts in each state where I am licensed”

Respondent 20 - “I don't know. I get all of my ECU's through the Appraisal Institute.”

6. Did any member of the Board or the staff ask for money (other than normal fees), for services, or any other thing of value in return for performing a Board service for you?

Yes	1	4%
No	26	92%
Unknown	1	4%

Respondent #7 - “The board presented a class regarding common errors they encounter. They requested compensation for this information.”

Respondent #27 - “Everyone has always acted in a “professional manner, with any contact I have personally had with them.”

7. What do you think is the most significant issue(s) currently facing your profession in Alabama and what is the Board doing to address the issue(s)?

Respondent #1 - “appraisers traveling out of market to do appraisals and not doing enough research to do credible work. Don't know what is being done about it”

Respondent #2 - “No adverse issues”

Respondent #4 - “I think we can be regulated to the point that we can only go so far with appraisal especially in rural areas with limited sales and no MLS.”

Respondent #5 - “none”

Respondent #7 - “The board has overreached the powers provided them by the state & has veered far from the intent of the original act under which they were created due to a lack of oversight.”

Respondent #8 - “AMC paying low fees. Board gathered data on what appraisers are charging.”

Respondent #9 - “Appraisal management companies have undermined our profession and caused irreparable harm to our income, professional standing in our communities, and quality of appraisals supplied to the financial services industry. They only hire appraisers who will work for 50 cents on the dollar allowing them to keep fifty percent of our income and they do not even pay taxes in Alabama. Outlaw appraisal management companies and restore appraiser's income.”

Respondent #10 - “No thoughts on this”

Respondent #11 - “No significant issues currently.”

Respondent #12 - “addressing poor appraisal quality around the state”

Respondent #13 - “The implementation of Hybrid Appraisal Products and "alternative valuation products" which do not protect the consumer to the degree as a qualified appraiser does in regards to an accurate opinion of value. The state board could take steps to analyze these alternative products and determine if these products and the vendors working on them are subject to USPAP and State Board Regulations.”

Respondent #14 - “Incompetence and dishonesty.”

Respondent #15 - “inconsistent bank regulations”

Respondent #16 - “QE should be more stringent. Not sure if anyone is working on this”

Respondent #17 - “Falling number of appraisers as older ones retire and few new appraisers being trained. A lot has to do with Frank-Dodd act. But also requirements to mentor trainees make it financially impractical to bring in New trainees.”

Respondent #18 - “Move by lenders to try to eliminate requirement for appraisals on many loans. I don't know if there is anything that the Board can do about it.”

Respondent #19 - “The most significant issue facing the appraisal profession in general is the elimination of requirements by banks to obtain appraisals. Regulations now allow for banks to use other means to evaluate their collateral other than hiring a professional appraiser. I'm not sure what the Board is doing to address the issue.”

Licensee Questionnaire

Respondent #23 - “AMC low fees and pressure for quick turn times. I am not aware of the Board addressing this”

Respondent #24 - “Valuations derived from computer/print out models and AMC's. The Board does what the Board wants to do”

Respondent #25 - “From what I have seen practicing as a trainee appraiser, there needs to be a higher standard for competence in appraising all levels of commercial properties. I do not believe the board should occupy/rent/own the highest commercial property available in Montgomery, where they are currently located. A less extravagant main office would free up substantial revenue to allow for further review of incompetent appraisals. I would support an increase of dues and fees paid to the Board for these reviews.”

Did Not Respond **8**

Complainant Questionnaire

A letter was sent to fifty-two complainants whose complaint had been resolved within the past two years requesting participation in our survey. Eight participated in the survey. The percentages, where shown, are based on the number who responded to the question.

1. Was your complaint filed with the Alabama Real Estate Appraisers Board?

Mail	8	100%
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Complainant #7 - “email
Complainant #8 - “email”

2. Was receipt of your complaint acknowledged?

Yes	7	87.50%
No	1	12.50%

3. If your answer to # 2 was “YES”, approximately how long after you filed your complaint were you contacted by the Board?

Immediately	1	12.50%
Within 10 days	1	12.50%
Within 20 days	2	25.00%
More than 30 days	4	50.00%

Complainant #1 - “I don't remember. I really don't. You simply cannot give us a time frame when we have no recollection. This was a few years ago. So any answer I put in is wrong.”

4. Was the Board employee who responded to your complaint knowledgeable and courteous?

Courteous	2	25.00%
Both	5	62.50%
Neither	1	12.50%

Complainant #5 - “The receptionist was very courteous in helping me get my documents into the Board”

5. Did the Board communicate the results of the investigation of your complaint to you?

Yes	2	25.00%
No	4	50.00%
Unknown	2	25.00%

Complainant Questionnaire

Complainant #1 - "When I say yes I do not mean they told me anything other than the case was closed."

Complainant #2 - "I received a letter from [REDACTED] [REDACTED] Stating "Action as deemed appropriate by the board has been taken." This tells me nothing.... they could have just tossed the complaint in the can or told me disciplinary action was taken. With a loss of > 10K on my real estate transaction, I feel my we have a right to know."

Complainant #5 - "I received the results in a letter form that did not disclose anything about what was found it only stated that they no wrong doing"

Complainant #6 - "I don't know which one this is on. Details were not provided."

Complainant #8 - "I received a letter or email stating that the board did something, but did not say what the decision was."

6. Do you think the Board did everything it could to resolve your complaint?

No	5	62.50%
No Opinion	3	37.50%

Complainant #1 - "I don't know what all they did."

Complainant #2 - "I don't have any idea what action the board took."

Complainant #3 - "Their decision were vague and unclear."

Complainant #5 - "I believe the Board did everything to protect the complainant."

Complainant #6 - "I do not know the details of what they did. This is not revealed."

Complainant #8 - "I don't know, as I was not told what the "Board" did."

7. Do you have any other comments regarding your experience?

Complainant #1 - "System worked as expected."

Complainant #2 - "With this assessor, we lost a great deal of money. I would like to say too, that right after we bought our house, there was a man knocking on doors looking for us, pretending to be from [REDACTED] [REDACTED] about mortgage insurance. I am pretty certain that it was Mr. [REDACTED] driving the car. As a result we put in a 5K security system, filed a police report and notified [REDACTED] where we bank. This occurred shortly after I filed my complaint. I will never buy another house in Alabama...."

Complainant #3 - "I feel my complaint was not fully addressed due the person stand in the community and because I am African-American. The person did not receive a justice reprimand."

Complainant #4 - "No reason given for denial of complaint, subsequent appraisal resulted in an increase of approximately \$60K (22%) increase in value of property. Many assets were not valued by original appraiser."

Complainant #5 - "feel that the appraiser was totally wrong in giving me such a low appraisal based on his opinion. I feel one person should not have that much power or influence on VA Loans and conventional loans"

Complainant #6 - "I don't understand why I was sent a survey and it was not specific to what complaint. This made no sense. A reference of some kind should be provided. Dates minimally should have been provided. This wasn't well thought out."

Complainant Questionnaire

Disappointed in taxpayer money to send a letter and not reference what it is about. In my former position, I may have sent several because of the litigation administrative position I held. Please make the letters more meaningful with a reference. Thank you."

Complainant #7 - "I followed up after 6 months for an update and lady who answered the phone was short and said they will contact me when complete with no time estimate given. I was sent a letter maybe a year later saying investigation was complete with no detail on what was done or what was found. I never received a refund for the faulty estimate. I gave very detailed info to show the estimate was way off. The estimate caused my refinance deal to fall apart. I paid for \$23,000 in upgrades to my home when I bought it and \$12,000 in upgrades/improvements after I bought the home, the county said property values had increased by 10% in my area since 2011, plus my home was on a premium lot and my exact floor plan with fewer upgrades had just sold for \$139,000 in my subdivision and it was completely ignored. After 6 years and all the upgrades the appraisal said my home has gone from \$122K to \$123K. What is the point of the appraiser coming out to the home if he is just going to rubber stamp the neighborhood average and give you a bill for \$500. Total scam. And the investigation process was even a bigger joke!"

Complainant #8 - "Yes, there should be clear transparency as to the steps the "Board" took. What was done, what consequences did this appraiser have? This appraiser has been sanctioned before, how many times before he can no longer be a licensed appraiser? The Board gives the impression of collusion with this appraiser. The same rules don't seem to apply to everyone."

APPENDICES

Applicable Statutes

Article 1 Real Estate Appraisers.

Section 34-27A-1 Short title.

This chapter shall be known and may be cited as the "Alabama Real Estate Appraisers and Appraisal Management Company Registration and Regulation Act."

(Acts 1990, No. 90-639, p. 1175, §1; Act 2011-701, p. 2161, §2.)

Section 34-27A-2 Definitions.

The following terms as used in this chapter shall have the following meanings:

(1) APPRAISAL. The act or process of developing an opinion of value of real property; an opinion of the value of real property; of or pertaining to appraising real property and related functions such as appraisal practice or appraisal services.

(2) APPRAISAL FOUNDATION. The Appraisal Foundation incorporated as an Illinois not-for-profit corporation on November 30, 1987.

(3) APPRAISAL MANAGEMENT COMPANY. An external third party including, but not limited to, a corporation, partnership, sole proprietorship, subsidiary, or limited liability company, authorized either by a creditor of a consumer credit transaction secured by the principal dwelling of a consumer or by an underwriter of or other principal in the secondary mortgage markets, that oversees a network or panel of more than four certified or licensed appraisers in a state or 25 or more nationally in a given year, that perform appraisal management services.

(4) APPRAISAL MANAGEMENT SERVICES. To directly or indirectly perform any of the following functions for a fee on behalf of a lender, financial institution, or any other entity:

a. Recruit, select, and retain appraisers.

b. Contract with licensed and certified appraisers to perform appraisal assignments.

c. Manage the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed.

d. Review and verify the work of appraisers.

(5) APPRAISAL REPORT. Any communication, written or oral, of an appraisal.

(6) APPRAISAL REVIEW. The act of developing and communicating an opinion about the quality of the work of another appraiser that was performed as part of an appraisal assignment, except that an examination of an appraisal for grammatical, typographical, or other similar errors that do not make a substantive valuation change is not an appraisal review.

(7) APPRAISAL SUBCOMMITTEE. The appraisal subcommittee of the Federal Financial Institutions Examination Council.

(8) APPRAISER. A person who holds a license or certification to complete a real estate appraisal in the state where real property that is the subject of the appraisal is located.

- (9) APPRAISER INDEPENDENCE. The ability of an appraiser to provide an appraisal or appraisal review services in exchange for a customary and reasonable fee without coercion, extortion, collusion, inducement, intimidation, bribery, or any other action by a regulated party intended to influence the opinion rendered by an appraiser.
- (10) APPRAISER PANEL. A network of licensed or certified appraisers who are independent contractors of an appraisal management company.
- (11) BOARD. The State of Alabama Real Estate Appraisers Board established pursuant to this chapter.
- (12) CERTIFIED APPRAISAL or CERTIFIED APPRAISAL REPORT. An appraisal or appraisal report given or signed and certified as such by a licensed real property appraiser other than a trainee or registered real property appraiser. When identifying an appraisal or appraisal report as "certified," the real property appraiser shall indicate which type of license is held. A certified appraisal or appraisal report represents to the public that it meets the appraisal standards defined in this chapter.
- (13) EXECUTIVE DIRECTOR. The chief administrative employee of the board.
- (14) EXPERIENCE POINTS. The allowable credit for appraisal of particular types of properties.
- (15) FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCIES. The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration.
- (16) FEDERALLY RELATED TRANSACTION. Any real estate-related financial transaction which:
- a. A federal financial institutions regulatory agency or the resolution trust corporation engages in, contracts for, or regulates; and
 - b. Requires the services of an appraiser.
- (17) FINANCIAL INSTITUTION. An insured depository institution as defined in Section 3 of the Federal Deposit Insurance Act or an insured credit union as defined in Section 101 of the Federal Credit Union Act.
- (18) GEOGRAPHIC COMPETENCY. The familiarity of an appraiser with a market or a geographic area applicable to the problem to be addressed in an appraisal or an appraisal review assignment.
- (19) PRINCIPAL CONTACT. An individual employed, appointed, or authorized by an appraisal management company to serve as the principal contact for the board.
- (20) REAL ESTATE. An identified parcel or tract of land, including improvements, if any.
- (21) REAL ESTATE APPRAISAL SERVICES. The practice of accepting an assignment to develop and report an opinion on the value of real property in conformance with the Uniform Standards of Professional Appraisal Practice published by the Appraisal Foundation.
- (22) REAL ESTATE-RELATED FINANCIAL TRANSACTION. Any transaction involving any of the following:
- a. The sale, lease, purchase, investment in, or exchange of real property, including interests in property, or the financing thereof.
 - b. The refinancing of real property or interests in real property.
 - c. The use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

(23) REAL PROPERTY. One or more defined interests, benefits, and rights inherent in the ownership of real estate.

(24) UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP). Standards promulgated by the Appraisal Foundation and adopted by rule pursuant to this chapter.

(Acts 1990, No. 90-639, p. 1175, §2; Acts 1994, No. 94-117, p. 128, §1; Act 2004-525, p. 1093, §1; Act 2011-701, p. 2161, §2.)

Section 34-27A-3 License required to do certain acts; statements as to licensure and certification in appraisals, etc.; penalty for violation; assistance with appraisal.

(a) It shall be unlawful for any person, partnership, or corporation, for a fee or other valuable consideration, or with the intention or expectation of receiving or collecting a fee or valuable consideration from another, to do any of the following unless he or she is licensed under this chapter:

(1) To be employed to perform or to perform an appraisal as defined in this chapter where the subject property of the assignment lies within the borders of the State of Alabama.

(2) Present himself or herself, or allow himself or herself to be presented, as being able to perform an appraisal for which a license is required under this chapter.

(b) It shall be unlawful for a person, other than a licensed real estate appraiser, to assume or use that title or any title, designation, or abbreviation likely to create the impression of licensure as a real estate appraiser by this state. It shall be unlawful for a person licensed as a real estate appraiser to assume or use a title, designation, or abbreviation likely to create the impression of licensure at a higher classification of real estate appraiser other than the classification at which the person is licensed. It shall be unlawful for a trainee real property appraiser or a registered real property appraiser pursuant to this chapter to describe or refer to any appraisal or other evaluation of real estate located in this state by the term "certified." Except where required by, or where necessary to fully comply with the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub.L. No. 101-73, as amended, and regulations issued pursuant thereto, an employee of the State of Alabama or any county who has been commissioned by the Alabama Department of Revenue as an Alabama Certified Appraiser, for the purposes of classification only, who is engaged in the performance of official duties as an employee, shall not be subject to this chapter.

(1) A trainee real property appraiser or a state registered real property appraiser under this chapter, shall include the following statement in the "certifications of the appraiser" section of each appraisal or specialized service report: "This assignment was made subject to regulations of the State of Alabama Real Estate Appraisers Board."

(2) A licensed real estate appraiser licensed other than as a trainee real property appraiser or a registered real property appraiser shall include the following statement in the "Certifications of the Appraiser" section of each appraisal or specialized service report: "This assignment was made subject to regulations of the State of Alabama Real Estate Appraisers Board. The undersigned state licensed real estate appraiser has met the requirements of the board that allow this report to be regarded as a 'certified appraisal'."

(c) Except where required by, or where necessary to fully comply with the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub.L. No.

101-73, as amended, and regulations issued pursuant thereto, this chapter shall not apply to, or preclude, a person who is not a licensed real estate appraiser from performing real estate market analysis, in that person's capacity as a licensed real estate broker or salesperson under this title, and this chapter shall not apply to a licensed real estate broker or salesperson, who in the ordinary course of business, gives an opinion to a potential seller or third party as to the recommended listing price of real estate, or an opinion to a potential purchaser or third party as to the recommended purchase price of real estate; and this chapter shall not apply to any employee, officer, director, partner, or similar person making a valuation, analysis, market study, or other appraisal for his or her employer or principal, including those related to any real estate related financial transactions for or on behalf of a financial institution. The words "employer or principal" as used in this subsection shall include any subsidiary, parent, affiliate, or partner of the direct employer or principal. This chapter shall not require now or in the future any person who lists or otherwise offers property for sale to have an appraisal of that property.

(d) Any person violating any of the provisions of subsections (a) through (c) shall, upon conviction thereof, be guilty of a Class A misdemeanor and shall be punished as prescribed by law.

(e) Notwithstanding anything to the contrary in this section, an individual who is not a licensed appraiser may assist in the preparation of an appraisal if the following conditions are met:

(1) The assistant is under the direct supervision of a licensed individual.

(2) The final appraisal document is approved and signed by an individual who is licensed to perform that type of appraisal.

(Acts 1990, No. 90-639, p. 1175, §3; Acts 1994, No. 94-117, p. 128, §1; Acts 1995, No. 95-308, p. 560, §1.)

Section 34-27A-4 Board created; composition; meetings; compensation.

There is established the Alabama Real Estate Appraisers Board. The board shall consist of nine members, one of whom shall be a qualified individual from the general public, seven of whom shall be real property appraisers, and, beginning on October 1, 2011, one of whom shall be a representative of an appraisal management company. Each member of the board, except for the representative of the appraisal management company, shall be a citizen of this state and no less than two of the nine board members shall be of a minority race. The overall membership of the board shall be inclusive and reflect the racial, gender, geographic, urban/rural, and economic diversity of the state. The Governor shall appoint the members of the Real Estate Appraisers Board. One appraiser member shall be appointed from each United States Congressional District in this state. The term of each board member shall be three years; except that, of the members first appointed, three shall serve three years, three shall serve two years, and three shall serve for one year. The representative of the appraisal management company, whose term begins on October 1, 2011, shall be selected from a list of three candidates submitted to the Governor by the Real Estate Valuation Advocacy Association, or its successor organization. This member shall serve a term of three years. Notwithstanding the foregoing, and notwithstanding the method of electing a chairperson specified below, if the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, Title XI - Real Estate Appraisal Reform Amendments and any amendment thereto or regulations issued thereunder - prohibit the

board from consisting of a majority of real property appraisers, or require a different method of selecting a chairperson; then the board shall promptly come into compliance with the federal law and at least one representative of an appraisal management company shall hold a position on the board. The board may not exceed a total of nine members, and the chairperson shall be selected as required by Pub. L. No. 101-73 and regulations thereunder. In such event, the existing appraiser members with the shortest remaining terms shall vacate their positions as necessary to achieve the composition of the new board, and if it becomes necessary to vacate a position held by two or more appraiser members with equivalent terms, the Governor shall determine which appraiser member shall vacate the position, but no hold over terms shall extend for more than 180 days. Upon expiration of their terms, members of the board shall continue to hold office until the appointment and qualifications of their successors and confirmation by the state Senate. No person shall serve as a member of the board for more than two consecutive terms. The appointing authority may remove a board member for misconduct, incapacity, incompetence, or neglect of duty after the board member so charged has been served with a written statement of charges and has been given an opportunity to be heard. Absence from any three consecutive meetings without cause acceptable to the Governor and the board shall be deemed cause for removal. The public members of the board and spouses of the members shall not be engaged in the practice of real property appraising. The board shall meet at least once each calendar quarter to conduct its business. Places of future meetings shall be decided by the vote of the members at meetings. Written notice shall be given to each member of the time and place of each meeting of the board at least 10 days before the scheduled date of the meetings. The members of the board shall elect a chairperson from among the members to preside at board meetings. A quorum of the board shall consist of five board members with at least four of such members being appraiser members. Each member of the board shall receive compensation to be set by the board in an amount not to exceed three hundred dollars (\$300) per month for attendance of board meetings. In addition, each member of the board shall be entitled to a per diem allowance on board meeting days as authorized by the board, not to exceed the current per diem allowance for state employees, except that no out-of-state travel or mileage reimbursement for travel beyond Alabama borders shall be made for attendance at board meetings. The board shall be independent, separate, and distinct from any agency, person, or other state official whose responsibilities include licensing real estate brokers, real estate salesmen, or real estate companies.

(Acts 1990, No. 90-639, p. 1175, §4; Act 2004-525, p. 1093, §1; Act 2009-458, p. 799, §3; Act 2011-701, p. 2161, §2.)

Section 34-27A-5 Rules and regulations; powers and duties of board; immunity from suit.

(a) The board shall act by a majority vote of its members to adopt administrative rules and regulations necessary, from time to time, to carry out this chapter. Rules and regulations of the board shall be adopted in compliance with the Alabama Administrative Procedure Act, Chapter 22 of Title 41.

(b) The board shall have the following powers and duties:

(1) To receive and process applications for licensure for all classifications of real estate appraisers, including, but not limited to, "trainee real property appraiser," "state registered real property appraiser," "licensed real property appraiser," "certified

residential real property appraiser," and "certified general real property appraiser" and any subsequent classifications necessary to conform with the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, and any subsequent regulations issued pursuant thereto.

(2) To establish the administrative procedures for processing applications for licensure for all classifications of real estate appraisers.

(3) To maintain a registry of the names and addresses of people licensed under this chapter, and to furnish the list annually to the federal agency designated by Congress to receive it.

(4) To retain records and all application materials submitted to it.

(5) To establish the examination specifications when an examination is required by administrative rule for each category of licensed real estate appraiser, to provide or procure appropriate examination questions and answers, and to establish procedures for grading examinations.

(6) To approve or disapprove applications for licensure and issue licenses.

(7) To further define by regulation and with respect to each category of licensed real estate appraiser the continuing education requirements for the renewal of a license that will meet the statutory requirements provided in this chapter. No examinations shall be required on the continuing education except to comply with subsection (c) of Section 34-27A-19.

(8) To review and adopt the standards for the development and communication of real estate appraisals provided in this chapter, that are generally accepted within the appraisal profession, and to adopt regulations explaining and interpreting the standards.

(9) To establish administrative procedures for disciplinary proceedings conducted pursuant to this chapter.

(10) To censure, suspend, and revoke licenses pursuant to the disciplinary proceedings provided for in Section 34-27A-21.

(11) To hire the executive director of the board and an executive assistant if needed to fulfill the requirements of this chapter. The executive director shall administer this chapter, and may employ, subject to the approval of the board, other staff members, consultants, or service contractors as are necessary to discharge the board's duties and administer this chapter.

(12) To perform other functions and duties as may be necessary in carrying out this chapter, and to promulgate necessary and appropriate regulations which comply in all respects with requirements of Pub. L. No. 101-73 and any subsequent amendments thereto. Regulations shall be promulgated within 90 days following completion of the schedule for prescription and adoption of regulations by the federal financial institutions regulatory agencies and the resolution trust corporation. Regulations shall be promulgated and take effect by (i) July 1, 1991, unless an extension is granted by the appraisal subcommittee until December 31, 1991, based on written findings as specified by Section 1119(a)(2) of Pub. L. No. 101-73; or (ii) any other date specified by subsequent act of Congress. All regulations issued by the board that govern real estate appraiser licensure and certification shall conform in all respects with the requirements of Pub. L. No. 101-73 and any subsequent amendments thereto and are subject to administrative review under the Administrative Procedure Act and to judicial review by application to the Circuit Court for Montgomery County.

(13) To include in its regulations educational requirements for all classes of licensure of real estate appraisers that comply with this chapter and in all respects comply with the

requirements of Pub. L. No. 101-73 and any subsequent amendments thereto or regulations issued thereunder.

(c) The members of the board shall be immune from any civil action or criminal prosecution for initiating or assisting in any lawful investigation of the actions of, or any disciplinary proceeding concerning, a licensed real estate appraiser pursuant to this chapter, or alleged appraisals being made without a license, provided that the action is taken in good faith and in the reasonable belief that the action taken was pursuant to the powers and duties vested in the members of the board under this chapter.

(Acts 1990, No. 90-639, p. 1175, §5; Acts 1994, No. 94-117, p. 128, §1; Acts 1995, No. 95-308, p. 560, §1; Act 2004-525, p. 1093, §1.)

Section 34-27A-6 Fees; payment into Real Estate Appraisers Board Fund.

(a) The board shall have the authority to set and regulate fees necessary for its operation as a self sustaining board which fees shall be adopted in compliance with the Alabama Administrative Procedure Act, Chapter 22 of Title 41.

(b) All fees shall be paid into the Alabama Real Estate Appraisers Board Fund for the purpose of carrying out this chapter.

(Acts 1990, No. 90-639, p. 1175, §6; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-7 Application for licensure and examination; fees; pledge; conditions.

(a) Applications for original license, renewal license, and examinations shall be made in writing to the board on forms approved by the board.

(b) Appropriate fees, as fixed by the board pursuant to Section 34-27A-6, shall accompany all applications for original license, renewal license, and examination.

(c) At the time of filing an application for license for any real property appraiser classification, each applicant shall sign a pledge to comply with the standards set forth in this chapter and state that he or she understands the types of misconduct for which disciplinary proceedings may be initiated against a licensed real property appraiser, as set forth in this chapter.

(d) A license for any real estate appraiser classification shall be issued only to, and held only by a person who meets all of the requirements of the following subdivisions (1) through (7) below and either subdivision (8) or (9) below:

(1) Who is at least 19 years old and has a high school diploma or equivalent.

(2) Who is a citizen of the United States, or is legally present in this state, or is an alien with permanent resident status.

(3) Who, if a nonresident, agrees to sign an affidavit stating the following and in the following terms:

"I, as a nonresident applicant for an appraisal license and as a licensee, agree that the State of Alabama Real Estate Appraisers Board shall have jurisdiction over me in any and all of my real estate related activities the same as if I were an Alabama resident licensee. I agree to be subject to investigations and disciplinary actions the same as Alabama resident licensees. Further, I agree that civil actions may be commenced against me in any court of competent jurisdiction in any court of the State of Alabama.

"I appoint the Executive Director of the State of Alabama Real Estate Appraisers Board as my agent upon whom all disciplinary, judicial, or other process or legal notices may be served. I agree that service upon my agent shall be the same as service upon me and that certified copies of this appointment shall be deemed sufficient evidence thereof and

shall be admitted into evidence with the same force and effect as the original might be admitted. I agree that any lawful process against me which is served upon my agent shall be of the same legal force and validity as if personally served upon me and that this appointment shall continue in effect for as long as I have any liability as an appraiser remaining in the State of Alabama. I understand that my agent shall, within a reasonable time after service upon him or her, mail a copy of same by certified mail, return receipt requested, to me, at my last known business address.

"I agree that I am bound by all the provisions of the State of Alabama Real Estate Appraisers Act.

Legal Signature of Applicant"

(4) Who is trustworthy and competent to transact the business of an appraiser in a manner that safeguards the interests of the public.

(5) Whose application or license has not been rejected or revoked in any state within two years prior to date of application on any grounds other than failure to pass a written examination.

(6) Whose membership in any nationally recognized appraisal organization has not been revoked within two years under ethics procedures of the appraisal organization.

Membership in an organization is not required by this chapter.

(7) Who is of good moral character.

(8) Who on applying for a license before July 1, 1991, provides evidence to the board of possessing basic appraisal skills by showing to the board that for a period of 24 months prior to application for an appraisal license, has operated within the State of Alabama, as a real estate appraiser or review appraiser or has been employed as a permanent employee, by a company, lending institution, or governmental agency located within the State of Alabama, that appraises real estate or reviews real estate appraisals and produces evidence to the board that he or she possesses those qualifications listed in Section 34-27A-10(a)(1) through (a)(7).

(9) Who on applying for a license after January 1, 1991, provides evidence of having passed within 24 months prior to application a Uniform Standards of Professional Appraisal Practice course presented by an approved institution or appraisal organization, provides evidence of having successfully completed the required education from an approved course provider for the real estate appraiser classification for which he or she is applying, and demonstrates basic appraisal skills by achieving a passing grade on the test requirements of Section 34-27A-10.

(e) In addition to all other requirements, an applicant for a license under this section shall submit to the board a form, sworn to by the applicant, containing name, date of birth, and Social Security number for completion of a criminal history background check. The applicant shall submit two complete sets of fingerprints to the board. The board shall submit the fingerprints to the Alabama Bureau of Investigation (ABI) for a state criminal history record check. The fingerprints shall be forwarded by the ABI to the Federal Bureau of Investigation (FBI) for a national criminal history record check. Costs associated with conducting a criminal history background check shall be borne by the applicant. The board shall keep information received pursuant to this subsection confidential, except that such information received and relied upon in denying the

issuance of a real property appraiser license in this state may be disclosed to support the denial of the license.

(f) The board may consult with appropriate state or federal law enforcement authorities to verify whether an applicant has a criminal record prior to issuing a license and, as an aid to this duty, each applicant may be required to provide his or her fingerprints and complete an affidavit of his or her criminal record, if any, as part of the application. The board may periodically consult with state and federal law enforcement officials to determine whether current licensees have new criminal convictions.

(Acts 1990, No. 90-639, p. 1175, §7; Acts 1994, No. 94-117, p. 128, §1; Act 2004-525, p. 1093, §1; Act 2008-79, p. 100, §3; Act 2014-294, p. 1052, §1.)

Section 34-27A-9 Classes of appraisers.

(a) There shall be five classes of real estate appraisers licensed by the board. The classes may be revised or other classes added if necessary to conform in all respects with the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub.L. No. 101-73 (FIRREA), and any subsequent amendments and regulations issued pursuant thereto. The board shall make any revisions to the class titles or requirements for licensure by rules adopted in compliance with the Alabama Administrative Procedure Act, Chapter 22 of Title 41, and Section 34-27A-5. All persons in all classes licensed by the board are subject to the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(1) The "trainee real property appraiser" classification applies to a person whose scope of practice is the appraisal of those properties which the supervising appraiser is permitted to appraise.

(2) The "state registered real property appraisers" classification applies to those individuals licensed by the board as being qualified to perform real estate appraisals on nonfederally-related properties including any of the following:

a. Complex appraisals of 1 to 4 unit nonfederally-related residential properties having a transaction value of two hundred fifty thousand dollars (\$250,000) or less and other nonresidential properties having a transaction value of two hundred fifty thousand dollars (\$250,000) or less.

b. Noncomplex appraisals of 1 to 4 unit nonfederally-related residential properties having a transaction value of one million dollars (\$1,000,000) or less.

c. This classification does not include the appraisal of subdivisions wherein a development analysis or appraisal is necessary and utilized.

d. All state registered real property appraisers shall comply with the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(3) The "licensed real property appraiser" classification applies to the appraisal of non-complex, one to four residential units having a transaction value less than one million dollars (\$1,000,000) and other types of real estate including complex, one to four residential units having a transaction value less than two hundred fifty thousand dollars (\$250,000).

(4) The "certified residential real property appraiser" classification applies to the appraisal of one to four residential units without regard to transaction value or complexity and appraisals of other types of real estate having a transaction value of two hundred fifty thousand dollars (\$250,000) or less.

(5) The "certified general real property appraiser" classification applies to the appraisal of all types of real property regardless of complexity or transaction value.

(b) The application for original licensure, renewal licensure, and examination shall specify the classification of licensure being applied for and the licensure previously granted.

(c) A holder of a license issued prior to June 1, 1994, under Section 34-27A-7 who does not submit proof of required appraisal education and experience upon renewal shall be issued a license for the appraiser classification for which he or she meets the requirements and shall not be required to take or pass a written examination for the issuance of a registered real property appraiser license pursuant to this section.

(Acts 1990, No. 90-639, p. 1175, §9; Acts 1994, No. 94-117, p. 128, §1; Acts 1995, No. 95-308, p. 560, §1.)

Section 34-27A-10 Written examinations for licensure.

(a) Except as provided in Section 34-27A-7, an original license as a licensed real estate appraiser shall not be issued to any person who has not demonstrated through a written examination process that he or she possesses all of the following:

(1) Appropriate knowledge of technical terms commonly used in or related to real estate appraising, appraisal report writing, and economic concepts applicable to real estate.

(2) Appropriate understanding of the principles of land economics, real estate appraisal processes, and of problems likely to be encountered in gathering, interpreting, and processing the data in carrying out appraisal disciplines.

(3) Appropriate understanding of the standards for the development and communication of real estate appraisals as provided in this chapter.

(4) Appropriate knowledge of the theories of depreciation, cost estimating, methods of capitalization, and the mathematics of real estate appraisal that are appropriate for the classification of license applied for.

(5) Knowledge of other principles and procedures as may be appropriate for appraisal assignments for the classification of license applied for.

(6) Basic understanding of real estate law.

(7) Understanding of the types of misconduct for which disciplinary proceedings may be initiated against a licensed real estate appraiser, as set forth in this chapter.

(b) Written examinations shall be consistent with the uniform state certification examination.

(c) The board shall adopt subsequent examination requirements as required by or when necessary to fully comply with the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub.L. No. 101-73 (FIRREA), and any subsequent amendments and regulations issued pursuant thereto.

(Acts 1990, No. 90-639, p. 1175, §10; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-11 Education and experience requirements for licensure.

(a) Certified general real property appraiser classification. As a prerequisite to taking the examination for licensure as a certified general real property appraiser, an applicant shall present evidence satisfactory to the board that he or she has successfully completed not less than 165 classroom hours of courses in subjects related to real estate appraisal from a nationally recognized appraisal organization or college or university approved by the board, plus 15 classroom hours related to the uniform standards of professional appraisal practice and this chapter and has 30 months' experience during the last five years as an appraiser with a minimum of 300 points of appraisal experience.

If requested, experience documentation in the form of reports or file memoranda shall be available to support the experience claim.

(b) Certified residential real property appraiser classification. As a prerequisite to taking the examination for licensure as a certified residential real property appraiser, an applicant shall present evidence satisfactory to the board that he or she has successfully completed not less than 120 classroom hours of courses in subjects related to real estate appraisal from a nationally recognized appraisal organization or a college or university approved by the board, including 15 classroom hours related to Uniform Standards of Professional Appraisal Practice and the provisions of this chapter and has 24 months' experience during the last five years as an appraiser with a minimum of 250 points of appraisal experience. If requested, experience documentation in the form of reports or file memoranda shall be available to support the experience claim.

(c) Licensed real property appraiser classification. As a prerequisite to taking the examination for licensure as a licensed real property appraiser, an applicant shall present evidence satisfactory to the board that he or she has successfully completed not less than 90 classroom hours of board approved courses in subjects related to real estate appraisal which shall include not less than 15 classroom hours of the Uniform Standards of Professional Appraisal Practice. The individual shall have experience during two of the last five years with a minimum of 200 points of appraisal experience. If requested, experience documentation in the form of reports or file memoranda shall be available to support the experience claim.

(d) State registered real property appraiser classification. As a prerequisite to being approved as a state registered real property appraiser, an applicant shall present evidence satisfactory to the board that he or she has successfully completed 75 classroom hours of courses in subjects related to real estate appraisal which shall include not less than 15 classroom hours of the Uniform Standards of Professional Appraisal Practice. The individual shall furnish the board with a log sheet in support of the 100 points appraisal experience. The board may select appraisal reports for review for compliance with the Uniform Standards of Professional Appraisal Practice. Upon the approval of the board, the appraiser does not have to have a supervising appraiser on nonfederally related transactions.

(e) Trainee real property appraiser classification. As a prerequisite to taking the examination for a trainee real property appraiser, an applicant shall present evidence satisfactory to the board that he or she has successfully completed 75 classroom hours of courses in subjects related to real estate appraisal which shall include not less than 15 classroom hours of the Uniform Standards of Professional Appraisal Practice. The trainee appraiser shall be subject to direct supervision by a supervising appraiser who shall be in a certified classification. The supervisor shall be responsible for the direct supervision of the trainee appraiser and both shall comply with the board's administrative rules regarding record keeping.

(f) The board shall amend the education and experience requirements by administrative rule for all appraiser classifications as required by or where necessary to fully comply with the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73 (FIRREA), and any subsequent amendments and regulations issued pursuant thereto. Administrative rules shall be adopted in compliance with the Alabama Administrative Procedure Act, Chapter 22 of Title 41.

(Acts 1990, No. 90-639, p. 1175, §11; Acts 1994, No. 94-117, p. 128, §1; Acts 1995, No. 95-308, p. 560, §1; Act 2004-525, p. 1093, §1.)

Section 34-27A-11.1 Reclassification of licensed real estate appraisers as registered real property appraisers.

Existing appraisers who are licensed as licensed real estate appraisers (ALs) may reclassify into the registered real property appraiser classification by submitting a log of 1,000 hours. The board may select three reports for review for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

(Acts 1995, No. 95-308, p. 560, §2.)

Section 34-27A-12 Written reports, etc., to be furnished by applicant.

(a) An original certificate for any classification as a licensed real estate appraiser shall not be issued to any person who does not possess the required experience, if any, in real property appraisal supported by adequate written reports, file memoranda, or other evidence satisfactory to the board.

(b) Each applicant for licensure shall furnish, under oath, a detailed listing of the real estate appraisal reports or file memoranda for each year for which experience is claimed by the applicant. Upon request, the applicant shall make available to the board for examination appraisal reports or records which the applicant has prepared. At all times the confidential relationship between the appraiser and the client shall be maintained.

(Acts 1990, No. 90-639, p. 1175, §12; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-13 Term of license; fees.

(a) Except for the initial license period, the term of a license issued under this chapter shall be two years expiring on September 30, 1993, and every two years thereafter. The expiration date shall appear on the license and no other notice of its expiration need be given to its holder.

(b) License fees payable under Section 34-27A-6, shall be payable on a yearly basis. The initial license period shall be from the date of licensure through September 30 of the then current fiscal year.

(Acts 1990, No. 90-639, p. 1175, §13; Acts 1992, No. 92-127, p. 233, §3; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-14 Nonresidents; consent to service of process; eligibility for licensure; temporary recognition.

(a) Every applicant for licensure under this chapter, who is not a resident of this state, shall submit with the application an irrevocable consent that service of process to the executive director of the board as provided in Section 34-27A-7(d)(3), if, in an action against the applicant in a court of this state arising out of the applicant's activities as a licensed real estate appraiser, the plaintiff cannot, in the exercise of due diligence, effect personal services upon the applicant.

(b) A nonresident of this state who has complied with subsection (a) of this section may obtain a license as a licensed real estate appraiser by conforming to all of the provisions of this chapter relating to the classification of real estate appraiser for which the applicant is applying.

(c) The board shall recognize on a temporary basis the certification or license of an appraiser issued by another state if (i) the appraiser's business is of a temporary nature, and (ii) the appraiser registers with the board.

(Acts 1990, No. 90-639, p. 1175, §14; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-15 Renewal license - Time for application and payment of fee; evidence of continuing education; extension; late renewal.

(a)(1) To obtain a renewal license for any real estate appraiser classification, the holder of a current, valid license shall make application and pay the prescribed fee to the board between September 1 and September 30, and shall be delinquent after September 30. With the application for renewal, the licensed real estate appraiser shall present evidence in the form prescribed by the board of having completed the continuing education requirements for renewal specified by the board.

(2) If the board determines that an applicant has failed to meet the requirements for renewal of a license through mistake, misunderstanding, or circumstances beyond the control of the applicant, the board may extend the term of the license for a period not to exceed six months, upon payment by the applicant of a prescribed fee set by the board for the extension.

(3) If the applicant satisfies the requirements for renewal during the extended term of license, the beginning date of the new renewal license shall be October 1.

(b) If a person fails to renew a license for any classification of real estate appraiser prior to its expiration or within a period of extension granted by the board pursuant to this chapter, the person may obtain a renewal license by satisfying all of the requirements for renewal and by the payment of a late renewal fee as set by the board.

(Acts 1990, No. 90-639, p. 1175, §15; Acts 1992, No. 92-127, p. 233, §3; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-16 Principal place of business; notice of change; notice of residence address.

(a) The principal place of business referred to in this chapter shall be located in the State of Alabama and each licensed real estate appraiser shall advise the board of the address of his or her principal place of business and all other addresses at which he or she is currently engaged in the business of preparing real property appraisal reports.

(b) Whenever a licensed real estate appraiser changes a place of business, he or she shall immediately give written notification of the change to the board.

(c) Every licensed real estate appraiser shall notify the board of his or her current resident address. Residence addresses on file with the board are exempt from disclosure as public records.

(Acts 1990, No. 90-639, p. 1175, §16; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-17 Signatures on license; display of license number.

(a) A license issued under this chapter shall bear the signature or facsimile signature of the executive director of the board and a license number assigned by the board.

(b) Each licensed real estate appraiser shall place his or her license number adjacent to or immediately below the title of his or her classification when used in an appraisal report or in a contract or other instrument used by the license holder in conducting real property appraisal activities.

(Acts 1990, No. 90-639, p. 1175, §17; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-18 Licensure restrictions.

(a) The term "licensed real estate appraiser" or "certified real estate appraiser" may only be used to refer to individuals who hold the license and may not be used following or immediately in connection with the name or signature of a firm, partnership, corporation, or group; or in a manner that it might be interpreted as referring to a firm, partnership, corporation, group, or anyone other than an individual holder of the license.

(b) No license shall be issued under this chapter to a corporation, partnership, firm, or group. This shall not be construed to prevent a licensed real estate appraiser from signing an appraisal report on behalf of a corporation, partnership, firm, or group practice licensed to appraise real estate under this chapter.

(c) Authority to transact business as a licensed real estate appraiser shall be restricted to the person named in the license and shall not inure to the benefit of any other person.

(Acts 1990, No. 90-639, p. 1175, §18; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-19 Continuing education requirements; regulations; requirement for reinstatement.

(a) As a prerequisite to renewal of a license to appraise real estate, the licensed real estate appraiser, licensed for any classification under this chapter, shall present evidence satisfactory to the board of having met the continuing education requirements of this chapter.

(b) The board shall set, by administrative rule, the continuing education requirements for renewal of licenses for all classifications of real estate appraisers as required by or when necessary to fully comply with the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73 (FIRREA), and any subsequent amendments and regulations issued pursuant thereto.

(c) In lieu of meeting the requirements of subsection (b) an applicant for renewal may satisfy all or part of the requirements by presenting evidence of either of the following:

(1) Completion of an educational program of study determined by the board to be equivalent, for continuing education purposes, to courses approved by the board pursuant to subsection (b).

(2) Participation other than as a student in educational processes and programs approved by the board which relate to real property appraisal theory, practices, or techniques, including, but not necessarily limited to, teaching, program development, and preparation of textbooks, monographs, articles, and other instructional materials.

(d) The board shall adopt regulations for implementation of this chapter to assure that persons renewing their licenses have current knowledge of real property appraisal theories, practices, and techniques which will provide a high degree of service and protection to those members of the public with whom they deal in a professional relationship under authority of this chapter. The regulations shall prescribe all of the following:

(1) Policies, and procedures, and fees for obtaining board approval of courses of instruction pursuant to subsection (b).

(2) Standards, policies, and procedures to be applied by the board in evaluating applicant's claims of equivalency in accordance with subsection (c).

(3) Standards, monitoring methods, and systems for recording attendance to be employed by course sponsors as a prerequisite to board approval of courses for credit.

(e) In adopting regulations pursuant to subdivision (1) of subsection (d), the board may give favorable consideration to courses of instruction, seminars, and other real property

appraisal education courses or programs previously or hereafter developed by or under the auspices of professional appraisal organizations and utilized by those associations for purposes of designation, or indicating compliance with the continuing education requirements of the organizations.

(f) No amendment or repeal of a regulation adopted by the board pursuant to this section shall operate to deprive a licensed real estate appraiser of credit toward renewal of license for any course of instruction completed by the applicant prior to the amendment or repeal of the regulation which would have qualified for continuing education credit under the regulation as it existed prior to the repeal or amendment.

(g) On or after October 1, 1991, a license to appraise real estate that has been revoked as a result of disciplinary action by the board shall not be reinstated unless the applicant presents evidence of completion of the continuing education required by this chapter. This requirement of evidence of continuing education shall not be imposed upon an applicant for reinstatement who has been required to successfully complete the examination for certified real estate appraiser as a condition to reinstatement of a license.

(Acts 1990, No. 90-639, p. 1175, §19; Acts 1994, No. 94-117, p. 128, §1; Act 2006-118, p. 185, §1.)

Section 34-27A-20 Revocation or suspension of license - Grounds; disciplinary proceedings; administrative fines.

(a) The board may investigate the actions of a licensed real property appraiser on complaint or on its own motion, and may revoke or suspend the license, levy fines as provided in subsection (c), require completion of education courses, or discipline by public and no more than two private reprimands per licensed real property appraiser for any of the following acts or omissions:

(1) Procuring or attempting to procure a license or certificate pursuant to this chapter by knowingly making a false statement, submitting false information, refusing to provide complete information in response to a question in an application for a license, or through any form of fraud or misrepresentation.

(2) Failing to meet the minimum qualifications established by this chapter.

(3) Paying money other than authorized by this chapter to any member or employee of the board to procure a license under this chapter.

(4) A conviction, including a conviction based upon a plea of guilty or nolo contendere, of a crime which is substantially related to the qualifications, functions, and duties of a person developing real estate appraisals and communicating real estate appraisals to others, or a conviction involving moral turpitude.

(5) An act or omission involving dishonesty, fraud, or misrepresentation with the intent to substantially benefit the certificate holder or another person, or with the intent to substantially injure another person.

(6) Violation of any of the standards for the development or communication of real estate appraisals as provided in this section.

(7) Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal, in preparing an appraisal report, or in communicating an appraisal.

(8) Negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal.

(9) Willfully disregarding or violating this chapter or the regulations of the board for the administration and enforcement of this chapter.

(10) Accepting an appraisal assignment, as defined in Section 34-27A-24, when the employment itself is contingent upon the appraiser reporting a predetermined estimate, analysis, or opinion, or where the fee to be paid is contingent upon the opinion, conclusions, or valuation reached, or upon the consequences resulting from the appraisal assignment.

(11) Violating the confidential nature of governmental records to which he or she gained access through employment or engagement as an appraiser by a governmental agency.

(12) Entry of a final civil judgment against the person on grounds of fraud, misrepresentation, or deceit in the making of any appraisal of real property.

(13) Presenting to the board, as payment for a fee or fine, a check that is returned unpaid.

(14) Failing to keep for at least five years, a complete record or file of appraisal or specialized assignments regulated under this chapter, in accordance with Uniform Standards of Professional Appraisal Practice and Section 34-27A-26.

(15) Failing within a reasonable time to provide information or providing false information in response to a request by the board during an investigation or after a formal complaint has been filed.

(16) Failing to pay by required deadlines, fees or fines levied by the board.

(17) Failing to notify the board within a reasonable time of the filing of any civil action related to the appraisal practice or of any criminal prosecution filed against the appraiser.

(b) In a disciplinary proceeding based upon a civil judgment, the real property appraiser shall be afforded an opportunity to present matters in mitigation and extenuation, but may not collaterally attack the civil judgment.

(c) In addition to the disciplinary powers granted in subsection (a), the board may levy administrative fines for serious violations of this chapter or the rules and regulations of the board of not more than \$500 for each violation.

(Acts 1990, No. 90-639, p. 1175, §20; Acts 1992, No. 92-127, p. 233, §3; Acts 1994, No. 94-117, p. 128, §1; Act 2004-525, p. 1093, §1; Act 2012-96, p. 165, §3.)

Section 34-27A-21 Revocation or suspension of license or certificate - Notice; representation; subpoena and deposition power.

(a) Before suspending or revoking any license or certification, the board shall notify the appraiser in writing of any charges made at least 20 days prior to the date set for the hearing and shall afford him or her an opportunity to be heard in person or by counsel.

(b) The written notice may be served either personally or sent by registered or certified mail to the last known business address of the appraiser.

(c) The board shall have the power to subpoena and issue subpoenas duces tecum and to bring before it any person in this state, and to take testimony by deposition, in the same manner as prescribed by law in judicial proceedings in the courts of this state.

(Acts 1990, No. 90-639, p. 1175, §21.)

Section 34-27A-22 Revocation or suspension of license - Hearing; findings; judicial review as to questions of law.

(a) The hearing on the charges shall be at a time and place prescribed by the board and in accordance with this chapter.

(b) If the board determines that a licensed real estate appraiser is guilty of a violation of this chapter, it shall prepare a finding of fact and recommend that the appraiser be reprimanded or that his or her license be suspended or revoked. The decision and order of the board shall be final.

(c) Any final decision or order of the board shall be reviewable by a court of appropriate jurisdiction as to the questions of law only. Any application for review made by an aggrieved party shall be filed within 30 days after the final decision or order of the board.

(d) If an application for review of a final decision or order of the board is filed, the case shall be fixed for trial within 30 days from the filing of an answer by the board. If the court finds that the board has regularly pursued its authority and has not acted arbitrarily, it shall confirm the decision or order. Decisions of the board regarding whether to license or certify, to discipline, or to de-license or de-certify appraisers shall be final administrative action subject only to appropriate judicial review.

(Acts 1990, No. 90-639, p. 1175, §22; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-23 Uniform Standards of Professional Appraisal Practice.

A licensed real estate appraiser shall comply with the current Uniform Standards of Professional Appraisal Practice approved by the board.

(Acts 1990, No. 90-639, p. 1175, §23; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-24 Retention of appraiser; appraisal assignment.

(a) A client or employer may retain or employ a licensed real estate appraiser to act as a disinterested third party in rendering an unbiased estimate of value. In either case, the appraisal and the appraisal report shall comply with this chapter.

(b) For the purposes of this chapter, the term "appraisal assignment" means an engagement for which an appraiser is employed or retained to act, or would be perceived by the third parties or the public as acting, as a disinterested third party in rendering an appraisal.

(Acts 1990, No. 90-639, p. 1175, §24; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-25 No fee for certain contingent appraisal assignments.

A licensed real estate appraiser may not accept a fee for an appraisal assignment, as defined in Section 34-27A-24, that is contingent upon the appraiser reporting a predetermined estimate, analysis, or opinion, or is contingent upon the opinion or valuation reached, or upon the consequences resulting from the appraisal assignment.

(Acts 1990, No. 90-639, p. 1175, §25; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-26 Retention of contracts and records.

(a) All real property appraisers shall prepare written records of appraisal, review, and consulting assignments, including oral testimony and reports, and shall retain the records for a period of five years after preparation or at least two years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last. The written records of an assignment are the work file.

(b) All records required to be maintained under this chapter shall be made available by the real property appraiser for inspection and copying by the board on reasonable notice to the appraiser.

(Acts 1990, No. 90-639, p. 1175, §26; Acts 1994, No. 94-117, p. 128, §1; Act 2004-525, p. 1093, §1.)

Section 34-27A-27 Alabama Real Estate Appraisers Board Fund.

There is established a separate special revenue trust fund in the State Treasury to be known as the Alabama Real Estate Appraisers Board Fund. All receipts collected by the board under this chapter and any interest earned on funds in the fund shall be deposited in this fund and used only to carry out this chapter. The receipts shall be disbursed only by warrant of the state Comptroller upon the State Treasurer, upon itemized vouchers approved by the executive director of the board. No funds shall be withdrawn or expended except as budgeted and allotted according to Sections 41-4-80 through 41-4-96 and 41-19-1 through 41-19-12, inclusive, and only in amounts as stipulated in the general appropriations bill or other appropriate bills.

(Acts 1990, No. 90-639, p. 1175, §27; Acts 1994, No. 94-117, p. 128, §1.)

Section 34-27A-28 Sunset provision.

The Alabama Real Estate Appraisers Board shall be an enumerated board pursuant to Sections 41-20-1 through 41-20-16, and shall be reviewed at the same time as the Alabama Real Estate Commission.

(Acts 1990, No. 90-639, p. 1175, §30.)

Section 34-27A-29 Compliance with federal law; membership in organization not to be grounds for granting or denying license.

It is the intent of the Legislature of the State of Alabama that this chapter fully comply with the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub.L. No. 101-73, any amendments thereto and regulations issued thereunder, and the board shall adopt administrative rules and regulations accordingly. The board shall not grant or deny a license for any classification of real estate appraiser by virtue of membership in or lack of membership in any particular appraisal organization.

(Acts 1990, No. 90-639, p. 1175, §31; Acts 1994, No. 94-117, p. 128, §1.)

Article 2 Real Estate Appraisal Management Companies.

Section 34-27A-50 Registration required.

(a) It is unlawful for any person or entity to engage in or attempt to engage in business as an appraisal management company, perform appraisal management services, or advertise or hold itself out as engaging in or conducting business as an appraisal management company without first being registered by the board pursuant to this article.

(b) In the event a registration process is unavailable on October 1, 2011, an appraisal management company already conducting business in the state may continue to conduct business in accordance with this article for 120 days after a registration process is available.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-51 Application; certificate of registration.

(a) Application for registration under this article shall be made in writing to the board on forms prescribed by the board and shall include all of the following:

- (1) The name of the applicant.
- (2) The business, physical, and email address of the applicant.
- (3) A telephone number and other contact information for the applicant.
- (4) If the applicant is not an Alabama domestic corporation, the name and contact information for the registered agent of the applicant for service of process in this state.
- (5) The name, address, and contact information of a principal contact for the applicant.
- (6) Certification that the applicant verifies that any person added to an appraiser panel of the applicant, for the purpose of appraising property within the state, holds a license in good standing in this state pursuant to Article 1.
- (7) Certification that the applicant requires that all appraisers shall have geographic competency to perform an appraisal assignment.
- (8) Certification that the applicant reviews the work of all appraisers that are performing real estate appraisal services for the applicant on a periodic basis to verify that the real estate appraisal services are being conducted in accordance with the Uniform Standards of Professional Appraisal Practice and Article 1.
- (9) Certification that the applicant maintains records of each service request that it receives and identification of the appraiser that performs the real estate appraisal services for the applicant.
- (10) Certification that the applicant has a system in place to require that appraisals are conducted independently and free from inappropriate influence and coercion as required by the appraisal independence standards established under Section 129E of the Truth in Lending Act, including the requirement that fee appraisers be compensated at a customary and reasonable rate when the appraisal management company is providing services for a consumer credit transaction secured by the principal dwelling of the consumer.
- (11) An irrevocable uniform consent to service of process.
- (12) Any other information required by the board and reasonably necessary to complete registration.

(b) Upon receipt of a properly completed application for registration, the board shall issue to the applicant a certificate of registration authorizing the applicant to do business as a real estate appraisal management company in this state.

(c) Registration granted by the board pursuant to this article shall be valid for one year from the date on which it is issued.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-52 Limitations on ownership and employment.

(a) An appraisal management company applying for registration in this state may not be owned, in whole or in part, directly or indirectly, by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any state. For the purposes of this subsection, indirect ownership does not include stock ownership in a publicly traded corporation. Additionally, each person who owns more than 10 percent of an appraisal management company shall, if required by the board, submit to a background investigation.

(b) An appraisal management company applying for registration in this state may not employ for the purposes of appraisal review, analysis, or performance evaluation any

person who has ever had a registration, license, or certificate to act as an appraiser in this or any other state refused, denied, canceled, or revoked unless a registration, license, or certificate has subsequently been issued or reinstated by the state in which the appraisal registration, license, or certificate had been refused, denied, canceled, or revoked.

(c) An employee of an appraisal management company, or any contractor working in any capacity on behalf of an appraisal management company, that has any involvement in the actual performance of appraisal services, or the review and analysis of completed appraisals in Alabama shall be an appraiser certified in Alabama. The license classification shall qualify the employee to perform all applicable job functions.
(Act 2011-701, p. 2161, §3.)

Section 34-27A-53 Principal contact.

An appraisal management company applying for registration in this state shall designate one principal contact for all communication between the board and the appraisal management company.
(Act 2011-701, p. 2161, §3.)

Section 34-27A-54 Adoption of rules; revision of requirements.

The board may adopt rules not inconsistent with this article which are reasonably necessary to implement, administer, and enforce this article. The requirements for an appraisal management company may be revised as necessary to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203, and regulations issued thereto, or any subsequent amendments or regulations issued thereto. The board may revise any appraisal management company requirements permitted by this section by rule adopted pursuant to the Alabama Administrative Procedure Act.
(Act 2011-701, p. 2161, §3.)

Section 34-27A-55 Fees; surety bond; renewal of registration.

(a) The board shall establish by rule fees to be charged to an appraisal management company in an amount sufficient to sustain administration of this article. The board may also establish a late filing fee and other fees deemed necessary by the board for the proper administration of this article.

(b) In addition to the application fee and late filing fee, where applicable, an applicant for registration shall post with the board a surety bond in the amount of twenty-five thousand dollars (\$25,000). The bond shall be annually maintained on renewal. The bond shall be in a form prescribed by the board by rule and shall accrue to the state for the benefit of a claimant against the registrant to secure the faithful performance of obligations under this article. The aggregate liability of the surety may not exceed the principal sum of the bond.

(c) An appropriate deposit of cash or security may be accepted by the board in lieu of the required bond. The face amount of the bond shall annually be restored upon renewal of registration. Annual renewal of registration shall occur before the expiration date of the registration. Failure to timely renew registration shall result in loss of authority to operate an appraisal management company in this state. Request for reinstatement after expiration shall be accompanied by the annual registration fee and any late filing fee established by board rule.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-56 Registration numbers.

(a) The board shall issue a unique registration number to each appraisal management company and shall annually publish a list of registered appraisal management companies and their corresponding registration numbers.

(b) Each appraisal management company shall include its registration number on all engagement letters for appraisals in Alabama.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-57 Duties of appraisal management company.

An appraisal management company shall do all of the following:

(1) Annually certify to the board, on a form prescribed by the board, that the appraisal management company verifies that any person added to the appraiser panel of the appraisal management company, for the purpose of completing appraisals in this state, is licensed or certified in good standing pursuant to Article 1.

(2) Annually certify to the board, on a form prescribed by the board, that the appraisal management company periodically reviews the work of all appraisers performing appraisals and appraisal reviews for the appraisal management company to verify that the appraisals are being conducted in accordance with Uniform Standards of Professional Appraisal Practice.

(3) Annually certify to the board, on a form prescribed by the board, that the appraisal management company requires appraisers who receive assignments for appraisals and appraisal review have geographic competency.

(4) Maintain a detailed record of each service request received and each appraiser assigned to perform the appraisal. A copy of the record shall be retained for at least five years after the date the appraisal management company forwards the appraisal to the client.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-58 Confirmation of competency; when payments due.

(a) Before placing an assignment with an appraiser, an appraisal management company shall require that the appraiser confirm in writing or via electronic means that the appraiser receiving the assignment is a competent appraiser for the performance of the appraisal being assigned.

(b) An appraisal management company operating in this state, except in cases of a mutually agreed upon payment date, breach of contract, or performance of services that violates Uniform Standards of Professional Appraisal Practice or any published standards of best practices, shall make payment to an appraiser for the completion of an appraisal or valuation assignment within 45 days after the date the appraisal management company, or an assignee, receives a completed appraisal or valuation study.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-59 Removal of appraiser from appraiser panel.

An appraisal management company may not remove an appraiser from an appraiser panel without:

- (1) Providing written notice to the appraiser of the reasons for removal.
 - (2) Providing written notice of the nature of any alleged illegal conduct or violation of Uniform Standards of Professional Appraisal Practice or state licensing standards if such is the reason for removal.
 - (3) Providing an opportunity for the appraiser to respond to the written notice.
- (Act 2011-701, p. 2161, §3.)*

Section 34-27A-60 Unlawful influencing of appraisal.

(a) It is unlawful for any employee, director, officer, or agent of an appraisal management company to influence or attempt to influence the development, reporting, or review of an appraisal through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery, or in any other manner including, but not limited to, any of the following:

- (1) Withholding or threatening to withhold timely payment for an appraisal, unless the appraisal is found to be of substandard quality or noncompliant with the scope of the assignment as defined in the engagement letter.
- (2) Withholding or threatening to withhold payment for an appraisal if the loan transaction is not completed.
- (3) Withholding or threatening to withhold future business of, or demoting or terminating the services of, or threatening to demote or terminate the services of an appraiser.
- (4) Promising future business, promotions, or increased compensation to an appraiser.
- (5) Conditioning the request for an appraisal, or the payment of an appraisal fee or salary or bonus, on the opinion, conclusion, or valuation to be reached by an appraiser, or on a preliminary estimate or opinion requested from an appraiser.
- (6) Requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time prior to the completion of an appraisal.
- (7) Providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property, or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided.
- (8) Providing to an appraiser, or any entity or person related to the appraiser, stock or other financial or nonfinancial benefits.
- (9) Any other act or practice that impairs or attempts to impair the independence, objectivity, or impartiality of an appraiser.

(b) Nothing in subsection (a) shall be construed as prohibiting an appraisal management company from requesting that an appraiser do any of the following:

- (1) Provide additional information regarding the basis for a valuation.
- (2) Correct objective factual errors in an appraisal report.
- (3) Consider additional verifiable information not previously known or considered by the appraiser in completing an assignment.

(c) An appraisal management company may not alter, modify, or otherwise change an appraisal report submitted by an appraiser unless required by federal or state guidelines.

(d) Any registrant having a good faith belief that a real estate appraiser licensed in this state has violated applicable law or the Uniform Standards of Professional Appraisal

Practice, and the violation has had a material impact on the valuation, or has engaged in unethical conduct, shall file a complaint with the board.
(Act 2011-701, p. 2161, §3.)

Section 34-27A-61 Penalties.

The board may censure, conditionally or unconditionally suspend registration, revoke registration, levy fines, or impose civil penalties not exceeding twenty-five thousand dollars (\$25,000) against any appraisal management company that the board determines is attempting to or has performed any of the following:

- (1) An act in violation of this article.
- (2) A violation of any rule adopted by the board in the interest of the public and consistent with this article.
- (3) The procurement of registration through fraud, misrepresentation, or deceit.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-62 Adjudicatory proceedings for violations.

(a) The board shall conduct adjudicatory proceedings for any violation of this article in accordance with the Administrative Procedure Act. Adjudicatory proceedings shall include, but not be limited to, all of the following due process protections:

- (1) Before censuring, suspending, or revoking registration under this article, the board shall notify the registrant in writing of any charges at least 20 days before the date set for hearing and shall afford the registrant an opportunity to be heard in person or by counsel.
 - (2) The written notice shall be served by certified mail, return receipt requested, to the principal contact at the address of the registrant on file with the board.
 - (3) The hearing on the charges shall be at a time and place prescribed by the board, in accordance with the Administrative Procedure Act.
 - (4) The hearing may be conducted before a hearing officer designated by the board who shall make findings of fact, conclusions of law, and enter an adjudicatory disposition.
 - (5) The board shall deliver or mail any findings of fact, conclusions of law, and adjudicatory dispositions to the registrant.
- (b) Nothing in this section shall prevent the resolution of a pending matter through an alternative dispute resolution process or informal settlement process adopted by the board.

(Act 2011-701, p. 2161, §3.)

Section 34-27A-63 Applicability.

This article does not apply to:

- (1) A financial institution that is regulated by a federal financial institution regulatory agency or a department, division, or unit thereof. An appraisal management company that is a wholly owned subsidiary of a financial institution may not be considered a department, division, or unit within a financial institution.
- (2) A person who enters into an agreement with an appraiser for the performance of an appraisal and, upon the completion of the appraisal, the report of the appraiser performing the appraisal is signed by both the appraiser who completed the appraisal and the person who requested the completion of the appraisal.

(Act 2011-701, p. 2161, §3.)

Professional Services by Vendor

	2014-2015	2015-2016	2016-2017	2017-2018
Legal Services				
Court Reporting				
Dunn King & Associates LLC	\$ -	\$ 150.00	\$ 1,345.05	\$ -
Hearing Officers				
Algert S. Agricola Jr.	180.00	-	885.00	1,800.00
Tori L. Adams	210.00	510.00	-	-
Total Legal Services	390.00	660.00	2,230.05	1,800.00
Data Processing				
Alacourt.com	415.66	1,306.36	107.00	-
Department of Finance	2,204.22	3,866.98	4,541.56	965.64
Iron Data	24,645.38	2,135.25	-	-
Office Of Information Tech	-	-	-	3,834.30
Micropact Global Inc	-	21,911.50	30,075.00	28,812.50
Total Data Processing	27,265.26	29,220.09	34,723.56	33,612.44
Administrative Services				
Information and Research				
ALRRS, LLC	1,225.00	1,709.00	449.00	-
David Turnipseed	-	-	-	9,000.00
Advertising				
Legislative Reference Service	1,930.00	2,190.00	1,040.00	1,620.00
Department of Finance				
Comptroller	3,738.39	3,477.86	3,170.46	3,116.40
FMRS	1,670.33	1,592.06	513.12	335.35
Department of Finance	382.50	417.50	415.00	70.00
Office of Information Technology	-	-	-	406.02
Mailing	-	-	51.20	32.75
Appraisal Services				
Susanne M. Curran	-	-	-	6,750.00
State Personnel Department				
Personnel	2,367.00	2,400.00	2,139.00	2,145.00
Sanitation Services				
Gilmore Services	94.73	248.32	-	-
Department of Finance				
STAARS	-	44,000.00	44,000.00	44,000.00
Education and Training				
Alabama Assoc. of Regulatory Boards	250.00	650.00	1,150.00	2,250.00
Assoc. of Appraisers Regulatory Officials	1,425.00	2,700.00	2,000.00	2,585.00
Total Administrative Services	13,082.95	59,384.74	54,927.78	72,310.52
Total Professional Services	\$ 40,738.21	\$ 89,264.83	\$ 91,881.39	\$ 107,722.96

Board Members



Kay Ivey
Governor

ALABAMA REAL ESTATE APPRAISERS BOARD

P. O. Box 304355
Montgomery, Alabama 36130-4355

Lisa Brooks
Executive Director

ALABAMA REAL ESTATE APPRAISERS BOARD

<u>STATE AT LARGE</u>	<u>POSITION</u>	<u>EXPIRATION</u>
Patrice E. McClammy(1) (M)	Member At Large	03/26/2018 03/26/2021
Angela Frost (1)	AMC Member	09/30/2014 09/30/2017
<u>1st. DISTRICT</u>		
Chad Anderson (1)	Member	03/26/2021
<u>2nd. DISTRICT</u>		
Billy Cotter (1)	Member	05/06/2017 05/06/2020
<u>3rd. DISTRICT</u>		
Carroll (Lew) Watson (1)	Member	05/05/2017 05/05/2020
<u>4th. DISTRICT</u>		
Mark Haller (1)	Member	03/26/2021
<u>5th. DISTRICT</u>		
Richard Pettey (1)	Member	05/04/2016 05/04/2019
<u>6th. DISTRICT</u>		
J. Roger Ball, Jr. (1)	Member	03/26/2021
<u>7th. DISTRICT</u>		
Robert Butler (1) (M)	Member	05/05/2016 05/05/2019

(M) Minority
(1) Presently Serving

Board e-mail address: lisa.brooks@reab.alabama.gov

Board Website address: www.reab.state.al.us

LISA C. BROOKS,
EXECUTIVE DIRECTOR

Board's Response to Significant Issues



Kay Ivey
Governor

ALABAMA REAL ESTATE APPRAISERS BOARD

P. O. Box 304355
Montgomery, Alabama 36130-4355

Lisa Brooks
Executive Director

August 19, 2019

Ms. Maria L. Catledge
Director, Operational Division
Examiner of Public accounts
P.O. Box 302251
Montgomery, AL 36130-2251

Dear Ms. Catledge:

Herewith are the requested responses to the significant issues found during your 2018 Sunset Audit. We appreciate the opportunity to offer these comments.

Please let me know if you have any questions or need additional information.

Sincerely yours,

A handwritten signature in black ink that reads "Lisa Brooks".

Lisa Brooks
Executive Director

lb

ENCLOSURES

SIGNIFICANT ISSUE 2019-01:

The Board charges graduated fees for late renewals that are not authorized by law. The Board adopted Administrative Rule 780-X-4-.02 to charge licensees a delinquent charge of \$50 if the annual license fee is received after September 30; an additional delinquent charge of \$200 for license fees not paid by October 10; and a third delinquent charge of \$50 per month if the annual license fee is not paid by March 31. Only the \$50 fee is authorized by statute.

The *Code of Alabama 1975*, Section 34-27A-15 (b) states, "If a person fails to renew a license for any classification of real estate appraiser prior to its expiration or within a period of extension granted by the board pursuant to this chapter, the person may obtain a renewal license by satisfying all of the requirements for renewal and by the payment of a (Emphasis added) late renewal fee as set by the board. The statute only authorizes the Board to charge one late fee, not multiple late fees.

BOARD RESPONSE:

The Board will submit proposed legislation during the 2020 Regular Legislative Session to correct this issue.

SIGNIFICANT ISSUE 2019-02:

The Board is charging appraisal management monthly late renewal fees that are not authorized by statute. The Board adopted Administrative Rule 780-X-17-.05 to charge appraisal companies a renewal fee of \$2,000 plus a late filing fee of \$500 for each month or part thereof that the registration is lapsed, not to exceed \$5,000.00. A late filing fee is not assessed if the renewal is received on or before the 10th day after the registration lapses.

The *Code of Alabama 1975*, Section 34-27A-55 (a) allows for a (Emphasis added) late filing fee and other fees placed upon appraisal management companies deemed necessary for the proper administration of the Board. Section 34-27A-55 (b) states, "In addition to the application fee and late filing fee, where applicable..." The statute only authorizes the Board to charge one late fee, not multiple fees.

BOARD RESPONSE:

The Board will submit proposed legislation during the 2020 Regular Legislative Session to correct this issue.