

ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE

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ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE

CHAPTER 780-X-1
ORGANIZATION, ADMINISTRATION
AND PROCEDURE

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780-X-1-.01 **Purpose.** The Alabama Real Estate Appraisers Board was created to ensure that the public is protected against dangers arising from attempts of incompetent or unscrupulous persons to practice the profession of real estate appraisal. This purpose is achieved through the establishment of minimum qualifications for licensure and certification in the profession of real estate appraisal, through the adoption of rules defining and delineating unlawful conduct, and through swift and effective discipline for those practitioners who violate the applicable laws or rules promulgated hereunder.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.02 Composition And Selection Of Board. The Board is composed of nine members appointed by the Governor, two of whom are qualified individuals from the general public who shall not be, themselves or their spouses, engaged in the practice of real estate appraising; and seven of whom are state certified real estate appraisers from each of the seven United States Congressional Districts as set out in Code of Ala. 1975, §34-27A-4. Two of the nine members shall be of a minority race. Members serve staggered three-year terms and continue to serve upon the expiration of their term until appointment of their successor by the Governor and confirmation by the State Senate, provided that no member shall serve as a member of the Board for more than two consecutive terms.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-4.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.03 General Description Of Organization And Operation.

The Board is an independent agency of the State of Alabama. All costs of operating the Board, including administrative, secretarial, clerical and investigative, are paid from legislative appropriation and fees collected by the Board. The Attorney General and his/her assistants provide legal services to the Board. The Board may utilize the assistance of licensed real property appraisers as voluntary advisory panel members to assist the board in complying with this Rule.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code Of Ala. 1975, §§34-27A-4, 34-27A-27.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991, effective May 15, 1991. **Amended:** Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994.

780-X-1-.04 Officers.

(1) Election. The Board shall elect annually the following officers: chairman, vice chairman and secretary.

(2) Compensation and expenses. Board members shall be compensated Three Hundred Dollars (\$300.00) per month for attendance at duly called Board meetings. Additionally, members of the Board shall be reimbursed for expenses incurred in

performance of their duties at the same per diem and mileage rates as allowed for state employees.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-4, 36-7-20.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed November 25, 2008; effective December 30, 2008.

780-X-1-.05 **Employment Of Personnel.** The Board may employ investigators, attorneys and any other agents and employees and assistants as may from time to time be necessary to bring about and maintain a rigid administration and enforcement of the Alabama law regulating the practice of real estate appraising.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.06 **Executive Director.** The Board shall employ an executive director who shall be responsible for the administration of Board policy. The executive director is designated as agent for the Board for service of legal process upon the Board. All correspondence to the Board, including requests for information and all submissions and other requests should be made to the executive director at the Board's headquarters at the following address:

Executive Director
Alabama Real Estate Appraisers Board
P.O. Box 304355
Montgomery, Alabama 36130

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed August 21, 2001; effective September 25, 2001.

780-X-1-.07 **Rules Of Order.** All proceedings of the Board shall be governed by Roberts' Rules of Order, latest revised edition, except during disciplinary hearings and except where otherwise provided in these rules.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.08 **Order Of Business.** The normal order of business for a meeting shall be as follows unless otherwise amended by the Board:

- (a) Call to order
- (b) Verification by the executive director that a quorum of members is present
- (c) Approval of minutes of last meeting
- (d) Hearings to be held - public and/or disciplinary
- (e) Interview of applicants notified or requested to appear
- (f) Consideration of applications for licensure or certification
- (g) Committee reports
- (h) Correspondence (communications)
- (i) Open forum
- (j) Unfinished business
- (k) New business
- (l) Adjournment

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.09 **Quorum.** A quorum of the Board shall consist of five members of the Board with at least four of such members being appraiser members.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-4.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.10 **Meetings.**

(1) Meetings may be called by the chairman or by a quorum of the Board.

(2) Each member of the Board shall be given at least ten days' notice of the time, place, and purpose of any regular or special meeting by the chairman or executive director, unless such notice is waived by the individual member or unless such member is present at the called meeting.

(3) The Board shall hold at least one regular meeting each calendar quarter to conduct its business. Special meetings may be called as necessary and may be held at any place agreed upon by a quorum of the Board.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-4, 34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.11 **Questions Of Procedure And Evidence.** The chairman of the Board shall, in accordance with these rules, and except as otherwise provided in these rules, rule upon all questions of procedure and, in the event that evidence is taken, on the admissibility of that evidence. The decision of the chairman shall be final.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.12 **Voting.** All members of the Board, including the chairman, are entitled to vote and to make or second motions. A majority of those members of the Board present and voting on any matter shall decide that matter before the Board, except on procedural and evidentiary matters which are provided for in Rule 780-X-1-.11. The chairman shall vote as a member of the Board.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.13 **Use Of Forms.** All applications and requests for which the Board has prescribed a form must be made on the prescribed form. Copies of forms in use and instructions for their completion are available from the executive director.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-7, 34-27A-8, 41-22-4.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.14 **Records.**

(1) "Public record" for the purpose of these rules means all Board records which are reasonably necessary to record the business and activities required to be done or carried on by the Board so that the status and condition of such business and activities can be known to the public. Records which do not constitute "public records" include, but are not limited to, those received by a public officer in confidence, sensitive personnel records, complaints against registrants, and records the disclosure of which would be detrimental to the best interests of the public.

(2) Specific public records are available for inspection at Board headquarters during regular business hours.

(3) Any person wishing to obtain copies of specific public records may request same from the executive director, and will be supplied copies upon payment of the cost of copying, handling and postage, which costs will be estimated and set from time to time by resolution of the Board.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 41-22-4.
History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed February 23, 1998; effective March 30, 1998.

780-X-1-.15 **Registry.** The Board shall, no less than annually, compile and publish a registry of the names and addresses of all persons both licensed and certified to perform federally related real estate appraisals. Copies of the directory shall be furnished annually to the federal agency designated by congress to receive it and shall be distributed or sold to the public upon request and upon payment of a fee to be set from time to time by resolution by the Board.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5(a)(3).

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-1-.16 **Declaratory Rulings.**

(1) The Board may issue declaratory rulings to any person substantially affected by a rule with respect to the validity of the rule, or with respect to the applicability to any person, property, or state of facts of any rule or statute enforceable by the Board, or with respect to the meaning and scope of any order of the Board. Such rulings shall be issued provided:

(a) The petitioner shows that he/she is substantially affected by the rule in question;

(b) Sufficient facts are supplied in the request to permit the Board to make a valid determination; and

(c) The request arises from an actual question or controversy.

(2) A petition for a declaratory ruling shall be submitted in the following form:

Petition For Declaratory Ruling

On Rule No. _____

1. Petitioner

Name: _____

Address: _____

Telephone _____

2. All rules or statutes that may be involved in the petition, if known:

3. Clear and concise statement of the precise factual situation involved:

4. The exact question to which an answer is desired:

5. The reason for submitting the petition:

6. Full disclosure of the petitioner's interest:

7. Statement as to whether the petitioner's case is presently under consideration by the Alabama Real Estate Appraisers Board or in any pending proceedings:

8. Affidavit certification

Signature of Petitioner _____

Sworn to and Subscribed before me this the _____ day of _____, 19____.

Notary Public

(3) Such rulings will be made in accordance with the Alabama Administrative Procedure Act, Code of Ala. 1975, §41-22-11.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 41-22-11.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE

CHAPTER 780-X-2
DEFINITIONS

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780-X-2-.01 Definitions Of Terms

780-X-2-.01 Definitions Of Terms. To the extent not defined within these rules and regulations, Section 34-27A-2, Code of Ala. 1975, provides for definitions of the following terms:

- (a) Appraisal;
- (b) Appraisal Subcommittee, Subcommittee; or ASC;
- (c) Appraisal Foundation, Foundation;
- (d) Appraisal Report;
- (e) Board;
- (f) Certified Appraisal or Certified Appraisal Report;
- (g) Executive Director;
- (h) Federally Related Transaction
- (i) Federal Financial Institutions Regulatory Agencies;
- (j) Financial Institution;
- (k) Licensed Real Estate Appraiser;
- (l) Real Estate;
- (m) Real Estate-Related Financial Transaction; and
- (n) Real Property.
- (o) Appraisal Qualifications Board or AQB: a private corporation created pursuant to FIRREA which establishes the minimum education, experience and examination requirements states

must require of applicants for certified classifications of real property appraisers;

(p) Appraisal Standards Board or ASB: a private corporation created pursuant to FIREEA which develops, interprets and amends the Uniform Standards of Professional Appraisal Practice (USPAP);

(q) Uniform Standards of Professional Appraisal Practice or USPAP: the minimum standards for developing a real estate appraisal and reporting the results as developed and published by the ASB.

(r) FIRREA: Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, and any amendments thereto, as codified in Title XI of the United States Code.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § 34-27A-2.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed December 4, 2003; effective January 8, 2004.

ALABAMA REAL ESTATE APPRAISERS BOARD
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CHAPTER 780-X-3
APPLICATIONS FOR LICENSURE AND CERTIFICATION

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780-X-3-.05	Reconsideration Of Denied Applications
780-X-3-.06	Qualifying Education Curricula Approved By The Board For Licensure As A Real Property Appraiser
780-X-3-.07	When Applications Are Received
780-X-3-.01	<u>Form Of Application.</u>

(1) All applications for licensure for any real property appraiser classification shall be made on a printed form provided by the Board and no applications made otherwise will be accepted. Where space does not permit an applicant to present his record of experience, education or practice on the application form provided by the Board, the applicant may request additional forms or duplicate the experience and education record part of the application form. All forms must be signed and dated. Applications must be clearly typewritten in black suitable for photostatic copy and all questions must be answered. An application not properly completed, or not containing all of the information required, or not accompanied by the required fee will be returned with a statement of the reasons for return. The application shall be accompanied by an unmounted recognizable, recent photograph (one not more than six months old) of the applicant, with the date taken.

(2) Applications for licensure for any real property appraiser classification shall be subscribed and sworn to, on a form provided by the Board, before a notary public or other person qualified to administer oaths.

(3) The conditions set out in the application form and the Uniform Standards of Professional Practice shall be construed

to be a part of the Rules and Regulations, Administrative Code of the Board.

(4) To allow time for processing, all applications for any real property appraiser classification shall be filed with the Board at least forty-five (45) days prior to the next scheduled meeting of the Board.

(5) Withholding information, misrepresentation, or untrue statements will be cause for denial of application.

(6) The Board requires an official transcript, or other evidence satisfactory to the Board of successful completion from each school where the applicant received credit.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § 34-27A-5.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. **Amended:** Filed June 18, 1992; effective July 23, 1992. **Amended:** Filed April 21, 1994. Emergency adoption: Filed May 5, 1994; effective June 1, 1994. **Amended:** Filed June 22, 1994; effective July 27, 1994.

780-X-3-.02 Applications From Non-Residents. Non-Alabama residents may apply for licensure for any real property appraiser classification provided:

(a) the applicant is a citizen of the United States or is an alien with permanent resident status;

(b) the applicant submits with the application an irrevocable consent appointing the executive director of the Board as agent for service of process as provided in Code of Ala. 1975, §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 or certified real estate appraiser, the plaintiff cannot, in the exercise of due diligence, effect personal service upon the applicant;

(c) the applicant agrees to be bound by all the provisions of the State of Alabama Real Estate Appraisers Act, and submits to the jurisdiction of the Board, and agrees to be subject to the investigations and disciplinary actions by the Board the same as Alabama resident real estate appraisers; and

(d) the applicant otherwise complies with the provisions of Alabama Real Estate Appraisers Act and the rules

pertaining to the application and certification of resident real estate appraisers.

(e) Non-resident applicants who meet all the above requirements are not required to take the Alabama examination, provided Alabama has entered into a reciprocity agreement with the state in which the applicant is licensed. The non-resident applicant shall complete an Alabama application and provide the necessary information required by the Board. Necessary information includes, at a minimum, a certification from the resident state that the applicant holds a valid appraiser license or certification in good standing issued by the appraiser regulatory agency in the state as attested to by a statement under seal from the agency setting forth:

1. the type license or certification held by the applicant and the license or certification number;
2. the date of licensure or certification and the expiration date of the applicant's current license or certification;
3. a complete record of any disciplinary actions taken or pending against the applicant; and
4. payment of all fees.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § § 34-27A-7(d)(3), 34-27A-14.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. **Amended:** Filed June 18, 1992; effective July 23, 1992. **Amended:** Filed April 21, 1994. Emergency adoption: Filed May 5, 1994; effective June 1, 1994. **Amended:** Filed June 22, 1994; effective July 27, 1994.

780-X-3-.03 **Reconsideration And Reapplications.** (Repealed)

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. Emergency repeal: Filed June 24, 1991; effective June 24, 1991. Permanent repeal: Filed September 26, 1991; effective October 31, 1991.

780-X-3-.04 **Disposal Of Applications.**

(1) Approved Applications - When the Board, after due consideration of an application and of information pertaining thereto, is satisfied that the applicant is eligible for licensure for any real property appraiser classification the applicant will be granted licensure or certification, and the applicant will be notified by the executive director.

(2) Deferred Applications - If an applicant's education or experience is considered inadequate upon Board review, but the Board believes he/she may meet the minimum legal requirements within one year, such application may be held by the Board for up to one year without approval or denial. Such applicant will be advised of the basis for holding his/her application, of additional information to be submitted, and of the approximate date on which his application will be formally considered again. If more than one additional year of experience or additional education is considered necessary, the application will be denied, and for further consideration, the applicant will be required to submit a new application after he has accrued the necessary qualifications.

(3) Denied Applications - When the Board, after due consideration of an application and of information pertaining thereto finds that the applicant is not eligible for licensure or certification under any section of the law, the applicant will be given notice of the denial, and shall be advised of the appellate procedures set forth in Rule 780-X-3-.05.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-7.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. Emergency amendment: Filed June 24, 1991; effective June 24, 1991. Permanent amendment: Filed September 26, 1991; effective October 31, 1991. **Amended:** Filed April 21, 1994. Emergency adoption: Filed May 5, 1994; effective June 1, 1994. **Amended:** Filed June 22, 1994; effective July 27, 1994.

780-X-3-.05 Reconsideration Of Denied Application.

(1) A denied application may be reconsidered by the full Board, if notice of appeal is filed with the executive director within thirty (30) days after the applicant has been notified of the ruling of the Board.

(2) A hearing shall be held as soon as practicable after filing of the notice of appeal, or at such time agreed upon by stipulation between the applicant and the executive director.

(3) The hearing shall be held by at least a quorum of the Board, as defined in Code of Ala. 1975, §34-27A-4.

(4) Evidence, including oral testimony, shall be freely admitted. The applicant shall be allowed to have counsel present if desired.

(5) The Board shall issue a final decision within thirty (30) days of the date of the hearing, which shall include findings of fact and official notice taken. The applicant shall be delivered a copy of the decision by first class mail.

(6) The decision of the Board may be appealed to the circuit court for Montgomery County, as provided in Code of Ala. 1975, §34-27A-5, within thirty (30) days of the decision of the Board.

(7) The record on appeal shall be certified by the executive director of the Board, and shall include the entire record and transcript of the hearing.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: Emergency adoption: Filed June 24, 1991; effective June 24, 1991. Permanent adoption: Filed September 26, 1991; effective October 31, 1991. **Amended:** Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994.

780-X-3-.06 Qualifying Education Curricula Approved By The Board For Licensure As A Real Property Appraiser. In accordance with Code of Ala. 1975, §34-27A-5(b)(13), which provides that the Board shall include in its regulations educational requirements for all classes of licensure of real estate appraisers, the Board will accept applications from individuals who can demonstrate that they have completed the following education requirements:

(a) **Trainee Real Property Appraiser.** For applications submitted on or before December 31, 2007, seventy-five classroom hours of courses in subjects related to real estate appraisal which shall include 15 hours of Uniform Standards of Professional Appraisal Practice. Any USPAP course submitted to fulfill this requirement which is completed on or after January 1, 2003 must

be the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately preceding the date the application is filed with the Board.

1. A classroom hour is defined as fifty minutes out of each sixty minute segment.

2. Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering. Credit for the classroom hour requirement may only be granted if the applicant includes with his application a copy of the transcript or certificate of completion and evaluation of the instructor and course for which he is claiming credit.

3. Credit for a classroom hour requirement may be obtained from the following:

(i) Colleges or Universities, accredited by SACS or an equivalent United States organization;

(ii) Community or Junior Colleges, accredited by SACS or an equivalent United States organization;

(iii) Real Estate Appraisal or Real Estate Related Organizations;

(iv) State or Federal Agencies or Commissions;

(v) Propriety Schools licensed by the Alabama Department of Education or similar agency in the state where the proprietary school is located;

(vi) Other providers approved by the Board.

4. Qualifying education must be obtained within ten years immediately prior to the application date.

5. Various appraisal courses may be credited toward the seventy-five classroom hour education requirement. Applicants should demonstrate that their education involved coverage of the topics listed below with particular emphasis on the appraisal of one to four unit residential properties.

(i) Influences on Real Estate Value

- (ii) Legal Consideration in Appraisal
- (iii) Types of Value
- (iv) Economic Principles
- (v) Real Estate Markets and Analysis
- (vi) Valuation Process
- (vii) Property Description
- (viii) Highest and Best Use Analysis
- (ix) Appraisal Statistical Concepts
- (x) Sales Comparison Approach
- (xi) Site Valuation
- (xii) Cost Approach
- (xiii) Income Approach
- (xiv) Valuation of Partial Interests
- (xv) Appraisal Standards and Ethics

6. Every applicant for a Trainee Real Property Appraiser license who submits an application on or after January 1, 2008 must submit satisfactory evidence that the education courses completed comply with the requirements of paragraphs 1-4 above and must demonstrate that he or she has completed 75 classroom hours of education in the following subjects:

- (i) 30 Hours Basic Appraisal Principals
- (ii) 30 Hours Basic Appraisal Procedures
- (iii) The 15 hour National USPAP course or its equivalent as determined by the AQB.

(b) **State Registered Real Property Appraiser.** Seventy-five classroom hours of courses in subjects related to real estate appraisal which shall include 15 hours of Uniform Standards of Professional Appraisal Practice. Any USPAP course submitted to fulfill this requirement which is completed on or after January 1, 2003 must be the National USPAP course or its

equivalent as determined by the AQB taught by an instructor certified by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately preceding the date the application is filed with the Board.

1. A classroom hour defined as fifty minutes out of each sixty minute segment.

2. Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering. Credit for the classroom hour requirement may only be granted if the applicant includes with his application a copy of the transcript or certificate of completion and evaluation of the instructor and course for which he is claiming credit.

3. Credit for a classroom hour requirement may be obtained from the following:

(i) Colleges or Universities, accredited by SACS or an equivalent United States organization;

(ii) Community or Junior Colleges, accredited by SACS or an equivalent United States organization;

(iii) Real Estate Appraisal or Real Estate Related Organizations;

(iv) State or Federal Agencies or Commissions;

(v) Propriety Schools licensed by the Alabama Department of Education or similar agency in the state where the proprietary school is located;

(vi) Other providers approved by the Board.

4. Qualifying education must have been obtained within ten years immediately prior to the application date.

5. Various appraisal courses may be credited toward the seventy-five classroom hour education requirement. Applicants should demonstrate that their education involved coverage of the topics listed below with particular emphasis on the appraisal of one to four unit residential properties.

(i) Influences on Real Estate Value

(ii) Legal Consideration in Appraisal

- (iii) Types of Value
- (iv) Economic Principle
- (v) Real Estate Markets and Analysis
- (vi) Valuation Process
- (vii) Property Description
- (viii) Highest and Best Use Analysis
- (ix) Appraisal Statistical Concepts
- (x) Sales Comparison Approach
- (xi) Site Valuation
- (xii) Cost Approach
- (xiii) Income Approach
- (xiv) Valuation of Partial Interests
- (xv) Appraisal Standards and Ethics

6. Every applicant for a State Registered Real Property Appraiser license who submits an application on or after January 1, 2008 must submit satisfactory evidence that the education courses completed comply with the requirements of paragraphs 1-4 above and must demonstrate that he or she has completed 75 classroom hours of education in the following subjects:

- (i) 30 Hours Basic Appraisal Principals
- (ii) 30 Hours Basic Appraisal Procedures
- (iii) The 15 hour National USPAP course or its equivalent as determined by the AQB.

(c) **Licensed Real Property Appraiser.** For applications submitted on or before December 31, 2007, a minimum of ninety (90) classroom hours, which may include the hours required for previous licensure, of courses in subjects related to real estate appraisal which shall include 15 hours of Uniform Standards of Professional Appraisal Practice. Any USPAP course submitted to fulfill this requirement which is completed on or

after January 1, 2003 must be the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately preceding the date the application is filed with the Board.

1. A classroom hour is defined as fifty minutes out of each sixty minute segment.

2. Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering. Credit for the classroom hour requirement may only be granted if the applicant includes with his application a copy of the transcript or certificate of completion and evaluation of the instructor and course for which he is claiming credit.

3. Credit for a classroom hour requirements may be obtained from the following:

(i) Colleges or Universities, accredited by SACS or an equivalent United States organization;

(ii) Community or Junior Colleges, accredited by SACS or an equivalent United States organization;

(iii) Real Estate Appraisal or Real Estate Related Organizations;

(iv) State or Federal Agencies or Commissions;

(v) Propriety Schools licensed by the Alabama Department of Education or similar agency in the state where the proprietary school is located;

(vi) Other providers approved by the Board.

4. Qualifying education must have been obtained within ten years immediately prior to the application date.

5. Various appraisal courses may be credited toward the ninety classroom hour education requirement. Applicants should demonstrate that their education involved coverage of the topics listed below with particular emphasis on the appraisal of one to four unit residential properties.

(i) Influences on Real Estate Value

- (ii) Legal Consideration in Appraisal
- (iii) Types of Value
- (iv) Economic Principles
- (v) Real Estate Market and Analysis
- (vi) Valuation Process
- (vii) Property Description
- (viii) Highest and Best Use Analysis
- (ix) Appraisal Statistical Concepts
- (x) Sales Comparison Approach
- (xi) Site Valuation
- (xii) Cost Approach
- (xiii) Income Approach
- (xiv) Valuation of Partial Interests
- (xv) Appraisal Standards and Ethics

6. Every applicant for a Licensed Real Property Appraiser license who submits an application on or after January 1, 2008 must submit satisfactory evidence that the education courses completed comply with the requirements of paragraphs 1-4 above and must demonstrate that he or she has completed 150 classroom hours of education in the following subjects:

- (i) 30 Hours Basic Appraisal Principals
- (ii) 30 Hours Basic Appraisal Procedures
- (iii) The 15 hour National USPAP course or its equivalent as determined by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately proceeding the date the application is filed with the Board.
- (iv) 15 Hours Residential Market Analysis and Highest and Best Use

(v) 15 Hours Residential Appraiser Site Valuation and Cost Approach

(vi) 30 Hours Residential Sales Comparison and Income Approaches

(vii) 15 Hours Residential Report Writing and Case Studies

The 75 hours of appraisal education submitted with an Alabama Trainee Real Property Appraiser or Alabama State Registered Real Property Appraiser application may be used in meeting the education requirements set out herein.

(d) **Certified Residential Real Property Appraiser.**
For applications submitted prior to December 31, 2007, a minimum of one hundred and thirty-five classroom hours, which may include the hours required for previous licensure, of courses in subjects related to real estate appraisal which shall include 15 hours of Uniform Standards of Professional Appraisal Practice. Any USPAP course submitted to fulfill this requirement which is completed on or after January 1, 2003 must be the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately preceding the date the application is filed with the Board.

1. A classroom hour is defined as fifty minutes out of each sixty minute out of each sixty minute segment.

2. Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering. Credit for the classroom hour requirement may only be granted if the applicant includes with his application a copy of the transcript or certificate of completion and evaluation of the instructor and course for which he is claiming credit.

3. Credit for a classroom hour requirement may be obtained from the following:

(i) Colleges or Universities, accredited by SACS or an equivalent United States organization;

(ii) Community or Junior Colleges, accredited by SACS or an equivalent United States organization;

- (iii) Real Estate Appraisal or Real Estate Related Organizations;
- (iv) State or Federal Agencies or Commissions;
- (v) Propriety Schools licensed by the Alabama Department of Education or similar agency in the state where the proprietary school is located;
- (vi) Other providers approved by the Board.

4. Qualifying education must have been obtained within ten years immediately prior to the application date.

5. Various appraisal courses may be credited toward the one hundred-twenty classroom hour education requirement. Applicants should demonstrate that their education involved coverage of the topics listed below with particular emphasis on the appraisal of one to four unit residential properties.

- (i) Influences on Real Estate Value
- (ii) Legal Consideration in Appraisal
- (iii) Types of Value
- (iv) Economic Principles
- (v) Real Estate Market and Analysis
- (vi) Valuation Process
- (vii) Property Description
- (viii) Highest and Best Use Analysis
- (ix) Appraisal Statistical Concepts
- (x) Sales Comparison Approach
- (xi) Site Valuation
- (xii) Cost Approach
- (xiii) Income Approach
- (xiv) Valuation of Partial Interests
- (xv) Appraisal Standards and Ethics

6. Every applicant for a Certified Residential Real Property Appraiser license who submits an application on or after January 1, 2008 must submit satisfactory evidence that the education courses completed comply with the requirements of paragraphs 1-4 above and must demonstrate that he or she has completed the following education requirements:

(i) An Associate degree or higher from a college, junior college, community college or university accredited by the Southern Association of Colleges and Schools or a similar recognized entity within the United States; or

(ii) Proof of completion of 21 semester hours of all the following collegiate subjects from a college, junior college, community college or university accredited by the Southern Association of Colleges and Schools or a similar recognized entity within the United States:

1. English Composition;
2. Principals or Economics (Micro or Macro);
3. Finance;
4. Algebra, Geometry, or higher mathematics;
5. Statistics;
6. Introduction to Computers-Word Processing/spreadsheets; and
7. Business or Real Estate Law; and

A minimum of 200 classroom hours of Board-approved appraisal education in the following subjects:

- (iii) 30 Hours Basic Appraisal Principals
- (iv) 30 Hours Basic Appraisal Procedures
- (v) The 15 hour National USPAP course or its equivalent as determined by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately proceeding the date the application is filed with the Board.
- (vi) 15 Hours Residential Market Analysis and Highest and Best Use

- (vii) 15 Hours Residential Appraiser Site Valuation and Cost Approach
- (viii) 30 Hours Residential Sales Comparison and Income Approaches
- (ix) 15 Hours Residential Report Writing and Case Studies
- (x) 15 Hours Statistics, modeling and Finance
- (xi) 15 Hours Advanced Residential Applications and Case Studies
- (xii) 20 Hours Appraisal Subject Matter Electives

Appraisal education submitted with a prior application for an Alabama Real Property Appraiser license may be used in meeting the education requirements set out herein.

Education previously approved by the Board for any licensure classification is deemed to meet the AQB appraiser qualifications for licensure at the level for which an application was submitted provided that applicant successfully passed the state license examination and a license was issued to the applicant. That education need not be repeated to satisfy the education requirements for a higher level of licensure by the applicant.

While education is deemed sufficient to meet the education requirement of the AQB on or after January 1, 2008, applicants should be aware that the state license examination which will be administered to all applicants on or after January 1, 2008 presumes that the applicant has the knowledge expected to be gained through the course curriculum required to be completed beginning January 1, 2008,

(e) **Certified General Real Property Appraiser.** For application submitted on or before December 31, 2007, a minimum of one hundred and eighty classroom hours, which may include the hours required for previous licensure, of courses in subjects related to real estate appraisal which shall include 15 hours of Uniform Standards of Professional Appraisal Practice. Any USPAP course submitted to fulfill this requirement which is completed on or after January 1, 2003 must be the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately preceding the date the application is filed with the Board.

1. A classroom hour is defined as fifty minutes out of each sixty minute segment.

2. Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering. Credit for the classroom hour requirement may only be granted if the applicant includes with his application a copy of the transcript or certificate of completion and evaluation of the instructor and course for which he is claiming credit.

3. Credit for a classroom hour requirement may be obtained from the following:

(i) Colleges or Universities, accredited by SACS or an equivalent United States organization;

(ii) Community or Junior Colleges, accredited by SACS or an equivalent United States organization;

(iii) Real Estate Appraisal or Real Estate Related Organizations;

(iv) State or Federal Agencies or Commissions;

(v) Propriety Schools licensed by the Alabama Department of Education or similar agency in the state where the proprietary school is located;

(vi) Other providers approved by the Board.

4. Qualifying education must have been obtained within ten years immediately prior to the application date.

5. Various appraisal courses may be credited toward the hundred eighty classroom hour education requirement. Applicants should demonstrate that their education involved coverage of the topics listed below with particular emphasis on the appraisal of non-residential properties.

(i) Influences on Real Estate Value

(ii) Legal Consideration in Appraisal

(iii) Types of Value

(iv) Economic Principles

- (v) Real Estate Market and Analysis
- (vi) Valuation Process
- (vii) Property Description
- (viii) Highest and Best Use Analysis
- (ix) Appraisal Statistical Concepts
- (x) Sales Comparison Approach
- (xi) Site Valuation
- (xii) Cost Approach
- (xiii) Income Approach
- (xiv) Valuation of Partial Interests
- (xv) Appraisal Standards and Ethics

6. Every applicant for a Certified General Real Property Appraiser license who submits an application on or after January 1, 2008 must submit satisfactory evidence that the education courses completed comply with the requirements of paragraphs 1-4 above and must demonstrate that he or she has completed the following education requirements:

(i) A Bachelor's degree or higher from a college or university accredited by the Southern Association of Colleges and Schools or a similar recognized entity within the United States; or

(ii) Proof of completion of 30 semester credit hours of all the following collegiate subjects from a college, junior college, community college or university accredited by the Southern Association of Colleges and Schools or a similar recognized entity within the United States:

- 1. English Composition;
- 2. Micro Economics;
- 3. Macro Economics;
- 4. Finance;

5. Algebra, Geometry, or higher mathematics;
6. Statistics;
7. Introduction to Computers-Word Processing/spreadsheets; and
8. Business or Real Estate Law;
9. Two Elective Courses in accounting, geography, ageconomics, business management, or real estate; and

A minimum of 300 classroom hours of education in the following subjects:

- (iii) 30 Hours Basic Appraisal Principals
- (iv) 30 Hours Basic Appraisal Procedures
- (v) The 15 hour National USPAP course or its equivalent as determined by the AQB. The USPAP course which fulfills this requirement must have been completed within 24 months immediately proceeding the date the application is filed with the Board.
- (vi) 30 Hours General Appraiser Market Analysis and Highest and Best Use
- (vii) 30 Hours General Appraiser Site Valuation and Cost Approach
- (viii) 30 Hours General Appraiser Sales Comparison Approach
- (ix) 60 Hours General Appraiser Income Approach
- (x) 15 Hours Statistics, Modeling and Finance
- (xi) 30 Hours General Appraiser Report Writing and Case Studies
- (xii) 30 Hours Appraisal Subject Matter Electives

Appraisal education submitted with a prior application for a Real Property Appraiser license may be used in meeting the education requirements set out herein if the applicant was issued a license as a result of that application.

f. Education previously approved by the Board for any licensure classification is deemed to meet the AQB appraiser qualifications for licensure at the level for which an application was submitted provided that applicant successfully passed the state license examination and a license was issued to the applicant. That education need not be repeated to satisfy the education requirements for a higher level of licensure by the applicant.

g. While education is deemed sufficient to meet the education requirement of the AQB on or after January 1, 2008, applicants should be aware that the state license examination which will be administered to all applicants on or after January 1, 2008 presumes that the applicant has the knowledge expected to be gained through the course curriculum required to be completed beginning January 1, 2008,

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: New Rule: Filed May 18, 2007; effective June 22, 2007.

780-X-3-.07 **When Applications Are Received.** The Board will consider an application received by the date the application is postmarked if:

(1) The application is completed according to instructions;

(2) The correct fees are attached;

(3) The education claimed is valid education and meets the criteria in effect on the date of the postmark;

(4) The experience claimed is verified to meet the criteria in effect on the date of the postmark.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: New Rule: Filed May 18, 2007; effective June 22, 2007.

**ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE**

**CHAPTER 780-X-4
FEES**

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780-X-4-.01 **Method Of Payment.** Fees shall be payable to the Alabama Real Estate Appraisers Board, Montgomery, Alabama. Payment of fees should be made by checks (personal, company or cashier's). No cash will be accepted as payment of fees. Applications not accompanied by the proper fee will be returned to the applicant.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-6 through 34-27A-8.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-4-.02 **Application And License Fees.** In addition to any amount in excess of \$25.00 which may be required to be forwarded to the appropriate federal agency by the Board, the Board shall set and regulate fees necessary for its operation as a self-sustaining Board. Annual license fees will be payable during September each year. Beginning renewal period September 1, 2005, the fees for license and certification are as follows:

(a) Trainee Real Property Appraiser: Application Fee: \$125.00. Annual License fee: \$275.00.

(b) State Registered Real Property Appraiser:
Application Fee: \$250.00. Annual License fee: \$275.00.

(c) Licensed Real Property Appraiser: Application
Fee: \$250.00. Annual License fee: \$275.00

(d) Certified Residential Real Property Appraiser:
Application Fee: \$250.00. Annual License fee: \$275.00.

(e) Certified General Real Property Appraiser:
Application Fee: \$250.00. Annual License fee: \$275.00.

(f) Delinquent charge if annual license fee is not
paid by September 30: \$50.00

(g) Additional delinquent charge if annual license fee
is not paid by March 31: \$200.00

(h) Mentor status application: Application Fee:
\$200.00. (This is a one-time fee for approval as a Mentor and
does not have to be repeated unless Mentor status is revoked
through a disciplinary action.)

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-6.

History: **Emergency adoption** filed February 15, 1991; effective
February 18, 1991. **Permanent adoption** filed April 8, 1991;
effective May 15, 1991. **Emergency adoption** filed
October 21, 1992; effective October 22, 1992. **Permanent adoption**
filed December 18, 1992; effective January 22, 1993. **Amended:**
Filed April 21, 1994. **Emergency adoption:** Filed May 5, 1994;
effective June 1, 1994. **Amended:** Filed June 22, 1994; effective
July 27, 1994. **Amended:** Filed May 24, 1995; effective
June 28, 1995. **Amended:** Filed January 11, 1996; effective
February 15, 1996. **Amended:** Filed January 16, 1997; effective
February 20, 1997. **Amended:** Filed December 4, 2003; effective
January 8, 2004. **Amended:** Filed April 7, 2006; effective
May 12, 2006. **Amended:** Filed July 24, 2006; effective
August 28, 2006.

780-X-4-.03 **Examination Fees.** The examination fee as provided
by §34-27A-8, Code of Ala. 1975, shall be set from time to time
by the Board by resolution.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-8.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-4-.04 **Fees Not Refundable.** No fee, or part of any fee, paid by any applicant for application or examination will be returned to the applicant, either in the event of his/her failure to take the examination, or in the event of his failure to pass the required examination, if and when given.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-8.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-4-.05 **Renewal Fee.** The renewal fees shall be set from time to time by Board resolution, as provided in §34-27A-15, Code of Ala. 1975.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-15.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-4-.06 **Registry.** The fee for a copy of the annual registry shall be set from time to time by Board resolution.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** filed November 20, 1992; effective December 26, 1992.

780-X-4-.07 **Education.** In compliance with Code of Ala. 1975, §34-27A-11 and §34-27A-19, the fees for evaluation of education applications for instructors and courses shall be set by the Board in accordance with Rule 780-X-5-.01(d)(4)(ii).

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-11, 34-27A-19.

History: Proposed rule filed January 20, 1994; Permanent adoption filed March 14, 1994; effective April 18, 1994.

780-X-4-.08 **Miscellaneous Fees.**

- | | | |
|-----|-------------------------|---------|
| (a) | For a copy of USPAP: | \$10.00 |
| (b) | Letter of Good Standing | \$10.00 |
| (c) | Registry: | \$10.00 |
| (d) | Return check fee | \$30.00 |
| (e) | Labels: | \$10.00 |

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: New Rule: Filed May 18, 2007; effective June 22, 2007.

ALABAMA REAL ESTATE APPRAISERS BOARD
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CHAPTER 780-X-5
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780-X-5-.01 Curricula Approved By The Board. (Repealed)
Author: Alabama Real Estate Appraisers Board
Statutory Authority: Code of Ala. 1975, §34-27A-11.
History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed June 18, 1992; effective July 23, 1992. **Amended:** Filed March 14, 1994; effective April 18, 1994. **Emergency adoption:** Filed May 5, 1994; effective June 1, 1994. **Repealed and Replaced:** Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed January 11, 1996; effective February 15, 1996. **Repealed and Replaced:** Filed May 20, 1996; effective June 25, 1996. **Amended:** Filed January 16, 1997; effective February 20, 1997. **Amended:** Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed December 4, 2003; effective January 8, 2004. **Repealed:** Filed May 18, 2007; effective June 22, 2007.

780-X-5-.02 Board Approval Of Courses. All courses taught in the State of Alabama must be approved by the Alabama Real Estate Appraisers Board for the student to receive credit by the Board for licensure or continuing education for the course.

1. In compliance with 34-27A-5(b)(13), any approved licensure course must meet the Appraiser Qualification Board (AQB) criteria adopted by the Board for the education cycle submitted for approval and must be a least fifteen hours in length with an exam, save and except continuing education courses. If the course is approved for licensure, it is automatically approved for continuing education credit and may be submitted by the licensee for continuing education credit. The Board will consider for approval only those courses which meet the module approach to course description as defined by the AQB.

2. Any approved continuing education course or seminar must be at least two hours in length and approved by the Board.

3. The Board may grant approval for appraisal related courses and instructors, offered by schools accredited by the Southern Association of Colleges and Schools (SACS), that are taught as part of the college, junior college, community college or university's curriculum without application and payment of fees for approval by the institution.

4. If the school is not accredited by SACS, the provider, course and all instructors must be approved by the board, in writing, prior to teaching the course, for approval of the credit for licensure or continuing education.

5. Approval may also be granted for courses and/or seminars offered by Community or Junior colleges. If the school is accredited by SACS, and the course is a part of the curriculum, the course is approved without necessity of evaluation by the Board. The instructor requires approval by the Board.

6. Approval may also be granted for courses and/or seminars from Real Estate Appraisal or related organizations, state or federal agencies or commissions, proprietary schools, or other providers approval by the Board. The Board may waive application and payment of evaluation fees for approval of courses taught by these entities.

7. All applications for approval of educational offering shall be made on forms provided by the Board and accompanied by a course approval certificate issued by the Appraisal Qualifications Board (AQB), a course outline or syllabus, the textbook, any handouts, a final examination, if applicable. No other applications will be accepted. Applicants may duplicate forms or enclose additional information for

clarification. Applications that are not properly completed, that do not contain all the necessary information or have the correct fees will not be processed and will be returned to the applicant.

8. Approval of educational offerings is for a two-year period. The two-year cycle ends September 30, 1994 and every two-year period thereafter. Approval for one cycle does not automatically mean approval for any other cycle.

9. All educational offerings will be reviewed by the Executive Director. If recommended for approval by the Executive Director, the educational offering will be submitted to the Board for approval at the next regularly scheduled Board meeting. Approval by the Board is required.

(i) If the educational offering is deemed unacceptable by the Executive Director, the Executive Director must submit the reason or reasons to the Board why the educational offering was found to be unacceptable. If the Board agrees that the educational offering is unacceptable, then the applicant will be provided with reason or reasons for denial.

(ii) The applicant will have 30 days from date of denial to submit a request for a hearing before the Board for reconsideration.

(iii) The Board shall provide a hearing for the course provider within 60 days of the request for a hearing.

(iv) The Board shall notify the course provider of the results of the hearing within 10 days of the conclusion of the hearing.

11. Bi-annual application fees are set by the Board. Review of each educational offerings [offering] (course or seminar) for pre-license or continuing education is \$5.00 per educational hour. These fees are non-refundable.

12. All approved courses are subject to review at any time after approval by the Alabama Real Estate Appraisers Board for compliance with AQB criteria. In the event of such a review, school or course provider officials shall make available to the authorized representative of the Board all records requested which are necessary to the review. Any action by the Board which limits or restricts approval of courses during the two-year approval cycle shall entitle the school or course provider to a hearing before the Board for reconsideration of the restriction or limitation. The request for a hearing shall be made by the

school or course provider in writing to the Board on or before 30 days of notice to the school or course provider of the restriction or limitation. Notice shall be deemed complete of the day of mailing of the notice to the school or course provider.

13. For the education approval cycle which begins on August 1, 2007, all courses submitted for approval as a licensure course must comply with the AQB module for approved licensure education. Courses will continue to be approved for two-year cycles.

14.(i) **Distance Education Courses.** Distance education is a course(s) in which instruction does not take place in a traditional classroom setting but rather through other media in which teacher and student are separated by distance and sometimes by time.

(ii) The Board approves distance education courses for which the applicant provides satisfactory documentation that the International Distance Education Certification Center (IDECC) has certified the course as meeting its distance education standards for course design and delivery mechanism and the course content meets the content requirements of the Board. Any Board approval based on such an IDECC certification will cease immediately upon notice from IDECC that certification of the course has been discontinued for any reason.

(iii) In distance education courses, a classroom hour is defined as fifty minutes of instruction out of each sixty-minute segment.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: New Rule: Filed May 20, 1996; effective June 25, 1996.

Amended: Filed May 23, 2000; effective June 27, 2000. **Amended:**

Filed December 4, 2003; effective January 8, 2004. **Amended:**

Filed May 18, 2007; effective June 22, 2007.

780-X-5-.03 Classroom Facilities. All courses, except Board approved on-line, internet courses, must be conducted in a facility that provides an appropriate learning environment. At minimum, the classroom must:

(1) Be sufficient size to accommodate comfortably all enrolled students.

(2) Be adequately equipped with student desks, worktables with chairs or other seating having a writing surface. Continuing education classes may not be required to meet this section.

(3) Have adequate light, hearing, cooling, ventilation and as needed public address equipment.

(4) Be free of distractions and irrelevant material that disrupt class sessions.

(5) Be accessible to persons with disabilities as required by the Americans with Disabilities Act.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: New Rule: Filed May 20, 1996; effective June 25, 1996.

Amended: Filed June 22, 1999; effective July 27, 1999.

780-X-5-.04 Requirements For The Approval Of Instructors And Assistant Instructors.

(1) All instructors and assistant instructors must be approved, in writing prior to teaching, by the Board.

(2) Approval of the instructor or assistant instructor is for a two-year period. The approval cycle ends September 30, 1994 and every two years thereafter. Approval for one cycle does not automatically mean approval for any other cycle.

(3) The Board may approve an instructor or appraisal course taught for credit at a SACS accredited four-year college or university.

(4) Applications for instructors and assistant instructors must be made on forms provided by the Board. No applications made otherwise will be accepted. Applicants may duplicate the forms or enclose additional information for clarification of experience or qualifications.

(5) Instructors must have education experience, preferably a BS degree and record of having taught the course twice or courses substantially similar in content to the course for which he or she is seeking approval. If the instructor has not taught the course before, he or she must have assisted in teaching the course four times. The exception is a new course that has little or not history of instruction. All instructors

for USPAP courses must be certified by the AQB as having successfully completed the USPAP Instructor course administered by the AQB.

(6) Assistant instructors must be present during the complete course presentation and must provide assistance to the primary instructor in order to receive credit toward becoming an instructor.

(7) Instructors must provide students with a signed uniform request for licensure and continuing education credit. The form will be retained by the student to be filed with the student's renewal form or original application.

(8) Instructor or assistant instructor should not have been found guilty of violating any provision of the Alabama Real Estate Appraisers Act, or any rule, regulation or order of the licensing authority in any state. Violations may result in the denial of the Instructor or Assistant Instructor Application.

(9) All instructors and assistant instructors may be periodically reviewed and evaluated by the Alabama Real Estate Appraisers Board.

(10) All instructor and assistant instructor applications will be reviewed by the Executive Director. If recommended for approval by the Executive Director the applications will be submitted to the Board for approval at the next regularly scheduled Board meeting. Approval by the Board is required.

(11)(a) If the instructor or assistant instructor application is deemed unacceptable by the Executive Director, the Executive Director must provide the Board with the reason or reasons why the instructor or assistant instructor was found unacceptable. If the Board agrees with the finding of the Executive Director, then the applicant will be provided with the reason or reasons for denial.

(b) The applicant will have 30 days from date of denial to submit a request for a hearing before the Board for reconsideration.

(c) The Board shall provide a hearing for a applicant within 60 days of the request for a hearing.

(d) The Board shall notify the applicant of the results of the hearing within 10 days of the conclusion of the hearing.

(12) The approval instructor must notify the Alabama Real Estate Appraisers Board in writing within seven days prior to the class, each time a guest instructor will teach the class during the approved instructor's absence. Notification must take place prior to the class meeting. In cases of emergencies, instructors may notify the Board by telephone prior to the class meeting and then follow with written confirmation within the next three (3) business days. Notification must include the name of the guest instructor and the date the guest instructor will teach. Guest instructors must abide by the same standards established for the approved instructors.

(13) Guest instructors with expertise in particular areas may be used. These guest instructors will be for a short or limited time. An approved instructor must be present at all times. Guest instructors do not require Board approval. However, the approved instructor is responsible for the guest instructor's conduct.

(14) Bi-annual application fees are set by the Board. Evaluation of each instructor and each assistant instructor for each licensure (minimum of fifteen hours) is \$50.00. Evaluation of each instructor or each assistant instructor for each course or seminar (minimum of two hours) for continuing education is \$25.00.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: New Rule: Filed May 20, 1996; effective June 25, 1996.

Amended: Filed May 23, 2000; effective June 27, 2000. **Amended:** Filed December 4, 2003; effective January 8, 2004.

780-X-5-.05 Disciplinary Actions For Instructors. The Board may withdraw the approval of any instructor or assistant instructor who:

(1) Is a party to any falsification of any document or other information provided to the Board.

(2) Publishes or causes to be published any advertising which is not in accordance with the requirements of the Board.

(3) Is guilty or has been found guilty of violating or disregarding any provision of the Alabama Real Estate Appraisers Act or any rule, regulation or order of the Board.

(4) After receiving written warning from the Board, continues to make inaccurate comments to students regarding course content or continues to offer opinions represented as being the law or principles of law to students which are in conflict with any material contained in a Board prescribed continuing education course.

(5) Awards a certificate of completion to any student who fails to comply with the student attendance requirements. A classroom hour is defined as fifty minutes out of each sixty-minute segment.

(6) Fails to comply with the classroom facilities requirement set forth in Rule 780-X-5-.03.

(7) Loses certification by the AQB as a certified USPAP instructor if approval as an instructor has been made based upon that certification.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: New Rule: Filed May 20, 1996; effective June 25, 1996.

Amended: Filed December 4, 2003; effective January 8, 2004.

780-X-5-.06 Removal Of Course Provider And/Or Instructor. The Alabama Real Estate Appraisers Board will continue its efforts to protect the public welfare of Alabama citizens as required by Federal and State laws by approving course providers, instructors and assistant instructors. This will be accomplished by periodic monitoring of courses approved by the Board. The purpose of monitoring is to provide quality education to the citizens of the State of Alabama. This monitoring may result in disciplinary procedure.

(1)(a) A course provider, instructor or assistant instructor will be notified by the Board of complaints and/or monitoring complaints that may result in counseling, censure, probation or removal of the instructor, assistant instructor and/or the course provider. The nature of the complaint, and intended action in compliance with the Administrative Procedures Act, shall be detailed to the instructor, assistant instructor and/or course provider.

(b) The instructor, assistant instructor and/or course provider shall notify the Executive Director within 30 days of the notice of a request for a hearing with the Board.

(c) The Board shall schedule a hearing within 60 days of the request for a hearing.

(d) The Board shall notify the instructor, assistant instructor and/or course provider of the results of the hearing within 30 days.

(2) Hearings will be conducted in accordance with rules established in 780-X-14-.03, 780-X-14-.04, 780-X-14-.05 and 780-X-14-.06.

(3) The instructor or assistant instructor may file an application for a rehearing in accordance with §41-22-17 of the Code of Ala. 1975.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: New Rule: Filed May 20, 1996; effective June 25, 1996.

Amended: Filed May 23, 2000; effective June 27, 2000.

780-X-5-.07 Monitors For All Courses And Instructors.

Monitors are a means by which the Board can respond to complaints concerning instructors or courses. Complaints may originate from the Board, students, the general public and/or evaluation forms completed by the students.

(1) Monitors shall be selected from The State of Alabama Registry. This is the official Registry of all appraisers licensed in Alabama.

(2) Monitors may be selected by any member of the Alabama Real Estate Appraisers Board with Board approval.

(3) Monitors will provide a written report to the Board about the course and the instructors. The report will provide information about the educational offering's quality, content and degree of relevance to the appraisal profession. The report will provide information about the instructors knowledge and ability as an instructor.

(4) Monitors will not be known to the instructor or course provider. This will be done to provide an unbiased opinion about the course and instructors. The purpose is to provide for the monitoring of a class without interrupting the instructors style or method of presenting the material. An additional purpose of monitoring is to provide an unbiased report about the course and the instructor or instructors.

(5) Should there be just cause for further action, then a summary of the report prepared by the monitor shall be made available to the course provider or instructor.

(6) Monitor approved by the Board acts as an agent of the Board for the limited purpose of performing the functions of this section.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: New Rule: Filed May 20, 1996; effective June 25, 1996.

780-X-5-.08 School And Course Provider Advertising Requirements.

(1) Schools or course providers approved by the Alabama Real Estate Appraisers Board may advertise course offerings. However, the school or course providers shall not utilize advertising of any type which is false, inaccurate, or misleading and must be able to substantiate any claims made in the advertisement.

(2) Advertising requirements for all approved schools and course providers are as follows:

(a) No person shall make, or cause to be made, any statement, or representation, oral, written, or visual in connection with the operation of a school or the offering of a course, if such person knows or reasonably should know the statement or representation to be false, inaccurate, or misleading.

(b) No school or course provider shall utilize advertising of any type which is false, inaccurate or misleading.

(c) Publicity shall be based upon relevant facts and supporting evidence.

(d) A guarantee of placement for graduates shall not be promised or implied except as follows: No person shall promise or guarantee employment utilizing information, training, or skills purported to be provided or otherwise enhanced by a course or school unless each person offers the student or prospective student a bona fide contract of employment agreeing to employ said student or prospective student for a period of not less than six (6) months in a business or other enterprise regularly conducted by him and in which such information, training, or skills is a normal condition of employment.

(e) Schools and course providers shall not advertise an approved course or course provider in conjunction with any non "real estate related" business.

(f) No school or course provider shall advertise or claim that it will train students completely in any given length of time.

(g) No school or course provider may advertise that it is endorsed by manufacturers or business establishments.

(h) No references whatsoever will be made in any advertisement as to the "pass/fail ration" with any licensing or certification body by any school or course provider approved by the Alabama Real Estate Appraisers Board.

(i) There shall be not advertising which guarantees or alludes to a guarantee of passing the state examination.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: New Rule: Filed May 20, 1996; effective June 25, 1996.

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CHAPTER 780-X-6
EXPERIENCE

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780-X-6-.01 Qualifying Experience - Trainee Real Property Appraiser. No appraisal experience is required before an applicant is approved for this classification.
Author: Alabama Real Estate Appraisers Board
Statutory Authority: Code of Ala. 1975, §34-27A-11(d).
History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Proposed New Rule:** Filed April 21, 1994
Emergency adoption: Filed May 5, 1994; effective June 1, 1994.
Repealed and Replaced: Filed June 22, 1994; effective July 27, 1994. **Repealed and Replaced:** February 23, 1998; effective March 30, 1998. **Amended:** Filed May 18, 2007; effective June 22, 2007.

780-X-6-.02 Qualifying Experience - State Registered Real Property Appraiser. As of the date the application is filed with the Board, a minimum of 1000 hours or 100 points of appraisal experience is necessary for approval for this license. In evaluating experience offered as qualifying experience under Code

of Ala. 1975, §34-27A-11, the Board will look for the following minimum experience:

(a) Points or Hours Required Per Year. One years experience will require proof of completion of at least 100 pints of approved appraisals. A total of 100 points or 1000 hours is required for a State Registered License. Experience shall be recorded on the log contained in the application. The log must contain all appraisals the applicant has signed or is entitled to claim for experience credit, beginning with the most recent appraisals (up to and including the date the application is filed with the Board) and going back, up to 5 years, until the required number of experience points is documented.

(b) Residential and Non-Residential Appraisals Counted. Appraisals of both residential and non-residential properties can be included in the experience points necessary for the State Registered License. Experience for a dwelling (residential appraisal) will be awarded only if there is an interior and exterior inspection.

(c) One Years Experience. A minimum of one calendar years experience shall be required for Licensure. Experience credit will be given for appraisals completed within the last five years.

(d) USPAP Compliance. Appraisals must comply with USPAP for points to be awarded for experience credit. The Board will select a representative sample of appraisals from the logs submitted by the applicant. The applicant will submit the selected sample for the Board to examine for compliance with USPAP. If the sample complies with USPAP the Board will consider that all of the experience submitted by applicant complies with USPAP. A determination by the Board that the sample does not comply with USPAP shall be presumptive that all of the appraisals submitted for experience credit do not comply with USPAP. The applicant then has the burden and shall have the opportunity to demonstrate that the experience claimed is USPAP compliant at a reconsideration hearing held pursuant to Rule 780-X-3-.05.

(e) State Registered Appraisal Points or Hours. State Registered appraisal points shall be awarded as follows:

- | | | |
|----|--------------------------------------|----------------------|
| 1. | one unit dwelling (including a site) | 1 point or 10 hours |
| 2. | two to four unit dwelling | 2 points or 20 hours |
| 3. | residential lot (1-4 family) | ½ point or 5 hours |

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- | | | |
|-----|---|---|
| 4. | residential subdivision sites
(NOT TO EXCEED FIVE POINTS) | ½ point or 5 hours
per lot |
| 5. | farm or timber acreage suitable
for a house site less than 10
acres

10-100 acres

over 100 acres | 1 point or 10 hours

2 points or 20 hours

3 points or 30 hours |
| 6. | all other unusual structures,
acreages, which are much larger
or more complex than typical
properties described herein
items 1 to 4 and 6

The prorated number of points or
hours of each co-signed report,
review, shall be awarded to each
signer of the report. | submitted to committee
for determination ½
to 5 points |
| 7. | review appraisals shall be worth
20% of the points or hours
awarded to the appraisal. | |
| 8. | restricted appraisal reports
shall not exceed 25% of required
experience points or hours. | |
| 9. | Rural residence - one unit
primary dwelling. 10 acres or
less | 1 point or 10 hours |
| 10. | Ranchette - Part time rural use 10
to 25 acres with main dwelling
and outbuildings such as
additional residence, barns or
other outbuildings | 3 points or 30 hours |

Points or hours for non-residential appraisals shall also be awarded pursuant to section 780-X-6-.05 below.

(f) Appraisal Affidavits

1. Proof of appraisal affidavit will be submitted by the applicant as a notarized affidavit to include subject property address (street, lot square, subdivision, county) date of appraisal report, property type (including units, lots, acres), gross building area, client (name, contact person, address and telephone number), purpose of report with a tally of the points or hours being required by the applicant, description

of work performed by the applicant and scope of the review and supervision of the supervising appraiser; number of actual work hours by the applicant on the assignment, signature and state certification number of the supervising appraiser if applicable and any other information deemed appropriate by the committee.

2. Verification of experience can include any or all of:

(a) client verification of report at discretion of the committee.

(b) Submission of selected reports to the committee upon request as part of certification process where the report remains the property of the appraiser.

(c) Field inspection of all reports identified by the applicant at their offices during normal business hours.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: Repealed and Replaced: Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed June 18, 2003; effective July 23, 2003. **Amended:** Filed July 20, 2007; effective August 24, 2007. **Amended:** Filed November 25, 2008; effective December 30, 2008.

780-X-6-.03 Qualifying Experience -Licensed Real Property Appraiser. As of the date the application is filed with the Board, a minimum of 2,000 hours or 200 points appraisal experience is necessary for approval of a Licensed Real Property Appraiser license. Experience shall be recorded on the log contained in the application. The log must contain all appraisals the applicant has signed or is entitled to claim for experience credit, beginning with the most recent appraisals (up to and including the date the application is filed with the Board) and going back, up to 5 years, until the required number of experience points is documented. In evaluating experience offered as qualifying experience under Code of Ala. 1975, §34-27A-11, the Board will look for the following minimum experience:

(a) Residential and Non-Residential Appraisals Counted. Appraisals of both residential and non-residential properties can be included in the experience points necessary for the State Licensed Real Property Classification. Experience for a dwelling (residential appraisal) will be awarded only if there is an interior and exterior inspection.

(b) Two Years Experience. A minimum of two-calendar years experience shall be required for this classification. All experience points cannot be earned in one calendar year. Experience credit will be given for appraisals completed within the last five years.

(c) USPAP Compliance. Appraisals must comply with USPAP for points to be awarded for experience credit. The Board will select a representative sample of appraisals from the logs submitted by the applicant. The applicant will submit the selected sample for the Board to examine for compliance with USPAP. If the sample complies with USPAP the Board will consider that all of the experience submitted by applicant complies with USPAP. A determination by the Board that the sample does not comply with USPAP shall be presumptive that all of the appraisals submitted for experience credit do not comply with USPAP. The applicant then has the burden and shall have the opportunity to demonstrate that the experience claimed is USPAP compliant at a reconsideration hearing held pursuant to Rule 780-X-3-.05.

(d) Residential Appraisal Points or Hours. Residential appraisal points or hours shall be awarded as follows:

- | | | |
|----|---|--|
| 1. | one unit dwelling (including a site) | 1 point or 10 hours |
| 2. | two to four unit dwelling | 2 points or 20 hours |
| 3. | residential lot (1-4 family) | ½ point or 5 hours |
| 4. | residential subdivision sites
(NOT TO EXCEED FIVE POINTS) | ½ point or 5 hours
per lot |
| 5. | farm or timber acreage suitable
for a house site less than 10 acres | 1 point or 10 hours |
| | 10-100 acres | 2 points or 20 hours |
| | over 100 acres | 3 points or 30 hours |
| 6. | all other unusual structures,
acres, which are much larger
or more complex than typical
properties described herein
items 1 to 4 and 6. | submitted to committee
for determination ½
to 5 points or 5 to
50 hours |

The prorated number of points of each co-signed report, review, article and textbook shall be

awarded to each signed of the report.

7. review appraisals shall be worth 20% of the points awarded to the appraisal.
8. restricted appraisal reports shall not exceed 25% of required experience points.
9. Rural residence - one unit primary dwelling, 10 acres or less 1 point or 10 hours
10. Ranchette - Part time rural use 10 to 25 acres with main dwelling and outbuildings such as additional residence, barns or other outbuildings 3 points Or 30 hours

Points or hours for non-residential appraisals shall also be awarded pursuant to section 780-X-6.05 below.

(e) Appraisal Affidavits

1. Proof of appraisal affidavit will be submitted by the applicant as a notarized affidavit to include subject property address (street, lot square, subdivision, county) date of appraisal report, property type (including units, lots, acres), gross building area, client (name, contact person, address and telephone number), purpose of report with a tally of the points or hours being required by the applicant description of work performed by the applicant and scope of the review and supervision of the supervising appraiser; number of actual work hours by the applicant on the assignment, signature and state certification number of the supervising appraiser if applicable and any other information deemed appropriate by the committee.

2. Verification of experience can include any or all of:

(a) client verification of report at discretion of the committee.

(b) Submission of selected reports to the committee upon request as part of certification process where the report remains the property of the appraiser.

(c) Field inspection of all reports identified by the applicant at their offices during normal business hours.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: Repealed and Replaced: Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed June 18, 2003; effective July 23, 2003. **Amended:** Filed July 20, 2007; effective August 24, 2007. **Amended:** Filed November 25, 2008; effective December 30, 2008.

780-X-6-.04 Qualifying Experience -Certified Residential Real Property Appraiser. As of the date the application is filed with the Board, the equivalent of 2500 hours or 250 points appraisal experience is necessary for approval of a license for Certified Residential Real Property Appraiser classification. Experience shall be recorded on the log contained in the application. The log must contain all appraisals the applicant has signed or is entitled to claim for experience credit, beginning with the most recent appraisals (up to and including the date the application is filed with the Board) and going back, up to 5 years, until the required number of experience points is documented. In evaluation of experience offered as qualified experience under Code of Ala. 1975, §34-27A-11, the Board will take into consideration the following minimum experience:

(a) Residential and Non-Residential Appraisals Counted. Appraisals of both residential and non-residential properties can be included in the experience points or hours necessary for the Certified Residential Real Property Appraiser Classification. Experience for a dwelling (residential appraisal) will be awarded only if there is an interior and exterior inspection.

(b) Two Years Experience. A minimum of twenty-four months experience shall be required for this classification. Experience credit will be given for appraisals completed within the last five years.

(c) USPAP Compliance. Appraisals must comply with USPAP for points to be awarded for experience credit. The Board will select a representative sample of appraisals from the logs submitted by the applicant. The applicant will submit the selected sample for the Board to examine for compliance with USPAP. If the sample complies with USPAP the Board will consider that all of the experience submitted by applicant complies with USPAP. A determination by the Board that the sample does not comply with USPAP shall be presumptive that all of the appraisals submitted for experience credit do not comply with USPAP. The applicant then has the burden and shall have the opportunity to demonstrate that the experience claimed is USPAP compliant at a reconsideration hearing held pursuant to Rule 780-X-3-.05.

(d) Residential Appraisal Points. Residential appraisal point shall be awarded as follows:

- | | | |
|----|---|---|
| 1. | one unit dwelling (including a site) | 1 point or 10 hours |
| 2. | two to four unit dwelling | 2 points or 20 hours |
| 3. | residential lot (1-4 family) | ½ point or 5 hours |
| 4. | residential subdivision sites (NOT TO EXCEED FIVE POINTS) | ½ point or 5 hours per lot |
| 5. | farm or timber acreage suitable for a house site less than 10 acres | 1 point or 10 hours |
| | 10-100 acres | 2 points or 20 hours |
| | over 100 acres | 3 points or 30 hours |
| 6. | all other unusual structures, acreages, which are much larger or more complex than typical properties described herein items 1 to 4 and 6 | submitted to committee for determination ½ to 5 points or 5 to 50 hours |
- The prorated number of points or hours of each co-signed report, review shall be awarded to each signer of the report.
7. review appraisals shall be worth 20% of the points awarded to the appraisal.
 8. restricted appraisal reports shall not exceed 25% of required experience points.
- | | | |
|-----|---|----------------------|
| 9. | Rural residence - one unit primary dwelling, 10 acres or less | 1 point or 10 hours |
| 10. | Ranchette - Part time rural use 10 to 25 acres with main dwelling and out buildings such as additional residence, barns or other outbuildings | 3 points or 30 hours |

Points or hours for non-residential appraisals shall also be awarded pursuant to section 780-X-6.05 below.

(e) Appraisal Affidavits

1. Proof of appraisal affidavit will be submitted by the applicant as a notarized affidavit to include subject property address (street, lot square, subdivision, county) date of appraisal report, property type (including units, lots, acres), gross building area, client (name, contact person, address and telephone number), purpose of report with a tally of the points or hours being required by the applicant description of work performed by the applicant and scope of the review and supervision of the supervising appraiser; number of actual work hours by the applicant on the assignment, signature and state certification number of the supervising appraiser if applicable and any other information deemed appropriate by the committee.

2. Verification of experience can include any or all of:

(a) Client verification of report at discretion of the committee.

(b) Submission of selected reports to the committee upon request as part of certification process where the report remains the property of the appraiser.

(c) Field inspection of all reports identified by the applicant at their offices during normal business hours.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: Repealed and Replaced: Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed June 18, 2003; effective July 23, 2003. **Amended:** Filed July 20, 2007; effective August 24, 2007. **Amended:** Filed November 25, 2008; effective December 30, 2008.

780-X-6-.05 Qualifying Experience -Certified General Real

Property Appraiser. As of the date the application is filed with the Board, the equivalent of three thousand (3000) hours of appraisal experience or 300 points is necessary for approval of a license for the Certified General Real Property classification. Experience shall be recorded on the log contained in the application. The log must contain all appraisals the applicant has signed or is entitled to claim for experience credit, beginning with the most recent appraisals (up to and including the date the application is filed with the Board) and going back, up to 5 years, until the required number of experience points is documented. In evaluation of experience credit offered as qualifying experience under Code of Ala. 1975, §34-27A-11, the Board will take into consideration the following:

(a) Points or Hours Required. A total of 300 points or 3000 hours is required for general certification.

(b) Residential Experience Limited. No more than one hundred fifty points or 1500 hours shall be applied for credit toward a general certification. Experience for a dwelling (residential appraisal) will be awarded only if there is an interior and exterior inspection.

(c) At least thirty months experience. Three hundred points or three thousand hours obtained within at least thirty months shall be required for a general certification, of which at least one hundred fifty points or 1500 hours shall be on non-residential property. Experience credit will be given for appraisals completed within the last five years.

(d) USPAP Compliance. Appraisals must comply with USPAP for points to be awarded for experience credit. The Board will select a representative sample of appraisals from the logs submitted by the applicant. The applicant will submit the selected sample for the Board to examine for compliance with USPAP. If the sample complies with USPAP the Board will consider that all of the experience submitted by applicant complies with USPAP. A determination by the Board that the sample does not comply with USPAP shall be presumptive that all of the appraisals submitted for experience credit do not comply with USPAP. The applicant then has the burden and shall have the opportunity to demonstrate that the experience claimed is USPAP compliant at a reconsideration hearing held pursuant to Rule 780-X-3-.05.

(e) General Appraisal Points. General appraisal points shall be awarded as follows:

1.	Apartments	
	5-20 units	4 points or 40 hours
	21-100 units	8 points or 80 hours
	over 100 units	10 points or 100 hours
2.	Hotels/Motels	
	50 or fewer units	6 points or 60 hours
	51-150 units	8 points or 80 hours
	over 150 units	10 points or 100 hours
3.	Meeting, conference or auditorium	
	20,000 square feet or less	4 points or 50 hours
	over 20,000 square feet	6 points 60 hours

- | | | |
|-----|--|--|
| 4. | Industrial or warehouse building | |
| | 20,00 square feet or less | 4 points 40 hours |
| | over 20,000 square feet | 8 points or 80 hours |
| | over 100,000 square feet and multiple tenant | 10 points or 100 hours |
| 5. | Office Buildings | |
| | 10,000 square feet or less | 6 points or 60 hours |
| | 10,001 square feet or less | 8 points or 80 hours |
| | 10,001 square feet or more and multiple tenants | 10 points or 100 hours |
| 6. | Condominium residences with income Approach to value | |
| | 5 to 30 units | 6 points or 60 hours |
| 7. | Retail Buildings | |
| | 10,000 square feet or less | 6 points or 60 hours |
| | over 10,000 square feet, single tenant | 8 points or 80 hours |
| | over 50,000 square feet and multiple tenants | 10 points or 100 hours |
| 8. | Acreage of non-residential land for Commercial or multiple family use | |
| | Less than 10 acres | 3 points or 30 hours |
| | 100 acres or more | 6 points or 60 hours |
| | 100 acres or more with income approach to value | 8 points or 80 hours |
| 9. | Timber or farm acreage | |
| | 100 to 200 acres | 3 points or 30 hours |
| | over 200 acres | 6 points or 60 hours |
| | over 200 acres with income approach to value | 8 points or 80 hours |
| 10. | All other unusual structures or which are much larger or more complete than the typical properties described herein described herein items (1)-(9) | submitted to committee for determination
1-15 points or 50 to 150 hours |
| 11. | Reviews of appraisals shall be worth 20% of the points or hours awarded to the appraisal. | |
| 12. | Restricted appraisal reports shall not exceed 25% of required experience points. | |

The prorated number of points or hours each co-signed report, review shall be awarded to each signer of the report.

13. No more than 40% of the cumulative points or hours may be earned from any one category items (1)-(10). The applicant may request the waiver of this requirement for unique depth experience in a single area.
14. Pasture or Grazing Enterprises
- | | |
|---------------------|----------------------|
| 25-50 acres | 1 point or 10 hours |
| 50-100 acres | 2 points or 20 hours |
| 100-500 acres | 3 points or 30 hours |
| 500-2,000 acres | 6 points or 60 hours |
| 2,000 acres or more | 8 points or 80 hours |
15. Row Crop Enterprises
- | | |
|---------------------|------------------------|
| 25-50 acres | 2 points or 20 hours |
| 50-100 acres | 3 points or 30 hours |
| 100-500 acres | 4 points or 40 hours |
| 500-2,000 acres | 6 points or 60 hours |
| 2,000 acres or more | 10 points or 100 hours |
16. Orchard, Vineyard, and Plant Nursery Enterprises
- | | |
|-----------------|----------------------|
| 0-50 acres | 2 points or 20 hours |
| 50-100 acres | 4 points or 40 hours |
| 100-500 acres | 5 points or 50 hours |
| 500-2,000 acres | 8 points or 80 hours |
17. Aquaculture Enterprises
- | | |
|-----------------|------------------------|
| 0-50 acres | 4 points or 20 hours |
| 50-100 acres | 6 points or 60 hours |
| 100-500 acres | 8 points or 80 hours |
| 500-2,000 acres | 10 points or 100 hours |
18. Truck Farm Enterprises
- | | |
|-----------------|----------------------|
| 0-50 acres | 2 points or 20 hours |
| 50-100 acres | 4 points or 40 hours |
| 100-500 acres | 6 points or 60 hours |
| 500-2,000 acres | 8 points or 80 hours |
19. Dairy Enterprises
- | | |
|-------------------------|----------------------|
| 0-50 cow milking herd | 4 points or 40 hours |
| 50-100 cow milking herd | 6 points or 60 hours |

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- | | | |
|-----|---|--|
| | 100 and over cow milking herd | 8 points or 80 hours |
| 20. | Diversified agricultural operations of over 500 acres involving two or more of the above enterprises; assuming multiple disciplines are exhibited in the report. | 10 points or 100 hours |
| 21. | Specialized agricultural properties | submitted to committee for determination |
| 22. | Timber and Timber Land Appraisals | |
| | 40-100 acres | 2 points or 20 hours |
| | 100-500 acres | 3 points or 30 hours |
| | 500-2,000 acres | 5 points or 50 hours |
| | 2,000-10,000 acres | 7 points or 70 hours |
| | Over 10,000 acres | submitted to committee for determination |
| 23. | No more than 40% of the cumulative points or hours may be earned from any one category (items 16-24). The applicant may request a waiver of this requirement for unique depth of experience in a single area. | |

(f) Appraisal Affidavits

1. Proof of appraisal affidavit will be submitted by the applicant as a notarized affidavit to include subject property address (street, lot square, subdivision, county) date of appraisal report, property type (including units, lots, acres), gross building area, client (name, contact person, address and telephone number), purpose of report with a tally of the points or hours being required by the applicant description of work performed by the applicant and scope of the review and supervision of the supervising appraiser; number of actual work hours by the applicant on the assignment, signature and state certification number of the supervising appraiser if applicable and any other information deemed appropriate by the committee.

2. Verification of experience can include any or all of:

(a) client verification of report at discretion of the committee;

(b) Submission of selected reports to the committee upon request as part of certification process where the report remains the property of the appraiser;

(c) Field inspection of all reports identified by the applicant at their offices during normal business hours.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-11.

History: Repealed and Replaced: Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed June 18, 2003; effective July 23, 2003. **Amended:** Filed July 20, 2007; effective August 24, 2007. **Amended:** Filed November 25, 2008; effective December 30, 2008.

780-X-6-.06 Qualifying Experience Given For Review Appraisals.

Experience credit will be given for reviewing appraisal pursuant to the following guidelines:

(a) Separate Forms For Reviews. Reviews shall be identified on a separate listing all the information in item six plus the purpose of the review and agency supervisor for the unit requesting the review (address and telephone number).

(b) Points or Hours Associated With Review. Twenty percent of the points associated with the report shall be awarded to the reviewer.

(c) Review Requirements. The review must meet the requirements listed below.

1. In reviewing an appraisal, an appraiser must observe the following specific guidelines:

(a) Identify the report being reviewed, the real estate and real property interest being appraised, the effective date of the opinion in the report being reviewed, and the date of the review;

(b) identify the scope of the review process to be conducted;

(c) form an opinion as to the adequacy and relevance of the data and the propriety of any adjustments to the data;

(d) form an opinion as to the appropriateness of the appraisal methods and techniques used to develop the reasons for any disagreements;

(e) form an opinion as to the correctness and appropriateness of the analyses, opinions, and/or conclusions in

the report being reviewed and developed the reasons for any disagreement.

(f) state in the letter of transmittal whether or not exterior or interior building inspections were made and, if so, when and by whom;

(g) the review must be in writing and include items a-f.

2. In reporting the results of an appraisal review, an appraiser must:

(a) disclose the nature, extent, and detail of the review process undertaken;

(b) disclose the information that must be considered in Paragraphs 1, a and b.

(c) set forth the opinions, reasons, and conclusions required in Paragraphs 1, c, d, and e. No pertinent information shall be withheld.

3. In reviewing an appraisal and reporting the results of that review, an appraiser must separate the review function from any other function.

(d) Maximum Points or Hours For Review. No more than 20 points or 200 hours in reviewing in any one year shall be awarded as experience credit.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-S

History: Repealed and Replaced: Filed February 23, 1998, effective March 30, 1998. **Amended:** Filed May 18, 2007; effective June 22, 2007.

780-X-6-.07 Experience Credit Which May Be Claimed By Military Personnel.

(1) An individual who holds an appraiser license and is a member of any branch of a military reserve unit or the national guard may claim credit for experience obtained more than five (5) years immediately preceding an application for upgrade of his or her license under the following circumstances:

(a) The licensee is deployed to active duty for a declared war or conflict or natural disaster;

(b) The deployment results in a loss of experience credit which could be claimed in support of an upgrade of licensure;

(c) The licensee may claim experience for a time period identical to the period of deployment which may be more than 5 years prior to the application date provided the licensee has retained documentation of the experience in the form of reports or file memoranda shall be available to support the experience claim.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-S

History: New Rule: Filed May 1, 2008; effective June 5, 2008.

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780-X-7-.01 **Statement Of Policy.**

(1) The applicant should give serious attention to the selection of his/her references.

(2) Appraisers under whose direct supervision the applicant has worked should be given as references.

(3) Any Board member may on his or her own initiative, or the Board may request a Board member, a staff employee or others to make an independent investigation of the applicant's qualifications and report his/her findings.

(4) Additional references may be required by the Board.

(5) It is the responsibility of the applicant to assure the timely submission of all reference letters, as well as experience verification forms and educational transcripts. Board action will not be taken until all necessary information has been received.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § 34-27A-5.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991.

780-X-7-.02 **References.**

(1) The applicant shall furnish on his application the names and addresses of at least five references.

(2) At least three of the five references must be currently licensed as a "Licensed Real Property Appraiser," "Certified Residential Real Property Appraiser," or "Certified General Real Property Appraiser."

(3) All references must know the applicant personally and be able to attest to the applicant's experience, ability, character and reputation.

(4) References dated more than one year prior to the date the application is received by the Board will not be considered.

(5) The Board occasionally finds it necessary to correspond directly with a reference to seek clarification or amplification of the reference's original statements, which may have been unfavorable, questionable or simply inadequate to substantiate experience claimed by the applicant. If the reference fails or declines to furnish the necessary information within a reasonable time, all information submitted by that reference may be disregarded in consideration of the application involved.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § 34-27A-5.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. Amended: Filed April 21, 1994. Emergency adoption: Filed May 5, 1994; effective June 1, 1994. Amended: Filed June 22, 1994; effective July 27, 1994.

780-X-7-.03 **Confidentiality Of Reference Replies.** Those replies received from references regarding the qualifications of an applicant shall be included as records which do not constitute "public records" as provided for in Rule 780-X-1-.14, and such replies will be held confidential.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § 34-27A-5.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991.

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CHAPTER 780-X-8
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780-X-8-.01 Eligibility For Examination.

(1) **Licensed Real Estate Appraiser.** To be eligible to sit for the examination for licensure for any classification of real property appraiser, the applicant must provide evidence satisfactory to the Board of possessing the educational qualifications and qualifying experience outlined in the Administrative Code, Chapters 780-X-5 and 780-X-6. In addition, the applicant must:

(a) be at least nineteen years old and possess a high school diploma or equivalent;

(b) be a United States citizen or an alien with permanent resident status;

(c) if a non-resident of the State of Alabama, agrees to sign an affidavit submitting to service of process in Alabama; submitting to the jurisdiction of the Board for purposes of investigation and disciplinary action by the Board; and agrees to be bound by all the provisions of the Alabama Real Estate Appraisers Act and Rules and Regulations of the Board;

(d) be trustworthy and competent to transact the business of an appraiser in a manner satisfactory to the Board;

(e) not have had membership in any nationally recognized appraisal organization revoked for ethics violation; provided, however, that membership in any such organization is not a requirement of eligibility to sit for the examination; and

(f) provide evidence satisfactory to the Board of having passed, within 24 months prior to application, a Board

approved USPAP course if taken prior to January 1, 2003, or if taken on or after January 1, 2003 the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB..

(2) **Certified General Real Property Appraiser.** In addition to the requirements set forth in paragraph (1) of this Rule, a Trainee Real Property Appraiser who applies for licensure as a Certified General Real Property Appraiser may be required to attend a personal interview with the Board if there are concerns about the applicants experience. Any member of the Board may request the interview. In the event that the application is denied, the applicant has the right to request a hearing before the Board as set out in Rule 780-X-3-.05.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-7, 34-27A-11.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. **Amended:** Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed August 21, 2001; effective September 25, 2001. **Amended:** Filed December 4, 2003; effective January 8, 2004. **Amended:** September 19, 2006; effective October 24, 2006.

780-X-8-.02 **Examination Dates And Locations.** Written examinations are held in places and on dates designated by the Board.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. **Amended:** Filed June 18, 1992; effective July 23, 1992.

780-X-8-.03 **Examination Results.** Examination results will be reviewed by the Board. After the results of the examination are received, the Board will issue the license certificate and wallet cards.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991;

effective May 15, 1991. **Amended:** Filed April 21, 1994.
Emergency adoption: Filed May 5, 1994; effective June 1, 1994.
Amended: Filed June 22, 1994; effective July 27, 1994. **Amended:**
Filed February 15, 2006; effective March 22, 2006.

780-X-8-.04 **Eligibility For Re-Examination.** Satisfactory completion of an exam must be made within twenty-four months after application is approved by the Board. The applicant may test as many times within the twenty-four month period as he or she chooses until a passing grade is obtained. After the expiration of twenty-four months an applicant must submit a new application and necessary fees.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: Filed June 18, 1992; effective July 23, 1992. **Amended:** Filed April 21, 1994. **Emergency adoption:** Filed May 5, 1994; effective June 1, 1994. **Amended:** Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed February 15, 2006; effective March 22, 2006.

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CHAPTER 780-X-9
CLASSIFICATION OF REAL ESTATE APPRAISERS

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780-X-9-.01 Classification Of Real Estate Appraisers

780-X-9-.01 Classification Of Real Estate Appraisers.

(1) Alabama law recognizes five classes of real estate appraisers:

- (a) Trainee Real Property Appraiser,
- (b) State Registered Real Property Appraiser,
- (c) Licensed Real Property Appraiser,
- (d) Certified Residential Real Property Appraiser,
- (e) Certified General Real Property Appraiser.

(2) The Board is mandated by statute to promulgate rules and regulations which conform in all respects to the requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. 101-73. See Code of Ala. 1975, §§34-27A-5(b)(12)(13) and 34-27A-29. Consistent therewith, and pursuant to the authority granted the Board by the Alabama legislature, the classes of state licensed real property appraisers are defined as follows:

(a) Introductory Statement. All 1 to 4 unit transactions less than \$1,000,000 are assumed to be non-complex. If a property, its form of ownership, or market conditions are atypical, the regulated institution requesting the appraisal analysis will make the determination as to whether it is a complex or non-complex transaction. Alabama requires compliance with the Uniform Standards of Professional Appraisal Practice by all persons who perform real estate appraisals in the State of Alabama. There is no differentiation as to the scope of appraisal activity on federally related and non-federally related transactions. The appraiser must at all times comply with the

Ethics Provision and Competency Provision of the Uniform Standards of Professional Appraisal Practice.

The definition of a federally related transaction both in the Alabama law and FIRREA is "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." Non-federally related properties are those properties which are the subject of appraisals for non-federally related transactions.

(b) Trainee Real Property Appraiser. The scope of practice for the Appraiser Trainee is the appraisal of those properties which the mentor is permitted to appraise. A Trainee may not accept assignments from clients which are directed to the Trainee. Assignments may only be accepted from the Mentor. Solicitation of assignments may be made by Trainees as long as the assignment or engagement letter from the client engages the services of the licensed or certified appraiser.

To use experience for licensure, the appraisal must be included in the Trainee's assignment log, and the appraisal report must be signed by the Mentor and if the report is not signed by the Trainee, the report must comply with Standard 2 of USPAP in reporting the Trainee appraiser's contribution to the appraisal process.

The Trainee must work under the direct supervision of the Mentor. The relationship between the Trainee and the Mentor and the responsibilities of the Trainee and the Mentor are as follows:

1. Responsibilities of Mentor

(i) The supervising appraiser will be called a Mentor and shall be a Certified Residential, Certified General or Licensed Real Property Appraiser and must be qualified to perform the type of appraisal being supervised assigned by the Mentor to the Trainee appraiser

(ii) The Mentor shall be responsible for training the trainee in the proper development and reporting of the appraisal in accordance with USPAP.

(iii) The Mentor will accompany the trainee and demonstrate how to inspect the interior and exterior of each subject property and comparable properties in the first 50 appraisal assignments made by the Mentor to the Trainee.

(iv) The Mentor will carefully review the report with the Trainee and accept full responsibility for its contents before signing the report as being independently and impartially prepared in compliance with USPAP.

(v) A Mentor shall:

(I) Within ten (10) days, inform the Board of the name and address of his/her trainee(s).

(II) Within ten (10) days, notify the Board when Mentor/Trainee relationship is terminated.

(III) For the duration of the mentor/trainee relationship the Trainee must work out of the Mentor's office and cannot establish a separate business office.

(vi) The Mentor shall review and sign the experience log required to be kept by the trainee and maintain a copy in his/her records.

(vii) Upon request, the Mentor shall provide the Board a copy of any appraisal report that the trainee signed under his/her supervision.

(viii) Diligent adherence to USPAP guidelines is mandatory in all areas of responsibility.

(ix) Any violation of these responsibilities can result in the suspension of supervisory status or other disciplinary action.

(x) A Mentor may not make an assignment to the Trainee for a subject property located more than 50 miles from the Mentor's office unless the Mentor accompanies the Trainee on the inspection of the subject property and comparable sales and is equally involved with the Trainee in the collection of all data used in the development of the appraisal.

(xi) The Mentor's supervision responsibilities, as prescribed here, over the activities of Trainee appraisers are not intended to and should not be construed as creating an employer-employee relationship contrary to any expressed intent of the Mentor and Trainee to the contrary.

2. Responsibilities of Trainee Appraiser

(i) The Trainee must work under the direct supervision of a Mentor who is a Certified Residential, Certified General or Licensed Real Property appraiser.

(ii) The Trainee must maintain an experience log on a form provided by the Board.

(iii) The Trainee must inspect the interior and exterior of the property and fully participate in the appraisal process in order to receive experience credit.

(iv) Assure that the Mentor reviews the appraisal report and signs as supervisor. The Trainee must sign the report or in the alternative the appraisal report must detail his/her involvement as required by Standard 2 USPAP.

(v) A Trainee appraiser shall:

(I) Within ten (10) days, inform the Board of the name and address of his/her Mentors.

(II) Within ten (10) days, notify the Board when Mentor/trainee relationship is terminated.

(vi) A trainee can have no more than three (3) Mentors at a time unless unique circumstances are approved by the Board on a case-by-case basis.

(vii) A trainee must disclose their trainee status in a manner that is not misleading, which at a minimum requires that the Trainee include the name of the appraisal company employing the trainee or the name of the Mentor supervising the Trainee on all advertising materials including business cards.

(viii) Diligent adherence to USPAP guidelines is mandatory in all areas of responsibility.

(ix) Any violation of these responsibilities can result in disciplinary action.

(x)(I) Trainee appraisers who do not have a supervising relationship as required in paragraph 5, above, will be listed as "Inactive" on the Board's roster of appraisers. A Trainee who is "Inactive" must complete all continuing education and pay all fees for renewal of the license. No rebate is given by the Board for license fees during an "Inactive" period.

(II) A Trainee appraiser who is adversely effected by the application of this rule is entitled to a hearing.

I. The hearing shall be held as soon as practicable after filing of the request for a hearing, or at such time agreed upon by stipulation between the licensee and the executive director.

II. The hearing shall be held by at least a quorum of the Board, as defined in Code of Ala 1975, §34-27A-4.

III. Evidence, including oral testimony, shall be freely admitted. The licensee shall be allowed to have counsel present if desired.

IV. The Board shall issue a final destination within thirty (30) days of the date of the hearing, which shall include findings of fact and official notice taken. The licensee shall be delivered a copy of the decision by first class mail.

V. The decision of the Board may be appealed to the circuit court for Montgomery County, as provided in Code of Ala. 1975, §34-27A-5, within thirty (30) days of the decision of the Board.

VI. The record on appeal shall be certified by the executing director of the Board, and shall include the entire record and transcript of the hearing.

(xi) A Trainee appraiser may not maintain a public office separate and apart from the office of the employer or Mentor for the purpose of conducting appraisals. A Trainee appraiser may not solicit appraisal business in the Trainee's name but may solicit business for the Mentor's business.

3. Becoming A Mentor For A Trainee Appraiser

(i) Licensed Real Property Appraisers, Certified Residential or Certified General Real Property Appraisers may apply to the Board to become a Mentor.

(ii) Applications for Mentor status must be made and approved by the Board prior to the Mentor engaging a Trainee appraiser.

(iii) An applicant for mentor who is a Licensed Real Property Appraiser must have two years of actual experience in the classification. A Certified Residential or Certified General Appraiser may apply for Mentor status upon being licensed in that classification.

(iv) The application for Mentor status must be accompanied by two typical sample appraisal assignments which have been completed by the appraiser within six months prior to the application.

(v) Mentors who hold a Licensed Real Property Appraiser license may supervise one Trainee appraiser.

(vi) Mentors who hold a Certified Residential or Certified General Real Property Appraiser license may supervise a total of three Trainee appraisers.

(vii) Mentors must attend the Alabama Real Estate Appraisers Board Trainee orientation course during each licensing cycle. Continuing Education credit is allowed for attendance at this course.

(viii) A Mentor may not make an assignment to the Trainee for a subject property located more than 50 miles from the Mentor's office unless the Mentor accompanies the Trainee on the inspection of the subject property and comparable sales and is equally involved with the Trainee in the collection of all data used in the development of the appraisal.

4. The effective date of this rule is August 1, 2006.

(c) State Registered Real Property Appraiser. Those individuals licensed by the Board as being qualified to perform real estate appraisals on non-federally related properties including:

1. Complex appraisals of 1 to 4 unit non-federally related residential properties having transaction value of \$250,000 or less; other non-federally related non-residential properties having transaction value of \$250,000 or less.

2. Non-complex appraisals of 1 to 4 unit non-federally related residential properties having transaction value of \$1,000,000 or less.

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

4. All registered real property appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(d) State Licensed Real Property Appraiser. Those individuals licensed by the Board as being qualified to perform real estate appraisals on properties including:

1. Complex appraisals of 1 to 4 unit residential properties having transaction value of \$250,000 or less; other non-residential properties having transaction value of \$250,000 or less;

2. Non-complex appraisals of 1 to 4 unit residential properties having transaction value of \$1,000,000 or less.

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

4. All licensed real property appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(e) State Certified Residential Real Property Appraiser. Those individuals licensed by the Board as being qualified to perform federally related residential real estate appraisals on 1 to 4 unit residential properties without regard to the complexity or dollar amount. These appraisers are also permitted to appraise non-residential properties having transaction value of \$250,000 or less.

1. The Certified Residential Real Property Classification does not include the appraisal of subdivisions wherein a development analysis/appraisal is necessary and utilized.

2. All certified residential real property appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(f) State Certified General Real Property Appraiser. This classification applies to the appraisal of all types of real property, regardless of transaction value. Appraisals on federally related transactions, which must be done by a State Certified General Real Estate Appraiser, include all non-residential properties having transaction value of \$250,000 or more. All Appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5(b)12,13; 34-27A-29.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. **Amended:** Filed June 18, 1992; effective July 23, 1992. **Amended:** Filed March 14, 1994; effective April 18, 1994. **New Rule:** Filed April 21, 1994. Emergency adoption: Filed May 5, 1994; effective June 1, 1994. **Repealed and Replaced:** Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed January 11, 1996; effective February 15, 1996. **Amended:** Filed January 31, 2003; effective March 7, 2003. **Amended:** Filed February 15, 2006; effective March 22, 2006. **Amended:** Filed July 24, 2006; effective August 28, 2006. **Amended:** Filed January 29, 2007; effective March 5, 2007.

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780-X-10-.02 Certificates

780-X-10-.01 License/Certification Number. At the time an applicant is granted a license for any real property appraiser classification by the Board, he will be assigned a license/certification number. These numbers will be issued consecutively in the order in which the applicants are approved by the Board. The applicant will be advised of this number in the notice sent to him by the executive director.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § 34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed April 21, 1994. **Emergency adoption:** Filed May 5, 1994; effective June 1, 1994. **Amended:** Filed June 22, 1994; effective July 27, 1994.

780-X-10-.02 Certificates. As soon as possible after an applicant has met all the requirements for licensure and has satisfactorily completed the examination, a Certificate of Licensure for the appropriate appraiser classification will be issued. The license shall bear the signature or facsimile signature of the executive director and a license number assigned by the Board. 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.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § § 34-27A-5, 34-27A-17.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** filed November 20, 1992; effective December 26, 1992. **Proposed New Rule:** Filed

April 21, 1994. **Emergency adoption:** Filed May 5, 1994; effective June 1, 1994. **Repealed and Replaced:** Filed June 22, 1994; effective July 27, 1994.

ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE

CHAPTER 780-X-11
TEMPORARY PERMITS

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780-X-11-.01 Requirements.

(1) The Board shall grant a temporary permit to practice as a state licensed real property appraiser, with permission to appraise properties allowed by his resident state, to persons who are licensed or certified to perform appraisals in another state. A person desiring a temporary permit will file the application for registration prescribed by the Board and pay the fee to be determined by the Board. This application for registration will state the reason for requesting such permit and the specific work to which it applies.

(2) If the executive director of the Board finds the application and request to be in order, the temporary permit and number will be issued through the office of the Board.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-14.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991;

effective May 15, 1991. **Amended:** Filed September 26, 1991;

effective October 31, 1991. **Amended:** Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994.

780-X-11-.02 Issuance.

(1) The temporary permit is effective for one specific appraisal assignment. If the assignment is not completed within six (6) months, the Board may request that the appraiser show cause why the assignment is not complete. There is a limit of five Temporary Permits which can be issued in a twelve-month period.

(2) While practicing under a temporary permit in this state, the holder thereof will affix to all appraisals and documents for use and execution in this state the added notation: "Practicing in the State of Alabama under Temporary Permit No....."

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-14.

History: Emergency adoption filed February 15, 1991; effective February 18, 1991. Permanent adoption filed April 8, 1991; effective May 15, 1991. **Amended:** Filed September 26, 1991; effective October 31, 1991. **Amended:** Filed April 21, 1994. Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed June 22, 1999; effective July 27, 1999.

ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODECHAPTER 780-X-12
EXPIRATIONS, RENEWALS AND CONTINUING EDUCATION

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780-X-12-.01	Expirations And Renewals
780-X-12-.02	Continuing Education Requirements

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

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-13, 34-27A-15, 34-27A-19.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

780-X-12-.02 **Continuing Education Requirements.**

(1) As a prerequisite to renewal of a license for any classification of real property appraiser, a licensed real estate appraiser shall on forms prescribed by the Board present evidence satisfactory to the Board of having completed continuing education as follows:

(a) All classes of state licensed real property appraisers seeking renewal of their license shall present evidence to the Board of having completed the equivalent of twenty eight hours of continuing education every two years. For the renewal cycle beginning on September 1, 2003, at least seven of said hours shall be a Board approved USPAP course taken prior to January 1, 2003 or, if taken between January 1, 2003 and the date of renewal, the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB. In all renewal cycles thereafter, at least seven of said hours shall be the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB.

1. A classroom hour is defined as fifty minutes out of each sixty minute segment.

2. Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.

3. Credit for the classroom hour requirement may be obtained from the following:

- (i) Colleges or Universities
- (ii) Community or Junior Colleges
- (iii) Real Estate Appraisal or Real Estate Related Organizations
- (iv) State or Federal Agencies or Commissions
- (v) Proprietary Schools
- (vi) Other providers approved by the Board

4. Credit may be granted for educational offerings which cover residential real estate related appraisal topics such as those listed below and which are consistent with the purpose of continuing education stated in subparagraph (3) below.

- (i) Ad Valorem Taxation
- (ii) Arbitrations
- (iii) Business courses related to practice of real estate appraisal
- (iv) Construction estimating
- (v) Ethics and standards of professional practice
- (vi) Land use planning, zoning and taxation
- (vii) Litigation
- (viii) Management, leasing, brokerage, timesharing
- (ix) Property development
- (x) Real property appraisal (valuations/evaluations)

- (xi) Real Estate law
- (xii) Real Estate financing and investment
- (xiii) Real Estate appraisal related computer applications
- (xiv) Real Estate securities and syndication
- (xv) Real property exchange
- (b)(1) Reserved

(c) Continuing Education Requirement for Trainee Real Property Appraisers. To be eligible for renewal of a Trainee Real Property Appraiser License, three and one-half (3.5) hours of the twenty-eight hours of continuing education must be earned from attendance at the Trainee Orientation Course approved by the Board. This requirement applies to each Trainee Real Property Appraiser seeking renewal in every two year cycle regardless of the length of time the Trainee license has been held.

(2) Continuing education credit may be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.

(3) The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraising.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-15, 34-27A-19.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed November 20, 1992; effective December 26, 1992. **Amended:** Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

Amended: Filed June 22, 1994; effective July 27, 1994. **Amended:** Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed December 4, 2003; effective January 8, 2004. **Amended:** Filed July 26, 2005; effective August 30, 2005.

ALABAMA REAL ESTATE APPRAISERS BOARD
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CHAPTER 780-X-13
PROFESSIONAL CONDUCT
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780-X-13-.01 Adoption Of Uniform Standards Of
Professional Appraisal Practice

780-X-13-.01 Adoption Of Uniform Standards Of Professional
Appraisal Practice.

(1) The Appraisal Foundation Uniform Standards of Professional Appraisal Practice as promulgated June 5, 1990, and/or as subsequently amended, are incorporated into the rules and regulations of the professional conduct (code of ethics) except as provided in subsection (2) of this Rule which shall guide the behavior of licensed and certified real estate appraisers in Alabama. Copies of the Uniform Standards of Professional Appraisal Practice, may be obtained from the Appraisal Foundation located at 1029 Vermont Avenue, N.W., Suite 900, Washington, D.C. 20005, or from the Board for a reasonable copying charge to be determined by the Board by resolution.

(2) Standard 3, Real Property and Personal Property Appraisal Review, Development and Reporting of the UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE, shall not apply to a licensed or certified real property appraiser who, as a board member, employee, or agent of the Alabama Real Estate Appraisers Board, reviews appraisals submitted to the Board for licensing consideration, complaint investigation, or disciplinary action.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-23, 41-22-9.

History: **Emergency adoption:** Filed February 15, 1991; effective February 18, 1991. **Permanent adoption:** Filed April 8, 1991; effective May 15, 1991. **Amended:** November 20, 1992, effective December 26, 1992. **Amended:** Filed January 11, 1996; effective February 15, 1996. **Amended:** Filed August 21, 2001; effective September 25, 2001.

ALABAMA REAL ESTATE APPRAISERS BOARD
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CHAPTER 780-X-14
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780-X-14-.10	Penalty For Practicing Without A License

780-X-14-.01 Complaints. 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 the filing with the Board executive director of an original and two copies of a letter of complaint which shall contain:

(a) Name and address of the complaining party as well as the name and address of any licensed real estate appraiser against whom the complaint has been filed.

(b) A plain and concise statement of the facts which together indicate that the individual licensed real estate appraiser complained against has violated Chapter 27A, Title 34, Code of Ala. 1975, or rules promulgated by the Board or Rules of Professional Conduct (Code of Ethics).

(c) Any documentation of the alleged violations, including a copy of the appraisal in question if available.

(d) The signature of the complainant.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; Effective February 18, 1991. **Permanent adoption** filed April 8, 1991;

Effective May 15, 1991. **Repealed and Replaced:** Filed February 27, 1996; Effective April 3, 1996. **Amended:** Filed February 23, 1998; Effective March 30, 1998. **Amended:** Filed August 21, 2001; effective September 25, 2001.

780-X-14-.02 Informal Disciplinary Procedure.

(1) In the event a letter of complaint is filed against a licensee, or the Board determines from other information that an investigation is necessary, the procedure for investigation shall be as follows:

(a) The Letter of Complaint or other information will be reviewed by both the Board's attorney and the Board's investigative staff.

(b) Following the initial review of the letter of complaint, the Board's attorney, with the input and involvement of the Board's investigative staff, will make a recommendation to the Board, as to whether probable cause exists showing that there have been probable violations of the Board rules and regulations. A majority of the those Board members present will vote whether to accept the staff's recommendation. In making this determination, the Board will not have access to the name of the licensee in question or the property address of the appraisal/appraisals that is the subject of the complaint.

(c) Following the Board's decision as to whether probable cause exists, the case will either be dismissed, or further investigation will be recommended, or the case may be set for a hearing. Where the investigation determines that the complaint or other information may constitute a violation of the Board's rules and/or statutes, the Board's attorney and/or the Board's investigative staff, without prejudice to its authority to initiate formal action, may take such action as necessary to contact the licensee, complainant, or any other parties, in an effort to resolve and informally settle any dispute which may violate or potentially violate the Board's rules and/or statutes. Such action may include, but is not limited to, issuing a request to the licensee that he or she do, or refrain from doing, such activities as the Board may prescribe, and the entering of tentative settlement agreement(s) and/or releases between the licensee, the Board and/or other parties setting out the terms of any resolution and settlement of violation(s) or potential violation(s).

(d) Should the Board's attorney enter into a tentative settlement agreement with the licensee a summary of this settlement agreement will be presented to the Board. The summary will exclude the licensee's name or other identifying information. The Board, by the vote of a majority of those present may accept the settlement agreement, reject the settlement agreement or change the terms of the agreement. Should the terms of the agreement be changed, the Board's attorney will have the authority to settle the case in the manner instructed by the Board. All settlement agreements are subjected to Board approval.

(2) In the event a disciplinary case cannot be settled, the Board and/or the licensee may request that the case be set for a hearing. Thereafter, a Summons and Complaint may be issued.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: Permanent adoption filed January 21, 1993; effective February 25, 1993. **Repealed and Replaced:** Filed

February 27, 1996; effective April 3, 1996. **Amended:** Filed February 23, 1998; Effective March 30, 1998. **Repealed and New**

Rule: Filed May 23, 2000; effective June 27, 2000.

780-X-14-.03 Probable Cause. Upon the lodging of a letter of complaint the Boards Attorney and Investigative staff shall prepare a recommendation to the Board as to whether probable cause exists. The recommendation presented to the Board will not contain the name of the licensee involved, the address of the property involved, or any other identifying information. The Board will vote to dismiss the case, order further investigation, or ask that the case be set for hearing. The Board's vote to set a case for a hearing is a determination that probable cause exists.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Repealed and Replaced:** Filed

February 27, 1996; effective April 3, 1996. **Amended:** Filed February 23, 1998; Effective March 30, 1998. **Repealed and New**

Rule: Filed May 23, 2000; effective June 27, 2000.

780-X-14-.04 Summons And Complaint.

(1) In the event the Board determines that probable cause exists for the filing of a summons and complaint, the Board shall instruct its counsel to prepare such.

(2) The summons and complaint shall be mailed certified mail return receipt requested to the most recent address of the respondent on file with the Board and shall be mailed at least twenty one days prior to the scheduled date of the hearing. A copy shall also be sent first class mail.

(3) The summons and complaint shall give notice in substantial compliance with the Alabama Administrative Procedure Act, Code of Ala. 1975, §§41-22-12(b) and 34-27A-21.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-21.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Repealed and Replaced:** Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed February 23, 1998; Effective March 30, 1998. **Amended:** Filed May 23, 2000; effective June 27, 2000.

780-X-14-.05 Prehearing Discovery.

(1) Prehearing discovery may be permitted in accordance with this rule and §41-22-12(c) Alabama Administrative Procedures Act Code of Ala. 1975 to the extent necessary to prevent fraud, conserve the Board's time, prevent undue surprise at hearing and facilitate the carriage of justice.

(2) The attorney for the Board or the respondent may upon application to the presiding officer conducting the hearing, obtain discovery regarding any matter not privileged which is relevant to the subject matter involved in the pending action, whether it relates to the charge of the Board or the defense of the respondent.

(3) The discovery must be had in accordance with any terms and conditions ordered by the presiding officer conducting the hearing. The presiding officer may impose such terms and conditions as are just upon discovery in order to protect a person from annoyance, embarrassment, oppression or undue burden or expense.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-21.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Repealed and Replaced:** Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed February 23, 1998; Effective March 30, 1998.

780-X-14-.06 **Disciplinary Hearings.**

(1) Conduct of Hearing.

(a) All disciplinary hearings on contested cases before the Alabama Real Estate Appraisers Board shall be conducted by a presiding hearing officer.

(b) The presiding hearing officer shall have the authority to do all things necessary to ensure that hearings are conducted in accordance with Alabama law and the Rules and Regulations of the Alabama Real Estate Appraisers Board.

(c) The presiding hearing officer shall rule on all evidentiary disputes during the hearing.

(d) The respondent shall plead either "guilty" or "not guilty" to the charges set forth in the complaint.

(e) Each side shall be permitted to make a short opening statement.

(f) The state shall present its evidence, followed by the respondent, followed by rebuttal by the state. Each witness called may be examined in the following manner:

1. Direct examination,
2. Cross examination,
3. Examination by the Board,
4. Re-direct examination,
5. Re-cross examination,
6. Re-examination,
7. Rebuttal

(g) Each side shall be permitted to make short closing statement summarizing the evidence presented and urging the application of relevant law to the evidence presented.

(h) The Board may request from the hearing officer within seven days a proposed order(s) including findings of fact, official notice and conclusions of law. Underlying facts of record which support the findings should be cited.

(i) The Board shall issue an order within thirty days of the date of the final hearing, which shall include findings of fact, official notice taken, and conclusions of law, stated separately. Respondent shall be delivered a copy of the order by certified mail return receipt requested, and a copy shall be mailed first class to each attorney of record.

(j) Evidence shall be admitted in accordance with the Alabama Administrative Procedure Act, Code of Ala. 1975, §41-22-13.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-22.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Repealed and Replaced:** Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed February 23, 1998; Effective March 30, 1998. **Amended:** Filed May 18, 2007; effective June 22, 2007.

780-X-14-.07 Discipline.

(1) Upon a finding that respondent has violated any enumerated provision of Section 34-27A-20, or any rule established by the Board, including Code of Ethics, the Board shall impose any or all of the disciplinary penalties set forth in Code of Ala. 1975, §§34-27A-20(a), 34-27A-20(c), and 34-27A-5(b)(10), or as otherwise provided by law.

(2) The Board may, in its discretion, permanently or temporarily stay the execution of its order to reprimand, censure, place on probation, fine, revoke or suspend a license or certification. The stay may be conditioned on any provision the Board deems appropriate under the circumstances of any particular case.

(3) In determining whether a license or certification should be revoked or suspended, and whether execution of the order should be stayed, and upon what conditions; and whether to

levy an administrative fine; or impose a public or private censure; the Board shall consider all relevant factors, including, but not limited to the following:

- (a) the severity of the offense,
- (b) the danger to the public,
- (c) the number of repetitions of the offense,
- (d) the length of time since the date of violation,
- (e) the number of complaints filed against the respondent,
- (f) the length of time the respondent has practiced,
- (g) the actual damage to the complainant and/or the public,
- (h) the deterrent effect of the penalty imposed,
- (i) the effect of the penalty upon the respondent's livelihood,
- (j) any efforts or rehabilitation and
- (k) any other mitigating or aggravating circumstances.

(4) If a public censure is imposed, a notice will be placed in the Alabama Real Estate Appraisers Board's newsletter.

(5) Notice of Public Reprimands. Suspensions and Revocations imposed in connection with any disciplinary action may be published in a newspaper of general circulation in the county of the principal place of business of the licensee.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-20.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Amended:** Filed June 18, 1992; effective July 23, 1992. **Repealed and Replaced:** Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed February 23, 1998; Effective March 30, 1998. **Amended:** Filed May 31, 2001; effective July 5, 2001.

780-X-14-.08 Reinstatement Of License Or Certification After Revocation.

(1) Application for Reinstatement. Any person whose license or certification has been revoked may not apply to the Board for reinstatement of the license or certification until two years have elapsed since the revocation, except a person convicted of a crime of moral turpitude in which case five years shall have elapsed since said conviction and the person's civil rights shall have been restored. In the application for reinstatement, the applicant should state why the license or certification should be reinstated and should specifically set forth any changed circumstances which would justify reinstatement. Applicant must include in the application evidence that the current requirements for licensure and certification have been met.

(2) Board Action. Upon receipt of such application the Board shall grant applicant a hearing on reinstatement, at which time the applicant may appeal to the Board to reinstate his/her license or certification.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Repealed and Replaced:** Filed February 27, 1996; effective April 3, 1996.

780-X-14-.09 Conflict And Bias.

(1) No Board member shall be entitled to vote in any disciplinary matter if the Board member is personally biased against the respondent or when such voting would violate the provisions of the Alabama Administrative Procedure Act, §41-22-18(a), Code of Ala. 1975.

(2) Any respondent in a disciplinary action who wishes to assert bias or conflict may do so by filing with the executive director at least three days before the scheduled hearing an affidavit asserting the disqualification together with the underlying factual basis for the assertion.

(3) The Board shall consider the assertion of disqualification on the record as a preliminary matter at the hearing before any other question is decided.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991. **Repealed and Replaced:** Filed February 27, 1996; effective April 3, 1996.

780-X-14-.10 **Penalty For Practicing Without A License.**

(a) Practicing real estate appraisal without a proper license, or violation of the Code of Ala. 1975, §34-27A-3, shall constitute a serious violation of the Alabama Real Estate Appraisers Act, and the Board may impose a penalty upon the person violating the law as set forth in the Code of Ala. 1975, §§34-27A-5 and 34-27A-20, or as otherwise provided by law.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, §§34-27A-5, 34-27A-20.

History: Proposed new rule: Filed April 21, 1994.

Emergency adoption: Filed May 5, 1994; effective June 1, 1994.

New Rule: Filed June 22, 1994; effective July 27, 1994.

Repealed and Replaced: Filed February 27, 1996; effective April 3, 1996.

**ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE**

**CHAPTER 780-X-15
SEVERABILITY**

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780-X-15-.01 Severability. If any of the rules and regulations of the Board which shall be known as the Alabama Real Estate Appraisers Board Administrative Code, or any part thereof, or any sentence, paragraph, clause, phrase or word thereof is construed by the courts to be invalid for any reason, it is the intention of the Board that the remainder shall continue in full force and effect; that is, it is the intention of the Board that each rule and/or any portions thereof, are severable.

Author: Alabama Real Estate Appraisers Board

Statutory Authority: Code of Ala. 1975, § 34-27A-5.

History: **Emergency adoption** filed February 15, 1991; effective February 18, 1991. **Permanent adoption** filed April 8, 1991; effective May 15, 1991.

ALABAMA REAL ESTATE APPRAISERS BOARD
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CHAPTER 780-X-16
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Author:

Statutory Authority: Code of Ala. 1975,

History: New Rule: Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed January 16, 1997; effective February 20, 1997. **Repealed and Replaced:** Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed August 21, 2001; effective September 25, 2001.

780-X-16-.02 Checklist.**CHECKLIST FOR BECOMING LICENSED AND/OR CERTIFIED APPRAISER**

1. Meet personal, work experience and educational requirements. Educational courses taken after January 1, 1993 require prior approval by the Board. For Trainee Real Property Appraisers applying for licensure as a Certified General Real Property Appraiser, a personal interview with the Real Estate Appraisers Board may be required.
2. Complete state application for (1) Trainee Real Property Appraiser; (2) State Registered Real Property Appraiser; (3) Licensed Real Property Appraiser; (4) Certified Residential Real Property Appraiser; (5) Certified General Real Property Appraiser.
3. Return completed **TYPED** application with transcripts, course evaluation forms and non-refundable application fees to address below.
4. Effective August 1, 2005, the following fees will be in effect:

Trainee Real Property Appraiser:

Application Fee -	\$125.00
Annual License Fee -	<u>275.00</u>
Total Amount -	\$400.00

Licensed Real Property Appraiser:

Application Fee -	\$250.00
Annual License Fee -	275.00
Washington Registry Fee -	<u>25.00</u>
Total Amount -	\$550.00

State Registered Real Property Appraiser:

Application Fee -	\$250.00
Annual License Fee -	<u>275.00</u>
Total Amount -	\$525.00

Certified Residential Real Property Appraiser:

Application Fee -	\$250.00
Annual License Fee -	275.00
Washington Registry Fee -	<u>25.00</u>
Total Amount -	\$550.00

Certified General Real Property Appraiser:

Application Fee -	\$250.00
Annual License Fee -	275.00
Washington Registry Fee -	<u>25.00</u>
Total Amount -	\$550.00

5. If all requirements are met, you will receive:

Approval and Admission letter for exam (if required) and notification of instructions for scheduling exam.
6. After satisfactory completion of the examination applicant is required to send to the Board office the original picture examination score along with appropriate license and/or certification fee. Your Certificate of licensure and/or certification will be sent after required information is received.
7. Satisfactory completion of an exam must be made within twenty-four months after application is approved by the Board. The applicant may take exam as many times within the twenty-four month period as he or she chooses until a passing grade is obtained. After twenty-four-month expiration applicant must submit new application and necessary fees.

FIVE CATEGORIES OF APPRAISERS IN ALABAMA

1. **Trainee Real Property Appraiser** – This classification requires the trainee to work under the direct supervision of a certified or licensed real property appraiser who has been approved by the Board as a Mentor. The scope of practice for the appraiser trainee classification is the appraisal of those properties, which the supervising appraiser Mentor is permitted to appraise.
2. **State Registered Real Property Appraiser** – The “State Registered Real Property Appraiser” classification includes those individuals who may perform real estate appraisals on non-federally related properties (those properties which are the subject of appraisal for non-federally related transactions) including: (1) complex appraisals of 1 to 4 unit non-federally related residential properties having transaction value of \$250,000 or less; other non-federally related non-residential properties having transaction value of \$250,000 or less. (2) non-complex appraisals of 1 to 4 unit non-federally related residential properties having transaction values of \$1,000,000 or less. (3) This classification does not include the appraisal of subdivisions wherein a development analysis/appraisal is necessary and utilized.
3. **Licensed Real Property Appraiser** – This classification includes those individuals who are licensed to perform real estate appraisals on properties involved in federally-related transactions including: (a) complex appraisals of 1 to 4 unit residential properties having transaction value of \$250,000 or less; (b) non-complex appraisals of 1 to 4 unit residential properties having transaction value of \$1,000,000 or less; (c) appraisals of other types of real estate having transaction value of \$250,000 or less. The Licensed Real Property Appraiser is authorized to give a “Certified Appraisal” on a federally-related transaction, in accordance with FIRREA requirements.
4. **Certified Residential Real Property Appraiser** – This classification refers to those individuals licensed by the Board as being qualified to perform federally-related residential real estate appraisals on 1 to 4 unit residential properties without regard to the complexity or dollar amount. These appraisers are also permitted to appraise non-residential properties having a transaction value of \$250,000 or less. The Certified Residential Real Property Appraiser is authorized to give a “certified appraisal” on a federally-related transaction in accordance with FIRREA requirements.
5. **Certified General Real Property Appraiser** – This classification shall consist of those persons certified by the Board as qualified to perform appraisals on all types of real estate, regardless of complexity or transaction value. This classification allows the appraiser to give a “certified appraisal” on a federally-related transaction in accordance with FIRREA requirements.

EDUCATION AND EXPERIENCE REQUIREMENTS

1. The “**Trainee Real Property Appraiser**” – no experience required. Applicant must provide proof of 75 hours of appraisal education as set out in §780-X-3-.06(a)(6) completed during last ten years, including a 15-hour Uniform Standards of Professional Appraisal Practice during last two years. USPAP courses taken to meet this requirement shall be a Board approved USPAP course taken prior to January 1, 2003 or, if taken on or after January 1, 2003 the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB. Trainee’s appraisal experience must be under the direct supervision of a Licensed or Certified Real Property appraiser who has been approved by the Board as a Mentor. If the Trainee plans to use these experience points as part of the experience needed for licensure, the work must be included in the Trainee’s assignment log, and the appraisal report must be signed by the supervising appraiser.
2. The “**State Registered Real Property Appraiser**” – Applicant must have a minimum of 100 points or 1000 hours of actual appraisal experience earned during at least 12 months. Experience credit will be given for appraisals completed within the last five years. Applicant must provide proof of 75 hours of appraisal education as set out in §780-X-3-.06(b)(6) completed during last ten years, including a 15-hour

Uniform Standards of Professional Appraisal Practice during the last two years. USPAP courses taken to meet this requirement shall be a Board approved USPAP course taken prior to January 1, 2003 or, if taken on or after January 1, 2003 the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB.

3. The **“Licensed Real Property Appraiser”** – Applicant must have been an appraiser for twenty-four (24) months and have a minimum of 200 points or 2000 hours of actual appraisal experience. Experience credit will be given for appraisals completed within the last five years. Applicant must provide proof of satisfactory completion of at least one hundred fifty (150) hours of appraisal education as set out in §780-X-3-.06(c)(6) completed during last ten years, including a 15-hour Uniform Standards of Professional Appraisal Practice during the last two years. USPAP courses taken to meet this requirement shall be a Board approved USPAP course taken prior to January 1, 2003 or, if taken on or after January 1, 2003 the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB.
4. The **“Certified Residential Real Property Appraiser”** – Applicant must have been an appraiser and appraising real property for no less than 24 months with a minimum of 250 points or 2500 hours of actual appraisal experience. Experience credit will be given for appraisals completed within the last five years. Applicant must provide proof of satisfactory completion of at least two hundred (200) hours of appraisal education as set out in §780-X-3-.06(d)(6) completed during last ten years, including a 15-hour Uniform Standards of Professional Appraisal Practice course during the last two years. USPAP courses taken to meet this requirement shall be a Board approved USPAP course taken prior to January 1, 2003 or, if taken on or after January 1, 2003 the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB.
5. The **“Certified General Real Property Appraiser”** – Applicant must have been an appraiser and appraising real property for no less than 30 months with a minimum of 300 points or 3000 hours of actual appraisal experience. At least 150 of the 300 points (or 1500 of the 3000 hours) of experience must be in non-residential appraisals. Experience credit will be given for appraisals completed within the last five years. Applicant must provide proof of satisfactory completion of at least three hundred (300) hours of appraisal education as set out in §780-X-3-.06(e)(6) completed during last ten years, including a 15-hour Uniform Standards of Professional Appraisal Practice course during the last two years. USPAP courses taken to meet this requirement shall be a Board approved USPAP course taken prior to January 1, 2003 or, if taken on or after January 1, 2003 the National USPAP course or its equivalent as determined by the AQB taught by an instructor certified by the AQB.

The Alabama Real Estate Appraisers Board does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

Author:**Statutory Authority:** Code of Ala. 1975,**History: New Rule:** Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed January 16, 1997; effective February 20, 1997. **Amended:** Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed August 21, 2001; effective September 25, 2001. **Amended:** Filed December 4, 2003; effective January 8, 2004. **Amended:** Filed April 7, 2006; effective May 12, 2006. **Amended:** Filed May 22, 2008; effective June 26, 2008.

780-X-16-.03 Education Approval Application Form.

Form al2631

780-X-16-.03 Page 2

See Master Code for form

780-X-16-.03 Page 3

See Master Code for form

780-X-16-.03 Page 4

See Master Code for form

Author:

Statutory Authority: Code of Ala. 1975,

History: New Rule: Filed February 27, 1996; effective
April 3, 1996.

780-X-16-.04 Application For Reciprocal Appraiser License.**APPLICATION FOR RECIPROCAL APPRAISER LICENSE**

Trainee Real Property Appraiser, State Registered
 Real Property Appraiser, Licensed Real Property
 Appraiser, Certified Residential Real Property
 Appraiser, Certified General Real Property
 Appraiser

ALABAMA REAL ESTATE APPRAISERS BOARD

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

INSTRUCTIONS

This application is for use ONLY by persons licensed or certified as a real estate appraiser by another state, which has reciprocity with Alabama.

Include Check of all fees (\$400 Trainee, \$525 State Registered Real Property Appraiser; \$550 Licensed Real Property Appraiser, \$550 Certified Residential Real Property Appraiser; \$550 Certified General Real Property Appraiser) made payable to Alabama Real Estate Appraisers Board.

1. Complete Sections I, II, and III on back of this form. (Caution: Any incomplete or incorrect application will be returned unprocessed).
2. **APPLICATION MUST BE TYPED.** Attach the following:
 - a. If you have been licensed or certified (or otherwise classified as an appraiser) for any period of time in your resident state, attach a certified copy (not more than 30 days old) of your history from the state regulatory agency(s) issuing such classification.
 - b. A NON-REFUNDABLE application fee, check or money order payable to Alabama Real Estate Appraisers Board: Trainee application fee of \$125 plus annual license fee of \$275; State Registered application fee of \$250 plus annual license fee of \$275; Licensed Real Property Appraiser application fee of \$250 plus annual license fee of \$300; Certified Residential application fee of \$250 plus annual license fee of \$300; Certified General application fee of \$250 plus annual license fee of \$300. Initial annual license fees cover the first year or any portion thereof and are payable during September of each year thereafter.

Each classification of appraiser reflects the scope of work, which the appraiser may undertake, and accordingly each has differing qualifications. The scope of work for each type may change if the federal government adjusts its guidelines. At the present time the classifications in Alabama are:

1. The state "Trainee Real Property Appraiser" is an entry-level classification, which requires the trainee to work under the direct supervision of an experienced, licensed appraiser. The scope of activity is the appraisal of those properties, which the supervising appraiser is permitted to appraise.
2. The "State Registered Real Property Appraiser" classification includes those individuals who may perform real estate appraisals on non-federally related properties (those properties which are the subject of appraisals for non-federally related transactions) including: (a) Complex appraisals of 1 to 4 unit non-federally related residential properties having transaction value of \$250,000 or less; other non-federally related non-residential properties having transaction value of \$250,000 or less. (b) Non-complex appraisals of 1 to 4 unit non-federally related residential properties having transaction value of \$1,000,000 or less. (c) This classification does not include the appraisal of subdivisions wherein a development analysis/appraisal is necessary and utilized.
3. The state "Licensed Real Property Appraiser" classification includes those individuals who may perform real estate appraisals on properties involved in federally-related transactions including: (a) Complex appraisals of 1 to 4 unit residential properties having transaction value of \$250,000 or less; (b) Non-complex appraisals of 1 to 4 unit non-federally related residential properties having transactions value of \$1,000,000 or less; (c) appraisals of other types of real estate having transaction value of \$250,000 or less.
4. The state "Certified Residential Real Property Appraiser" classification refers to those individuals licensed by the Board as being qualified to perform federally related residential real estate appraisals on 1 to 4 unit residential properties without regard to the complexity or dollar amount. These appraisers are also permitted to appraise non-residential properties having a transaction value of \$250,000 or less.
5. The state "Certified General Real Property Appraiser" classification shall consist of those persons certified by the Board as qualified to perform appraisals on all types of real estate, regardless of transaction value.

EDUCATION AND EXPERIENCE REQUIREMENTS:

1. Trainee Real Property Appraiser – no experience required. Applicant must provide proof of 75-classroom hours appraisal education completed during last ten years, including 15 hours of the Uniform Standards of Professional Appraisal Practice during last two years.
2. State Registered Real Property Appraiser – Applicant must have a minimum of 100 points of actual appraisal experience, which represents approximately 1000 hours, during the last five years. Applicant must provide proof of 75 classroom hours of appraisal education completed during last ten years, including fifteen hours of the Uniform Standards of Professional Appraisal Practice during the last two years.
3. Licensed Real Property Appraiser – Applicant must have been an appraiser in two of the last five calendar years and have a minimum of 200 points of actual appraisal experience, which represents approximately 2000 hours. Applicant must provide proof of 90 classroom hours of appraisal education completed during last ten years, including fifteen hours of the Uniform Standards of Professional Appraisal Practice during the last two years.
4. Certified Residential Real Property Appraiser – Applicant must have been an appraiser in two of the last five calendar years, with a minimum of 250 points of actual appraisal experience, which represents approximately 2500 hours. Applicant must provide proof of satisfactory completion of at least ~~135~~ 120 in-class hours appraisal related courses taken during last ten years, including a 15-hour Uniform Standards of Professional Appraisal Practice course taken during the last two years.

(CONTINUED ON THE REVERSE SIDE)

5. Certified General Real Property Appraiser – Applicant must have been an appraiser in two of the last five calendar years, with a minimum of 300 points of actual appraisal experience, which represents approximately 3000 hours. At least 150 of the 300 points of experience must be in non-residential appraisals. Applicant must provide proof of satisfactory completion of at least 180 in-class hours of appraisal-related courses completed during last ten years, and including a 15-hour Uniform Standards of Professional Appraisal Practice course taken during the last two years.

Since you are not officially licensed or certified until the Board approves your application, you must not engage in, or conduct, or advertise, or hold yourself out as engaging in or conduction the business of a real estate appraiser or act in the capacity of licensed or certified appraiser in Alabama until you receive your certificate, which will be mailed to you.

APPLICATION FOR RECIPROCAL APPRAISER LICENSE

SECTION I

- yes no 1. Are you a resident of Alabama? If so, how long? _____
- yes no 2. Have you ever been licensed or certified (or otherwise classified) as an appraiser in Alabama or in another state? (If your answer is yes, obtain from each state a certified history, not more than 30 days old, and attach it to this application.) If yes, what state or states? _____
If yes, under what name(s) and number(s)? _____
- yes no 3. Are you a high school graduate or the holder of a General Education Development (G.E.D.) certificate? (If your answer to this question is no, attach proof of education equivalency.)
- yes no 4. Have you ever been convicted of any criminal offense (other than minor traffic violations), 2) pled nolo contendere to any criminal offense, or 3) been granted first offender treatment upon being charged with any criminal offense? (Attach full explanation if “yes” response)
- yes no 5. Have you ever been disciplined by the Alabama Real Estate Appraisers Board or any state or federal licensing agency or authority, which regulates any profession? (Disciplinary actions include but are not limited to such actions as a reprimand, a suspension, a revocation, a fine, or any restriction or special requirements placed on your right to operation as a licensee.)
- yes no 6. Are there any criminal charges or licensing disciplinary proceedings pending against you at this time?
- yes no 7. Have you ever done an appraisal in the state of Alabama? If so, when. _____

If you answer “yes” to questions 4, 5, 6 or 7 above, attach details and a certified copy of any criminal conviction or final order. Obtain certified copies from the clerk of court in the county in which the conviction occurred or, if a license disciplinary action, from the agency issuing the license or certification. You should also attach any explanation of the circumstances surrounding the conviction or sanction, which you think that the board should consider, and if you like, any letters or recommendation. Your application will not be processed without these documents.

SECTION II

- 1. I am applying for an Appraiser: Trainee____; State Registered____; License Certification____; Residential Certification____; General Certification____.
- 2. ____Male ____Female
- 3. Date of Birth: Month____Day____Year____
- 4. Social Security Number: ____-____-____
- 5. Name: _____
Last First Middle
- 6. Home Address: _____
Street, Route & Box City County State Zip
- 7. Home Telephone: _____, Business Name: _____, Business Telephone _____
- 8. Business Address: _____
Street, Route & Box City County State Zip
- 9. Preferred Address: _____
Street, Route & Box City County State Zip

SECTION III - Consent - Jurisdiction, Investigation, and Certification

I, as a non-resident applicant for an appraisal license and 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 hereby 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 such service upon my said 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 said 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 said 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. The undersigned applicant also certifies that all information given on this application is true, correct, and complete.

Signed _____
NAME DATE

Author:

Statutory Authority: Code of Ala. 1975,

History: New Rule: Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed January 16, 1997; effective February 20, 1997. **Amended:** Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed June 7, 2006; effective July 12, 2006.

780-X-16-.05 Temporary Permit Application.

Form al2635

Form al2636

Author:

Statutory Authority: Code of Ala. 1975,

History: New Rule: Filed February 27, 1996; effective April 3, 1996. **Amended:** Filed February 23, 1998; effective March 30, 1998. **Amended:** Filed June 22, 1999; effective July 27, 1999. **Amended:** Filed October 19, 2000; effective November 23, 2000.

780-X-16-.06 The Instructor Role And Challenge. As an instructor, you are faced with a heavy responsibility. You should make every effort to help the students who are qualified and have the desire to obtain licenses and certifications. In doing so you must set exemplary standards of conduct, knowledge, professional competence, and teaching ability. You are viewed by the students as representing the Alabama Real Estate Appraisers Board as well as the college, junior college, vocational-technical, proprietary school or organization for which you teach. As such, you should understand that the Board's educational program is highly dependent upon your conduct as an instructor.

The reason for the Alabama Real Estate Appraisers Board is to protect the public, not to prevent qualified people from entering the business. Through a better educated cadre of real estate appraisal personnel, the public will be better protected from unknowledgable, incompetent real estate appraisal practitioners. Instructors should emphasize that the Board has not predetermined a passing ration. Out goal, rather, is to make certain that everyone who passes has learned the important concepts and facts in the course.

As an instructor, you may wish to analyze your role and image in the classroom. Please keep in mind that your students are adults who want to be treated with courtesy, respect, and consideration. They have been successful in life and business, and in some areas may know more than you, the instructor. Consequently, such students can often contribute to the class their knowledge and experience, if the instructor is aware of their interests and backgrounds.

The important educational concept to keep in mind is that students learn--they are not taught--what they know. Usually the best role of the teacher of adults is that of Director of Learning. Such a role precludes "lecturing down" to students, demoralizing, haranguing, or assuming a dictatorial role. The role of an instructor should be to develop and channel the students' interest in and enthusiasm for the field of real estate appraisal. You can direct the learning process to the most difficult and most important concepts. Your judgment in these matters is crucial and cannot be assumed by any text or instructor's manual.

Student's questions that pertain to the subject matter should be encouraged. Questions that involved personal or business matters should be discouraged or framed in a general way so as to be

applicable to all students. Often you, the instructor, can provide motivation and stimulate student's questions by bringing examples to class, citing personal experiences, or demonstrating procedures and concepts in class. Care must always be exercised in the use of any teaching aid or technique, however, that it is relevant to the point or concept at hand.

No instructor's guide will diminish the amount of work and preparation that must be done in order for good teaching to take place. An instructor's guide may indicate some behavioral objectives for each session, the most important and most difficult concepts, and an overview (in outline form) of the subject matter. Instructors should be familiar with the method of presentation, the amount of time to devote to each subject area, the teaching aids you wish to employ, and the techniques for stimulating and enlivening the class.

The best procedure for ensuring that a good teaching job occurs is to prepare a lesson plan for each session. It should be tailored to your personality and teaching style and should contain notes on what you intend to teach, how you intend to teach each section, the time devoted to each session, and the teaching aids you expect to use. By making a lesson plan for each session, you will add confidence and authority to your teaching because your time will be planned in advance. Planning and practice as in any endeavor, are keys to success in teaching.

A word of caution: Class sessions should begin and end on time. Adults have tight schedules and have a right to have the course proceed as scheduled. Furthermore, each class session should extend its full length for the time allocated. The student invariably needs and deserves your help. Dismissing class early results in the student's failing to receive what they paid for and to which they are entitled and required by law.

The close of each session should be punctual and present a challenge to the students. Classes that drag on and on leave the student unstimulated and discouraged. A definite and strong closing should be planned by the instructor. The class should then end, and any further discussion or questions should take place on an individual basis only.

You will find that by knowing the subject matter thoroughly, by cultivating a positive and exciting attitude toward the subject matter and the course, and by careful planning and practice, the teaching of any course will be one of the most stimulating and rewarding activities of your professional career. The future of the appraisal business in Alabama is truly in your hands.

supervision of trainee appraisers strictly according to the rules established by REAB.

Signed

Dated

**Applications which do not include the fee and copies of appraisals will not be processed. They will be returned.*

Author:

Statutory Authority: Code of Ala. 1975,

History: New Rule: Filed July 24, 2006; effective August 28, 2006.

ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE

APPENDIX A

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE
AS PROMULGATED BY THE
APPRAISAL STANDARDS BOARD OF
THE APPRAISAL FOUNDATION
AND AS ADOPTED BY THE
ALABAMA REAL ESTATE APPRAISERS BOARD

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A copy of Appendix A (the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation) may be obtained from:

The Appraisal Foundation
1029 Vermont Avenue N.W., Suite 900
Washington, DC 20005-3517

PREAMBLE.

It is essential that a professional appraiser arrive at and communicate his or her analyses, opinions, and advice in a manner that will be meaningful to the client and will not be misleading in the marketplace. These Standards of Professional Appraisal Practice reflect the current standards of the appraisal profession.

The importance of the role of the appraiser places ethical obligations on those who serve in this capacity. These standards include explanatory comments and begin with an ethics provision setting forth the requirements for integrity, objectivity, independent judgment, and ethical conduct. In addition, these standards include a competency provision which places an immediate responsibility on the appraiser prior to acceptance of an assignment. The standards contain binding requirements, as well as specific guidelines to which a departure provision may apply under certain limited conditions. Definitions applicable to these standards are also included.

These standards deal with the procedures to be followed in performing an appraisal, review or consulting service and the manner in which an appraisal, review or consulting service is communicated. Standards 1 and 2 relate to the development and communication of a real property appraisal. Standard 3 establishes guidelines for reviewing an appraisal and reporting on that review. Standards 4 and 5 address the development and communication of various real estate or real property consulting

functions by an appraiser. Standard 6 sets forth criteria for the development and reporting of mass appraisals for ad valorem tax purposes. Standards 7 and 8 establish guidelines for developing and communicating personal property appraisals. Standards 9 and 10 establish guidelines for developing and communicating business appraisals.

These standards are for appraisers and the users of appraisal services. To maintain the highest level of professional practice, appraisers must observe these standards. The users of appraisal services should demand work performed in conformance with these standards.

Comment: Explanatory comments are an integral part of the uniform standards and should be viewed as extensions of the provisions, definitions, and standards rules. Comments provide interpretation from the Appraisal Standards Board which have been adopted by the Alabama Real Estate Appraisers Board concerning the background or application of certain provisions, definitions, or standards rules. There are no comments for provisions, definitions, or standards rules that are axiomatic or have not yet required further explanation; however, additional comments will be developed and others supplemented or revised as the need arises.

ETHICS PROVISION.

Because of the fiduciary responsibilities inherent in professional appraisal practice, the appraiser must observe the highest standards of professional ethics. This ethics provision is divided into four sections: conduct, management, confidentiality, and record keeping.

Comment: This provision emphasizes the personal obligations and responsibilities of the individual appraiser. However, it should also be emphasized that groups and organizations engaged in appraisal practice share the same ethical obligations.

Conduct.

An appraiser must perform ethically and competently in accordance with these standards and not engage in conduct that is unlawful, unethical, or improper. An appraiser who could reasonably be perceived to act as a disinterested third party in rendering an unbiased appraisal, review, or consulting service must perform assignments with impartiality, objectivity, and independence and without accommodation of personal interests.

Comment: An appraiser is required to avoid any action that could be considered misleading or fraudulent. In particular, it is unethical for an appraiser to use or communicate a misleading or fraudulent report or to knowingly permit an employee or other person to communicate a misleading or fraudulent report.

The development of an appraisal, review, or consulting service based on a hypothetical condition is unethical unless: 1) the use of hypothesis is clearly disclosed; 2) the assumption of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison and would not be misleading; and 3) the report clearly describes the rationale for this assumption, the nature of the hypothetical condition, and its effect on the result of the appraisal, review or consulting service.

An individual appraiser employed by a group or organization which conducts itself in a manner that does not conform to these standards should take steps that are appropriate under the circumstances to ensure compliance with the standards.

Management.

The acceptance of compensation that is contingent upon the reporting of a predetermined value or a direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event is unethical.

The payment of undisclosed fees, commissions, or things of value in connection with the procurement of appraisal, review, or consulting assignments is unethical.

Comment: Disclosure of fees, commissions, or things of value connected to the procurement of an assignment should appear in the certification of a written report and in any transmittal letter in which conclusions are stated. In groups or organizations engaged in appraisal practice, intracompany payments to employees for business development are not considered to be unethical. Competency, rather than financial incentives, should be the primary basis for awarding an assignment.

Advertising for or soliciting appraisal assignments in a manner which is false, misleading or exaggerated is unethical.

Comment: In groups or organizations engaged in appraisal practice, decisions concerning finder of referral fees, contingent compensation, and advertising may not be the responsibility of an individual appraiser, but for a particular

assignment, it is the responsibility of the individual appraiser to ascertain that there has been no breach of ethics, that the appraisal is prepared in accordance with these standards, and that the report can be properly certified as required by Standards Rules 2-3, 3-2, 5-3, 8-3 or 10-3.

The restriction on contingent compensation in the first paragraph of this section does not apply to consulting assignments where the appraiser is not acting in a disinterested manner and would not reasonably be perceived as performing a service that requires impartiality. This permitted contingent compensation must be properly disclosed in the report.

Comment: Assignments where the appraiser is not acting in a disinterested manner are further discussed in the General Comment to Standard 4. The preparer of the written report of such an assignment must certify that the compensation is contingent and must explain the basis for the contingency in the report (See Standards Rule 5-3) and in any transmittal letter in which conclusions are stated.

Confidentiality.

An appraiser must protect the confidential nature of the appraiser-client relationship.

Comment: An appraiser must not disclose confidential factual data obtained from a client or the results of an assignment prepared for a client to anyone other than: 1) the client and persons specifically authorized by the client; 2) such third parties as may be authorized by due process of law; and 3) a duly authorized professional peer review committee. As a corollary, it is unethical for a member of a duly authorized professional peer review committee to disclose confidential information or factual data presented to the committee.

Record Keeping.

An appraiser must prepare written records of appraisal, review, and consulting assignments - including oral testimony and reports - and retain such records for a period of at least five (5) years after preparation or at least two (2) years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last.

Comment: Written records of assignments include true copies of written reports, written summaries of oral testimony and reports (or a transcript of testimony), all data and statements required

by these standards, and other information as may be required to support the findings and conclusions of the appraiser. The term written records also includes information stored on electronic, magnetic, or other media. Such records must be made available by the appraiser when required by due process of law or by a duly authorized professional peer review committee.

COMPETENCY PROVISION.

Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently; or alternatively:

1. disclose the lack of knowledge and/or experience to the client before accepting the assignment; and
2. take all steps necessary or appropriate to complete the assignment competently; and
3. describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Comment: The background and experience of appraisers varies widely and a lack of knowledge or experience can lead to inaccurate or inappropriate appraisal practice. The competency provision requires an appraiser to have both the knowledge and the experience required to perform a specific appraisal service competently. If an appraiser is offered the opportunity to perform an appraisal service but lacks the necessary knowledge or experience to complete it competently, the appraiser must disclose his or her lack of knowledge or experience to the client before accepting the assignment and then take the necessary or appropriate steps to complete the appraisal service competently. This may be accomplished in various ways including, but not limited to, personal study by the appraiser; association with an appraiser reasonably believed to have the necessary knowledge or experience; or retention of others who possess the required knowledge or experience.

Although this provision requires an appraiser to identify the problem and disclose any deficiency in competence prior to accepting an assignment, facts or conditions uncovered during the course of an assignment could cause an appraiser to discover that he or she lacks the required knowledge or experience to complete the assignment competently. At the point of such discovery, the

appraiser is obligated to notify the client and comply with items 2 and 3 of the provision.

The concept of competency also extends to appraisers who are requested or required to travel to geographic areas wherein they have no recent appraisal experience. An appraiser preparing an appraisal in an unfamiliar location must spend sufficient time to understand the nuances of the local market and the supply and demand factors relating to the specific property type and the location involved. Such understanding will not be imparted solely from a consideration of specific data such as demographics, costs, sales and rentals. The necessary understanding of local market conditions provide the bridge between a sale and a comparable sale or a rental and a comparable rental. If an appraiser is not in a position to spend the necessary amount of time in a market area to obtain this understanding, affiliation with a qualified local appraiser may be the appropriate response to ensure the development of a competent appraisal. With regard to mass appraisal as defined herein, an appraiser must immediately take all necessary steps to ensure the mass appraisal is developed under the supervision of an appraiser who has the qualifications referred to in Standard 6.

DEPARTURE PROVISION.

This provision permits limited exceptions to sections of the Uniform Standards that are classified as specific guidelines rather than binding requirements. The burden of proof is on the appraiser to decide before accepting a limited assignment that the result will not confuse or mislead. The burden of disclosure is also on the appraiser to report any limitations.

An appraiser may enter into an agreement to perform an assignment that calls for something less than or different from, the work that would otherwise be required by the specific guidelines, provided that prior to entering into such an agreement:

1. the appraiser has determined that the assignment to be performed is not so limited in scope that the resulting appraisal, review, or consulting service would tend to mislead or confuse the client, the users of the report, or the public; and

2. the appraiser has advised the client that the assignment calls for something less than, or different from, the work required by the specific guidelines and that the report will

state the limited or differing scope of the appraisal, review, or consulting service.

Exceptions to the following requirements are not permitted: Standards Rules 1-1, 1-5, 2-1, 2-2, 2-3, 2-5, 3-1, 3-2, 4-1, 5-1, 5-3, 6-1, 6-5, 6-6, 7-1, 8-1, 8-3, 9-1, 9-3, 9-5, 10-1, 10-3 and 10-5. This restriction on departure is reiterated throughout the document with the reminder comment: Departure from this binding requirement is not permitted.

Comment: Before making a decision to enter into an agreement for appraisal services calling for a departure from a specific appraisal guideline, an appraiser must use extreme care to determine whether the scope of the appraisal service to be performed is so limited that the resulting analysis, opinion, or conclusion would tend to mislead or confuse the client, the users of the report, or the public. For the purpose of this provision, users of the report might include parties such as lenders, employees of government agencies, limited partners of a client, and a client's attorney and accountant. In this context the purpose of the appraisal and the anticipated or possible use of the report are critical.

If an appraiser enters into an agreement to perform an appraisal service that calls for something less than, or different from, the work that would otherwise be required by the specific appraisal guidelines, Standards Rules 2-2(k), 5-2(i), 8-2(h) and 10-2(h) require that this fact be clearly and accurately set forth in the report.

The requirements of the departure provision may be satisfied by the technique of incorporating by reference.

For example, if an appraiser's complete file was introduced into evidence at a public hearing or public trial and the appraiser subsequently prepared a one-page report that 1) identified the property, 2) stated the value, and 3) stated that the value conclusion could not be properly understood without reference to his or her complete file and directed the reader to the complete file, the requirements of the departure provision would be satisfied if the appraiser's complete file contained, in coherent form, all the data and statements that are required by the Uniform Standards.

Another example would be an update report that expressly incorporated by reference all the background data, market conditions, assumptions, and limiting conditions that were contained in the original report prepared for the same client.

DEFINITIONS.

For the purpose of these standards, the following definitions apply:

APPRAISAL: (noun) the act or process of estimating value; an estimate of value. (adjective) of or pertaining to appraising and related functions, e.g., appraisal practice, appraisal services.

APPRAISAL PRACTICE: the work or services performed by appraisers, defined by three terms in these standards: appraisals review, and consulting.

Comment: These three terms are intentionally generic, and not mutually exclusive. For example, an estimate of value may be required as part of a review or consulting service. The use of other nomenclature by an appraiser (e.g. analysis, counseling, evaluation, study, submission, valuation) does not exempt an appraiser from adherence to these standards.

CASH FLOW ANALYSIS: a study of the anticipated movement of cash into or out of an investment.

CLIENT: any party for whom an appraiser performs a service.

CONSULTING: the act or process of providing information, analysis of real estate data, and recommendations or conclusions on diverse problems in real estate, other than estimating value.

FEASIBILITY ANALYSIS: a study of the cost-benefit relationship of an economic endeavor.

INVESTMENT ANALYSIS: a study that reflects the relationship between acquisition price and anticipated future benefits of a real estate investment.

MARKET ANALYSIS: a study of real estate market conditions for a specific type of property.

MARKET VALUE: market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised; and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Substitution of another currency for United States dollars in the fourth condition is appropriate in countries or in reports addressed to clients from other countries. Persons performing appraisal services that may be subject to litigation are cautioned to seek the exact legal definition of market value in the jurisdiction in which the services are being performed.

MASS APPRAISAL: the process of valuing a universe or properties as of a given date utilizing standard methodology, employing common data, and allowing for statistical testing.

MASS APPRAISAL MODEL: a mathematical expression of how supply and demand factors interact in a market.

PERSONAL PROPERTY: identifiable portable and tangible objects which are considered by the general public as being "personal," e.g., furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate.

REAL ESTATE: an identified parcel or tract of land, including improvements, if any.

REAL PROPERTY: the interests, benefits, and rights inherent in the ownership of real estate.

Comment: In some jurisdictions, the terms real estate and real property have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

REPORT: any communication, written or oral, of an appraisal, review, or analysis, the document that is transmitted to the client upon completion of an assignment.

Comment: Most reports are written and most clients mandate written reports. Oral report guidelines (See Standards Rule 2-4) and restrictions (See Ethics Provision: Record Keeping) are included to cover court testimony and other oral communications of an appraisal, review or consulting service.

REVIEW: the act or process of critically studying a report prepared by another.

STANDARD 1.

In developing a real property appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

Comment: Standard 1 is directed toward the substantive aspects of developing a competent appraisal. The requirements set forth in Standards Rule 1-1, the appraisal guidelines set forth in Standard Rules 1-2, 1-3, 1-4, and the requirements set forth in Standards Rule 1-5 mirror the appraisal process in the order of topics addressed and can be used by appraisers and the users of appraisal services as a convenient checklist.

Standards Rule 1-1.

In developing a real property appraisal, an appraiser must:

(a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

Comment: Departure from this binding requirement is not permitted. This rule recognizes that the principle of change continues to affect the manner in which appraisers perform

appraisal services. Changes and developments in the real estate field have a substantial impact on the appraisal profession. Important changes in the cost and manner of constructing and marketing commercial, industrial, and residential real estate and changes in the legal framework in which real property rights and interests are created, conveyed, and mortgaged have resulted in corresponding changes in appraisal theory and practice. Social change has also had an effect on appraisal theory and practice. To keep abreast of these changes and developments, the appraisal profession is constantly reviewing and revising appraisal methods and techniques and devising new methods and techniques to meet new circumstances. For this reason it is not sufficient for appraisers to simply maintain the skills and the knowledge they possess when they become appraisers. Each appraiser must continuously improve his or her skills to remain proficient in real property appraisal.

(b) not commit a substantial error of omission or commission that significantly affects an appraisal;

Comment: Departure from this binding requirement is not permitted. In performing appraisal services an appraiser must be certain that the gathering of factual information is conducted in a manner that is sufficiently diligent to ensure that the data that would have a material or significant effect on the resulting opinions or conclusions are considered. Further, an appraiser must use sufficient care in analyzing such data to avoid errors that would significantly affect his or her opinions and conclusions.

(c) not render appraisal services in a careless or negligent manner, such as a series of errors that, considered individually, may not significantly affect the results of an appraisal, but which, when considered in the aggregate, would be misleading.

Comment: Departure from this binding requirement is not permitted. Perfection is impossible to attain and competence does not require perfection. However, an appraiser must not render appraisal services in a careless or negligent manner. This rule requires an appraiser to use due diligence and due care. The fact that the carelessness or negligence of an appraiser has not caused an error that significantly affects his or her opinions or conclusions and thereby seriously harms a client or a third party does not excuse such carelessness or negligence.

Standards Rule 1-2.

In developing a real property appraisal, an appraiser must observe the following specific appraisal guidelines:

(a) adequately identify the real estate, identify the real property interest, consider the purpose and intended use of the appraisal, consider the extent of the data collection process, identify any special limiting conditions, and identify the effective date of the appraisal;

(b) define the value being considered; if the value to be estimated is market value, the appraiser must clearly indicate whether the estimate is the most probable price:

(i) in terms of cash; or

(ii) in terms of financial arrangements equivalent to cash; or

(iii) in such other terms as may be precisely defined; if an estimate of value is based on submarket financing or financing with unusual conditions or incentives, the terms of such financing must be clearly set forth, their contributions to or negative influence on value must be described and estimated, and the market data supporting the valuation estimate must be described and explained;

Comment: For certain types of appraisal assignments in which a legal definition of market value has been established and takes precedence, the Jurisdictional Exception may apply to this guideline. If the concept of reasonable exposure in the open market is involved, the appraiser should be specific as to the estimate of marketing time linked to the value estimate.

(c) consider easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of a similar nature;

(d) consider whether an appraisal fractional interest, physical segment, or partial holding contributes pro rata to the value of the whole;

Comment: This guideline does not require an appraiser to value the whole when the subject of the appraisal is a fractional interest, a physical segment, or a partial holding. However, if the value of the whole is not considered, the appraisal must clearly reflect that the value of the property being appraised cannot be used to estimate the value of the whole by mathematical extension.

(e) identify and consider the effect on value of any personal property, trade fixtures or intangible items that are not real property but are included in the appraisal.

Comment: This guideline requires the appraiser to recognize the inclusion of items that are not real property in an overall value estimate. Additional expertise in personal property (See Standard 7) or business (See Standard 9) appraisal may be required to allocate the overall value to its various components. Separate valuation of such items is required when they are significant to the overall value.

Standards Rule 1-3.

In developing a real property appraisal, an appraiser must observe the following specific appraisal guidelines:

(a) consider the effect on use and value of the following factors: existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, neighborhood trends, and the highest and best use of the real estate;

Comment: This guideline sets forth a list of factors that affect use and value. In considering neighborhood trends, an appraiser must avoid stereotyped or biased assumptions relating to race, age, color, religion, gender, or national origin or an assumption that racial, ethnic, or religious homogeneity is necessary to maximize value in a neighborhood. Further, an appraiser must avoid making an unsupported assumption or premise about neighborhood decline, effective age, and remaining life. In considering highest and best use, an appraiser should develop the concept to the extent that is required or a proper solution of the appraisal problem being considered.

(b) recognize that land is appraised though vacant and available for development to its highest and best use and that the appraisal of improvements is based on their actual contribution to the site.

Comment: This guideline may be modified to reflect the fact that, in various legal and practical situations, a site may have a contributory value that differs from the value as if vacant.

Standards Rule 1-4.

In developing a real property appraisal, an appraiser must observe the following specific appraisal guidelines, when applicable:

(a) value the site by an appropriate appraisal method or technique;

(b) collect, verify, analyze and reconcile:

(i) such comparable cost data as are available to estimate the cost new of the improvements (if any);

(ii) such comparable data as are available to estimate the difference between cost new and the present worth of the improvements (accrued depreciation);

(iii) such comparable sales data, adequately identified and described, as are available to indicate a value conclusions;

(iv) such comparable rental data as are available to estimate the market rental of the property being appraised;

(v) such comparable operating expense data as are available to estimate the operating expenses of the property being appraised;

(vi) such comparable data as are available to estimate rates of capitalization and/or rates of discount.

Comment: This rule covers the three approaches to value. See Standards Rule 2-2(j) for corresponding reporting requirements.

(c) base projections of future rent and expenses on reasonably clear and appropriate evidence;

Comment: This guideline requires an appraiser, in developing income and expense statements and cash flow projections, to weigh historical information and trends, current market factors affecting such trends, and anticipated events such as competition from developments under construction.

(d) when estimating the value of a leased fee estate or a leasehold estate, consider and analyze the effect on value, if any, of the terms and conditions of the lease(s);

(e) consider and analyze the effect on value, if any, of the assemblage of the various estates or component parts of a property and refrain from estimating the value of the whole

solely by adding together the individual values of the various estates or component parts;

Comment: Although the value of the whole may be equal to the sum of the separate estates or parts, it also may be greater than or less than the sum of such estates or parts. Therefore, the value of the whole must be tested by reference to appropriate market data and supported by an appropriate analysis of such data.

A similar procedure must be followed when the value of the whole has been established and the appraiser seeks to estimate the value of a part. The value of any such part must be tested by reference to appropriate market data and supported by an appropriate analysis of such data.

(f) consider and analyze the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date;

Comment: In condemnation valuation assignments in certain jurisdictions, the Jurisdictional Exception may apply to this guideline.

(g) identify and consider the appropriate procedures and market information required to perform the appraisal, including all physical functions, and external market factors as they may affect the appraisal;

Comment: The appraisal may require a complete market analysis (See Standards Rule 4-4).

(h) appraise proposed improvements only after examining and having available for future examination:

(i) plans, specifications, or other documentation sufficient to identify the scope and character of the proposed improvements;

(ii) evidence indicating the probable time of completion of the proposed improvements; and

(iii) reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy projections, and the anticipated competition at the time of completion.

Comment: The evidence required to be examined and maintained under this guideline may include such items as contractor's estimates relating to cost and the time required to complete construction, market, and feasibility studies; operating cost data; and the history of recently completed similar developments. The appraisal may require a complete feasibility analysis (See Standards Rule 4-6).

(i) All pertinent information in items (a) through (h) above shall be used in the development of an appraisal.

Comment: See Standards Rule 2-2(k) for corresponding reporting requirements.

Standards Rule 1-5.

In developing a real property appraisal, an appraiser must:

(a) consider and analyze any current Agreement of Sale, option, or listing of the property being appraised, if such information is available to the appraiser in the normal course of business;

(b) consider and analyze any prior sales of the property being appraised that occurred within the following time periods:

(i) one year for one-to-four family residential property; and

(ii) three years for all other property types;

Comment: The intent of this requirement is to encourage the research and analysis of prior sales of the subject; the time frames cited as minimums.

(c) consider and reconcile the quality and quantity of data available and analyzed within the approaches used and the applicability or suitability of the approaches used.

Comment: Departure from this binding requirement is permitted. See Standards Rule 2-2(k) Comment for corresponding reporting requirements.

STANDARD 2.

In reporting the results of a real property appraisal an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

Comment: Standard 2 governs the form and content of the report that communicates the results of an appraiser to a client and third parties.

Standards Rule 2-1.

Each written or oral real property appraisal report must:

(a) clearly and accurately set forth the appraisal in a manner that will not be misleading;

Comment: Departure from this binding requirement is not permitted. Since most reports are used and relied upon by third parties, communications considered adequate by the appraiser's client may not be sufficient. An appraiser must take extreme care to make certain that his or her reports will not be misleading in the marketplace or to the public.

(b) contain sufficient information to enable the person(s) who receive or rely on the report to understand it properly;

Comment: Departure from this binding requirement is not permitted. A failure to observe this rule could cause a client or other users of the report to make a serious error even though each analysis, opinion, and conclusion in the report is clearly and accurately stated. To avoid this problem and the dangers it presents to clients and other users of reports, this rule requires an appraiser to include in each report sufficient information to enable the reader to understand it properly. All reports, both written and oral, must clearly and accurately present the analyses, opinions, and conclusions of the appraiser in sufficient depth and detail to address adequately the significance of the specific appraisal problem.

(c) clearly and accurately disclose any extraordinary assumption or limiting condition that directly affects the appraisal and indicate its impact on value.

Comment: Departure from this binding requirement is not permitted. Examples of extraordinary assumptions or conditions might include items such as the execution of a pending lease agreement, a typical financing, or completion of onsite or offsite improvements. In a written report the disclosure would

be required in conjunction with statements of each opinion or conclusion that is affected.

Standards Rule 2-2.

Each written real property appraisal report must:

(a) identify and describe the real estate being appraised;

(b) identify the real property interest being appraised;

Comment on (a) and (b): These two requirements are essential elements in any report. Identifying the real estate can be accomplished by any combination of a legal description, address, map reference, copy of a survey or map, property sketch and/or photographs. A property sketch and photographs also provide some description of the real estate in addition to written comments about the physical attributes of the real estate. Identifying the real property rights being appraised requires a direct statement substantiated as needed by copies or summaries of legal descriptions or other documents setting forth any encumbrances.

(c) state the purpose of the appraisal;

(d) define the value to be estimated;

(e) set forth the effective date of the appraisal and the date of the report;

Comment on (c), (d) and (e). These three requirements call for clear disclosure to the reader of a report the "why, what and when" surrounding the appraisal. The purpose of the appraisal is used generically to include both the task involved and rationale for the appraisal. Defining the value to be estimated requires both an appropriately referenced definition and any comments needed to clearly indicate to the reader how the definition is being applied [See Standards Rule 1-2(b)]. The effective date of the appraisal establishes the context for the value estimate, while the date of the report indicates whether the perspective of the appraiser on the market conditions as of the effective date of the appraisal at various stages of the report in tandem is important for the clear understanding of the reader whenever market conditions on the date of the report are different from market conditions on the effective date of the appraisal.

(f) describe the extent of the process of collecting, confirming and reporting data;

Comment: This requirement is designed to protect third parties whose reliance on an appraisal report may be affected by the extent of the appraiser's investigation; i.e., the process of collecting, confirming and reporting data.

(g) set forth all assumptions and limiting conditions that affect the analyses, opinions, and conclusions;

Comment: It is suggested that assumptions and limiting conditions be grouped together in an identified section of the report.

(h) set forth the information considered, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusion;

Comment: This requirement calls for the appraiser to summarize the data considered and the procedures that were followed. Each item must be addressed in the depth and detail required by its significance to the appraisal. The appraiser must be certain that sufficient information is provided so that the client, the users of the report, and the public will understand it and will not be misled or confused. The substantive content of the report, not its size, determines its compliance with this specific reporting guideline.

(i) set forth the appraiser's opinion of the highest and best use of the real estate, when such an opinion is necessary and appropriate;

Comment: This requirement calls for a written report to contain a statement of the appraiser's opinion as to the highest and best use of the real estate, unless an opinion as to highest and best use is unnecessary, e.g., insurance valuation or value in use appraisals. If an opinion as to highest and best use is required, the reasoning in support of the opinion must also be included.

(j) explain and support the exclusion of any of the usual evaluation approaches;

(k) set forth any additional information that may be appropriate to show compliance with, or clearly identify and explain permitted departures from, the requirements of Standard 1;

Comment: This requirement calls for a written appraisal report or other written communication concerning the results of an

appraisal to contain sufficient information to indicate that the appraiser complied with the requirements of Standard 1, including the requirements governing any permitted departures from the appraisal guidelines. The amount of detail required will vary with the significance of the information to the appraisal.

Information considered and analyzed in compliance with Standards Rule 1-5 is significant information that deserves comment in any report. If such information is unobtainable, comment on the efforts undertaken by the appraiser to obtain the information is required.

(1) include a signed certification in accordance with Standards Rule 2-3.

Comment: Departure from binding requirements (a) through (1) above is not permitted.

Standards Rule 2-3.

Each written real property appraisal report must contain a certification that is similar in content to the following form:

I certify that to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

- I have no (or the specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest or bias with respect to the parties involved.

- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

- I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property).

- no one provided significant professional assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated).

Comment: Departure from this binding requirement is not permitted.

Standards Rule 2-4.

To the extent that it is both possible and appropriate, each oral real property appraisal report (including expert testimony) must address the substantive matters set forth in Standards Rule 2-2.

Comment: In addition to complying with the requirements of Standards Rule 2-1, an appraiser making an oral report must use his or her best efforts to address each of the substantive matters in Standards Rule 2-2.

Testimony of an appraiser concerning his or her analyses, opinions, and conclusions is an oral report in which the appraiser must comply with the requirements of this Standards rule.

See Record Keeping under the ETHICS PROVISION for corresponding requirements.

Standards Rule 2-5.

An appraiser who signs a real property appraisal report prepared by another, even under the label of "review appraiser," must accept full responsibility for the contents of the report.

Comment: Departure from this binding requirement is not permitted.

This requirement is directed to the employer or supervisor signing the report of an employee or subcontractor. The employer or supervisor signing the report is as responsible as the individual preparing the appraisal for the content and conclusions of the appraisal and the report. Using a conditional label next to the signature of the employer or supervisor or

signing a form report on the line over the words "review appraiser" does not exempt that individual from adherence to these standards.

This requirement does not address the responsibilities of a review appraiser, the subject of Standard 3.

STANDARD 3.

In reviewing an appraisal and reporting the results of that review, an appraiser must form an opinion as to the adequacy and appropriateness of the report being reviewed and must clearly disclose the nature of the review process undertaken.

Comment: The function of reviewing an appraisal requires the preparation of a separate report or a file memorandum by the appraiser performing the review setting forth the results of the review process. Review appraisers go beyond checking for a level of completeness and consistency in the report under review by providing comment on the content and conclusions of the report. They may or may not have firsthand knowledge of the subject property or of data in the report. The COMPETENCY PROVISION applies to the appraiser performing the review as well as the appraiser who prepared the report under review.

Reviewing is a distinctly different function from that addressed in Standards Rule 2-5. To avoid confusion in the marketplace between these two functions, review appraisers should not sign the report under review unless they intend to take the responsibility of a co-signer.

Review appraisers must take appropriate steps to indicate to third parties the precise extent of the review process. A separate report or letter is one method. Another appropriate method is a former checklist prepared and signed by the appraiser conducting the review and attached to the report under review. It is also possible that a stamped impression on the appraisal report under review, signed or initialed by the reviewing appraiser, may be an appropriate method for separating the review function from the actual signing of the report. To be effective, however, the stamp must briefly indicate the extent of the review process and refer to a file memorandum that clearly outlines the review process conducted.

The review appraiser must exercise extreme care in clearly distinguishing between the review process and the appraisal or consulting processes. Original work by the review appraiser may be governed by STANDARD 1 or STANDARD 4 rather than this

standard. A misleading or fraudulent review and/or report violates the ETHICS PROVISION.

Standards Rule 3-1.

In reviewing an appraisal, an appraiser must:

(a) identify the report under review, the real estate and real property interest being appraised, the effective date of the opinion in the report under review, and the date of the review;

(b) identify the extent of the review process to be conducted;

(c) form an opinion as to the completeness of the report under review in light of the requirements in these standards;

Comment: The review should be conducted in the context of market conditions as of the effective date of the opinion in the report being reviewed.

(d) form an opinion as to the apparent adequacy and relevance of the data and the propriety of any adjustments to this data;

(e) form an opinion as to the appropriateness of the appraisal methods and techniques used and develop the reasons for any disagreement;

(f) form an opinion as to whether the analyses, opinions, and conclusions in the report under review are appropriate and reasonable, and develop the reasons for any disagreement.

Comment: Departure from binding requirements (a) through (f) above is not permitted.

An opinion of a different estimate of value from that in the report under review may be expressed, provided the review appraiser:

1. satisfies the requirements of STANDARD 1;
2. identifies and sets forth any additional data relied upon and the reasoning and basis for the different estimate of value; and

3. clearly identifies and discloses all assumptions and limitations connected with the different estimate of value to avoid confusion in the marketplace.

Standards Rule 3-2.

In reporting the results of an appraisal review, an appraiser must:

- (a) disclose the nature, extent, and detail of the review process undertaken;
- (b) disclose the information that must be considered in Standards Rule 3-1(a)(b);
- (c) set forth the opinions, reasons, and conclusions required in Standards Rule 3-1(c)(d)(e)(f);
- (d) include all known pertinent information;
- (e) include a signed certification similar in content to the following:

I certify that to the best of my knowledge and belief:

- the facts and data reported by the review appraiser and used in the review process are true and correct.
- the analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no (or the specified) present or prospective interest in the property that is the subject of this report and I have no (or the specified) personal interest or bias with respect to the parties involved.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this review report.
- my analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

- I did not (did) personally inspect the subject property of the report under review.

- no one provided significant professional assistance to the person signing this review report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated).

Comment: Departure from binding requirements (a) through (e) above is not permitted.

STANDARD 4.

In performing real estate or real property consulting services, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible result.

Comment: Standard 4 is directed toward the same substantive aspects of professional practice set forth in Standard 1, but addresses the performance of consulting services by an appraiser. Consulting is a broad term that is applied to studies of real estate other than estimating value. Land utilization studies; highest and best use analyses; marketability, feasibility, or investment studies; and other research-related studies are examples of consulting assignments. An appraiser must have the ability to develop an analysis/research program that is responsive to the client's objective; to perform primary research; to gather and present secondary and tertiary data; and to prepare a documented written report.

Standard 4 addresses the concept of identifying the client's objective. There is an important difference between performing an impartial consulting service as a disinterested third party that responds to the client's stated objective and performing a consulting service that is intended to facilitate the achievement of the client's objective. While both are legitimate business activities within the realm of professional appraisal practice, the appraiser must recognize the distinction and the consequent obligations.

An appraiser retained to act as a disinterested third party (or reasonably perceived by the public as acting as a disinterested third party) in performing an unbiased consulting service cannot be compensated in a manner that is contingent on the results. However, an appraiser retained to perform a legitimate service such as brokerage, mortgage banking, tax counseling, or zoning advice may be compensated by a fee contingent on the results

achieved, but only when a proper disclosure of the role being performed by the appraiser is made.

Standards Rule 4-1.

In performing real estate or real property consulting services, an appraiser must:

- (a) be aware of, understand, and correctly employ those recognized consulting methods and techniques that are necessary to produce credible results;
- (b) not commit a substantial error of omission or commission that significantly affects the results of a consulting service;
- (c) not render consulting services in a careless or negligent manner, such as a series of errors that, considered individually, may not significantly affect the results, but which, when considered in the aggregate, would be misleading.

Comment: Standards Rule 4-1 is identical in scope and purpose to Standards Rule 1-1. Departure from binding requirements (a), (b), and (c) is not permitted.

Standards Rule 4-2.

In performing real estate or real property consulting services, an appraiser must observe the following specific guidelines:

- (a) clearly identify the client's objective;
- (b) define the problem to be considered, define the purpose and intended use of the consulting service, consider the extent of the data collection process, adequately identify the real estate and/or property under consideration (if any), describe any special limiting conditions, and identify the effective date of the consulting service;
- (c) collect, verify, and reconcile such data as may be required to complete the consulting service;
 - (i) if the market value of a specific property is pertinent to the consulting assignment, an appraisal in conformance with Standard 1 must be included in the data collection;

all pertinent information shall be included;

Comment: If an appraisal is pertinent, the appraiser performing the consulting service should carefully review the ETHICS PROVISION and the explanatory comment at the beginning of STANDARD 4 to ensure that any personal interests of the appraiser or contingent compensation for the consulting service do not conflict with the independence required of the appraisal function. The appraiser performing the consulting service may find it necessary to retain (or suggest that the client retain) another appraiser to perform the appraisal.

(d) apply the appropriate consulting tools and techniques to the data collected;

(e) base all projections on reasonably clear and appropriate evidence.

Comment: A consulting service must begin with a clear identification of the client's objective, which may not be explicit in the client's statement of the assignment. The appraiser should precisely define the nature of the problem the client faces and the purpose of the consulting service. If the consulting services involves specific real estate or property, the appraiser must obtain a legal description, street address or other means of specifically and adequately identifying the real estate or property.

The appraiser must assess the overall range of work for solving the problem, the methodologies to be used, and the specific research data directly relevant to the consulting service.

Standards Rule 4-3.

In performing real estate or real property consulting services, an appraiser must observe the following specific guidelines when a conclusion or recommendation is required by the nature of the assignment:

(a) identify alternative courses of action to achieve the client's objectives and analyze their implications;

(b) identify both known and anticipated constraints to each alternative and measure their probable impact;

(c) identify the resources actually or expected to be available to each alternative and measure their probable impact;

(d) identify the optimum course of action to achieve the client's objective.

Comment: After proper consideration of all alternative courses of action, the appraiser should identify the optimum course of action in terms of the client's objective and forecast the likelihood it can be achieved. All conclusions must be logically related to the resources available and the constraints that may limit any of the alternatives.

Standards Rule 4-4.

In performing a market analysis, an appraiser must observe the following specific guidelines when applicable:

- (a) define and delineate the market area;
- (b) identify and analyze the current supply and demand conditions that make up the specific real estate market;
- (c) identify, measure, and forecast the effect of anticipated development or other changes and future supply;
- (d) identify, measure, and forecast the effect of anticipated economic or other changes and future demand.

Comment: The appraiser should carefully define and delineate the pertinent market area for the analysis. Supportive reasoning for the selection of the boundaries must be stated. The appraiser should identify the specific class(es) of real estate under consideration and analyze the forces that are likely to affect supply/demand relationships.

The appraiser is expected to provide a comprehensive and economic description of the existing supply of space for the specific use within the defined market area, an explanation of the competitive position of the subject, and a forecast of how anticipated changes in future supply (additions to or deletions from the inventory) may affect the subject property.

The appraiser is expected to project the quantity and price or rent level of space that will be demanded within the particular submarket. The capture or penetration rates of competitive projects should be examined in sufficient detail to lead to a reasoned conclusion as to the forecasted price or rent levels at which the market is likely to accept the subject space and the estimated absorption or rent-up time period.

The analysis of economic changes in the market in which the property is located may include the following determinants of demand: population, employment, and income characteristics; interest rates; zoning and other regulations; rents and/or sales; new construction planned or underway; vacant sites as potential competition to the subject; transportation; taxes; and the cost and adequacy of sewer, water, power, and other utilities. Forecasting techniques should be relevant, reasonable, practical, and supportable. Regardless of the forecasting models employed, the appraiser is expected to provide a clear and concise explanation and description of the models and methodologies.

Standards Rule 4-5.

In developing a cash flow and/or investment analysis, an appraiser must observe the following specific guidelines when applicable:

(a) consider and analyze the quantity and quality of the income stream;

(b) consider and analyze the history of expenses and reserves;

(c) consider and analyze financing availability and terms;

(d) select and support the appropriate method of processing the income stream;

(e) consider and analyze the cash flow return(s) and reversion(s) to the specified investment position over a projected time period(s).

Comment: Since real estate investment decisions are predicted on financial implications, the consulting service should define the client's investment criteria, consider major variables in the real estate and financial markets, and forecast the anticipated results. Definitions of the financial indices used (such as internal rate of return) and explanations of the financial analysis techniques and computer programs employed should be included. The ETHICS PROVISION and COMPETENCY PROVISION are especially important to Standards Rule 4-5 with regard to hypothetical conditions and technical proficiency.

Standards Rule 4-6.

In developing a feasibility analysis, an appraiser must observe the following specific guidelines when applicable:

- (a) prepare a complete market analysis;
- (b) apply the results of the market analysis to alternative courses of action to achieve the client's objective;
 - (i) consider and analyze the probable costs of each alternative;
 - (ii) consider and analyze the probability of altering any constraints to each alternative;
 - (iii) consider and analyze the probable outcome of each alternative.

Comment: An important step in feasibility analysis is to complete a market analysis.

The appraiser should compare the following criteria from the client's project to the results of the market analysis: the project budget (all construction costs, fees, carrying costs, and ongoing property operating expenses); the time sequence of activities (planning, construction and marketing); the type and cost of financing obtainable; cash flow forecasts over the development and/or holding period; and yield expectations. The appraiser should have enough data to estimate whether the project will develop according to the expectations of the client and is economically feasible in accordance with the client's explicitly defined financial objectives.

STANDARD 5.

In reporting the results of a real estate or real property consulting service, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

Comment: Standard 5 is identical in intent and purpose to the appraisal reporting requirements in Standard 2. An appraiser must explain logically and convincingly the reasoning that leads to his or her conclusions. The flow of information should be orderly and progressive, leading from the broadest to the most specific level of analysis possible. Those topics most critical to the consulting conclusions should receive the most detailed emphasis.

In many business situations involving consulting services, the role of the appraiser carries with it an implied impartiality. For this reason, an appraiser must exercise extreme caution in undertaking assignments that involve the achievement of the specific goals of a client. A clear and complete disclosure of the role being performed by the appraiser must be part of any written report that results from the acceptance of such an assignment. The disclosure must be stated in any letter of transmittal, statement of assumptions and limiting conditions, and executive summary. In this connection, the appropriate use of the Certification in Standards Rule 5-3 is also required, but it is not sufficient in and of itself. A timely and complete disclosure is required in any oral report.

Standards Rule 5-1.

Each written or oral consulting report must:

- (a) clearly and accurately set forth the consulting service in a manner that will not be misleading;
- (b) contain sufficient information to enable the person(s) who receive or rely on the report to understand it properly;
- (c) clearly and accurately disclose any extraordinary assumption or limiting condition that directly affects the consulting service and indicate its impact on the final conclusion or recommendation (if any).

Comment: Departure from binding requirements (a), (b), and (c) is not permitted. A consulting report must be sufficiently comprehensive so the client can visualize the problem and follow the reasoning through each step of the analytical process. It is essential that throughout the report the data, analyses, assumptions and conclusions are logical and adequately supported. Basic analytical and statistical principles, logical reasoning, and sound professional judgment are essential ingredients of the report.

Standards Rule 5-2.

Each written consulting report must comply with the following specific reporting guidelines:

- (a) define the problems to be considered;
- (b) state the purpose of the consulting service;

- (e) identify and describe the real estate and/or property under consideration (if any);
- (d) set forth the effective date of the consulting service and the date of the report;
- (e) describe the overall range of work and the extent of the data collection process;
- (f) set forth all assumptions and limiting conditions that affect the analyses, opinions, and conclusions;
- (g) set forth the information considered, the consulting procedures followed, and the reasoning that supports the analyses, opinions, and conclusions;
- (h) set forth the appraiser's final conclusions or recommendations (if any);
- (i) set forth any additional information that may be appropriate to show compliance with, or clearly identify and explain permitted departures from, the requirements to Standard 4;
- (j) include a signed certification in accordance with Standards Rule 5-3.

Comment: the appraiser must set forth all the assumptions and limiting conditions under which the consulting service is made, and support their validity. Specific assumptions or conditions imposed by the client must be clearly set forth as part of the identification of the objective of the consulting service. The appraiser must investigate the validity of such assumptions or conditions and give reasons for finding them realistic.

It is improper to omit any of the requirements from a consulting report transmitted to the client without good cause. Any departure from normal procedures and the effect of any unusual factors or conditions in connection with the problem must be explained. A misleading or fraudulent report violates the ETHICS PROVISION as well as the Standard.

Standards Rule 5-3.

Each written consulting report must contain a certification that is similar in content to the following form:

I certify that to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

- I have no (or the specified) present or prospective interest in the property (if any) that is the subject of this report, and I have no (or the specified) personal interest or bias with respect to the parties involved.

- my compensation is not (or is) contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report. (If the compensation is contingent, the basis of such contingency must be disclosed in this certification and in any letter of transmittal and executive summary.)

- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

- I have (or have not) made a personal inspection of the property (if any) that is the subject of this report. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the property).

- no one provided significant professional assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated).

Comment: Departure from this binding requirement is not permitted. To the extent that it is both possible and appropriate, each oral consulting report (including expert testimony) must address the substantive matters set forth in Standards Rule 5-2.

STANDARD 6.

In developing and reporting a mass appraisal for ad valorem tax purposes, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are

necessary to produce and communicate credible appraisals within the context of the property tax laws.

Comment: Standard 6 is directed toward the substantive aspects of developing and communicating competent analyses, opinions, and conclusions for ad valorem tax purposes. Two types of appraisals are made for ad valorem tax purposes: individual property appraisals and mass appraisals. Individual property appraisals usually are made when a mass appraisal is being contested. Generally, individual property appraisals should conform to Standard 1 and/or 7. Mass appraisals, which often are developed by teams of people, some of whom may not be appraisers, are the subject of this Standard.

Although appraisal is an important aspect of ad valorem tax administration, other important aspects, including locating and describing property, identifying ownership, determining tenability, making assessments, maintaining cadastral record systems, and satisfying a variety of information needs, result in appraiser-client relationships that are distinctly different from the usual relationships between appraisers and clients.

Standards Rule 6-1.

In developing a mass appraisal for ad valorem tax purposes, an appraiser must:

(a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

Comment: S.R. 6-1(a) is identical in scope and purpose of S.R. 1-1(a). Changes in regional economies, development patterns, and property tax legislation has a substantial impact on property assessment.

(b) not commit a substantial error of omission or commission that significantly affects an appraisal;

Comment: S.R. 6-1(b) is identical in scope and purpose to S.R. 1-1(b) when making an individual property appraisal. S.R. 6-1(d) applies in mass appraisal.

(c) not render an appraisal in a careless or negligent manner;

Comment: S.R. 6-1(c) is identical in scope and purpose to S.R. 1-1(c).

(d) employ those recognized mass appraisal procedures and techniques that are necessary to minimize errors in the data and analyses;

Comment: This rule requires appraisers for ad valorem tax purposes engaged in mass appraisal to take reasonable steps to ensure that the quality of the factual data that are collected are sufficient to produce credible appraisals. The requirements for real and personal property differ.

For real property, systems for routinely collecting and maintaining ownership, geographic, sales, income and expense, cost, and property characteristics data should be established. Geographic data should be contained in a complete set of cadastral maps compiled according to current standards of detail and accuracy. Sales data should be collected, confirmed, screened, adjusted, and filed according to current standards of practice. The sales file should be separate from the property record file and should contain, for each sale, property characteristics data that are contemporaneous with the date of sale. Property characteristics data should be appropriate to the mass appraisal models being used, the requirements of classification and property tax policy, the requirements of other government and private users, and the marginal benefits and costs of collecting and maintaining each particular property characteristic. The property characteristics data file should contain data contemporaneous with the date of appraisal as well as current data. It may contain historical data on sales. The property characteristics data collection system should provide for periodic reinspection of all properties and special inspections of properties for which building permits have been issued. Data collectors should be trained, and they should use data. The data collection program should incorporate checks and audits to ensure that data are recorded correctly and consistently. For personal property, systems for routinely collecting and maintaining situs and ownership data, market data (e.g., cost, price, sales and income and expense), and property characteristics data should be established. Personal property data collection systems usually rely heavily on reports of taxable property holdings filed by owners and agents, but appraisers should have systems for verifying and auditing those reports and for discovering unreported taxable property.

(e) employ those recognized techniques for formulating and calibrating mass appraisal models; and

Comment: Appraisers for ad valorem tax purposes engaged in mass appraisal must develop mass appraisal models that with reasonable accuracy represent the mathematical relationship between property

value and supply and demand factors, as represented by quantitative and qualitative property characteristics. Models should be calibrated using generally recognized mass appraisal techniques, including multiple regression analysis and the adaptive estimation procedure, for applying the sales comparison, income, and cost approaches to value. Whenever feasible or appropriate, more than one method should be used in appraising a group of properties.

Since personal property items generally are more homogeneous than real property parcels, personal property valuation models generally are simpler than real property valuation models.

(f) employ those recognized mass appraisal testing procedures and techniques that are necessary to ensure that standards of accuracy are maintained.

Comment: It is implicit in mass appraisal that, even when well-formulated and well-calibrated mass appraisal models are used, some individual value estimates will not meet standards of reasonableness, consistency, and accuracy. However, appraisers for ad valorem tax purposes engaged in mass appraisal have a professional responsibility to ensure that, on an overall basis, models produce value estimates that meet attainable standards of accuracy. This responsibility requires appraisers to evaluate the performance of models, using, as appropriate, goodness of fit statistics, hold-out samples, analysis of residuals, and assessment-ratio data. They also should review individual value estimates before the decision to use those estimates as the basis for assessment is made.

Standards Rule 6-2.

In developing a mass appraisal for ad valorem tax purposes, an appraiser must:

(a) adequately identify the real estate, identify the real property interest under consideration, define the purpose and intended use of the appraisal, consider the scope of the appraisal, describe any special limiting conditions, and identify the effective date of the appraisal;

Comment: Analogous considerations to those set forth in S.R. 6-2(a) apply to personal property. S.R. 6-3 and S.R. 6-4(a), 6-4(f), and 6-4(h) do not apply to personal property.

In mass appraisal, fee simple interests in property are assumed and appraisers need only identify the real property interest under consideration explicitly when that assumption is not met.

Similarly, the purpose, intended use, and scope of appraisals are assumed to be for ad valorem taxation, which facts do not need to be explicitly defined unless there is an intent to use an appraisal for ad valorem tax purposes for another function. With respect to special limiting conditions, appraisers for ad valorem tax purposes generally operate under pronounced cost constraints. Politically accepted expenditure levels for assessment administration are a function of a number of factors, including the value of the property being taxed and the relative reliance of the client governmental bodies on the property tax. As a result, expenditure levels may be considerably lower than the suggested levels in many areas. Sacrifices in data completeness and accuracy, valuation methods, and valuation accuracy are an inevitable consequence of such fiscal constraints. Appraisers should not be held accountable for constraints that are beyond their control.

(b) Define the value being considered

if the value to be estimated is market value, the appraiser must clearly indicate whether the estimate is the most probable price:

(i) in terms of cash; or

(ii) in terms of financial arrangements equivalent to cash; or

(iii) in such other terms as may be precisely defined;

Comment: The definition of value for ad valorem tax purposes usually is stated in legislation, regulations, or court decisions and may vary with property use. Appraisers for ad valorem tax purposes must determine whether a stated legal definition differs materially from the general requirements of this rule and govern themselves accordingly. However, in mass appraisal it is not necessary for appraisers to define the value being considered explicitly in writing.

(c) when applicable and when the information is available to the appraiser in the normal course of business, consider easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of a similar nature;

(d) consider whether an appraised fractional interest, physical segment, or partial holding contributes pro rata to the value of the whole, if applicable;

(e) identify and consider any personal property, fixtures or intangible items that are not property but are included in the appraisal.

Standard Rule 6-3.

In developing a mass appraisal for ad valorem tax purposes, an appraiser must:

(a) consider the effect on use and value of the following factors: existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the property, neighborhood trends, and the highest and best use of the property;

Comment: S.R. 6-3(a) is identical in scope and purpose to S.R. 1-3(a).

(b) recognize that land is appraised as though vacant and available for development to its highest and best use and that the appraisal of improvements is based on their actual contribution to the site.

Standards Rule 6-4.

In developing a mass appraisal for ad valorem tax purposes, an appraiser must:

(a) value the site by an appropriate method or technique;

(b) collect, verify, analyze and reconcile;

(i) such comparable cost data as are available to estimate the cost new of the improvement (if any);

(ii) such comparable data as are available to estimate the difference between cost new and the present worth of the improvements (accrued depreciation);

(iii) such comparable sales data, adequately identified and described, as are available to indicate a value conclusion;

(iv) such comparable rental data as are available to estimate the market rental of the property being appraised;

(v) such comparable operating expense data as are available to estimate the operating expenses of the property being appraised;

(vi) such comparable data as are available to estimate rates of capitalization and/or rates of discount. No pertinent information shall be withheld;

(c) base projections of future rent and expenses on reasonably clear and appropriate evidence;

(d) when estimating the value of a leased fee estate or a leasehold estate, consider and analyze the effect on value, if any, of the terms and conditions of the lease;

(e) consider and analyze the effect on value, if any, of the assemblage of the various estates or component parts of a property and refrain from estimating the value of the whole solely by adding together the individual values of the various estates or components parts;

Comment: This rule should not be construed to invalidate properly formulated mass appraisal models calibrated by use of the cost approach.

(f) consider and analyze the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date;

(g) identify and consider the appropriate procedures and market information to perform the appraisal, including all physical, functional, and external market factors as they may affect the appraisal;

(h) appraise proposed improvements only after examining and having available for future examination:

(i) plans, specifications, or other documentation sufficient to identify the scope and character of the proposed improvements;

(ii) evidence indicating the probable time of completion of the proposed improvements; and

(iii) reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy

projections, and the anticipated competition at the time of completion.

Comment: Ordinarily, proposed improvements are not formally appraised for ad valorem tax purposes. Appraisers, however, are sometimes asked To provide information estimates of assessed values of proposed improvements so that developers can estimate future property tax burdens. Sometimes condominiums and units in planned unit developments are sold with an interest in unbuilt community property, the pro rata value of which, if any, should be considered in the analysis of sales data.

Standards Rule 6-5.

In developing a mass appraisal for ad valorem tax purposes, an appraiser must:

(a) Consider and analyze any current agreement of sale, option, or listing of the property being appraised, if such information is available to the appraiser in the normal course of business;

(b) Consider and analyze any prior sales of the property being appraised;

(c) consider and reconcile the quality and quantity of data available and analyzed within the approaches used, and the adaptability or suitability of the approaches used.

Standards Rule 6-6

Mass appraisals for ad valorem tax purposes must be supported by documentation that is reasonably accessible to the public and communicated in ways that are not misleading. Documentation may be in the form of (1) records and files in electromagnetic, micro-graphic, paper, or other storage media; (2) reports; (3) manuals; (4) regulations; (5) statutes or other acceptable forms. The documentation should substantially conform to the factual requirements of Standards Rule 2-2. Appraisals for ad valorem tax purposes should be certified in a manner consistent with law and with generally accepted assessment practices.

Comment: For reasons of efficiency, the documentation supporting mass appraisals for ad valorem tax purposes virtually never would be found in a single report. Such matters as the purpose of an appraisal, the date of appraisal, the definition of value, the treatment of divided interests, and the like, generally are

matters of law and are found in constitutions, statutes, ordinances, regulations, or opinions.

The rationale for choosing a particular valuation model and calibration method rarely would be stated in writing, except when specified in regulations or contested in court. The mathematical form of the model should, however, be accessible to qualified interested parties. Property owners and their agents should have access to qualified interested parties. Property owners and their agents should have access to the property characteristics data on their properties upon request. Value conclusions on all properties should be made accessible to all interested parties.

STANDARD 7.

In developing a personal property appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

Comment: Standard 7 is directed toward the same substantive aspects set forth in Standard 1, but addresses personal property appraisal.

Standards Rule 7-1

In developing a personal property appraisal, an appraiser must:

(a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

(b) not commit a substantial error of omission or commission that significantly affects an appraisal;

(c) not render appraisal services in a careless or negligent manner, such as a series of errors that, considered individually, may not significantly affect the results of an appraisal, but which, when considered in the aggregate, would be misleading.

Comment: S.R. 7-1 is identical in scope and purpose to S.R. 1-1.

Standards Rule 7-2.

In developing a personal property appraisal, an appraiser must observe the following specific appraisal guidelines:

- (a) adequately identify the object(s) to be valued, including the method of identification;
- (b) define the purpose and intended use of the appraisal, including any special limiting conditions;
- (c) identify the effective date of the appraisal, clearly distinguishing the appraisal date from the report date when appropriate;
- (d) define the value to be considered consistent with the purpose of the appraisal;
- (e) value the object(s) by an appropriate appraisal method or technique;
- (f) collect, verify, analyze and reconcile such data as are available, adequately identified and described, to indicate a value conclusion;

No pertinent information shall be withheld.

Comment: These guidelines apply the concepts outlined in S.R. 2-2 to personal property appraisal practice.

Standards Rule 7-3.

In developing an appraisal of certain types of fine art, when applicable, consider and analyze the effect on value of:

- (a) any relevant damage or imperfections;
- (b) the importance of the object(s) as compared to other items of the same type and classification, or as relating to an artist's total work, or as enhancing other parts of a specific collection;
- (c) any historical factors (provenance) which would affect value;
- (d) the market acceptability of the style and scale of the object(s);
- (e) the utility, if any, in today's society as it relates to the originally intended use of the object(s);
- (f) any prior sales of the object(s) being appraised.

Comment: This guideline sets forth recognized appraisal methods and techniques for certain types of fine art that are consistent with U.S. Internal Revenue Service requirements.

STANDARD 8.

In reporting the results of a personal property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

Comment: Standard 8 is identical in scope and purpose to the appraisal reporting requirements in Standard 2.

Standards Rule 8-1.

Each written or oral personal property appraisal report must:

- (a) clearly and accurately set forth the appraisal in a manner that will not be misleading;
- (b) contain sufficient information to enable the person(s) who receive or rely on the report to understand it properly;
- (c) clearly and accurately disclose any extraordinary assumption or limiting condition that directly affects the appraisal and indicate its impact on value.

Standards Rule 8-2.

Each written personal property appraisal report must comply with the following specific reporting guidelines:

- (a) identify and describe the personal property being appraised;
- (b) state the purpose and scope of the appraisal;
- (c) define the value to be estimated;
- (d) set forth the effective date of the appraisal and the date of the report;
- (e) set forth all assumptions and limiting conditions that affect the analyses, opinions, conclusions and valuations;

(f) where appropriate, set forth the information considered, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, conclusions and valuations;

(g) when analysis of comparable sales is one of the methods used in the appraisal of personal property for sales purposes, carefully document the sales and analysis;

(h) set forth any additional information that may be appropriate to show compliance with, or clearly identify and explain permitted departures from, the requirements of Standard 7;

(i) include a signed certification in accordance with Standards Rule 8-3.

Standards Rule 8-3.

Each written personal property appraisal report must contain a certification that is similar in content to the following form:

I certify that to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

- I have no (or the specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest or bias with respect to the parties involved.

- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

- I have (or have not) made a personal inspection of the personal property that is the subject of this report. (If more than one person signs the report, this certification must clearly specify

which individuals did and which individuals did not make a personal inspection of the appraised property).

- no one provided significant professional assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated).

Standards Rule 8-4.

To the extent that it is both possible and appropriate, each oral personal property appraisal report (including expert testimony) must address the substantive matters set forth in Standards Rule 8-2.

ADDITIONAL DEFINITIONS APPLICABLE TO STANDARDS 9 AND 10

BUSINESS ASSETS: Tangible and intangible resources other than personal property and real estate that are employed by a business enterprise in its operations.

BUSINESS ENTERPRISE: A commercial, industrial or service organization pursuing an economic activity.

BUSINESS EQUITY: The interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof.

Comment: To the extent that several of the definitions cited on pages A-7 and A-8 of these Standards apply to business appraisal and include a direct reference to real estate, they are modified for the purpose of Standards 9 and 10.

STANDARD 9.

In developing a business appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

Comment: Standard 9 is directed toward the same substantive aspects set forth in Standard 1, but addresses business appraisal. Standards Rule 1-9.

In developing a business appraisal, an appraiser must:

(a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

Comment: S.R. 9-1(a) is identical in scope and purpose to S.R. 1-1(a). Changes and developments in the economy and in investment theory have a substantial impact on the business appraisal profession. Important changes in the financial arena, securities regulation, tax law and major new court decisions may result in corresponding changes in business appraisal theory and practice.

(b) not commit a substantial error of omission or commission that significantly affects an appraisal;

Comment: S.R. 9-1(b) is identical in scope and purpose to S.R. 1-1(b).

(c) not render appraisal services in a careless or negligent manner, such a series of errors that, considered individually, may not significantly affect the results of an appraisal, but which, when considered in the aggregate, would be misleading.

Comment: S.R. 9-1(c) is identical in scope and purpose to S.R. 1-1(c).

Standards Rule 9-2.

In developing a business appraisal, an appraiser must observe the following specific appraisal guidelines:

(a) adequately identify the business enterprise, assets, or equity under consideration, define the purpose and the intended use of the appraisal, consider the scope of the appraisal, describe any special limiting conditions, and identify the effective date of the appraisal;

(b) define the value being considered.

Comment: S.R. 9-2(b) is identical in scope and purpose to S.R. 1-2(b).

(i) if the appraisal concerns a business enterprise or equity interests, consider any buy-sell agreements, investment letter stock restrictions, restrictive corporate charter or partnership agreement clauses, and any similar features or factors that may have an influence on value.

(ii) if the appraisal concerns assets, the appraiser must consider whether the assets are:

(I) appraised independently; or

(II) appraised as parts of a going concern.

Comment: The value of assets held by a business enterprise may change significantly depending on whether the basis of valuation is acquisition or replacement, continued use in place, or liquidation.

(iii) if the appraisal concerns equity interests in a business enterprise, consider whether the interests are appraised on a majority or minority basis.

Comment: S.R. 9-2(b)(iii) is identical in scope and purpose to S.R. 1-2(d).

Standards Rule 9-3.

In developing a business appraisal relating to a majority interest in a business enterprise, an appraiser must investigate the possibility that the business enterprise may have a higher value in liquidation than for continued operation as a going concern. If liquidation is the indicated basis of valuation, any real estate or personal property to be liquidated must be valued under the appropriate standard.

Comment: This rule requires the appraiser to recognize that continued operation of a marginally profitable business is not always the best approach as liquidation may result in a higher value. It should be noted, however, that this should be considered only when the business equity being appraised is in a position to cause liquidation. If liquidation is the appropriate basis of value, then assets such as real estate and personal property must be appraised under Standard 1 and Standard 7, respectively.

Standards Rule 9-4.

In developing a business appraisal, an appraiser must observe the following specific appraisal guidelines when applicable:

(a) value the business enterprise, assets or equity by an appropriate method or technique.

- (b) collect and analyze relevant data regarding:
- (i) the nature and history of the business;
 - (ii) financial and economic conditions affecting the business enterprise, its industry, and the general economy;
 - (iii) past results, current operations, and future prospects of the business enterprise;
 - (iv) past sales of capital stock or partnership interest in the business enterprise being appraised;
 - (v) sales of similar businesses or capital stock of publicly held similar businesses;
 - (vi) prices, terms, and conditions affecting past sales of similar business assets;
 - (vii) physical condition, remaining life expectancy, and functional and economic utility or obsolescence.

No pertinent information shall be withheld.

Comment: This guideline directs the appraiser to study the prospective aspects of the business enterprise and to study it in terms of the economic and industrial environment within which it operates. Further, sales of securities of the business itself or similar businesses for which sufficient information is available should also be considered.

This guideline also requires the appraiser to investigate and take into account not only that loss of value that results from deterioration due to age but also loss of value due to functional and economic obsolescence. Economic obsolescence is a major consideration when assets are considered as parts of a going concern. It is also the criterion in deciding that liquidation is the appropriate as if for valuation.

Standards Rule 9-5.

In developing a business appraisal, an appraiser must:

- (a) select one or more approaches that apply to the specific appraisal assignments;

(b) consider and reconcile the quality and quantity of data available for analysis within the approaches that are applicable.

Comment: This rule requires the appraiser to use all approaches for which sufficient reliable data are available. However, it does not mean that the appraiser must use all approaches in order to comply with the rule if certain approaches are not applicable.

STANDARD 10.

In reporting the results of a business appraisal an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

Comment: Standard 10 is identical in scope and purpose to the appraisal reporting requirements in Standard 2.

Standards Rule 10-1.

Each written or oral business appraisal report must:

(a) clearly and accurately set forth the appraisal in a manner that will not be misleading.

Comment: S.R. 10-1(a) is identical in scope and purpose to S.R. 2-1(a).

(b) contain sufficient information to enable the person(s) who receive or rely on the report to understand it properly.

Comment: S.R. 10-1(b) is identical in scope and purpose to S.R. 2-1(b).

(c) clearly and accurately disclose any extraordinary assumption or limiting condition that directly affects the appraisal and indicate its impact on value.

Comment: This rule requires a clear and accurate disclosure of any extraordinary assumptions or conditions that directly affect an analysis, opinion, or conclusion. Examples of such extraordinary assumptions or conditions might include items such as the execution of a pending lease agreement, atypical financing, infusion of additional working capital or making other capital additions, or compliance with regulatory authority rules.

Standards Rule 10-2.

Each written business appraisal report must comply with the following specific reporting guidelines:

- (a) identify and describe the business enterprise, assets or equity being appraised.
- (b) state the purpose of the appraisal.
- (c) define the value to be estimated.
- (d) set forth the effective date of the appraisal and the date of the report.

Comment: Every business appraisal report must include information sufficient to identify what is being appraised, for what purposes, what type of value is being sought and the date as of which that value applies. If the appraisal concerns equity, it is not enough to identify the entity in which the equity is being appraised but also the nature of the equity, for example: how many shares of common or preferred stock. The purpose may be to express an opinion of value but the intended use of the appraisal must also be stated.

Not only the type of value being sought - fair market value, value in use, etc. - must be stated but it must also be defined clearly. The report date is when the report is submitted; the appraisal date or date of value is the effective date of the value conclusion. This date cannot be later than the report date.

- (e) describe the scope of the appraisal.
- (f) set forth all assumptions and limiting conditions that affect the analyses, opinions and conclusions.
- (g) set forth the information considered, the appraisal procedures followed, and the reasoning that supports the analyses, opinions and conclusions.
- (h) set forth any additional information that may be appropriate to show compliance with, or clearly identify and explain permitted departures from, the requirements of Standard 9.

Comment: S.R. 10-2(e)(f)(g)(h) are identical in scope and purpose to S.R. 2-2(f)(g)(h)(i).

(i) include a certification in accordance with S.R. 10-3;

(j) include a letter of transmittal signed by the person assuming technical responsibility for the appraisal.

Comment: An appraisal report cannot be anonymous. The appraiser or the person assuming technical responsibility for the appraisal must sign the report. The person assuming technical responsibility for the appraisal must be the person under whose direct supervision the appraisal investigation was conducted and who had final responsibility for the conclusions and opinions of value in the appraisal report. Reports issued by a firm may be signed by the person authorized to sign on behalf of the firm, only if the person assuming technical responsibility for the appraisal also signs.

Standards Rule 10-3.

Each written business appraisal report must contain a certification that is similar in content to the following:

I certify that to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumption and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

- I have no (or the specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest or bias with respect to the parties involved.

- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

- no one provided significant professional assistance to the person signing this report. (If there are exceptions, the name

of each individual providing significant professional assistance must be stated.)

Standards Rule 10-4.

To the extent that it is both possible and appropriate, each oral business appraisal report (including expert testimony) must address the substantive matters set forth in S.R. 10-2.

Comment: S.R. 10-4 is identical in scope and purpose to S.R. 2-4.

Standards Rule 10-5.

An appraiser who signs a business appraisal report prepared by another, even under the label "review appraiser," must accept full responsibility for the contents of this report.

Comment: S.R. 10-5 is identical in scope and purpose to S.R. 2-5.

Severability. If any of the above provisions of the Rules of Professional Conduct (Code of Ethics) or any part thereof, or any sentence, paragraph, clause, phrase or word thereof is construed by the courts to be invalid for any reason, it is the intention of the Board that the remainder shall continue in full force and effect; that is, it is the intention of the Board that each of the above provisions and/or any portion thereof, are severable.

ALABAMA REAL ESTATE APPRAISERS BOARD
ADMINISTRATIVE CODE

APPENDIX B
FORMS

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Appraisers Application Packet
Application For Reciprocal Appraiser License
Application For Temporary Permit
Application For Advisory Panel Membership
Education Application Packet

A copy of Appendix B, including application forms, may be
obtained from:

Alabama Real Estate Appraisers Board
660 Adams Avenue, Suite 360
Montgomery, Alabama 36104
Telephone Number: (334) 242-8747
FAX Number: (334) 242-8749

See master code for form

ALABAMA REAL ESTATE APPRAISERS BOARD

ADMINISTRATIVE CODE

100 North Union Street, Suite 370
Montgomery, Alabama 36104

(205) 242-8747

For additional information contact the Alabama Real Estate Appraisers Board at the above address.

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