



Alabama Real Estate Appraisers Board

VOLUME 15 NO. 1

THE APPRAISER BULLETIN

SUMMER 2012

NEW BOARD OFFICERS CONFIRMED

During the 2012 regular session the Alabama Senate confirmed two new Board members appointed by Governor Robert Bentley. Pictured below are the new Board members.

Inside this issue:



Mr. Dennis W. Key — appointed to represent the 4th Congressional District. Mr. Key is a Certified General Real Property Appraiser and owner of Key & Company, Inc. from Jasper, Alabama. Mr. Key has over 25 years of appraisal experience. In addition, he was President of the Alabama Chapter of the Appraisal Institute and was recently selected to the National 2012 Government Relations Committee of the Appraisal Institute.

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Mr. Christopher A. Baker — appointed to represent the 6th Congressional District. Mr. Baker is a Certified General Real Property Appraiser and the owner of Baker Valuation from Mountain Brook, Alabama. Mr. Baker has been an appraiser for nearly two decades and has served on national committees for both the Appraisal Institute and the CCIM Institute. Mr. Baker holds several designations, including MAI, SRA, MRICS, IFAS, CCIM and ASA.

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Also, during this 2012 Regular Session Governor Bentley reappointed for second terms Mr. Chester Mallory, State-At-Large Member, Mr. Kenneth Wallis, III, 2nd Congressional District and Mrs. Dot Wood, 3rd Congressional District.

LICENSE RENEWAL

Annual license renewal post cards will be mailed to all licensees the first week in August 2012 for the licensure year, which begins 10-1-12. The colored renewal forms will not be mailed as we encourage all licensees to renew online. Blank renewal forms can also be obtained from our website at www.reab.state.al.us after August 1, 2012. All renewals should be submitted online or by mail to reach the Board office no later than September 30, 2012 to keep your license valid and avoid payment of late fees. September 30 postmarks will be honored.

Allow one week for the renewal process if received at the Board by August 30, 2012, two weeks if received between that date and September 16, 2012 and three weeks if received later. Your current license certificate reflects an expiration date of September 30, 2013. However, you must renew annually to remain in good standing.

Continuing education will not be due with this license renewal.

ADMINISTRATIVE CODE CHANGE

At their July 21, 2011 meeting the Board voted to adopt the following changes to the Administrative Code, which became effective January 1, 2012.

The Trainee must submit the experience log to the Board for review when the Trainee has accumulated fifty (50) experience points when the Trainee plans to apply for a State Registered Real Property Appraiser license; one hundred (100) experience points when the Trainee plans to apply for a Licensed Real Property Appraiser license; one hundred twenty-five (125) experience points when the Trainee plans to apply for a Certified Residential Real Property Appraiser license and one hundred fifty (150) experience points when the Trainee plans to apply for a Certified General Real Property Appraiser license. The Board will select a sample of appraisals for review to examine how effective the mentoring process is for the Trainee. A fee of \$125 for examination of the appraisal samples must accompany the log. There will not be any discipline files opened for the Trainee as a result of the examination.

2012 BOARD MEETING CALENDAR

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

TENTATIVE MEETING SCHEDULE

January 19, 2012
March 15, 2012
May 17, 2012
July 19, 2012
September 20, 2012
November 15, 2012

DISCIPLINARY REPORT

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

AB 10-02 On July 21, 2011, the Board approved a Consent Settlement Order and issued a public reprimand to a Mumford, Alabama Certified Residential appraiser **James W. Smith, R00897**. Licensee also agreed that his license will be suspended for 90 days however, the suspension is stayed and Licensee is on probation for one year. Licensee also agreed to pay an administrative fine of \$2,250. The violations were: The licensee mis-measured the residence and understated the gross living area by 520 square feet. Licensee fails to properly identify the physical characteristics of the subject improvements, which directly affected the type of value and the intended use of the appraisal. Licensee moved his place of business and changed telephone numbers but failed to notify the board of these changes.

AB 11-22 On July 21, 2011, the Board approved a Consent Settlement Order and assessed an administrative fine against Birmingham, Alabama Trainee Appraiser **Jonathan M. Ray (T01702)**. Licensee agreed to pay a \$250 fine for failure to timely notify the Board of his change of address.

AB 08-19 On September 15, 2011, the Board approved a Consent Settlement Order and suspended the license of a Birmingham, Alabama Certified General appraiser **Gilbert P. Johnson, G00144**. The six-month suspension is stayed and Licensee is on probation for 6 months. Licensee also agree to pay an administrative fine of \$1,000, complete a board approved 15 hour residential sales comparison appraisal course and submit logs of his appraisals to the Board during the probationary period. The violations were: Licensee had information that he was aware of located in his work file that a prudent peer would have considered relevant in the analysis of the market value of this property. Contained in the Licensee's work file was a copy of an MLS file showing that the property was listed for sale from 8/9/04 till 3/28/05 for \$409,000. Although not required to analyze this prior listing a prudent peer of the Licensee that possessed such knowledge would research, discover and reported any findings to justify why the property sold one day after the expiration of this listing, 3/29/05, for \$534,000. The Licensee failed to analyze the prior sale that took place on 3/29/05 or mention this prior listing or analyze how or why the property sold for \$125,000 more then it could have been purchased for one day prior. Licensee reported on page 1 of 6 of his report that the subject property had been updated with "a newly finished bonus room above the garage." Located in the Licensee's work file was a copy of an MLS file when the property was listed for sale from 4/9/03 to 10/9/03, which states "suite over garage near completion." This bonus room was still not completed at the time of the assignment. The area lacked floor covering, trim and did not have heating and air conditioning duck work or units. The square footage of the home would have been 3,895 square feet without the bonus room instead of the 4,500 square feet reported by the Licensee with the bonus room. The Licensee also stated in his report on page 1 of 6 that several updates had been made to the subject property, this is contradicted by photos from the MLS files from the 4/9/03 to 10/9/03 and 8/9/04 until 3/28/05 which show the same hardwood floors, bath and kitchen fixtures and counter tops and cabinets. Licensee used homes of superior quality that are

Located on view of higher value than the subject lot to justify the Licensee's opinion of value. There were better more comparable sales available to the Licensee. Licensee fails to make needed adjustments to comparable sales for location, site, view and quality of construction. Licensee made unsupported adjustments for age, gross living area and basement area. Licensee fails to adjust for a swimming pool that is present on comparable sale number three. Licensee fails to mention and analyze a sale of subject property that took place on October 1, 2003 when the subject property sold for \$427,000. Licensee states on page 1 of 6 that there was a newly finished bonus room above the garage, trying to indicate an increase in square footage to help justify the large increase in value. The square footage of the home would have been 3,895 square feet without the bonus room instead of the 4,500 square feet reported by the Licensee with the bonus room. This partially finished area existed before the property sold on 3/29/05 and actually existed as far back as October 2003, (see MLS for listing from 4/9/03 to 10/9/03) and as indicated by realtor and current owner in interviews was not finished as late as October 2006 and was sloppily done.) Additional square footage was never finished completely and lacked heating and air-conditioning. Remodeling was purely cosmetic and home still has original appliances and fixtures.

AB 10-35; AB 10-36 On September 15, 2011, the Board approved a Consent Settlement Order and assessed an administrative fine against Mobile, Alabama Certified Residential Appraiser **Stacey G. Wade (R01009)**. Licensee agreed to pay a \$1,350 fine for violations in two residential appraisals.

AB 10-35 Violations: Licensee failed to prepare and develop an appraisal report/assignment according to the published standards of HUD/FHA, which were required as part of the Scope of Work. Licensee failed to state and analyze complete sales data within the Sales Comparison Approach. Licensee analyzed a site improvement (detached garage) within the total estimate of cost-new in the Cost Approach. Licensee failed to analyze the GLA difference between the Subject and listings and the list price to sale price ratio for the listings in the Listings Analysis. Licensee failed to prepare and develop the appraisal report to HUD/FHA appraisal standards. Licensee failed to prepare an accurate Location Map addendum within the report. Licensee failed to prepare an accurate Flood Map addendum within the report. Licensee stated the intended user as the client/lender and failed to state HUD/FHA also as one of the intended users. Licensee failed to state the additional use of the appraisal report was to support FHA's decision to provide mortgage insurance on the real property that was the subject of the appraisal. Licensee analyzed the location of the Subject and comparables as "Average", when market data did not support all having the same or similar characteristics and attributes of location. Licensee failed to state and analyze the seller concessions in Comparable #2 and Comparable #3. Licensee failed to accurately analyze the accrued depreciation, due to including a site improvement cost within the dwelling cost new calculations/figures. The accrued depreciation was calculated from the non-credible total estimate of cost new. Licensee failed to state an accurate census tract number. Licensee failed to state the accurate FEMA map number within the appraisal report. Licensee provided a Flood Map addendum, which did not contain the map where the Subject is located. Licensee stated in the Sales Comparison Approach, the proximity to the Subject for Comparables #1, #2, #3, #4 and Listings #1, #2, #3 were not accurate. Licensee provided a Location Map addendum, which did not accurately locate the Subject and some of the listings & a comparable. Licensee failed to provide support for the opinion of site value, within the appraisal report. Licensee failed to provide the list price to sale price ratio for the listings used within the Listings Analysis section. Licensee failed to explain the exclusion of the Income Approach within the appraisal report. Licensee failed to train the Trainee, in the proper development and reporting of an appraisal in accordance with USPAP.

AB 10-36 Licensee did not have a “true copy” of the appraisal report in the workfile. Licensee failed to prepare and develop an appraisal report/ assignment according to the published standards of HUD/FHA, which was required as part of the Scope of Work. Licensee failed to analyze the oil and mineral rights being retained by the seller within the appraisal report. Licensee failed to analyze complete sales data within the Sales Comparison Approach. Licensee failed to prepare an accurate Location Map addendum within the report. Licensee analyzed the location of the Subject and comparables as “Average”, when market data did not support all having the same or similar characteristics and attributes of location. Licensee failed to state an analysis of the actual age difference between the Subject and comparables. Licensee failed to state and analyze, the above ground swimming pool with a wooden deck in Comparable #1. Licensee failed to state and analyze, the seller’s concessions and the fencing for Comparable #2. Licensee failed to state and analyze, the barn and shed for Comparable #3. Licensee failed to state and analyze, the fenced back lawn area for Comparable #4. Licensee failed to state and analyze, the sales concessions for Comparable #5. Licensee failed to state and analyze, the shed for Comparable #6. Licensee stated the Zoning Description in the Site/Zoning Description as Residential, which is a general term and does not describe the actual zoning description. Licensee stated in the Sales Comparison Approach, the proximity to the Subject in Comparables #4 and #6 that was not accurate. Licensee failed to accurately locate Comparable #4 and Comparable #6 on the Location Map addendum. Licensee failed to provide the list price of the Subject at the time of the appraisal within the Subject section of the appraisal report. Licensee failed to explain the line item, net and gross adjustments, when they exceeded FHA’s guidelines. Licensee failed to provide adequate information needed for the lender/client to replicate the cost figures and calculations in the Cost Approach. Licensee failed to provide analysis of property being on the market for eight (8) months with a list price of \$150,000, a contract price of \$140,000 and the value opinion is \$160,000. Licensee stated a lump sum adjustment in the Cost Approach, without providing information as to the items analyzed within the adjustment. Licensee failed to provide their own photos of Comparables #2, #4 and #6 within the appraisal report, which is a guideline for FHA appraisals. Licensee failed to provide a legible street map showing the location of the Subject and comparables. The map provided was of a large general area, which was not a legible street map showing the actual location of the Subject and comparables. Licensee failed to completely summarize the Scope of Work performed or not performed in preparing and developing a HUD/FHA appraisal. The report lacked the complete credible expectations of an appraisal report prepared for HUD/FHA use. Licensee failed to explain the exclusion of the Income Approach within the appraisal report.

AB 10-14 On November 17, 2011, the Board approved a Consent Settlement Order and issued a private reprimand to a Trainee Appraiser. The Licensee also agreed to pay an administrative fine of \$1050. The violations in the residential appraisal were: Licensee failed to include the research and analysis that was necessary to develop an acceptable scope of work with credible appraisal assignment results. Licensee overlooked the Subject being located in a PUD with homeowners’ association and fees. Licensee failed to state and analyze, accurate and complete data within the Sales Comparison Approach. Licensee used unsupported data and miscalculated when developing the Cost Approach. Licensee developed the appraisal report with non-credible and unsupported square footage (GLA). Licensee failed to research and analyze data that was significant to the appraisal assignment. Licensee’s appraisal order required four (4) comparables and Licensee only provided three (3) comparables in the Sales Comparison Approach. Licensee used unsupported square Footage of the GLA in the Sales Comparison Approach. Licensee used unsupported

square footage in the dwelling calculations of the Cost Approach. Licensee failed to analyze accurate and complete sales data in the Sales Comparison Approach. Licensee failed to use supported and credible data in the Cost Approach. Licensee used unsupported data and miscalculated when developing the Cost Approach resulting in the Approach being non credible. Licensee failed to state and analyze a PUD/Homeowners' Association, when applicable to the Subject and comparables. Licensee used unsupported square footage of the GLA in the Sales Comparison Approach. Licensee used unsupported square footage in the dwelling calculations of the Cost Approach. Licensee failed to identify some of the relevant characteristics of the Subject property. The Subject was located in a PUD with a Homeowners' Association, homeowners' fees and amenities associated with the development. Licensee used unsupported square footage of the GLA in the Sales Comparison Approach, which resulted in non-credible GLA adjustments. Licensee analyzed the location of the Subject and comparables as "Good", when market data did not support all having the same or similar characteristics and attributes of location. Licensee failed to provide reasoning, within the report, as to the lack of an analysis between the properties. Licensee failed to state the analysis of the PUD/Homeowners' Associations of the Subject and Comparables #1 and #3 or state a reason for the lack of an analysis. Licensee failed to state the analysis of the lack of a PUD/Homeowners' Association of Comparable #2, when the Subject was located within a PUD/Homeowners' Association. Licensee analyzed the subject site as Good and the comparables sites as Similar, when market data did not support all having similar characteristics and attributes. Licensee failed to provide the elements of comparison, within the Porch/Deck/Patio grid, for Comparable #2 and Comparable #3. Licensee failed to state a reason for the lack of an analysis. Licensee failed to analyze the characteristics and attributes of Comparable #2 being located on a golf course with a view of the golf course. Licensee failed to analyze the characteristics and attributes of Comparable #3 being located within a development with boat slips. The location of the development provided water access through the canal to the bay and on to the gulf. Licensee analyzed unsupported square footage in the GLA of Comparable #3. Licensee analyzed a site improvement (privacy fence) within the dwelling calculations/figures to arrive at a total estimate of cost new that was not credible. The square footage used to develop the dwelling cost was an unsupported square footage. Licensee failed to accurately analyze the accrued depreciation (physical depreciation) due to including a site improvement cost within the dwelling cost new calculations/figures, which was non credible. The square footage used to develop the dwelling cost was an unsupported square footage. (*accrued depreciation developed from non-credible data*) Licensee failed to reconcile the quality and quantity of data available, which was analyzed or not analyzed in the Sales Comparison Approach and Cost Approach. Licensee failed to recognize the data available and use this data to develop the credible approaches to value within the appraisal report. Licensee stated the year of the census information as the map reference, which was an outdated date for current census information at the time of the appraisal. Licensee failed to clearly and accurately state the neighborhood boundaries within the Neighborhood section of the appraisal report. The description was not the boundary of the neighborhood named within the appraisal report. Licensee failed to state the accurate site dimensions and site area within the appraisal report. Licensee failed to state the accurate zoning of the Subject property within the Site section of the appraisal report. Licensee failed to state an accurate FEMA map number within the appraisal report. Licensee failed to disclose the Subject property was located both within Flood Zone X and Flood Zone AE. Licensee only stated Flood Zone X within the appraisal report. Licensee stated the information for the "storm sash/insulated" in the screen section of the Improvements/Exterior Description-Materials/Condition section of the appraisal report. The screen section information was misstated due to Licensee's error. Licensee stated the closing

attorneys or closing agents as the data verification sources in the Sales Comparison Approach, when these were not the verification sources used by the appraiser. Licensee stated and analyzed unsupported square footage in the GLA of Comparable #3 in the Sales Comparison Approach. Licensee indicated the Reproduction Cost was estimated in the Cost Approach (typo error), when the Replacement Cost was actually estimated. Licensee made a comment in the FIRREA/USPAP Addendum under the Purpose section, which was not supported by Licensee's workfile or appraisal. Licensee provided photos of Comparables #2 and #3 in the Photo Addendum, which were not the accurate photos of the comparables. Licensee provided a Location Map addendum, which did not accurately locate the Subject and comparables. Licensee provided a Flood Map addendum, which was not the area where the Subject is located. Licensee failed to provide information about the homeowners' association fees and amenities of the subdivision where the Subject was located. Licensee failed to state the heating of the Subject was by forced warm air (FWA). Licensee failed to state the condition of the exterior walls, roof surface, gutters & downspouts and windows within the Improvements/Exterior Description-Materials/Condition section of the appraisal report. Licensee failed to state the car storage space information for the driveway of the Subject. Licensee failed to indicate the garage was a "built in" garage for the Subject. Licensee failed to provide reasoning for the appraised value of the Subject exceeding the range of value for comparable properties sold and offered for sale within the subject neighborhood. Licensee failed to provide information, within the Sales Comparison Approach, Comparable #2 was located on a golf course. Licensee failed to provide information within the Sales Comparison Approach that Comparable #3 was located within a development with boat slips and access to the canal, bay and gulf. Licensee failed to provide adequate information for the lender/client to replicate the cost figures and calculations in the Cost Approach. Licensee failed to provide adequate information for the lender/client/intended user to realize the cost of the appliances were included within the per square foot cost of the dwelling in the Cost Approach. Licensee failed to provide in the PUD information if the developer/builder was in control of the homeowners' association and if the units were detached or attached.

AB 10-15 On November 17, 2011, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified General Appraiser. The Licensee also agreed to pay an administrative fine of \$1200. The violations in the residential appraisal were: Licensee failed to include the research and analysis that was necessary to develop an acceptable scope of work with credible appraisal assignment results. Licensee overlooked the Subject being located in a PUD with homeowners' association and fees. Licensee failed to state and analyze, accurate and complete data within the Sales Comparison Approach. Licensee used unsupported data and miscalculated in developing the Cost Approach. Licensee developed the appraisal report with non-credible and unsupported square footage (GLA). Licensee failed to research and analyze data that was significant to the appraisal assignment. Licensee's appraisal order required four (4) comparables and Licensee only provided three (3) comparables in the Sales Comparison Approach. Licensee used unsupported square footage of the GLA in the Sales Comparison Approach. Licensee used unsupported square footage in the dwelling calculations of the Cost Approach. Licensee failed to analyze accurate and complete sales data in the Sales Comparison Approach. Licensee failed to use supported and credible data in the Cost Approach. Licensee used unsupported data and miscalculated in developing the Cost Approach resulting in the Approach being non credible. Licensee failed to state and analyze a PUD/Homeowners' Association, when applicable to the Subject and comparables. Licensee used unsupported square footage of the GLA in the Sales Comparison Approach. Licensee used unsupported square footage in the dwelling calculations of the Cost Approach. Licensee failed to identify some of the

relevant characteristics of the Subject property. The Subject was located in a PUD with a Homeowners' Association, homeowners' fees and amenities associated with the development. Licensee used unsupported square footage of the GLA in the Sales Comparison Approach, which resulted in non-credible GLA adjustments. Licensee analyzed the location of the Subject and comparables as "Good", when market data did not support all having the same or similar characteristics and attributes of location. Licensee failed to provide reasoning, within the report, as to the lack of an analysis between the properties. Licensee failed to state the analysis of the PUD/Homeowners' Associations of the Subject and Comparables #1 and #3 or state a reason for the lack of an analysis. Licensee failed to state the analysis of the lack of a PUD/Homeowners' Association of Comparable #2, when the Subject was located within a PUD/Homeowners' Association. Licensee analyzed the subject site as Good and the comparables sites as Similar, when market data did not support all having similar characteristics and attributes. Licensee failed to provide the elements of comparison, within the Porch/Deck/Patio grid, for Comparable #2 and Comparable #3. Licensee failed to state a reason for the lack of an analysis. Licensee failed to analyze the characteristics and attributes of Comparable #2 being located on a golf course with a view of the golf course. Licensee failed to analyze the characteristics and attributes of Comparable #3 being located within a development with boat slips. The location of the development provided water access through the canal to the bay and on to the gulf. Licensee analyzed unsupported square footage in the GLA of Comparable #3. Licensee analyzed a site improvement (privacy fence) within the dwelling calculations/figures to arrive at a total estimate of cost new that was not credible. The square footage used to develop the dwelling cost was an unsupported square footage. Licensee failed to accurately analyze the accrued depreciation (physical depreciation) due to including a site improvement cost within the dwelling cost new calculations/figures, which was non credible. The square footage used to develop the dwelling cost was an unsupported square footage. (*accrued depreciation developed from non-credible data*) Licensee failed to reconcile the quality and quantity of data available, which was analyzed or not analyzed in the Sales Comparison Approach and Cost Approach. Licensee failed to recognize the data available and use this data to develop the credible approaches to value within the appraisal report. Licensee stated the year of the census information as the map reference, which was an outdated date for current census information at the time of the appraisal. Licensee failed to clearly and accurately state the neighborhood boundaries within the Neighborhood section of the appraisal report. The description stated was not the boundary of the neighborhood named within the appraisal report. Licensee failed to state the accurate site dimensions and site area within the appraisal report. Licensee failed to state the accurate zoning of the Subject property within the Site section of the appraisal report. Licensee failed to state an accurate FEMA map number within the appraisal report. Licensee failed to disclose the Subject property was located both within Flood Zone X and Flood Zone AE. Licensee only stated Flood Zone X within the appraisal report. Licensee stated the information for the "storm sash/insulated" in the screen section of the Improvements/Exterior Description-Materials/Condition section of the appraisal report. The screen section information was misstated due to Licensee's error. Licensee stated the closing attorneys or closing agents as the data verification sources in the Sales Comparison Approach, when these were not the verification sources used by the appraiser. Licensee stated and analyzed unsupported square footage in the GLA of Comparable #3 in the Sales Comparison Approach. Licensee indicated the Reproduction Cost was estimated in the Cost Approach (typo error), when the Replacement Cost was actually estimated. Licensee made a comment in the FIRREA/USPAP Addendum under the Purpose section, which was not supported by Licensee's workfile or appraisal. Licensee provided photos of

Comparables #2 and #3 in the Photo Addendum, which were not the accurate photos of the comparables. Licensee provided a Location Map addendum, which did not accurately locate the Subject and comparables. Licensee provided a Flood Map addendum, which was not the area where the Subject is located. Licensee failed to provide information about the homeowners' association fees and amenities of the subdivision where the Subject was located. Licensee failed to state the heating of the Subject was by forced warm air (FWA). Licensee failed to state the condition of the exterior walls, roof surface, gutters & downspouts and windows within the Improvements/Exterior Description-Materials/Condition section of the appraisal report. Licensee failed to state the car storage space information for the driveway of the Subject. Licensee failed to indicate the garage was a "built in" garage for the Subject. Licensee failed to provide reasoning for the appraised value of the Subject exceeding the range of value for comparable properties sold and offered for sale within the subject neighborhood. Licensee failed to provide information, within the Sales Comparison Approach, Comparable #2 was located on a golf course. Licensee failed to provide information within the Sales Comparison Approach that Comparable #3 was located within a development with boat slips and access to the canal, bay and gulf. Licensee failed to provide adequate information for the lender/client to replicate the cost figures and calculations in the Cost Approach. Licensee failed to provide adequate information for the lender/client/intended user to realize the cost of the appliances were included within the per square foot cost of the dwelling in the Cost Approach. Licensee failed to provide the PUD information if the developer/builder was in control of the homeowners' association and if the units were detached or attached.

AB 10-47 On November 17, 2011, the Board suspended the Certified Residential License **R00216** of **Cleabron E. Pullum** for a period of six months and assessed an administrative fine of \$1,200. The order of the Board followed an administrative hearing in this case where the Respondent was found to have committed the following violations: Respondent failed to use market based data to support the adjustments he used in the Sales Comparison Approach for age, condition, gross living area, and basement. Respondent failed to utilize the most comparable sales available to the subject property in preparation of the Sales Comparison Approach. Respondent used a flawed age/life method to calculate the depreciation on the subject property in the Cost Approach and by failing to show any justification for his decision to use an effective age of 10 years and a remaining economic life of 50 years when the subject property was 42 years old. Respondent failed to provide support for the adjustments he made in the Sales Comparison Approach, the effective age of the subject, the depreciation calculated in the Cost Approach, and by failing to describe the contributed information provided by Terry Mattison, identified on page four of the appraisal report.

AB 10-48, 10-49, 10-50 On January 19, 2012, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified Residential Appraiser. The Licensee also agreed to pay an administrative fine of \$1375, surrendered his Mentor status and will take a 40 hour appraisal course which may not be claimed for continuing education status. **AB 10-48**: The violations in the commercial appraisal were: Licensee's work file contained little documentation and did not support the licensee's opinions and conclusions. Licensee did not research comparable information to the extent that the information was verified and a determination as to the comparable sales included anything more than real property. Licensee did not demonstrate any analyses that were applied to arrive at the opinion or conclusions expressed in this assignment. Licensee's failure to verify the comparable information and to determine to what extent if any that the comparable sale was for

more than just the real property would not be in keeping with what the appraiser's peers actions would be. By licensee failing to verify the comparable sales utilized in the Sales Comparison Approach resulted in the inclusion of the value of personal property in these sales prices and therefore resulted in the overstatement of the value of the subject properties real property value. By the licensee failing to properly analyze, document and apply a proper technique to estimate the accrued depreciation of the subject improvements in the Cost Approach resulted in a flawed estimate of value from this approach. Licensee did not research comparable information to the extent that the information was verified and a determination as to the comparable sales included anything more than real property. Licensee did not demonstrate any analyses that were applied to arrive at the opinion or conclusions expressed in this assignment. Licensee failed to verify and analyze the comparable land sales, and comparable improve sales, therefore the assignment results were not credible. Licensee failed to demonstrate an analyzes of the comparable sales to indicate a value conclusion, instead licensee just makes an unsupported statement of value. Licensee failed to demonstrate an analyzes of the comparable land sales to indicate a value conclusion, instead licensee just makes an unsupported statement of value. Licensee failed to demonstrate an analyzes of any recognized methods of estimating accrued depreciation, instead just makes an unsupported statement of the amount. The licensee did not provide sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions expressed in the report. Licensee failed to fully disclose his research and analyses of comparable sales information but more important was not disclosing the lack of research and analyses into the verification of the comparables and what was included in those sales prices. The report contained no analysis reasoning to support his opinions and conclusions. **AB 10-49** The violations in this commercial appraisal were that Licensee's work file contained very little and there was no support located in the work file for the licensee's opinions and conclusions. Licensee did not research comparable information to the extent that the information was verified and a determination as to the comparable sales included anything more than real property. Licensee did not demonstrate any analysis that was applied to arrive at the opinion or conclusions expressed in this assignment. Licensee's failure to verify the comparable information and to determine to what extent if any that the comparable sale was for more than just the real property would not be keeping with what the appraiser's peers actions would be. By licensee failing to verify the comparable sales utilized in the Sales Comparison Approach resulted in the inclusion of the value of personal property in these sales prices and therefore resulted in the overstatement of the value of the subject properties real property value. By the licensee failing to properly analyze, document and apply a proper technique to estimate the accrued depreciation of the subject improvements in the Cost Approach resulted in a flawed estimate of value from this approach. Licensee did not research comparable information to the extent that the information was verified and a determination as to the comparable sales included anything more than real property. Licensee did not demonstrate any analyses that was applied to arrive at the opinion or conclusions expressed in this assignment. Licensee failed to verify and analyze the comparable land sales, and comparable improve sales, therefore the assignment results were not credible. Licensee failed to demonstrate an analyzes of the comparable sales to indicate a value conclusion, instead licensee just makes an unsupported statement of value. Licensee failed to demonstrate an analyzes of the comparable land sales to indicate a value conclusion, instead licensee just makes an unsupported statement of value. Licensee failed to demonstrate an analyzes of any recognized methods of estimating accrued depreciation, instead just makes an unsupported statement of the amount. The licensee did not provide sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions expressed in the report. Licensee failed to fully disclose his research and analyses of

of comparable sales information but more important was not disclosing the lack of research and analyses into the verification of the comparables and what was included in those sales prices. The licensee did not provide sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions expressed in the report. The report contained no analyses reasoning to support the licensee's opinions and conclusions. **AB 10-50** The violations in this residential appraisal are that Licensee's work file contained very little. There was no data on the comparable sales utilized and there was no support located in the work file for the licensee's opinions and conclusions. Comparable number 2 had 35 plus or minus acres of land according to the MLS and Tax records, yet the licensee stated it contained 28 acres. It was also noted on comparable 2 that the MLS did not report the square footage of the residence but the Tax records indicate the residence contained 1,428 square feet. The licensee reported the residence contained 1,700 square feet. It was also noted that comparable 2 was listed for sale on the MLS for \$184,500 but sold for \$189,300 or \$4,800 more than the list price, yet licensee made no adjustment or mention of this fact. Licensee did not demonstrate any analyses that was applied to arrive at the opinion. During the review of the report it was noted that the licensee states the house was built in 1955 or 51 years of age. The licensee states the house has an effective age of 20 years without any support or discussion for his estimate. The licensee utilized a price of \$15.00 per square foot to calculate the adjustment for differences in square footage of the subject compared to the comparables. This figure seems low and there was no support or discussion as to why or where this adjustment came from. The licensee made an adjustment on comparable 1 for finished basement based on \$10.00 per square foot. This adjustment seems low and the licensee has no support for this adjustment and there was no discussion of the adjustment. It was also noted that comparable 3 contained 1,200 square feet of unfinished basement and the licensee made no adjustment to this comparable for this difference. Licensee failed to develop an opinion of site value by an appropriate appraisal method or technique, instead licensee just makes an unsupported statement of value. Licensee failed to include significant storage/out buildings in the estimate of replacement cost of the improvements. The licensee did not provide sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions expressed in the report. The licensee did not provide sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions expressed in the report. The report contained no analyses reasoning to support the licensee's opinions and conclusions.

AB 10-110, 10-111, 10-112 On January 19, 2012, the Board approved a Consent Settlement Order from **Robert J. Dow, R00085**. Licensee surrendered his Mentor status. The violations in the three reports completed by Dow's trainee were: AB 10-110 Licensee failed to demonstrate an understanding and correctly employ the sales comparison approach to value. Licensee utilized unsupported adjustments to the comparable sales and therefore did not produce a credible appraisal. Licensee failed to identify the intended use of the appraisal, the licensee's only notation was to state "to establish value". The licensee utilized a preprinted form that stated the intended use of the appraisal "for a mortgage finance transaction". No other statements could be found as to the intended use of the appraisal. Subject property was in the process of having an addition made and being renovated at the time of the assignment. Licensee did not include a hypothetical condition that the property was being appraised as completed but instead stated the property was appraised "as is". Licensee estimated the effective age of a 72 year old residence at 35 years. There was not enough detail in the description of the renovations to justify taking house from an actual age of 72 year to an effective age of 35 years. In the sales comparison approach to value, adjustments were made to comparable sales without any justification or explanation. There was not enough detail in

the description of the renovations to justify taking this home from a 72 year old home to an effective age of 35 years. There was no explanation as to why the Cost and Income approaches to value were excluded. Subject property was in the process of having an addition made and being renovated at the time of the assignment. Licensee did not include a hypothetical condition that the property was being appraised as completed but instead stated the property was appraised "as is". Licensee did not summarize the research and analyses performed nor the research and analysis not performed. The licensee used a preprinted form statement for his scope of work. **AB 10-111** Licensee failed to demonstrate an understanding and correctly employ the sales comparison approach to value. Licensee utilized un-supported adjustments to the comparable sales and therefore did not produce a credible appraisal. In the sales comparison approach to value, adjustments were made to comparable sales without any justification or explanation. There was no explanation as to why the Income approaches to value were excluded. Licensee did not summarize the research and analyses performed nor the research and analysis not performed. The licensee used a preprinted form statement for his scope of work. **AB 10-112** Licensee failed to demonstrate an understanding and correctly employ the sales comparison approach to value. Licensee utilized un-supported adjustments to the comparable sales and therefore did not produce a credible appraisal. In the sales comparison approach to value, adjustments were made to comparable sales without any justification or explanation. There was no explanation as to why the Income Approach is not used. Licensee did not summarize the research and analyses performed nor the research and analysis not performed. The licensee used a preprinted form statement for his scope of work.

***THE ALABAMA REAL ESTATE APPRAISERS BOARD NO LONGER
ACCEPTS ANONYMOUS COMPLAINTS***

MODIFICATION OF NATIONAL REGISTRY FEE

As addressed in ASC Policy Statement 8, *National Registry of State Certified and Licensed Appraisers*, Title XI of the Financial Institutions Reform, Recovery and Enforcement Act, as amended, requires States to transmit to the ASC a roster listing individuals who have received a State certification or license to perform appraisals and a Registry fee from those individuals. The Registry fee and roster requirements apply to all individuals who receive State certifications or licenses originally or by reciprocity. Moreover, a Registry fee is due to the ASC from each State in which an appraiser is certified or licensed.

Under the authority in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Reform Act) the Appraisal Subcommittee (ASC) approved a modification of the annual National Registry Fee to \$40 from the current \$25 amount at its meeting of October 13, 2010. The ASC raised the National Registry fee to support its supervisory activities, including additional authority and responsibility under the Dodd-Frank Reform Act.

To provide a reasonable transition period for implementation by the States of the modified Registry fee, the fee increase is effective on January 1, 2012. Accordingly, as of January 1, 2012 for all new appraiser credentials and all renewals of existing credentials, States are required to collect and transmit to the ASC the modified annual Registry fee of \$40 in order for a credential to be reflected on the National Registry.

NEW APPLICATION AND LICENSE FEE INCREASES

At their January 20, 2011 meeting the Board voted to increase application fees as follows:

Trainee Real Property Appraiser application fee: \$150
State Registered Real Property Appraiser application fee: \$275
Licensed Real Property Appraiser application fee: \$275
Certified Residential Real Property Appraiser application fee: \$275
Certified Residential Real Property Appraiser application fee: \$275

These new fees became effective June 21, 2011.

At their November 17, 2011 meeting the Board voted to increase license fees as follows:

Trainee Real Property Appraiser license fee: \$335
State Registered Real Property Appraiser license fee: \$335
Licensed Real Property Appraiser license fee: \$335
Certified Residential Real Property Appraiser fee: \$335
Certified General Real Property Appraiser fee: \$335

These new fees became effective April 1, 2012.

**Alabama Real Estate
Appraisers Board**

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

Editor: Lisa Brooks

Board Members
Cornelia (Nene) Tisher
1st Congressional District
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CHANGE OF ADDRESS FORM

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

Business: (Preferred Mailing ____)	Home: (Preferred Mailing ____)
_____	_____
_____	_____
Telephone No.: _____	Telephone No.: _____
Signed: _____	License Number: _____
Date: _____	