

The APPRAISER *Bulletin*



VOLUME 10 NO. 2 A Publication of the Alabama Real Estate Appraisers Board

SUMMER 2006

NEW BOARD MEMBERS CONFIRMED



Joseph H. Lambert is pictured being sworn in as a Board Member by General Counsel Neva Conway at the April 2006 meeting. He was appointed by Governor Bob Riley to represent the 3rd Congressional District for a term of three years. Mr. Lambert has been a Certified General Real Property Appraiser since 1995. He owns and operates an appraisal business in Roanoke, AL. Mr. Lambert previously served on the Real Estate Appraisers Board from February 1997 to May 2000, serving as vice-chairman from March 1997 to May 2000.

Pictured is Frederick C. Crochen being sworn in as a Board Member by General Counsel Neva Conway also at the April 2006 meeting. He was appointed by Governor Bob Riley to represent the 7th Congressional District for a one year term to finish the term of Otis Stewart, Jr. who resigned from the Board in December 2005. Mr. Crochen is a Certified Residential Real Property Appraiser who owns and operates an appraisal business in Birmingham, AL.



MANDATORY TRAINEE/MENTOR ORIENTATION _____

You are reminded that as of August 1, 2006 both Trainees and Mentors must take the MANDATORY TRAINEE/MENTOR ORIENTATION to renew their license by October 2007.

FLORIDA-ALABAMA MUTUAL RECOGNITION AGREEMENT _____

We are happy to announce that Florida and Alabama have reached a Mutual Recognition Agreement. This agreement pertains to Certified Residential and Certified General real estate appraisers only.

For more information please contact the Board office.

LICENSURE EDUCATION _____

REMEMBER when upgrading your license to another classification you **MUST** use approved **LICENSURE** appraisal education. Continuing education cannot be used when upgrading to another classification.

MENTOR/TRAINEE NOTIFICATION _____

According to the Mentor/Trainee Policy which will become effective August 1, 2006 every Mentor/Trainee **MUST** within 10 days, inform the Board of the name and address of his/her Mentor(s)/Trainee(s). Also, every Mentor/Trainee **MUST** within 10 days, notify the Board when the Mentor/Trainee relationship is terminated. These tasks can be accomplished by using the Registration form available on our website www.reab.state.al.us under Licensure and Certification.

As of August 1, 2006 if it is brought to our attention the Mentor/Trainee has not complied with this policy a \$500 fine will be issued to BOTH.

Also, remember as of August 1, 2006 if a Trainee is not registered with an APPROVED MENTOR his/her license will become INACTIVE and will be unable to appraise.

RETAINING EDUCATION RECORDS

ALL appraisers are required to retain copies of the appraisal courses they have completed through the years. Recently we have received numerous requests from appraisers for copies of their education. The Board does retain copies of appraisal education courses submitted by licensees, however, due to staff shortages it would be greatly appreciated if all licensees would make a better effort to keep copies of their education. If you find you must have copies of your education please request these copies in writing and you will be assessed a duplication fee of \$1 per page.

CHANGE OF ADDRESS

In accordance with Code of Alabama, 1975 §34-27A-16, whenever a licensed appraiser changes a place of business, he or she shall **immediately** give written notification of the change to the Board. The appraiser is also required to notify the Board of his or her current residence address. Also, in accordance with Code of Alabama, 1975 §34-27A-20(c), in addition to the disciplinary powers granted in subsection (a), the Board may levy administrative fines for serious violations of this chapter or the rules and regulations of the Board of not more than \$500 for each violation.

The Board members at their May 19, 2006 meeting voted to levy a fine of \$200 effective July 1, 2006 to any appraiser who does not give written notification within 10 days of his/her change of address.

Please go to our website at www.reab.state.al.us to check your address.

ON-LINE RENEWAL AVAILABLE

Once again the Alabama Real Estate Appraisers Board is offering ON-LINE RENEWAL. On-line renewals for the upcoming renewal year will be available August 2006. Please visit www.reab.state.al.us or www.alabama.gov to access this capability.

APPRAISERS WHO HAVE NOT RENEWED

For the License Year 10-1-05 through 9-30-06

Ada M. Anaman	T01206	Donny W. Archer	T01257
Michael J. Baggett	T01054	Karen K. Beane	T01084
Charles L. Bellamy	T01178	Phillip D. Bennett	T00814
Lee G. Bissinger	T01513	David S. Black	T00866
Josh B. Brock	T01341	Larry R. Bryant	T01292
Frederick Chatman	T01127	Charles H. Coppage	T01521
Jeffrey Daniel	T01235	James R. Davis	T01141
Charles W. Dean	T01270	James M. Dease	T00723
Jerry M. Dent, II	T00624	Daniel A. Eldridge	T01281
John M. Eslava	T01449	Samuel S. Fleming	T01564
Jerry E. Forrest	T01466	Jeffrey T. Garrard	T01527
April C. Gortney	T01389	Luke A. Hall	T01398
Patrick L. Hawkins	T01204	Alan T. Higginbotham	T01102
James R. Higgins	T01218	George R. Hocutt	T00556
Joseph M. Huggins	T01076	Rolanda M. Jenkins	T01443
Gwendolyn B. Kelley	T00460	Katherine M. Kline	T01385
Jimmy N. Knight	T01214	Donna L. Lemay	T01412
Randall A. Loyd	T01430	Lisa M. Marshall	T01357
Frederick T. Marthaler, Jr.	T01313	Anna C. McConathy	T01529
Henry D. McVey, Jr.	T01471	Michael B. Mickens	T01442
William C. Porter	T01417	Joy C. Powe	T012880
Tabitha L. Powell	T01264	William E. Powers	T01310
Marsha R. Presley	T00475	Judith G. Prince	T00525
Jonathan T. Ray	T00451	Sharon L. Ricker	T01161
Larry A. Robinson	T00864	Charles Rodriguez	T01489
Linda A. Rushing	T00835	LaRonda B. Shirley	T01480
Christopher W. Smith	T00791	Ginger S. Smithson	T01159
Bradley D. Stocks	T01399	Paul B. Story	T01233
Geoffery B. Stovall	T00971	Leslie Sturdivant	T01246
Bobby G. Tate	T01507	Alice L. Taylor	T01260
Michael T. Thomas	T00186	Elizabeth R. Vines	T01262
Melanie J. Walker	T01431	William R. Walker	T00423
Bradley K. White	T01422	Trevor G. Whitten	T01478
Carole J. Whittington	T01048	Joseph C. Wise	T01487
William Clark	S00067	Lori Daniel	S00094
James E. Greer	S00010	Thomas J. Hoffman	S00090
Daniel A. Levens	S00066	Leigh A. Ballard	L00246
Jack M. Bounds	L00225	William G. Grimsley	L00235
Doris H. Horton	L00089	Hugh H. Johnson	L00134
Matthew S. Johnson	L00276	Pamela M. Johnson	L00263
Clark R. Williams	L00138	Shirley F. Brabham	R00037
Jeannie R. Brown	R00042	Leonard Brown	R00550

Ranny E. Cauthen	R00572	Forrest B. Dowdy	R00086
Martin D. Duerrmeier	R00677	Felice Garrison	R00327
Kenneth B. Griffith	R00343	Valerie A. Gulledge	R00119
Ronald E. Gunter	R00317	Grady E. Guntharp	R00120
Tim W. Hammett	R00769	Ronald W. Henslee	R00614
Barry S. Hollyfield	R00580	J. Douglas Jackson	R00151
Bonnie L. Johnson	R00598	Gary W. Lawson	R00172
Ira L. Leak	R00447	Frank E. Lindstrom, III	R00709
Edith M. Marcum	R00398	Richard A. Phillips	R00751
Peter B. Randa	R00403	Renee D. Salter	R00776
John A. Sizemore	R00241	David E. Styles	R00254
James S. Tevis	R00469	David F. Tucker	R00402
Mary K. Waters	R00422	Walter L. Abbott	G00374
Stan Banton, III	G00123	Craig S. Benton	G00705
John P. Blackwell, Jr.	G00126	James T. Boswell	G00614
Newell W. Brigham, III	G00599	Daniel R. Dean	G00187
John E. Dollar	G00562	O. David Gasser	G00356
David M. Hale	G00142	Terry G. Hoffman	G00530
Michael L. Kersten	G00551	Charles G. King	G00570
Patricia K. Love	G00262	Lorren L. Perdue	G00232
Howard J. Porter, Jr.	G00051	Carol J. Reynolds	G00501
James G. Schaefer	G00545	Mark W. Schwobe	G00651
Kenneth P. Seifert	G00683	Larry G. Sharp	G00608
Martin T. Shaver, Sr.	G00661	Donald T. Sutte	G00679
Mark A. Thibodeau	G00668	Jean B. Thoss	G00331
Selassie H. Wallace	G00689	Joel T. Watts	G00663

LICENSE NON-RENEWAL

Above is a complete listing of appraisers who did not renew their license for the period 10-1-05 through 9-30-2006. The following is the text of a certified letter, which was mailed to each of them detailing the status of their license and ineligibility to perform appraisals:

Your renewal fee for the license year 10-1-2005 thru 9-30-2006 has not been received. It is imperative that you understand the status of your license. You are not authorized to do appraisals after March 31, 2006 without a current license. Appraisals made without a current license may be subject to disciplinary action or prosecution as a Class "A" Misdemeanor under State Law.

After 3-31-2006 the late charge for renewal is \$250 in addition to regular fees. If the renewal fee for the license year beginning 10-1-2005 is not paid by 9-30-2006 your file will be closed.

Let me know if we can provide additional information or assistance in connection with the foregoing.

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 by the Board.

AB-04-33 – On January 20, 2006, the Board issued a private reprimand to a Certified Residential appraiser for a residential appraisal he completed as a Trainee appraiser. Licensee signed a Consent Settlement Order and agreed to pay a \$1500 fine, complete a 7- hour comparative sales analysis course. The violations were: This violation was committed by developing and reporting the appraisal using dissimilar sales from superior subdivisions as comparable sales when similar sales were available in the subject's market area. The result of the use of the dissimilar sales was a substantial overvaluation of the subject property. Licensee failed to accurately set forth the appraisal report in a manner that was not misleading.

AB-05-31 – On January 20, 2006, the Board issued a private reprimand to a Certified General appraiser for a residential appraisal he signed as the supervisor of a Trainee appraiser. Licensee signed a Consent Settlement Order and agreed to pay a \$500 fine. The violations were: inadequate supervision of a Trainee appraiser; selection

of a comparable that required so much adjustment in the sales comparison grid that it did not meet the definition of comparable sale; garage S.F. was included in the basement and garage; and the property address was incorrectly reported.

AB-05-35 – On January 20, 2006, the Board issued a private reprimand to a Certified Residential for a residential appraisal. Licensee signed a Consent Settlement Order and agreed to pay a \$1000 fine and take a 7-hour USPAP course. The violations were: Licensee failed to retain true and correct copies of the appraisal report; The carport was classified as a two-bay carport instead of a one-bay carport which caused the report to be misleading; the front porch and storage area at the rear of the subject were not included in the cost approach; Comparable #4 was not a closed sale and this was not disclosed in the report; Licensee failed to analyze the sales contract where there was a substantial down payment credit resulting from a lease/purchase agreement referenced in the sales contract; Licensee did not disclose why this information was not available or the efforts made to obtain it; Licensee failed to disclose that significant real property assistance was provided by another certified residential appraiser.

AB-03-77, AB-03-95, AB-04-79 – On January 20, 2006, the Board accepted the voluntary surrender of license from **Clarence R. Wilkins (L00139)**, a Dothan Licensed Real Property appraiser. The surrender was made in lieu of a formal hearing scheduled on these cases.

DISCIPLINARY REPORT

The violations were: **AB-03-77 and AB- 03-95**, In two commercial appraisals, Licensee falsely certified that he performed an exterior inspection of all the comparables in the report; made false statements in the report to support the final estimated value which resulted in a misleading report; failed to exercise reasonable diligence in developing the appraisal; failed to assure that data which would have a material or significant effect on his opinions or conclusions was identified and analyzed; accepted data provided by the seller/owner of the subject property without verifying the data or confirming it. In the Sales Comparison Approach, Licensee failed to use accepted method in making adjustments to the comparable sales; adjustments revealed a bias towards the subject property to inflate the final estimated value. There was no basis for the 3% increase for time differences. The Income Approach was not developed correctly and is misleading and unreliable: Licensee placed the most weight for value on the Income Approach and then added \$18,000 to that value. Licensee reported that the appraisal was “subject to” with all deferred maintenance and repairs included in the estimated value but developed the report “as is”. Licensee failed to perform the subject assignment with impartiality, objectivity, and independence and accepted an assignment that had a predetermined value. Licensee’s final value was \$20,000 higher than the contract sale price using methods to develop all three approaches to value that is not accepted appraisal methods for the assignment. Licensee failed to disclose his lack of knowledge and/or experience to the

client before accepting the appraisal assignment and failed to take all steps necessary or appropriate to complete the subject appraisal assignment competently.

AB-04-79, an appraisal of a residential property, Licensee falsely certified that the subject was 100% complete when it was no more than 60% complete and then falsely certified that the subject was 85 – 90% complete when it still was no more that 60% complete.

AB-05-78, AB-05-80, AB-05-92 – On April 21, 2006 the Board issued a private reprimand to a Certified General Appraiser. Licensee signed a Consent Settlement Order and agreed to pay a \$2000 Administrative Fine and to complete a 15-hour USPAP course with exam. **AB-05-78**, Respondent used a blueprint of the home to calculate the GLA and did not disclose in his scope of work that actual measurement had not been made. The intended use of the appraisal report was not clearly and accurately stated in the report. Described a different neighborhood than the subject neighborhood in the neighborhood section of the report. Supervisor’s inspection of the subject property was not clearly stated. Respondent failed to train the Trainee in the proper development and reporting of an appraisal.

AB-05-80, Respondent failed to prepare, develop and communicate a credible appraisal report due to being reconciled from non-credible sales comparison analysis. Respondent incorrectly added the square footage adjustment in one comparable when it should have been subtracted. Another comparable’s adjusted sales price was over

DISCIPLINARY REPORT

twice the others adjusted sales price in the sales comparison analysis. The comparable was either so dissimilar it should not have been used or either not adequately adjusted to a credible adjusted sales price. Respondent communicated an appraisal report, which was not clear and accurate due to “clone errors”, statements that were not accurate and statements that were not clear. Respondent failed to train the Trainee in the proper development and reporting of an appraisal.

AB-05-92, Respondent failed to use the correct quality of construction from the data source in the cost approach. Respondent failed to correctly calculate the basement garage in the cost approach. Respondent failed to adjust for the subject home & lot being inferior in the sales comparison analysis. Respondent communicated an appraisal report with “cloned report” error. Supervisor type of inspection of the subject property was not clearly stated. Respondent failed to train the Trainee in the proper development and reporting of an appraisal.

AB-05-79, AB-05-81 – On April 21, 2006 the Board issued a private reprimand to a Trainee Appraiser. Licensee signed a Consent Settlement Order and agreed to pay a \$750 Administrative Fine and to complete a 15-hour USPAP course with exam and a URAR course. **AB-05-79** Respondent used a blueprint of the home to calculate the GLA and did not disclose in his scope of work that actual measurement had not been made. The intended use of the appraisal report was not clearly and accurately stated in the report. Described a different neighborhood than the

subject neighborhood in the neighborhood section of the report. Supervisor’s inspection of the subject property was not clearly stated. **AB-05-81**, Respondent failed to prepare, develop and communicate a credible appraisal report due to being reconciled from non-credible sales comparison analysis. Respondent incorrectly added the square footage adjustment in one comparable when it should have been subtracted. Another comparable’s adjusted sales price was over twice the others adjusted sales price in the sales comparison analysis. The comparable was either so dissimilar it should not have been used or either not adequately adjusted to a credible adjusted sales price. Respondent communicated an appraisal report, which was not clear and accurate due to “clone errors”, statements that were not accurate and statements that were not clear.

AB-05-82 – On April 21, 2006 the Board issued a private reprimand to a State Registered Appraiser. Licensee signed a Consent Settlement Order and agreed to pay a \$750 administrative fine and take a 15-hour USPAP course with exam and a URAR course. Respondent failed to use the correct quality of construction from the data source in the cost approach. Respondent failed to correctly calculate the basement garage in the cost approach. Respondent failed to adjust for the subject home & lot being inferior in the sales comparison analysis. Respondent communicated an appraisal report with “cloned report” error. Supervisor type of inspection of the subject property was not clearly stated.

DISCIPLINARY REPORT

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

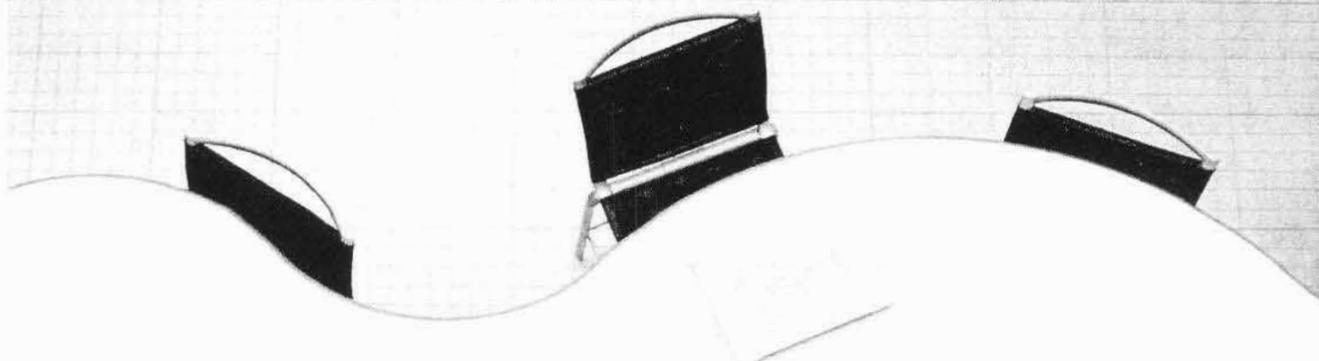
AB-05-89 – On April 27, 2006 to a Certified Residential Appraiser for a residential appraisal where access to subject is across adjoining property and this was not disclosed in the report.

AB-05-99 – On April 27, 2006 to a Certified Residential Appraiser for a residential appraisal. The error in GLA calculation is a violation of 1-1(c), USPAP, 2005 Ed. The proper way to measure the upstairs space with a sloping ceiling is from 5' ceiling height, not 7' ceiling height. The calculation error in the GLA resulted in non-credible adjustments in the sales comparison grid and could have affected the final value opinion. Proper supervision of a trainee appraiser was not provided.

AB-05-125 – On February 23, 2006 to a Certified Residential Appraiser for a residential appraisal where the correct state certification was not included in the report and the photo addendum for the subject front photo was of a different section of the condominiums than where the subject was located which is misleading.

Disciplinary actions are based on all of the circumstances developed on a case-by-case basis, including the nature and severity of the offenses involved, prior disciplinary history and findings in support of a conclusion that the respondent has been rehabilitated. Violation descriptions may be summarized in instances where they would become repetitive. For these reasons cases may appear similar on their face yet warrant different sanctions

2006 USPAP AND SCOPE OF WORK



The 2006 Edition of USPAP reflects extensive changes resulting from the Appraisal Standards Board (ASB) examination of the proper role of the scope of work and departure concepts in the appraisal process. This material provides answers from the ASB regarding some of the most common questions about these changes.

- 1** What are the major changes in the 2006 USPAP related to the scope of work and departure concepts?

The biggest changes are elimination of the DEPARTURE RULE and introduction of the SCOPE OF WORK RULE. The most visible change in appraisal practice is the discontinued use of the terms "Complete" and "Limited" to describe the appraisal process. There are numerous related changes, but these are the main focus.

- 2** What is scope of work?

In basic terms, the scope of work is the work an appraiser performs to develop assignment results. USPAP defines "scope of work" as *the type and extent of research and analyses in an assignment*. Note that this definition excludes reporting.

- 3** How is USPAP affected by the changes related to scope of work?

USPAP required extensive editing to incorporate the new SCOPE OF WORK RULE and to delete references to the DEPARTURE RULE and the related terms Binding Requirement, Specific Requirement, Complete Appraisal and Limited Appraisal.

- 4** Will the changes in the 2006 USPAP change the steps an appraiser takes in developing assignment results from what is done now?

No. The SCOPE OF WORK RULE has no requirements that were not in USPAP before. It's a matter of emphasis. The process of problem identification and the development of an appropriate scope of work, both previously-existing USPAP requirements, are emphasized more in the SCOPE OF WORK RULE and the 2006 USPAP.

- 5** If the requirements for the development process have not changed, then what has?

USPAP now provides a set of minimum standards for all appraisal, appraisal review and appraisal consulting assignments. This simplifies understanding the development process. Further, there is greater emphasis on

the scope of work disclosure in the report to provide intended users with an understanding of the appraiser's actions in arriving at assignment conclusions.

- 6** Do the changes affect all types of assignments (appraisals, appraisal reviews and appraisal consulting) and all disciplines (real property, personal property and intangible property, including business interests)?

Yes.

- 7** How are scope of work and departure different?

The departure process addresses only a single dimension of the appraisal process (the completion of what was labeled a Specific Requirement). However, the scope of work determination addresses the decision to perform a particular analysis (the work addressed by a particular Standards Rule) and, if it is performed, the extent of research and analysis completed in performing it.

- 8** What happened to Binding and Specific Requirements?

The labels were removed. The Standards Rules were re-written to show when appraisers need to complete the work without reference to a label.

- 9** Has any advice been issued to help understand the SCOPE OF WORK RULE and its use?

Yes, the ASB issued two new Advisory Opinions:
• AO-29 *An Acceptable Scope of Work*
• AO-28 *Scope of Work Decision, Performance, and Disclosure*

SCOPE OF WORK AND DEVELOPMENT OF ASSIGNMENT RESULTS

- 10** Will appraisers need to go through a complicated decision process before starting an assignment?

Not any more than under the 2005 USPAP. At the beginning of an assignment, appraisers will communicate with the client to gather the information needed for problem identification

and then determine the scope of work appropriate to address the problem. This is the same process appraisers go through at the beginning of an assignment under the 2005 USPAP.

- 11** Are there new development requirements?

No. The fundamentals of the appraisal process have not been changed. A development process that was appropriate under the 2005 USPAP is appropriate under the 2006 USPAP. And a development process that was not appropriate under the 2005 USPAP is not appropriate under the 2006 USPAP.

- 12** How does an appraiser know if the scope of work is adequate?

The same way appraisers know now. Appraisers will continue to use their training, experience and judgment to determine a scope of work that produces credible assignment results.

- 13** Can the scope of work change during the course of an assignment?

Yes. This is a common occurrence and USPAP recognizes that determining the scope of work is an ongoing process in an assignment.

SCOPE OF WORK AND THE CLIENT

- 14** Who determines the scope of work?

It is the appraiser's responsibility to determine and perform the appropriate scope of work.

- 15** What input does the client have to the scope of work decision?

Client input is part of the appraisal process. Communication with the client is required to establish most of the information necessary for problem identification and scope of work determination.

16 Is a scope of work specified by the client acceptable?

It is if that scope of work allows the appraiser to develop credible assignment results. If the scope of work specified by the client does not allow the development of credible assignment results, the appraiser needs to discuss changing the scope of work or withdraw from the assignment.

17 Does USPAP require client approval for the scope of work decision?

No. The DEPARTURE RULE requirement that the client agree "that the performance of a limited appraisal service would be appropriate" has been removed from USPAP and the SCOPE OF WORK RULE does not have any specific requirements for client approval. However, the SCOPE OF WORK RULE recognizes the client's role in problem identification and scope of work determination.

18 If a client wants to order a "Limited" appraisal, how can this be done (easily)?

Since the term Limited Appraisal is no longer defined, the client needs to communicate to the appraiser the assignment conditions under which the appraisal is to be performed. These might include required turnaround time, degree of inspection and approaches to be developed. After considering the client's description, it is up to the appraiser to determine if an adequate scope of work can be developed.

19 Is it a violation of USPAP to continue to use the labels "Complete" and "Limited" in the report?

No. It is not a violation to use labels or terms that are not included in USPAP.

Since the concept of departure will not exist after 2006 USPAP is effective, the report would probably be clearer if those labels were replaced with an explanation of the scope of work applied. However, if the report clearly communicates the scope of work, use of the labels would not violate USPAP.

CREDIBLE ASSIGNMENT RESULTS

20 Why did the ASB introduce a definition for the term "credible"?

Use of the term "credible" is not new. "Credible" was a central concept in USPAP prior to the 2006 USPAP, but it is more prominent in the 2006 USPAP.

21 How is the new definition different from what is in a dictionary?

The new USPAP definition of credible, *worthy of belief*, is not really different from common usage. The context for use of the term in USPAP is explained in the Comment to the definition: *credible assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use.*

22 What's important to know about "credible"?

Whether or not assignment results are credible is always measured in the context of the intended use of the assignment. This means that credibility is relative, not absolute. Assignment results that are credible for one intended use may not be credible for another intended use.

SCOPE OF WORK AND REPORTING

23 Does the SCOPE OF WORK RULE introduce any new reporting requirements?

No. The SCOPE OF WORK RULE does emphasize that the appraiser must report the scope of work performed in the assignment, but this requirement has been in USPAP for many years.

The requirement to report the scope of work takes on greater significance because intended users rely on this disclosure to understand the research and analyses performed in the assignment, rather than relying on the simple (and potentially misleading) labels Complete Appraisal and Limited Appraisal.

24 If the scope of work changes during an assignment, which scope of work should appraisers explain in the report?

Appraisers should explain the scope of work actually performed in the development process.

25 Is a separate section in the report needed for the scope of work description?

No. USPAP does not dictate where information must be included in reports. The scope of work performed may be described in one section or throughout the report.

26 Does the report need to explain what wasn't done in an assignment?

Possibly. In addition to the disclosure of research and analyses performed, disclosure of research and analyses not performed might be needed to allow users of the report to understand your scope of work. The

report must explain why the cost approach, sales comparison approach or income approach was not developed. It may also be necessary to disclose other research and analysis not performed.

27 Have the reporting labels been deleted from USPAP?

No. The report types identified in USPAP have not changed. Self-Contained Report, Summary Report and Restricted Use Appraisal Report are still the report options for real and personal property appraisals. Appraisal Report and Restricted Use Appraisal Report are still the report options for business or intangible asset appraisals.

OTHER QUESTIONS

28 Are appraisers prepared for the 2006 USPAP?

Yes. While some education regarding the new structure of USPAP and the modified requirements will be required, appraisers have been dealing with varied scopes of work (for example, exterior only inspections vs. interior and exterior inspections) for many years now.

The 2006 USPAP does not introduce any major new requirements. The requirement to determine and disclose the scope of work is a requirement of the 2005 USPAP, as is the requirement to develop credible assignment results. Appraisers already possess the knowledge and skills needed to complete assignments under the SCOPE OF WORK RULE.

29 How can clients prepare for the 2006 USPAP?

Clients can review their policies, procedures, guidelines and correspondence for use of the terms "departure," "Complete Appraisal" and "Limited Appraisal" to describe the appraisal process. Because these terms are not defined in the 2006 USPAP, consideration should be given to replacing the terms with specific instructions that describe the type of services requested. Since the appraisal report types (Self-Contained, Summary and Restricted Use) have not changed in the 2006 USPAP, there is no need to modify current practices related to appraisal documentation.

30 Do the new Fannie Mae forms comply with the 2006 USPAP?

Forms cannot comply with USPAP. Appraisers comply with USPAP by meeting the relevant development and reporting requirements. The ultimate responsibility for USPAP compliance in an assignment lies with the appraiser, not the form.

CONTACTING THE APPRAISAL STANDARDS BOARD

The ASB invites commentary on USPAP from all interested parties. If you have any comments, questions or suggestions regarding USPAP, please contact the ASB.

Appraisal Standards Board
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Washington, DC 20005
Phone: 202-347-7722 / Fax: 202-347-7722
E-mail: asb@appraisalfoundation.org / Web: www.appraisalfoundation.org



THE APPRAISAL FOUNDATION

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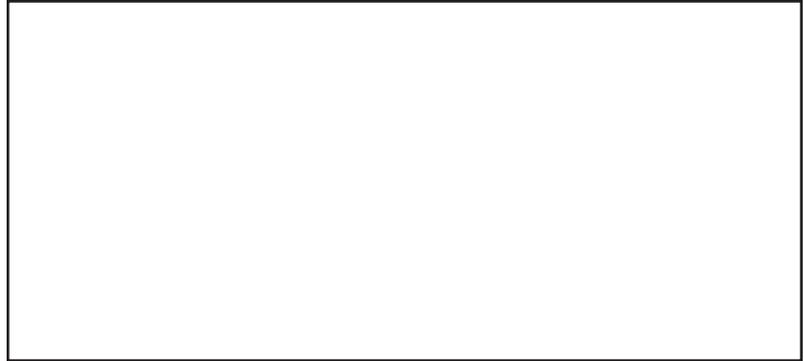
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CHANGE OF ADDRESS FORM

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: _____