

**MINUTES
ALABAMA REAL ESTATE APPRAISERS BOARD
RSA UNION STREET
SUITE 370
MONTGOMERY, ALABAMA
JULY 15, 2005**

MEMBERS PRESENT:

Mr. Mandell Tillman (Chairman)
Mr. Clifford Odom
Mr. James Davis (Vice-Chairman)
Mr. Leston Stallworth
Mrs. Myra Pruit
Mr. Jon B. Blissitte (arriving at 8:15 a.m.)
Mr. Steve Martin

MEMBERS ABSENT:

Mr. Thomas E. Garrett
Mr. Otis Stewart, Jr.

OTHERS PRESENT:

Mrs. Lisa Brooks
Ms. Neva Conway
Mr. D.J. Dixon
Mrs. Carolyn Greene

GUESTS PRESENT:

Mr. Dennis Greene

- 1.0 With quorum present Mr. Tillman, Chairman called the meeting to order at 8:07 a.m. The meeting was held at the RSA Union Building, 100 N. Union Street, 3rd Floor Conference Room, Montgomery, Alabama.
- 1.1 The meeting was opened with prayer by Mr. Stallworth and then the Pledge of Allegiance.
- 2.0 Members present were Mr. Mandell Tillman, Mr. James Davis, Mr. Clifford Odom, Mr. Leston Stallworth, Mr. Steve Martin, Mr. Jon B. Blissitte (arriving at 8:15 a.m.) and Mrs. Myra Pruit. Members absent were Mr. Otis Stewart, Jr., and Mr. Thomas E. Garrett. At this time the Board welcomed Mr. Greene.

3.0 On motion by Mr. Stallworth and second by Mr. Davis the regular minutes for May 20, 2005 were approved as written. Motion carried by unanimous vote.

3.2 Ms. Conway included in the Board books a letter of complaint regarding appraisal fees. After discussion the Board's opinion is that this is a civil matter and asked Ms. Conway to inform the complainant in writing.

Ms. Conway included in the Board books a Motion to Reconsider by Mr. Henry Haseeb and his attorney. On motion by Mr. Stallworth and second by Mr. Martin the Board voted to end suspension after 60 days and for Mr. Haseeb to pay an additional fine of \$2,500.00. Motion carried by unanimous vote.

The Board reviewed the Motion to Stay and/or Motion for Continuance that was granted by Judge Tori Burks on the complaint against Darrell S. Willeford. This information was for Board information.

The Board reviewed the Proposed Order and Recommendation of the Administrative Law Judge on Formal Complaint No. AB-04-39 on Lori Daniel. On motion by Mrs. Pruitt and second by Mr. Odom the Board voted to accept the Administrative Law Judge's recommendation with the following exceptions: Total fine will be \$3,000.00 and Board will withdraw charge 8-A. Motion carried by unanimous vote.

Ms. Conway included the Notice of Hearing and Complaint on Formal Complaint No's. AB-04-28, AB-04-29, AB-04-68 on Donald Holyfield and Ronald Holyfield for Board information. These hearings are scheduled for August 18, 2005.

Ms. Conway informed the Board that there are several cases set for hearings in the next few months with the Everett Brooks hearing on September 15, 2005.

4.0 Ms. Conway informed the Board there is another Legislative Special Session scheduled for July 19, 2005.

Ms. Conway asked the Board to approve the request for an Attorney General's opinion with resolution, which she included in the Board books. On motion by Mr. Davis and second by Mr. Stallworth the Board voted to approve this request. Motion carried by unanimous vote.

Ms. Conway asked the Board to approve an addition to the rule change on 780-X-12-.02. On motion by Mr. Stallworth and second by Mrs. Pruitt the Board voted to approve this addition. Motion carried by unanimous vote.

Ms. Conway included in the Board books a copy of a proposed amendment to the Real Estate Appraisers Board statute to introduce in Special Session. On motion by Mr. Stallworth and second by Mr. Odom the Board voted to approve this amendment. Motion carried by unanimous vote.

The Board reviewed a letter from Mr. Thad Moore regarding the changes to the Trainee/Supervisor Policy. The Board discussed this subject at length. Some of the discussion consisted of changing the territory coverage to 75 miles, whether to grandfather trainees, solicitation of business by trainees, whether a supervisor has been disciplined and if the trainee needs to work out of the supervisor's office. The Board members asked Ms. Conway to tweak these suggestions for next meeting.

5.0 On motion by Mr. Odom and second by Mrs. Pruitt the following applications were voted on as listed. Motion carried by unanimous vote.

5.1 **Trainee Real Property Appraiser applications approved:** Gregory F. Calhoun, Robert A. Harris, III, Phillip W. Hays, Angel P. Lanier, Daniel L. McAleer, John N. McQueen, Bill R. Owings, Sabina A. Padelford, Michael O. Patterson, George R. Richardson, Mitchell D. Shaw.

5.2 **State Registered Real Property Appraiser applications approved:** NONE

5.3 **Licensed Real Property Appraiser applications approved:** John E. McAnnally, W. Garreth Moore, James H. Owens (Recip.)(GA). **Application deferred:** William P. McFarland.

5.4 **Certified Residential Real Property Appraiser applications approved:** Patricia G. Davis, Laura Life, Kay T. McGinnis, Veronica Underwood. **Application deferred:** Jacqueline S. Carter, Woni Nelson.

5.5 **Certified General Real Property Appraiser applications approved:** Robert K. Barnes (Recip.)(TN), Jeffrey Carroll (Recip.)(NC), Ricky D. Church, Margaret K. Cook (Recip.)(TX), Michael P. Cummings (Recip.)(VA), Mr. John C. Johnson.

Applications deferred: Donald S. Armstrong, George M. Shanahan.

6.0 Mrs. Brooks discussed the financial report with the Board. Mrs. Brooks stated we were 75% into FY 05 and 60% into budget expenditures. Mrs. Brooks also stated the 606 Fund is still very close to same place last year. Mrs. Brooks stated there were no negative trends that could not be reconciled at this time. On motion by Mr. Blissitte and second by Mr. Davis the Board voted to approve the Financial Report. Motion carried by unanimous vote.

6.1 On motion by Mr. Davis and second by Mrs. Pruit the following education courses and instructor recommendations were approved, deferred, or denied as indicated:

ALLIED BUSINESS SCHOOL

Initial Application:

(LIC) Allied National USPAP course – 15 Hours – On-Line
(Instructor: Lee Hess)

Course approved contingent on receiving proctoring information

Instructor Approved

(CE) Allied National USPAP Update course – 7 Hours – On-Line
(Instructor: Lee Hess)

Both Course and Instructor Approved

AREI, AMERICAN REAL ESTATE APPRAISAL INSTITUTE

Renewal:

(CE) Appraisal Research & Analysis – 4 Hours – Traditional Classroom

(Instructor: Lorren L. Perdue)

Both Course and Instructor Approved

(CE) Communicating the Appraisal – 4 Hours – Traditional Classroom

(Instructor: Lorren L. Perdue)

Both Course and Instructor Approved

(CE) Neighborhood Analysis – 4 Hours – Traditional Classroom
(Instructor: Lorren L. Perdue)

Both Course and Instructor Approved

(CE) Residential Subdivision Analysis – 5 Hours – Traditional Classroom

(Instructor: Lorren L. Perdue)

Both Course and Instructor Approved

(CE) Sales Comparison – 6 Hours – Traditional Classroom

(Instructor: Lorren L. Perdue)

Both Course and Instructor Approved

AREA, ALABAMA ASSOCIATION OF REAL ESTATE APPRAISERS

Initial Application:

(CE) Review of the New URAR forms & FNMA Guidelines – 7 Hours – Traditional Classroom

(Instructor: Everett Brooks)

Both Course and Instructor Approved

(LIC) General Real Estate Appraisal Applications – 15 Hours – Traditional Classroom

(Instructor: Everett Brooks)

Both Course and Instructor Approved

Renewal:

(CE) Overview of the Income Approach – 3.5 Hours – Traditional Classroom

(Instructor: Everett Brooks)

Both Course and Instructor Approved

(CE) Review of the Cost Approach – 7 Hours – Traditional Classroom

(Instructor: Everett Brooks)

Both Course and Instructor Approved

(CE) Review of the Sales Comparison Approach – 7 Hours – Traditional Classroom

(Instructor: Everett Brooks)

Both Course and Instructor Approved

APPRAISAL INSTITUTE - CHICAGO

Initial Application:

(CE) The Professional Guide to the URAR – 7 Hours – On-Line

(Instructor: Alan Simmons)

Both Course and Instructor Approved

Richard Heyn – seeking Instructor approval to teach previously approved CE course **The Professionals Guide to the Uniform Residential Appraisal Report** – Traditional Classroom
Instructor Approved

DYNASTY SCHOOL

Initial Application:

(LIC) National USPAP course Equivalent 2005 – 15 Hours – On-Line

(Instructor: Lee Hess)

Course Deferred for proctor changes

Instructor Approved

(CE) Real Estate Appraisal Course – 21 Hours – On-Line

(Instructor: Lee Hess)

Course Approved

Instructor Approved contingent on receiving instructor information

IRWA, INTERNATIONAL RIGHT OF WAY ASSOCIATION – AL Chapt. 24

Edmond Eslava seeking **Instructor** approval to teach previously approved LIC course: Course 401 – The Appraisal of Partial Acquisition

Instructor Approved

NAIFA, NATL. ASSOCIATION OF FEE APPRAISERS

Initial Application:

(CE) 9.8 2005 Fannie Mae Forms – 8 Hours – Traditional Classroom

Course Approved

(CE) 10.3 Understanding Relevant Characteristics of Real Property – 7 Hours – Traditional Classroom

Course Approved

(CE) 19.2 Appraising Environmentally Impacted Property – 15 Hours – Traditional Classroom

(Instructor: Eugene Stuard)

Course Approved

Instructor approved contingent on instructor information

Renewal:

(CE) 5.0 A National USPAP Update – 7 Hours – Traditional Classroom
Course Approved

REAE, REAL ESTATE APPRAISERS EDUCATION

Initial Application:

(CE) The New Manufactured Home Appraisal Report form – 7 Hours – Traditional Classroom
(Instructor: Dennis Greene)
Both Course and Instructor Approved

MCKISSOCK APPRAISAL SCHOOL

Initial Application:

(LIC) National USPAP Equivalent (2005) – 15 Hours – On-Line
(Instructor: Richard McKissock)
Both Course and Instructor Approved

DEPARTMENT OF VETERANS AFFAIRS

Fred Cargill – seeking **Instructor** approval to teach previously approved CE course: VA Appraisal Guidelines and Updates
Instructor Approved

Motion carried by unanimous vote.

Course monitoring reports by Mr. Dixon were included in the Board books for Board information.

6.2

The Board reviewed the following disciplinary reports, which were included in their books: **AB 04-19**: On May 20, 2005 the Board issued a private reprimand to a Certified General Real Property Appraiser. Licensee must also pay a \$400 administrative fine. The violations are: In the Sales Comparison Analysis, Licensee provided information on eight sales of houses located in restricted access, gated, high-end subdivisions as comparables for a subject property located on 4.95 acres in a rural setting. Only one sale (Comp 8) was situated on rural acreage and the site size (70 acres vs. 4.95), and the date of sale (6/23/2000 3½ years before the effective date of the appraisal) were substantially different from the subject property. Licensee valued the land at over \$30,000 per acre. The highest documented per acre value found was \$16,000 per acre for property being subdivided for a planned subdivision.

Nearby properties for sale were listed at \$12,000 per acre and local realtors indicate this may be overpriced. Licensee attributed a substantial portion of the per acre value to the “view from the back deck of the subject”. **Violation: SR 1-1(a), SR 1-1 (b), USPAP, 2004 Ed.; §34-27A-20(a)(8), Code of Alabama, 1975. Violation: SR 1-1(a), SR 1-4 (a), USPAP, 2004 Ed.**

Letters of Warnings were issued on the following investigations for the discrepancies indicated. This disciplinary action will be considered in any future discipline proceedings within two years:

AB 04-55: On January 19, 2005 to a Certified General for a residential appraisal where the square footage is reported incorrectly. The unfinished sunroom was included in the GLA. The zoning is reported as RS-1 and is actually RS-2. **Violation: 1-2(e), 1-3(b), USPAP 2004 Ed.**

AB 02-38: On January 19, 2005 to a Certified General for a commercial appraisal where Licensee violated the Confidentiality Rule by providing a copy of the appraisal report and discussing the report and conclusions with a person other than the client for the purpose of obtaining a letter of recommendation to the Board as part of his response to the complaint. Licensee also communicated an appraisal as defined by the Appraisal Act in §34-27A-2 that did not comply with Standard 2 of USPAP for the communication of an appraisal. **Violation: §34-27A-20(a)(6), §34-27A-20(a)(7), Code of Alabama, 1975; Ethics Rule-Confidentiality; USPAP, 2002 Ed.**

AB 04-56: On January 19, 2005 to a Certified Residential for a residential appraisal where the square footage is reported incorrectly. The unfinished sunroom was included in the GLA. The zoning is reported as RS-1 and is actually RS-2. **Violation: 1-2(e), USPAP 2004 Ed 1-3(b), USPAP 2004 Ed.**

AB 04-96: On January 21, 2005 to a Certified Residential who omitted sales history in a residential appraisal. **Violation: 1-5(b), USPAP, 2004 Ed.; 34-27A-20(a)(7), Code of Alabama, 1975.**

AB 04-66: On February 22, 2005 to a Certified General for a residential appraisal where sales from outside the subdivision were used as comparables when sales similar to the subject were available from within the subdivision. However, the final estimate of value is within the range of value for similar properties within the subdivision. Comparable Sale #3 is a five-acre site and subject is a 29,133-s/f site. Comp # 3 site is superior to the subject and no adjustments were made. Comp #3 also has an in-ground pool and

detached storage building that, if reported and analyzed, would result in an Adjusted Sales Price lower than \$282,300. The Adjusted Sales Price of the comps are #1 - \$274,500, #2 - \$276,000, #3 - \$282,300 and the Final Estimate of Value is \$280,000. All of the foregoing affects the credibility of the Final Estimate of Value. However the final estimate of value is within the range for similar properties within the subdivision. **Violation 1-1(c), USPAP, 2003 Ed.**

AB 04-67: On February 22, 2005 to a Certified Residential for a residential appraisal during the time Licensee was a Trainee where Sales from outside the subdivision were used as comparables when sales similar to the subject were available from within the subdivision. However, Licensee's final estimate of value is within the range of value for similar properties within the subdivision. Comparable Sale #3 is a five-acre site and subject is a 29,133-s/f site. Comp # 3 site is superior to the subject and no adjustments were made. Comp #3 also has an in-ground pool and detached storage building that, if reported and analyzed, would result in a lower Adjusted Sales Price than \$282,300. The Adjusted Sales Price of the comps are #1 - \$274,500, #2 - \$276,000, #3 - \$282,300 and the Final Estimate of Value is \$280,000. All of the foregoing affects the credibility of the Final Estimate of Value. However the final estimate of value is within the range for similar properties within the subdivision. **Violation 1-1(c), USPAP, 2003 Ed.**

AB 04-97: On February 22, 2005 to a Certified Residential for a residential appraisal where Licensee reconciled the Sales Comparison Approach to \$43,000 after reporting the Adjusted Sales Price of the Comparable Sales as #1- \$48,000, #2- \$51,000 and #3- \$45,500. The Final Reconciliation stated, "Most reliance is placed on the Sales Comparison Approach due to the availability of sales data". This is not a recognized method or technique for reconciliation of the Sales Comparison Approach or Final Reconciliation. **Violation: 1-1(a), USPAP, 2001 Ed.**

AB 04-75: On March 16, 2005 to a Certified Residential for a residential appraisal where Comparable # 3 is so dissimilar from the subject that it is not a reasonable choice as a comparable sale. There were sales within the subdivision which would have been more reasonable choices as comparable sales and provided a more reliable value opinion. Adjustments were not made for the difference in bedroom counts between the subject and comparables 2 & 3. **Violation: 1-1(a), USPAP, 2004 Ed.**

AB 04-46: On March 21, 2005 to a Certified Residential for a residential appraisal where Comparable #1 reported sales price as \$250,000 supporting data reported it as \$226,000. Comparable #2 reported site size as 10 acres when it was 25 acres. Comparable #3 reported the distance to the subject property as 3 miles when it is 4.7 miles. Comparable #3 site size reported as 5 acres when it is 10 acres. **Violation: 1-1(a), 1-1(b), USPAP, 2003 Ed.**

AB 05-11: On May 12, 2005 to a Certified Residential for a residential appraisal where the comparable sales used in the report were selected from superior neighborhood and appropriate adjustments were not made for differences in location. **Violation 1-1(a), 2-1(a), USPAP, 2004 Ed.**

AB 05-17: On May 12, 2005 to a Certified General for a residential appraisal where Licensee used house plans to determine GLA of an existing structure instead of measuring the structure. The GLA for the lower level of the house is understated by approximately 108 S.F. The ANSI standard of measurement was not followed. Access to the property is via a 15-foot wide easement for ingress and egress and this limited access was not reported. Licensee's Supervision of the Trainee appraiser fell below the standards set out in the Board's Administrative Code. **Violation: Violation: Standard 1-1(a), USPAP, 2004 Ed. 780-X-9.01 (2)(b), Appraiser's Board Administrative Code, March 7, 2003.**

AB 05-16: On May 12, 2005 to a Certified Residential for a residential appraisal during the time Licensee was a Trainee where comparable sale # 3 was not an appropriate selection for this subject. Licensee failed to employ recognized appraisal method in selection of comparable sales and development of the appraisal. **Violation: 1-1(a), 2-1(a), USPAP, 2004 Ed.**

AB 05-15: On May 13, 2005 to a Certified Residential for a residential appraisal where comparable sale # 3 was not an appropriate selection for this subject. Licensee failed to employ recognized appraisal method in selection of comparable sales and development of the appraisal. **Violation: 1-1(a), 2-1(a), USPAP, 2004 Ed.**

Ms. Conway discussed with the Board the investigative status charts. Ms. Conway informed the Board since last meeting the Board received 36 new complaints, 0 complaints dismissed and 3 settled with a total of 121 open complaints. The Board discussed the fact that we are down to only one investigator at this time.

Mr. Dixon included Investigation Division Reports that he compiled for Board information.

6.2.1

The Board reviewed Probable Cause Report **AB-05-30**: On motion by Mr. Blissitte and second by Mr. Davis the Board voted to dismiss. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-05-33**: On motion by Mr. Martin and second by Mr. Davis the Board voted to dismiss. Motion carried by unanimous vote.

The Board reviewed Probable Cause Summary **AB-05-35**: On motion by Mr. Blissitte and second by Mr. Odom the Board voted that probable cause does exist and to proceed with formal investigation. Motion carried by unanimous vote.

The Board reviewed Probable Cause Summary **AB-05-45**: On motion by Mr. Stallworth and second by Mr. Odom the Board voted that probable cause does exist and to proceed with formal investigation. Motion carried by unanimous vote.

The Board reviewed Request for Board Initiated Complaint on **AB-05-93 (Companion Case to AB-05-94)**: On motion by Mr. Stallworth and second by Mrs. Pruit the Board voted to open complaint. With Mr. Davis recusing from discussion and vote motion carried.

The Board reviewed Request for Board Initiated Complaint **AB-05-94 (Companion Case to AB-05-93)**: On motion by Mr. Stallworth and second by Mrs. Pruit the Board voted to open complaint. With Mr. Davis recusing from discussion and vote motion carried.

The Board reviewed Request for Board Initiated Complaint **AB-05-95 (Companion Case to AB-05-96)**: On motion by Mr. Stallworth and second by Mrs. Pruit the Board voted to open complaint. With Mr. Davis recusing from discussion and vote motion carried.

The Board reviewed Request for Board Initiated Complaint **AB-05-96 (Companion Case to AB-05-95)**: On motion by Mr. Stallworth and second by Mrs. Pruit the Board voted to open complaint. With Mr. Davis recusing from discussion and vote motion carried.

The Board reviewed Request for Board Initiated Complaint **AB-05-97 (Companion Case to AB-05-98)**: On motion by Mr. Stallworth and second by Mrs. Pruit the Board voted to open complaint. With Mr. Davis recusing from discussion and vote motion carried.

The Board reviewed Request for Board Initiated Complaint **AB-05-98 (Companion Case to AB-05-97)**: On motion by Mr. Stallworth and second by Mrs. Pruitt the Board voted to open complaint. With Mr. Davis recusing from discussion and vote motion carried.

6.2.2 No anonymous complaints to review at this time.

6.2.3 The Board reviewed Consent Settlement Orders on **AB-05-04, AB-05-05, and AB-05-09**. On motion by Mrs. Pruitt and second by Mr. Davis the Board voted to approve this Consent Settlement Orders as presented. Motion carried by unanimous vote.

6.3 No reciprocal agreements to report since last meeting.

6.4 The following reciprocal licenses were issued since last meeting: Robert K. Barnes (G)(TN), Jeffrey Carroll (G)(NC), Margaret K. Cook (G)(TX), Michael P. Cummings (G)(VA), James H. Owens (L)(GA).

7.0 The temporary permit report was provided to the Board for their information.

8.0 Mrs. Brooks included for Board information the resignations of Mrs. Betty Elrod, Account Clerk and Randy Robertson, Investigator Supervisor.

Mrs. Brooks informed the Board that Personnel has evaluated the Account Clerk position and has recommended that position be upgraded to an Accountant I position.

Included in the Board books was an invitation for the Board members to attend the training for the Alabama's Revised Open Meetings Act. Ms. Conway and Mrs. Brooks are registered to attend.

The Board was updated on the current status pertaining to Ms. Haney's complaints about Board policy, procedures and staff. At this time Mr. Tillman asked the Board if they agree with the way the Board is handling Ms. Haney' complaints. All members agreed with the way this was being handled.

The Board discussed ANSI as a supplemental standard. On motion by Mr. Martin and second by Mr. Blissitte the Board voted that ANSI would no longer be a supplemental standard but to adopt

it as a guideline for measuring residential properties. With Mr. Odom opposing the motion carried.

Mr. Dixon asked the Boards approval to audit The Appraisal Foundation 2005-USPAP Course. On motion by Mr. Stallworth and second by Mr. Martin the Board denied the request at this time. Motion carried by unanimous vote.

Mrs. Brooks informed the Board that the on-line renewal process is still expected to be ready by August 1, 2005.

A synopsis of the 2008 Education Criteria "Firm Date" vs. "Segmented Date" was included in the Board books for review and discussion in order to make a final decision next meeting. The 2008 Education Criteria committee will schedule a meeting before the next regular Board meeting. The committee members are Ms. Conway, Ms. Brooks, Chairman, Mr. Odom, Mr. Garrett and Mr. Tillman.

Mrs. Brooks informed the Board the next Trainee Orientations are scheduled for July 28, 2005 and the week of August 22, 2005.

An External Scan Task Force Summarized Report was included in the Board books for Board information.

Mr. Dixon included a letter in the Board books requesting to be put on the agenda to discuss several issues with the Board.

Mr. Dixon asked the Board to consider him for the Investigator Supervisor position. On this same subject Mr. Dixon asked the Board to consider having the Investigator and Investigator Supervisor positions upgraded. The Board said they would consider this and bring it up at the next meeting.

On the same subject the Board asked Mrs. Brooks to check into what would be necessary to upgrade the Investigator position.

Mr. Dixon also discussed with the Board the agencies Request for Work files and the letters that go out to licensees when a complaint is received.

Mr. Dixon discussed whether the Board wanted to open complaint files and investigate cases where an appraiser gives a verbal opinion of value with no work file to back it up. The Board decided it would be one person's word against another, which would be too difficult to prove.

Mr. Dixon stated it had been brought to his attention that real estate agents are communicating an opinion of value and being paid by a Lender to do Broker's Opinions of Value. On motion by Mr. Stallworth and second by Mr. Davis the Board voted to submit for an Attorney General's Opinion if appropriate. Motion carried by unanimous vote.

Mr. Dixon informed the Board of a recent problem he had with ADGA in Birmingham not cooperating in providing the needed information during investigations. Mr. Dixon requested that the Board develop a "Data Source Policy". After some discussion the Board suggested that if he is having problems with that data source he should use another source.

The Board reviewed a letter from Mr. John Jolley requesting an extension to allow him to test for the second time for his approved upgrade since his time had expired in May. On motion by Mr. Martin and second by Mr. Blissitte the Board denied that request. Motion carried by unanimous vote.

Mrs. Brooks included for Board information a copy of the letter from the Personnel Board approving the request to appoint her in the Interim Executive Director position.

9.0 Meeting adjourned at 11:55 a.m.

Sincerely,

Lisa Brooks
Interim Executive Director

LB

APPROVED: _____
Mandell Tillman, Chairman