

MINUTES
ALABAMA REAL ESTATE APPRAISERS BOARD
RSA UNION STREET
SUITE 370
MONTGOMERY, ALABAMA
September 19, 2019

MEMBERS PRESENT:

Mr. Robert Butler (Chairman)
Mr. Billy Cotter (Vice-Chairman)
Mr. Richard D. Pettey
Mr. Lew Watson
Ms. Angie Frost
Mr. Mark Haller
Mr. Roger Ball
Mr. Chad Anderson
Ms. Patrice McClammy

MEMBERS ABSENT:

None

OTHERS PRESENT:

Mrs. Lisa Brooks, Executive Director
Ms. Neva Conway, Legal Counsel
Mrs. Carolyn Greene, Executive Secretary

GUESTS PRESENT:

Mr. Paul Davis, Trainee Appraiser,
Ms. Emily Marsh, Alabama Realtors Association

- 1.0 With a quorum present, Mr. Robert Butler, Chairman, called the meeting to order at 9:08 a.m. Mrs. Carolyn Greene, Executive Secretary, recorded the minutes. The meeting was held in the 3rd Floor Conference Room, 100 North Union Street, Montgomery, Alabama. Prior notice of the meeting was posted on the Secretary of State's website on December 14, 2018 in accordance with the Alabama Open Meetings Act.
- 2.0 The meeting was opened with prayer, led by Mr. Haller, and the Pledge of Allegiance, led by Mr. Butler.
- 3.0 Members present were Mr. Lew Watson, Mr. Richard D. Pettey, Ms. Angie Frost, Mr. Billy Cotter, Mr. Roger Ball, Mr. Mark Haller, Mr. Chad Anderson, Ms. Patrice McClammy and Mr. Robert Butler. There were no Board members absent.

Mr. Butler welcomed the guests to the meeting and asked the Board members to introduce themselves.

Ms. Conway administered the oath of office to Ms. Patrice McClammy, who has been re-confirmed.

- 4.0 On motion by Mr. Watson and second by Ms. Frost, the regular minutes for July 18, 2019 were approved as written. Ms. McClammy abstained. Motion carried.
- 5.0 Ms. Conway reported on the Federal Trade Commission VS Louisiana Real Estate Appraisers Board and stated that the Middle District of Louisiana had entered a Stay.
- 6.0 Ms. Conway discussed the proposed rule changes to 780-X-4-.02, Application and License Fees. On motion by Mr. Pettey and second by Mr. Watson, the Board voted to adopt the changes as written, file them with Legislative Reference Services and to submit for final certification if no comments are received during the comment period. Motion carried by unanimous vote.

Ms. Conway discussed the Final Adoption of 780-X-2, Definitions; 780-X-6-.03 Qualifying Experience-Licensed Real Property Appraiser; 780-X-6-.04, Qualifying Experience-Certified Residential Real Property Appraiser, 780-X-6-.05, Qualifying Experience-Certified Residential Real Property Appraiser; 780-X-12-.02, Continuing Education Requirements; 780-X-17-.03, Registration; 780-X-17-.04, Registration Renewal.

At 9:18 a.m., Ms. Conway called for a Public Hearing on 780-X-2, Definitions; 780-X-6-.03 Qualifying Experience-Licensed Real Property Appraiser; 780-X-6-.04, Qualifying Experience-Certified Residential Real Property Appraiser, 780-X-6-.05, Qualifying Experience-Certified Residential Real Property Appraiser; 780-X-12-.02, Continuing Education Requirements; 780-X-17-.03, Registration; 780-X-17-.04, Registration Renewal. There were no comments and the public hearing was closed at 9:25 a.m.

Ms. Conway discussed a letter from Real Estate Valuation Advocacy Association regarding the Board's proposed rule amendments to 780-X-17-.03, Registration and 780-X-17-.04, Registration Renewal.

On motion by Mr. Pettey and second by Mr. Ball, the Board voted to adopt the changes suggested by REVAA. Motion carried by unanimous vote.

On motion by Mr. Pettey and second by Mr. Ball, the Board voted to adopt the rules, and instructed Ms. Conway to file the rules for Final Adoption. Motion carried by unanimous vote.

- 7.0 On motion by Mr. Pettey and second by Mr. Cotter, the following applications were voted on as listed. Motion carried by unanimous vote.

7.1 **Trainee Real Property Appraiser applications approved:** Charles Robert Davis and Zachary Scott Steelman. **Applications deferred:** None. **Applications denied:** None.

Trainee Real Property Appraiser Experience Logs for Review: Log approved: Tamala Nelson Martinez. **Logs deferred:** Mike Abercrombie, Emily Ann Free and David Martin. **Logs denied:** None.

7.2 **State Registered Real Property Appraiser applications approved:** None. **Applications deferred:** None. **Applications denied:** None.

7.3 **Licensed Real Property Appraiser applications approved:** Stephanie Campbell. **Applications deferred:** None. **Applications denied:** None.

7.4 **Certified Residential Real Property Appraiser application approved:** Paul Christopher Jones and Briana McConnell. **Application deferred:** None. **Applications denied:** None.

7.5 **Certified General Real Property Appraiser application approved:** Haney Randall Jones and Benjamin Walker. **Application deferred:** None. **Applications denied:** Matthew W. Woods.

7.6 **Mentor application approved:** Jason D. Finley, Scott D. Helms, Jason Edward Little, Molly McLeod Wilson. **Application deferred:** Gregory Morton. **Applications denied:** Larry G. Dunn, Jr.

8.0 Ms. Frost presented the Finance report for August 2019 and stated that the Board was 92% into Fiscal Year 2019 and 65% into budget expenditures. Ms. Frost stated that there were no negative trends that could not be reconciled at this time.

On motion by Mr. Pettey and second by Ms. McClammy, the Board voted to approve the Finance Report. Motion carried by unanimous vote.

9.0 On motion by Ms. Frost and second by Ms. McClammy, the following education courses and instructor recommendations were approved, deferred, or denied as indicated. Motion carried by unanimous vote.

ALABAMA CENTER FOR REAL ESTATE

New Application:

(CE) 1st Annual Appraisal Institute Forum – 4 Hours – Classroom
(Instructors: KC Conway, Ronnie Phillips, and Fitzgerald Washington)

Both Course and Instructors Approved

AMERICAN SOCIETY OF APPRAISERS

New Applications:

- (CE) Appraisal of Full-Service Restaurants – 7 Hours – Online
(Instructor: Donald Sonneman)
Both Course and Instructor Approved
- (CE) Appraisal of Mobile Home Parks – 7 Hours – Online
(Instructor: Donald Sonneman)
Both Course and Instructor Approved

APPRAISAL INSTITUTE – ALABAMA

New Application:

- (CE) Business Practices and Ethics – 6 Hours – Classroom
(Instructor: Ted Whitmer)
Both Course and Instructor Approved

APPRAISAL INSTITUTE – NATIONAL

New Applications:

- (CE) Artificial Intelligence, AVMs, and Blockchains: Implications for Valuation Synchronous - 4 Hours – Online
(Instructor: Mark Linne)
Both Course and Instructor Approved
- (CE) Fundamentals of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) – 4 Hours – Online
(Instructor: John Underwood)
Both Course and Instructor Approved
- (CE) Understanding and Appraising Residential REO's – 4 Hours – Online
(Instructor: Larry Wright)
Both Course and Instructor Approved

APPRAISER ELEARNING LLC

New Applications:

- (CE) Appraising 2-4 Unit MF Properties – 7 Hours – Online
(Instructor: Bryan Reynolds)
Both Course and Instructor Approved
- (CE) Depreciated Replacement Cost – 7 Hours – Online
(Instructor: Bryan Reynolds)
Both Course and Instructor Approved

CALYPSO CONTINUING EDUCATION

New Application:

- (CE) Victorian Era Architecture for Real Estate Professionals – 3.5 Hours – Online
(Instructor: Francis Finigan)
Both Course and Instructor Approved

MCKISSOCK, LP

New Application:

- (CE) Commercial land Valuation – 4 Hours – Online
(Instructor: Dan Bradley)
Both Course and Instructor Approved

NATIONAL SOCIETY OF REAL ESTATE APPRAISERS, INC.

New Application:

- (CE) Appraisal of Small Residential Income Properties – 7 Hours – Classroom
(Instructor: Robinson Wilson)
Both Course and Instructor Approved
- (CE) FHA Property Analysis – 7 Hours – Classroom
(Instructor: Robinson Wilson)
Both Course and Instructor Approved
- (CE) Performing USPAP Compliant Appraisal Reviews – 7 Hours – Classroom
(Instructor: Robinson Wilson)
Both Course and Instructor Approved

REQUEST FOR CONTINUING EDUCATION CREDIT

- Mrs. Brooks discussed the following requests for special education credit:
- From Mr. Jerry Keelon for credit for attending CCIM's course 'Financial Analysis for Commercial Investment Real Estate'. On motion by Ms. Frost and second by Ms. McClammy, the Board voted to grant 7 hours continuing education credit to Mr. Keelon. Motion carried by unanimous vote.
 - From Ms. Lydia Smith for credit for attending Auburn University Outreach's course 'Advanced Appraisal Concepts'. On motion by Ms. Frost and second by Ms. McClammy, the Board voted to grant 7 hours continuing education credit to Ms. Smith. Motion carried by unanimous vote.
 - From Mr. James Grimmatt for credit for attending The International Right of Way Association's course 'Course 402 Introduction to the Income Capitalization Approach'. On motion by

Ms. Frost and second by Ms. McClammy, the Board voted to grant 7 hours continuing education credit to Mr. Grimmitt. Motion carried by unanimous vote.

10.0 **AB 17-15** On July 18, 2019, the Board approved a Consent Settlement Order with a Certified General Appraiser where the appraiser agreed to a Private Reprimand and assessment of an administrative fine of Two Thousand Five Hundred (\$2,500) Dollars. The violations in the report are: The original work file submitted to the Board only had copies of multiple listings, ad valorem tax data sheets, and copies of the deed. There was nothing to support adjustments to comparable sales, land value or the estimate of effective age. Even though Licensee supplemented the work file was at a later date, it still lacked support for opinions and conclusions. The appraiser made unsupported adjustments to the comparable sales utilized in the report and gave no rationale for the adjustments. Licensee committed substantial errors by reporting the wrong sales prices on 4 of the 6 comparable sales utilized in the appraisal. Licensee states in his comments on the USPAP Addendum Additional Comments page that he prepared a retrospective appraisal of a single-family residence reported as a restricted use appraisal report, but he marked the box that states he prepared an Appraisal Report. The Fannie Mae 1004 Form (URAR) is designed for an appraisal report in a mortgage finance transaction, not a restricted use report. The purpose of the assignment was to assist a family trust in the valuation of the property which is not consistent with the preprinted language in the form that is specific for use with mortgage finance transactions. On page 1 of the URAR, the licensee checks that this appraisal is for a refinance transaction and on page 4 of 6 of the report under Intended Use the licensee has the statement "The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage transaction." The licensee listed the sales price of his comparable number 2 at \$399,000 when it actually sold for \$350,000 according to the MLS and the realtor. It was also noted the licensee reported comparable 3 as having sold for \$419,900 when it actually sold for \$460,000 according to the MLS and the realtor. The licensee reported comparable number 5 as having sold for \$510,000 when it actually sold for \$475,000 according to the MLS and the realtor. The licensee reported comparable 6 as having sold for \$699,000 when it actually sold for \$664,500 according to the MLS and the realtor. It was also noted that licensee failed to accurately report and properly analyze comparable number one's correct additional living area. Licensee reports the gross living area as 2,821 square feet when the MLS reports that there is 4,332 square feet and according to the realtor there is living area on the first floor containing a kitchen, living room, bedroom, bath and a laundry room. The second floor was accessed by outdoor stairs and contained a kitchen, 2 bedrooms, 2 baths, laundry and a large living area. Licensee reported the residence as having been built in 1930 but estimated the residence as having an effective age of 35 years. The licensee has no justification for this estimate of effective age and states in his report that there have been no updates in the prior 15 years and rates

Condition of the subject as C5 which states “The improvements feature obvious deferred maintenance and are in need of some significant repairs.” The licensee states under condition in the report that “the interior and exterior are dated but have the old beach cottage appeal”. The licensee did not do a highest and best use analyses but only checked the box that stated the subjects current use was the highest and best use. Licensee did state in the report “it would be possible to subdivide the land similar to the adjacent properties with speculation and costs involved.” but the licensee did not summarize the support and rationale for that opinion in the report or in his work file. Licensee failed to verify the comparable sales utilized in the report with a party to the transaction and as a result he used incorrect sales prices for 4 of the comparable sales. The licensee states the site value was from comparable sales extractions and from allocations of tax values. There was no support for the value from the allocation method in the report or the licensee’s work file. Licensee stated the report was prepared as a Restricted Appraisal Report and failed to state the use restriction. **Violations: Record Keeping Rule, Standard Rule 1-1(a), Standard Rule 1-1(b), Standard Rule 1-1(c), Standard Rule 2-1(a), Standard Rule 1-3(a), Standard Rule 1-3(b), Standard Rule 1-4, Standard Rule 1-4(b)(i), Standard Rule 2-2(b)(i), USPAP, 2016-2017 Ed.**

Ms. Conway discussed with the Board the investigative status charts. Ms. Conway informed the Board 7 new Appraiser complaints and no new Appraisal Management Company complaint were received since the July 2019 Board meeting, 2 complaints were dismissed, and 1 complaint was settled, leaving a total of 32 open complaints.

11.0 The Board reviewed Probable Cause Report **MC-19-04**: On motion by Ms. Frost and second by Mr. Pettey, the Board voted that probable cause does not exist and to dismiss this case. Motion carried by unanimous vote.

12.0 With Mr. Watson recusing, on motion by Mr. Pettey and second by Ms. McClammy, the Board approved Letters of Warning in **AB-18-20, AB-18-21, AB-18-22 and AB-18-24**. Motion carried by unanimous vote.

The Board reviewed the Voluntary Revocation Consent Order on **MC-18-05, MC-18-06, MC-19-01, MC-19-02 and MC-19-03 (CoesterVMS.com, AL0090)**. On motion by Ms. Frost and second by Mr. Ball, the Board voted to approve this Consent Settlement Order. Motion carried by unanimous vote.

13.0 No reciprocal licenses were issued since the July Board meeting.

14.0 The Temporary Permit report was provided to the Board for their information.

15.0 The Appraisal Management report was provided to the Board for their information.

- 16.0 Ms. Conway discussed the Investigator position with the Board. Mr. Butler suggested hiring another full-time investigator. On motion by Ms. Frost and second by Ms. McClammy, the Board voted to proceed with hiring an investigator. Motion carried by unanimous vote.
- Mr. Butler instructed Mrs. Brooks and Ms. Conway to develop the criteria for a contract investigator if needed in the future.
- Mrs. Brooks included the Report on the Real Estate Appraisers Board from the Examiners of Public Accounts for Board information. The Board congratulated Mrs. Brooks and the staff on the report.
- Mrs. Brooks informed the Board of the Sunset Committee Meeting on Thursday, October 3, 2019 and encouraged the Board members to attend if possible.
- Mrs. Brooks discussed the interagency agreement between the Board and the Office of the Attorney General for the provision of legal services.
- Mrs. Brooks discussed the upcoming AARO meeting with the Board and asked Board members to let her know if they are planning to attend the meeting.
- Mrs. Brooks informed the Board that Ms. Conway will be giving testimony in an Appraisal Standards Board panel hearing on evaluations.
- Mrs. Brooks discussed the upcoming AARB leadership conference and asked the Board members to let Mrs. Brooks know if they were interested in attending.
- Mrs. Brooks included the Renewal report for Board information.
- Ms. Conway discussed a pay raise for the Executive Director Position with the Board. On motion by Ms. McClammy and second by Mr. Anderson, the Board voted to ask the Finance Department to approve a 5% raise for Mrs. Brooks and to increase the Executive Director's pay grade to 82. Motion carried by unanimous vote.
- 17.0 Mr. Anderson discussed hybrid appraisals with the Board. Mr. Butler suggested revisiting this topic after the AARO meetings to see what is discussed there.
- Mr. Pettey discussed the statute of limitations with the Board.
- 18.0 There was no new business to discuss at this time.

19.0

At 11:33 a.m., on motion by Ms. Frost and second by Ms. McClammy, the Board voted to adjourn the regular Board meeting. Motion carried by unanimous vote. The Board's tentative meeting schedule for 2019 is November 21, 2019 in the 3rd Floor Conference Room, 100 North Union Street, Montgomery, Alabama.

Sincerely,

Carolyn Greene
Executive Secretary
/cg

APPROVED: _____
Robert Butler, Chairman