



Alabama Real Estate Appraisers Board

VOLUME 24 NO. 1

THE APPRAISER BULLETIN

SUMMER 2022

NEW BOARD MEMBER CONFIRMED

During the 2022 Regular Session of the Alabama Senate, one member appointed by Governor Ivey was confirmed. Picture and bio is below .



Melanie S. Housh, Certified General Real Property Appraiser was appointed to the Alabama Real Estate Appraisers Board to represent the 3rd Congressional District. After graduating with a degree in Economics from Auburn University, Melanie was employed by the City of Tempe, AZ as a Tax Audit Analyst. She began her appraisal career at Mullins in 2007, working under the supervision of David Mullins. At Mullins, Melanie gained experience in a wide variety of appraisal assignments involving investment, mortgage lending, condemnation, estate planning, divorce, title dispute, and water rights mitigation. Melanie currently owns and operates MSH Appraisal, a small practice in Pell City, Alabama specializing in commercial appraisals in rural markets of East Central Alabama. Melanie lives on Lake Logan Martin with husband Eric and their two children, Gus and Zibby.

FORMER BOARD MEMBER ELECTED TO THE ALABAMA HOUSE OF REPRESENTATIVES

Public Board Member Patrice (Penni) McClammy was elected to the Alabama House of Representatives, District 76 last Fall. Penni served as the public member of the Alabama Real Estate Appraisers Board since 2015 and was Vice-Chairman of the Board during the last year of her term. Penni brought valuable perspective to Board discussions and even though appraising is not her chosen field, it was obvious that she gave a lot of consideration to the issues facing appraisers and to the regulatory requirements. We will miss Penni’s contributions to the Board and wish her well on her new endeavor.

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BOARD HIRES NEW INVESTIGATOR



James K. Green, Jr. (Jimmy), a Certified General Real Property Appraiser, has been hired as Investigator by the Alabama Real Estate Appraisers Board. Jimmy comes to us after working most recently for Valbridge Property Advisors as a Senior Managing Director. Jimmy has been involved very heavily in the appraisal industry for almost 40 years. He has active experience in the valuation and appraisal review of residential, commercial, industrial, institutional, timberland, special purpose, oil and gas lines, power lines, utility lines and agricultural properties for individuals, banks, corporations, governmental agencies, attorneys, and judges from 1983 to present. He also has been qualified as an Expert witness in Probate Courts, both the District and Circuit courts of the State of Alabama as well as the Federal Court System. If you need to contact Jimmy please e-mail him at jimmy.Green@reab.alabama.gov.

EXTENSION OF 2020-2021 USPAP

On February 19, 2021, The Appraisal Foundation's Appraisal Standards Board (ASB) announced that the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) would be extended by one year. The 2020-2021 USPAP will now be effective until December 31, 2022. The 2020-2021 USPAP 15-hour USPAP course will remain the same through December 31, 2022. There is a new 7-hour 2021-2022 USPAP update course.

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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 19-20 The Board entered into a Consent Settlement agreement with **Michael Cordell**, Certified Residential appraiser (**R00618**) where the appraiser agreed to an administrative fine of \$875 and to complete a 15 hour USPAP course.. The violations cited are: Licensee did not document his research to determine if the sales contract was an arm's length transaction and whether the transactions fit the definition the licensee was using in the assignment (he did not research how the property was marketed and for how long the property was on the market). Licensee made several adjustments to the comparable sales without having market support in the report or work file to explain the adjustment. as. Licensee also did not research if the buyer was knowledgeable about the local market and if there were any unusual conditions about the sale. Licensee's reporting of data and opinions and conclusions that were not supported by relevant evidence or logic make this report misleading. Licensee did not include in the report the analyses he performed to arrive at his opinions and conclusions. Licensee had no support for adjustments in Sales Comparison Approach.

AB 20-01 The Board entered into a Consent Settlement agreement with Certified General appraiser **Thomas L. Crye, (G01422)**. Crye agreed to an administrative fine of \$1,125 and to complete a 15-hour USPAP course with exam. The appraiser reports that he has retired. The violations cited are: In an assignment calling for an FHA appraisal, Licensee violated USPAP by failing to follow FHA Guidelines in several place such as: Effective age, FHA guidelines on page 575-576 states "Any significant difference between the actual and effective ages requires an explanation." Highest and best use, FHA guidelines page 575 states "The appraiser must perform a highest and best use of the property, using all four tests and report the results of that analysis." Comparable sales adjustment support, FHA Guidelines on page 578 state "The Appraiser must present the data, points of comparison, and analysis; provide support for the Appraiser's choice of comparable properties, and the adjustments for dissimilarities to the subject; and include sufficient description and explanation to support the facts, analyses and the Appraiser's conclusion." Verification of comparable sales, FHA Guidelines page 575 states, "The Appraiser must verify the characteristics of the transaction (such as sale price, date, seller concessions, conditions of sale) and the characteristics of the comparable property at the time of sale through reliable data

***THE ALABAMA REAL ESTATE APPRAISERS BOARD DOES NOT
ACCEPT ANONYMOUS COMPLAINTS***

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sources." Site value support and analysis, FHA Guidelines page 576 state "If the cost approach is applicable, the Appraiser must estimate the site value. Acceptable methodology used to estimate land value include sales comparison, allocation, and extraction. The Appraiser must include a summary of the supporting documentation and analysis in the appraisal. Use of MLS photos. FHA Guidelines state on page 571-572 that "The Appraiser must provide photographs as required in the table below " "Comparable Sales, Front view of each comparable utilized" and "Multiple Listing Service (MLS) photographs are acceptable to exhibit comparable condition at time of sale. However, Appraisers must include their own photographs as well, to document compliance." The licensee did not correctly employ the recognized the method and technique of the sales comparison approach. Licensee made several large adjustments to the comparable sales without market support or explanation in the report or work file. The sales comparison approach is not credible without the required support for the adjustments. Credible assignment results require support by relevant evidence and logic. Licensee did not document his research and analysis of the data to make credible market adjustments to the comparable sales. Licensee did not document his research and analysis of the data to make credible market adjustments to the comparable sales. Licensee gave no support for opinion of site value and provided no summary of the comparableland sales licensee stated were used. Licensee has the competency to complete the assignment correctly, but through negligence failed to complete the assignment in a competent credible manor. Licensee's reporting of data and opinions and conclusions that were not supported by relevant evidence or logic. Licensee's report failed to contain sufficient information to support by relevant evidence and logic the licensee's opinions and conclusions. Licensee states in the Scope of Work section of the report that Market data was researched and analyzed but there was no documentation of this assertion. There was no summary of the information analyzed and the reasoning that supports the analyses, opinions and conclusions in the report.

AB 20-04: The Board entered into a Consent Settlement agreement with a Certified General appraiser where the appraiser agreed to an administrative fine of \$1,800 and a private reprimand. The appraiser signed the complex report of multiple subject properties with a state registered appraiser. The violations cited are: Licensee made several adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. This makes the sales comparison approach non-credible due to lack of support. This indicates that the licensee did not correctly employ the sales comparison approach to value to produce a credible appraisal. Licensee stated the subject was constructed in 1960 or was 48 years old. The licensee goes on to state the subject has an effective age of 1 year but gives no support for this estimate other than his observation. Licensee did not properly research and analyze the data to make credibly market adjustments to the comparable sales utilized in the sales comparison approaches to value in the appraisal. Under Site value the licensee states the site value was "developed through the use of land sales" and although the licensee has a listing of the land sales in his report and work file, the licensee gives no data or analyzes to support the opinion of value. Licensee's reporting of data and opinions and conclusions that were not supported by relevant evidence or logic make this report misleading. Licensee's report failed to have sufficient information to support

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information to support by relevant evidence and logic the licensee's opinions and conclusions and therefore the intended users could not properly understand the report properly.

AB-20-05 On May 20, 2021, the Board approved a Consent Settlement Order with **Sean w. Hollis** Certified Residential appraiser (**R00701**) on a residential appraisal report. The violations in the report were: Licensee made several large adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or workfile. Licensee did not comment in the report or have relevant evidence in the workfile to support the large adjustments or to explain his logic for the adjustments in the context of the assignment. Under Site value the licensee states the site value was developed through the use of market extraction which was supported by MLS lot sales but there is no data or analysis to support this value. Licensee states in the Scope of Work section of the report that Market data was researched and analyzed but there was no support for the adjustments made in the sales comparison approach to value and the report does not contain data to support the statement that market data was researched fully.

AB-20-07 On July 16, 2021, the Board approved a Consent Settlement Order with a Licensed Real Property appraiser on a residential appraisal report. The appraiser received a private reprimand and is required to complete a 15 hour USPAP course that cannot be used for continuing education or license upgrade. The violations in the report were: It appears that because this assignment is a "desk top" appraisal using a program that requires minimal actual input from the appraiser and because the fee for the assignment was \$52.00 that the appraiser ignored the basic principles of USPAP resulting in the violations cited in the remainder of this document. The third-party report on the inspection of the subject property that was relied on by the licensee was not included in the appraisal report or in the licensee's work file. Licensee states that "supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's original file. A review of the licensee's work file only revealed data sheets from CoreLogic, CRS Power Tool Courthouse Retrieval System and MLS files. There was no reasoning or analysis of data in the work file. Licensee did not determine the type and extent of analyses applied to arrive at credible opinions and conclusions. Licensee had no support or documentation for the opinion of site value. Licensee used what he called a modified sales comparison approach but did not explain how it worked or demonstrate that it was based on market data. This makes the sales comparison approach non-credible due to lack of support. This indicates that the licensee did not correctly employ the sales comparison approach to value to produce a credible appraisal. Licensee did not determine the type and extent of analyses applied to arrive at credible opinions and conclusions. Licensee had no support or documentation for the opinion of site value. Licensee did not properly research and analyze the data and understand the program used to make credibly market adjustments to the comparable sales utilized in the sales comparison approaches to value in the appraisal. Licensee's reporting of data and opinions and conclusions that were not supported by relevant evidence or logic make this report misleading. Licensee's report failed to have sufficient information to support by relevant evidence and logic the licensee's opinions and conclusions and therefore the intended users could not properly understand the report properly. Licensee used what he called a modified sales comparison approach but did not explain how it worked or demonstrate that it was based on

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AB-18-20 On September 16, 2021, the Board approved a Consent Settlement Order with a Certified General Real Property Appraiser **Greg J. Shelley (G00990)**, on a residential appraisal report. The appraiser agreed to pay an administrative fine of \$600.00. The violations in the report were: Under Site value the licensee states the site value was "developed through a regression model of developed lot values and land sales similar in size to the subject in size to the subject site area within the subjects market area or competing economic areas similar to the subject" but there is no data or analysis to support this technique or the site value.

AB-19-16 and AB-19-17 On September 16, 2021, the Board approved a Consent Settlement Order for two cases with Certified Residential Real Property Appraiser **Richard Muller (R01232)** on two residential appraisals. The appraiser agreed to pay an administrative fine of \$1800.00 and take an appraisal course on Sales Comparison approach technique. The appraisals were of the same property, first for construction purposes and then for permanent loan purposes. In both cases, the violations were: Licensee failed to identify the relevant characteristics of the residence and the Accessory Dwelling Unit (mother-in-law suite) and therefore did not determine the appropriate research for conclusions. Licensee had no support for adjustments in Sales Comparison Approach, no support comparable properties. Licensee did not determine the type and extent of analyses applied to arrive at credible opinions and for site value in the Cost Approach and no support for the depreciation used in the cost approach to value. Licensee made several adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. This makes the sales comparison approach non-credible due to lack of support. The licensee did not correctly employ the sales comparison approach to produce a credible appraisal. Including the Accessory Dwelling Unit (mother-in-law suite) in the GLA resulted in the licensee utilizing sales with larger GLA than the subject and not making adjustments

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for the difference in size, resulted in a value opinion that is not credible. Licensee stated the subject was constructed in 1960 or was 48 years old. The licensee estimates an effective age of 1 year and has no support for this estimate in the report or in the work file. The licensee reported a highest and best use but did not do an analysis to arrive at that opinion. The licensee checked the box stating that the subjects highest and best use was its current use. An appraiser must analyze the relevant legal, physical, and economic factors to the extent necessary to support the appraisers highest and best use conclusion. Licensee did not properly research and analyze the data to make credible market adjustments to the sales utilized in the sales comparison approach in the appraisal. Under Site value the licensee states the site value was “developed through the use of land sales” and although the licensee has a listing of the land sales in his report and work file, there is no data or analysis to support the opinion of site value. The licensee utilized the age/life method to estimate the amount of depreciation used in the licensee’s cost approach. It was noted that licensee had no support for the licensee’s effective age or remaining economic life of the subject property. There was no support for the estimate of depreciation utilized and therefor the value opinion in the cost approach is not credible.

AB-20-18 On November 18, 2021, the Board approved a Consent Settlement Order with a Certified Residential Real Property Appraiser **Sean Tomlinson (R00264)**, on a residential appraisal report. The appraiser agreed to pay an administrative fine of \$900.00. The violations in the report were: Licensee submitted three revisions to the report at the request of the client. The work file did not contain copies of the reports that were revised and resubmitted to the client, only the last report submitted was in the workfile. To correctly employ the sales comparison approach, supported adjustments derived from the market are made to sales. Licensee made several large adjustments to the comparable sales without market support or explanation in the report or work file. Licensee did not have the research and analysis of data to make credible market adjustments in the sales comparison approach in the appraisal or in the workfile. Licensee reported an opinion of site value for the subject property and stated it “is extracted from market based on historical lot sales data and contributory value estimates of other sales in the market area”. There is no data or analysis of that data in the report or in the workfile to support this opinion of value. Licensee only states known facts but does not analyze the contract to the definition of Market Value and does not analyze each pertinent factor as referenced in Advisory Opinion 1 and in Fannie Mae Guidelines which requires that an analysis of the contract must take into consideration all factors that have an effect on value. Licensee states in the Scope of Work section of the report that Market data was researched and analyzed. The report and the workfile do not contain support for the adjustments made in the sales comparison approach or to support the statement that market date was researched fully.

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

AB-19-01: Licensee made several adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. Under Site value the licensee states the site value was “developed through the use of land sales” and although the licensee has a listing of the land sales in his work file, the licensee gives no data or analyzes to support the opinion of value.

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AB 19-02: Licensee made several adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. Under Site value the licensee states the site value was “developed through the use of land sales” and the licensee has no data and analysis to support the opinion of site value.

AB-19-04: Licensee made several adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. Under Site value the licensee states the site value was “developed through the use of land sales” and the licensee has no data and analysis to support the opinion of site value.

AB 19-06: Licensee made several adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. Under Site value the licensee states the site value was “developed through the use of land sales” and the licensee has no data and analysis to support the opinion of site value.

AB-19-10: Licensee made several large adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. The licensee did not do an analyzes of the subjects highest and best use. The licensee only checked a box stating that the subjects highest and best use was its current use. Under Site value the licensee states the site value was developed through the use of market extraction which was supported by MLS lot sales but gives no data or analyzes to support this value.

AB-19-19: Licensee made several adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file. Licensee stated the subject was constructed in 1969 (40 years old). The licensee estimates effective age of 6 years but has no support for this estimate other than his observation of the condition of the house and the updates that had been made. Under Site value the licensee states the site value was “developed through the use of the extraction method” but gives no data or analyzes to support this value.

BOARD APPROVES ONLINE PROCTORING FOR DISTANCE EDUCATION

At their March 2022 Board meeting the Board voted to change Administrative Rule 780-X-5-.02 (14-iv) - Distance Education Courses to mirror the AQB guidelines for the delivery mechanism for Distance Education. The change reads as follows: *distance education courses intended for use as qualifying education must include a written, closed-book final examination. The examination must be proctored in person or remotely by an official approved by the college or university, or by the sponsoring organization. Bio-metric proctoring is acceptable. The term, "written," as used herein, refers to an electronically on a computer workstation or other device. Oral exam are not acceptable. The testing must comply with the examination requirements of this section. This Administrative Rule change is currently in the notice stage of adoption.*



PAVE Plan Released; AI Testifies Before House Committee

March and April have been active months relative to housing equity and diversity issues, with the March 23 release of the Property Appraisal and Valuation Equity (PAVE) Task Force action plan and the Senate and House holding immediate oversight hearings on the matter. The Appraisal Institute sent a letter to President Joe Biden in response to the action plan, and AI President Jody Bishop, MAI, SRA, AI-GRS, testified before the House Committee on Financial Services on March 29. More information is available on AI's [PAVE resources page](#).

Looking ahead, the Appraisal Institute anticipates an active regulatory environment as agencies work to implement recommendations from the action plan, including providing guidance on the reconsideration of value processes and procedures and establishing quality control standards for automated valuation models.

Also of note, the House oversight hearing included a discussion draft bill that would make significant changes to the appraisal regulatory structure. During his testimony, Bishop expressed concern about some provisions in the discussion draft, but noted that AI continues to support previously introduced legislation that would authorize the establishment of a Portal for Appraisal Licensing ([HR 5756](#)), an issue that was also discussed during the hearing.

Some movement may be possible on these issues during this session of Congress, so AI professionals, and other appraisers, are encouraged to remain active and involved.

“Credit for this article goes to Bill Garber, Appraisal Institute Director of Government and External Relations”.

PAREA State Implementation Update
(Contribution from the Appraisal Institution)

To date, 32 states have indicated through one way or another that they will accept completion of a Practical Applications of Real Estate Appraisal Program (PAREA) that has been approved by the AQB to satisfy all or part of the experience requirements to become a Licensed Residential or Certified Residential appraiser. PAREA provides another pathway for aspiring appraisers to fulfill their experience requirements by taking advantage of innovative technology. PAREA is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations.

*Nebraska Governor Pete Ricketts signed LB 707 which authorizes PAREA into law on April 18, 2022.

*Louisiana is currently considering SB 367 which would authorize the acceptance of PAREA. This bill also re-establishes the Licensed Residential Appraiser credential in Louisiana.

*Colorado, Maine, Montana, Ohio, and Oklahoma have previously indicated in one form or fashion that they will accept PAREA.

*Proposed rules to authorize full acceptance of PAREA are currently being drafted and considered in Arkansas, District of Columbia, Florida, Iowa, Kentucky, New Hampshire, New Mexico, North Carolina, Pennsylvania, South Dakota, Utah, and Washington.

*Arizona, Michigan, Minnesota, Mississippi, New Jersey, North Dakota, Rhode Island, South Carolina, Tennessee, Texas, and Vermont fully incorporate the Real Property Appraiser Qualification Criteria into their statutes and regulations. Since PAREA is now part of the *Criteria*, PAREA should be an acceptable path in these states. However, several "incorporation states" are having additional discussions regarding PAREA. Note that the District of Columbia, Louisiana, Montana, North Carolina, and Oklahoma also incorporate the *Criteria*, but also have adopted or proposed other rules or legislation regarding PAREA.

*Only two states – California and Kansas – have indicated that they will accept completion of PAREA, but only to satisfy 50% of the experience requirements for Licensed and Certified Residential.

At this time the Alabama Real Estate Appraisers Board is still discussing the implementation of PAREA.

CALENDAR

The Alabama Real Estate Appraisers Board meets on the third Thursday every other month unless there is a need to reschedule or have special called meetings. 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 is typically scheduled on Thursday. Meeting notices are now 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.

2022 TENTATIVE MEETING SCHEDULE

January 20, 2022
March 17, 2022
May 26, 2022
July 21, 2022
September 15, 2022
November 17, 2022

**Alabama Real Estate
Appraisers Board**

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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: _____	Email: _____
Business Name: _____	