



# ALABAMA REAL ESTATE APPRAISERS BOARD THE APPRAISER BULLETIN

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VOLUME 26 NO.1

SUMMER 2024

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The Alabama Real Estate Appraisers Board (AREAB) was created by the State Legislature (ACT 90-639) in 1990. This followed the Enactment of Public Law 101-73 in 1989 which required that each of the states establish an agency for the licensure, certification and regulation of appraisers. Our mission is to protect the public interest by assuring that all consumers of real estate appraisal services receive such services from appraisers who are fully qualified in accordance with both Federal and State Law. These responsibilities are accomplished by AREAB through a variety of efforts including testing of potential licensees, pre-license and continuing education requirements, investigation of complaints and disciplinary action against licensees as warranted.

## CALENDAR

The Alabama Real Estate Appraisers Board meets on the second Thursday of odd-numbered months 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 [this link](http://www.boards.alabama.gov) (www.boards.alabama.gov).

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. Below is the calendar for the remainder of the year.

### 2024 TENTATIVE MEETING SCHEDULE

September 12, 2024

November 14, 2024

## BOARD MEMBERS

Randall Kyles	1st Congressional District	Chad Anderson	2nd Congressional District
Melanie S. Housh	3rd Congressional District	Mark Palmer	4th Congressional District
A.J. Smith	5th Congressional District	J. Roger Ball, Jr.	6th Congressional District
Bill Mackey	7th Congressional District	Drew Watson	AMC Representative
Timothy Mills	State at Large	Lisa Brooks	Executive Director



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## NEW BOARD MEMBERS CONFIRMED

During the 2024 Regular Session of the Alabama Senate, four members appointed by Governor Ivey were confirmed. Pictured below are the new Board members



Randall Kyles is a native of Southeast Alabama and currently resides in Enterprise, Alabama. He graduated from Troy State University with a BS in Business Administration and immediately after college began working with First South Farm Credit as a loan officer. Shortly after he transitioned to the appraisal department and currently holds the position of Chief Appraiser. He holds Certified General Real Property Appraiser licenses in Alabama and Georgia and is an approved Appraiser Mentor in Alabama. He is actively involved in American Society of Farm Managers and Rural Appraisers (ASFMRA) and holds the Accredited Rural Appraiser (ARA) accreditation. He is also a Candidate Member of the Appraisal Institute, with an expected completion date of summer 2024. He has over 20 years of appraisal experience, primarily focusing on agricultural related properties.



Mark Palmer is the owner and president of GLM Services, LLC located in Florence, Alabama. He began his appraisal career in 2004 with Wilder Cheney and founded GLM Services, LLC in 2014. Prior to founding GLM Services, LLC, he worked in the timber industry and gained valuable insight in both rural recreational and timberland properties. He currently specializes in both small town commercial, agricultural, and timberland properties. His experience includes, but is not limited to industrial, multi-family, retail, office, and both commercial and recreational land. Mark is a Certified General Appraiser and holds licenses in Alabama, Mississippi, and Tennessee. He also holds a Real Estate License in Alabama and is a Registered Forester in Mississippi. He is a member of the MS/AL Chapter of the Appraisal Institute and holds an MAI designation with the Appraisal Institute. Governor Kay Ivey appointed Mark to the Alabama Real Estate Appraisers Board in 2024 as a Representative of the 4<sup>th</sup> Congressional District.



A.J. Smith is a distinguished real estate professional with extensive expertise in commercial and residential property development, appraisal, and investment. With a career spanning over two decades, A.J. has successfully navigated complex real estate transactions and spearheaded transformative development projects. A.J. is a Certified Residential Real Estate Appraiser and Principal at Smith Appraisal Services, Inc. He is currently a candidate for designation with the Appraisal Institute. Also, since July 2007, A.J. has held the position of Chief Operating Officer at Coldwell Banker Commercial-McLain Real Estate where he maintains his affiliate brokers license. Here, he has managed a diverse portfolio of commercial properties, conducted market research, and negotiated favorable lease agreements and purchase contracts, consistently delivering value to clients through expert market insights and strategic partnerships. A.J. holds a Bachelor of Science in Finance from Auburn University and is currently pursuing a Master's in Real Estate and the Built Environment from the University of Denver. He has earned multiple certifications from prestigious institutions such as Harvard and the CCIM Institute, and maintains professional affiliations with the Appraisal Institute, and the Society of Industrial and Office Realtors.



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Bill Mackey is married to Lori Mackey. He is the proud father of a twenty-three-year-old daughter who graduated at Auburn University. She is studying at Ross University Veterinarian School in St. Kitts. Bill was born and raised in Demopolis, AL where he studied Animal and Dairy Science. After graduating from Auburn, Bill moved back to Uniontown to begin his career as a cattleman and catfish farmer. He opened a restaurant in Faunsdale, Alabama known as the Faunsdale Bar and Grill and helped start the Alabama Crawfish Festival. Bill is a former Perry County Cattleman's Association President. Mr. Mackey is on the vestry for both St. Michael's and Church of the Holy Cross Episcopal churches in Faunsdale and Uniontown. He is on the Board of Directors for the Point Clear Polo Club, a Demopolis Rotarian, a member of the Marengo County Economic Development Board, and a pilot since 1984. In addition to agricultural land brokerage, Bill also specialized in agricultural land appraisals and holds a Certified General Appraisal License along with the Accredited Land Consultant (ALC) and Certified Commercial Investment Member (CCIM) designations.



Timothy Mills, Broker and Owner of The Mills Company, is a key influencer in Mobile Bay's real estate sector. Raised in Toulminville, his deep regional connections drive his passion to serve a diverse clientele. Timothy excels in fostering strong, collaborative relationships with key stakeholders. Timothy attained a Bachelor's degree in Criminal Justice and Political Science from the University of South Alabama. He matriculated to Troy University where he received his Master's degree in Public Administration with a concentration in Public Management. He is actively pursuing a CCIM designation to further his professional growth. Timothy also holds several prestigious community roles: President of the Mobile Association of Realtors Board of Directors, Chairman of the Mercy Life Advisory Board, Federal Political Coordinator for the National Association of Realtors, Immediate Past-President of the Gulf Coast Multiple Listing Service, and Immediate Past-President of Alpha Phi Alpha Fraternity, Inc., Beta Omicron Lambda Chapter. His charitable efforts include contributions to the Alpha Charitable Foundation, March of Dimes, Real Men Wear Pink, and others.

## REAPPOINTED BOARD MEMBERS

Drew Watson

AMC Representative

Chad Anderson

2nd Congressional District

Melanie Housh

3rd Congressional District

Roger Ball

6th Congressional District



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## DISCIPLINARY REPORT

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-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 data was researched fully.

**AB 20-12** On March 16, 2023, the Board approved a consent settlement with a Certified General Real Property Appraiser where the Licensee agreed to pay a \$600 Administrative Fine, complete an Appraisal Foundation developed education course and receive a private reprimand. The Violations in the report are: After submitting the report to the client, Licensee received a letter with comments from the client asking for some revisions. Licensee revised the report and states in the revised report that the revisions were made with comments. There was no copy of the original report (prior to revisions) included in the work file. In addition, the work file did not contain data to support the opinions and conclusions Under Site value the licensee states the site value was "developed through the use of land sales but does not include sales data or analysis to support this value.



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**AB 21-18** On March 16, 2023, the Board approved a consent settlement with Certified Residential Real Property Appraiser **Russell Van Johnson (R00860)** where the Licensee agreed to pay a \$2000 Administrative Fine and complete a 15 hour USPAP course with exam. The violations in the report are: The subject is a single family residence and the site is 57 acres of land. There was an additional single family residence (SFR) on the site that was not included in the appraisal. It should be noted that the additional SFR was included in the sale transaction although the appraiser was given verbal instruction from the seller that it was not included. The MLS listing and the county property records report the existence of the additional SFR. The terms of the contract for the sale did not exclude the additional SFR and any acreage assigned to that structure. The appraisal was performed utilizing an inadequate disclosure of a Hypothetical Condition that the additional SFR was not included in the transaction contrary to the appraisal engagement. There is a Scope of Work Rule violation by failing to communicate with the client to determine the appraisal problem to be solved. There is no indication in the engagement that the additional SFR would be excluded in the appraisal. The subject property contains approximately 57 acres of land, 2 SFR units and an additional Accessory Dwelling Unit. No analysis of highest and best use was performed. The appraiser does not appropriately analyze or address the four criteria relative to the highest and best use of the property as though vacant and as improved. Further, the 2<sup>nd</sup> SFR was not included in this analysis. The highest and best use should contain a more thorough explanation. All of the comparables have large adjustments for site size. The subject contains 57 acres. There is no support for site value in the appraisal or the work file. There is no adjustment for age as licensee considered them the sales equivalent to the subject. The actual age of the improvements of the subject is 44 years and comparables are between 9 and 42 years. The appraisal indicates that the subject has an effective age of 12 years indicating that the subject has been well maintained with no support for this. The appraiser indicates that there have been no updates within the last 15 years. However, there are no adjustments for age. The appraiser indicates in the discussion, that there are differences in the quality of construction between the subject and the comparables. However, there is no adjustment or support for the lack thereof in the grid. There is an adjustment for conditions on Sale 1 and Sale 4 with no support or explanation. There are adjustments for room count with no support. There is no support for the garage/carport adjustment. There is no support for the barn/shop/fence adjustment. There is no support for the porches/patio/deck adjustments. There is no support in the application of the fireplace adjustment. There is no adjustment for the 1,106 SF Accessory Dwelling Unit. To appropriately analyze the comparables and employ the correct methodology in the Sales Comparison Approach, the appraiser must correctly apply adjustments indicated by the market. The appraiser has made numerous adjustments to the comparable sales without market support or explanation either in the report or work file. In the Cost approach, there is no support for site value in the appraisal or the work file. The appraiser has indicated MSV and local builders as the source of the cost for the improvements...



## DISCIPLINARY REPORT

However, there is no support in the appraisal or work file. There is no support or explanation for depreciation. The subject was under contract dated 3/17/19 for \$368,000, which is approximately 16 days prior to the effective date of the appraisal. The sale was not analyzed appropriately taking into consideration, price history or any changes, days on the market, or any history concerning the subject. It should be noted that the appraiser valued the subject at \$420,000 which is 7.97% higher than the contract price but omitted from value the second SFR included in the sale. The appraisal lacks discussion and explanation for adjustments as well as support and reasoning for the reconciled final opinion of value. The appraisal does not contain a sufficient highest and best use analysis with explanation and support. The workfile contained a revised report dated April 24, 2020 although the complaint was submitted with a copy of a report dated April 7, 2019. Additionally, requests for revisions were transmitted to the appraiser from a lender who was not the original client although the client identified in the revised report of April 24, 2020 continued with the client in the original report.

**AB 21-20** On March 16, 2023 the Board approved a consent settlement with Certified Residential Real Property Appraiser **Richard C. Allison, R00712**, where the Licensee agreed to pay an administrative fine of \$1500 to the Board, take a 15 hour USPAP course with exam and receive a public reprimand. The violations are: In the course of the interior inspection, Licensee's inspection included areas outside the scope of the assignment. Under Site value the licensee states the site value was developed through the use of land sales and allocation, but licensee gives no data or analyzes to support this value. Licensee's stating the site value was developed from land sales and from the allocation method but the licensee not reporting the data or analyzes of the data and opinions and conclusions make the statement not supported by relevant evidence or logic and make this report misleading.

**AB 21-48** On March 16, 2023 the Board approved a consent settlement with a Certified Residential Real Property Appraiser **Gregory S. Haggard, R01211** where the Licensee agreed to complete a corrective education course. The violations in the report are: By failing to document and explain the adjustments to sales used in the sales comparison approach, the licensee did not correctly execute the sales comparison approach. There were large adjustments to the comparable sales and there was no documentation of market support or explanation in the report or work file for the adjustments. The licensee did not summarize his analysis of the four elements of the highest and best use for the subject property. The licensee only checked the box on the form report that subjects highest and best use was its current use. The licensee states in the report that the "method of estimating site value is based on allocation and land sales", but there is no data or summary of analysis to support the value. Licensee disclosed but did not analyze a prior sale of the subject property that occurred within the three year period. There is no summary of a sales history analysis, only a sales date and sales price. There is no analysis or explanation in the report for the opinions developed by the appraiser in reaching the final value opinion.



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**AB 23-39** On May 18, 2023, the Board approved a consent settlement with a Certified Residential Real Property Appraiser **Max Milton, R00541** where the Licensee agreed to pay a \$375 Administrative Fine. The Violations in the report are: For the Sales Comparison Approach, there is no support for the land value or site adjustment, there is no support for the room count adjustment, there is no support for the garage/carport adjustment, there is no support for the attic room adjustment. The subject property was currently under contract dated, 6/13/21 for \$287,600. The sale was not analyzed taking into consideration, price history or any changes, days on the market, or any history concerning the subject. The appraisal lacks discussion and explanation for adjustments in the sales comparison approach and a summary of the analysis of the contract.

**AB 21-22** On September 21, 2023, the Board approved a consent settlement with a Certified Residential Real Property Appraiser **Sean Hollis, R00701** where the Licensee agreed to a six (6) month suspension of his license effective October 1, 2023 through March 31, 2024. The Violations in the report are: The appraiser does not analyze or address the four criteria relative to the highest and best use of the property. The appraiser indicates that the market is stable to increasing, however, there is no time adjustment..

The subject site contains 9,800 SF. All of the comparables have larger sites. There is no support or explanation for the site adjustment or lack thereof. There is no support for site value in the appraisal or the work file.

There is a difference in bedroom count from the subject to the comparables. There are adjustments for bedroom count with no support or explanation.

There is a difference in bath count from the subject to the comparables. There are adjustments for bath count with no support or explanation.

The appraiser indicates that there is no necessary adjustment for room count. However, given the fact that the comparables are 4-bedroom units, an adjustment for unit mix is appropriate.

The subject contains 4,031 square feet which is larger than any of the comparables. There is an adjustment made with no corresponding support or explanation.

The appraiser's concluded price per square foot is less than the indicated/adjusted range.

The appraiser's concluded price per room is greater than the indicated/adjusted range.

The appraiser's concluded price per bedroom is greater than the indicated/adjusted range.

The subject site contains 9,800 SF. All of the comparables have larger sites. There is no support or explanation for the site adjustment or lack thereof. There is no support for site value in the appraisal or the work file.

The appraiser has indicated MVS as the source of the cost for the improvements. However, there is no support in the appraisal or work file...



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There is no support or explanation for depreciation. The rentals presented in the appraisal do not match the discussion.

There is no adjustment for the number of bedrooms in the rental presentation. This is typically a major factor in rental properties similar to the subject.

This an income producing property. Therefore, more explanation is needed for support of economic rent verses contract rent In the Replacement Reserve Schedule, the appraiser indicates the replacement of 1,400 yards of carpet. This equates to 12,600 square feet. This is incorrect.

The subject is an income producing property. The appraiser indicates that the Income Approach was included at the request of the client. Properties similar to the subject are Properties similar to the subject are bought and sold based on their ability to produce an income stream. The appraiser provides concluded values for each approach to value.

The appraiser's discussion in the reconciliation indicates that more consideration is given to the Income Approach. However, it appears that the appraiser gives more consideration to the Sales Comparison with support from the Income Approach. However, given the application of units of value outside of the ranges, see Sales Comparison Approach comments, it is not clear why this is the best indicator of value. The price per square foot, the price per room, and the price per bedroom are outside the adjusted ranges. There is 15.79% difference between the Income Approach and the final estimate of value while there is only a 5.85% difference from the final estimate of value to the Cost Approach. Properties similar to the subject are bought and sold for their ability to produce income. The appraiser has not explained or supported the conclusions in the appraisal. More explanation supporting the reconciled final estimate of value is needed. The appraisal lacks discussion and explanation for adjustments as well as support and reasoning for the reconciled final opinion of value. The appraisal does not contain a sufficient highest and best use analysis with explanation and support.

**AB 22-29** On September 21, 2023, the Board approved a consent settlement with Certified General Real Property Appraiser **Gilbert P. Johnson, G00144** where the Licensee agreed to pay a \$875 Administrative Fine. The violations in the report are: The licensees work file did not contain data to support the licensees' opinions and conclusions. Licensee did not research and analyze the difference in the subject property and the comparable sales utilized to accurately determine the differences in the condition of the subject property and the comparable sales. 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...





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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 does not state where his opinion of value come from or what method was used. 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 in the licensee's opinions and conclusions and therefore the intended users could not properly understand the report properly.

**AB 15-23** On March 14, 2024, following an administrative hearing on January 18, 2024 with **Richard A. Maloy, G00199** the Board entered an order and assessed an administrative fine of \$2500 and ordered Maloy to complete a 15 hour USPAP course with exam. The violations were: Respondent's work file did not contain market-based data or reference the location of other documentation to support the estimate of land value which is deducted from the reported sales price of the comparable properties to arrive at the site value. Respondent's work file did not reference the location of documentation to support the estimate of land value which is deducted from the reported sales price of the comparable properties to arrive at the site value. Respondent's work file did not contain market-based data other justification to support the time adjustment made to the sales price of the comparable sales. Respondent's work file did not reference the location of documentation to support the time adjustment made to the sales price of the comparable sales. Respondent's work file did not contain market-based data or other justification to support the adjustments for effective age/condition. Respondent's work file did not reference the location of documentation to support the adjustments for effective age/condition.

**AB 21-44** On March 14, 2024, the Board approved a Consent Settlement Order with **David H. Burns, G00090** where the Licensee agreed to pay an administrative fine of \$1500. The violations were: An unsupported projected business income from a proposed bed and breakfast business that would include the value of personal property, trade fixtures, and intangible item was used for the income approach and the result was reported as the value of the real property. There was no analysis of the effect on value of the non-real property assets as required by SR 1-4(g).The utilization of an income approach using business income from a proposed bed and breakfast business without disclosing that the resulting value opinion was for the real property along with personal property, trade fixtures, or in-tangible items result in a misleading report. The scope of work did not identify that using a bed and breakfast business income in the income approach would result in a value that included personal property, trade fixtures or in-tangible items in addition to the real property.



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**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 22-49:** The appraiser used a sale 45 to 50 miles away, containing approximately 45+/- acres more than the subject, which is in or adjacent to an active market. The appraiser further indicated that sales from the adjacent active market were not used because he is not a member of that MLS and could never get an accurate verification, i.e. MLS. There are other methods of verification and the appraiser should be reminded to be more diligent in market research. Lack of membership in an MLS does not preclude the appraiser from obtaining and utilizing the best information available. The workfile does not contain documentation to support adjustments made to comparable sales. To appropriately analyze the comparables and employ the correct methodology in the Sales Comparison Approach, the appraiser must correctly apply adjustments indicated by the market.

## RENEWAL REMINDER

**Renewal period will begin August 1, 2024.** All renewals should be submitted to reach the Board's office by September 30, 2024.

Continuing education will **NOT** be required with this renewal. All renewals should be submitted online or by mail to reach the Board office no later than September 30, 2024 to keep your license valid. The delinquent charge if not received by October 31, 2024 is \$250.

All renewals and renewal fees can be submitted online through our public portal at [this link](https://alreab.imagetrendlicense.com/lms/public/portal#/login) (https://alreab.imagetrendlicense.com/lms/public/portal#/login). Paper renewal forms can be accessed through our website at [www.reab.state.al.us](http://www.reab.state.al.us).



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## TRAINEE EXPERIENCE CREDITS DISALLOWED

Recently, the Board is finding deficient appraisals submitted for experience credit. Statements such as “Trainee contributed to the report” result in a report that is not USPAP compliant and will not be counted for experience credit. The Board would like to emphasize to both Trainees and Mentors the of complete compliance with the Alabama Code and Uniform Standards of Professional Appraisal Practice. You should consider refresher education to help improve your skills.

Standards Rule 2-2(a)(ix), states that there must be a summary of the contributions in the report. Standards Rule 2-3(c) requires that your name appear in the certification and in the comment to SR 2-3, clarifies that a summary of the extent of the assistance can be in any part(s) of the appraisal report.

Any attempt to correct this by altering the reports previously transmitted to clients to include the summary is ineffective and would run afoul of §34-20(a)(1), Alabama Real Estate Appraisers and Appraisal Management Company Registration and Regulation Act, a ground for disciplinary action.

## PRACTICAL APPLICATIONS OF REAL ESTATE APPRAISAL (PAREA)

The Board has submitted proposed rules to allow appraisers to gain experience through completion of an AQB approved PAREA program. This is in lieu of the traditional supervisor/trainee experience. One hundred per cent of the experience required for a Licensed Real Property Appraiser license or a Certified Residential Appraiser license can be obtained. Partial completion of a PAREA program will not be recognized for experience credit. Alabama rules will require that a person claiming appraisal experience via a PAREA program have a Trainee or higher appraiser license before entering the PAREA program. For more information, contact the Board offices.



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## APPRAISALS OF VACANT LAND

### **Certified Residential and Licensed Real Property Appraisers Beware!**

There seems to be a lot of confusion among appraisers in Alabama about whether a Certified Residential or Licensed Real Property Appraiser can appraise vacant land. In deciding whether the assignment is within the scope of the residential appraiser license, it does not matter whether the appraisal is for a Federally Related Transaction (FRT).

Alabama is a mandatory licensure state. In other words, a person must be licensed by the Real Estate Appraisers Board as an appraiser to appraise land and be paid for the appraisal. The Legislature defined the scope of practice for each type of license in the law. The "Certified Residential Real Property Appraiser" classification applies to the appraisal of one to four residential units without regard to transaction value or complexity and appraisals of other types of real estate having a transaction value of two hundred fifty thousand dollars (\$250,000) or less, (§34-27A-9(a)(4)). The Certified Residential Real Property appraiser has legal capacity to appraise other types of real estate (*non-residential*) having a transaction value of two hundred fifty thousand dollars (\$250,000) or less. The law does not specify that the limitation is only for a federally related transaction so it applies to all appraisal assignments for a non-residential property assignment.

The Appraisal Qualifications Board (AQB) has the following to say about the Certified Residential Real Property Appraiser's scope: The classification includes the appraisal of vacant or unimproved land *that is utilized for one-to-four residential units purposes or for which the highest and best use is for one-to-four residential units.*

The law ties the limitation to a *Transaction Value* of \$250,000 or less. Transaction value is not defined in Alabama statutes or in the Appraisers Board Administrative Code. It is defined in the Federal Code of Regulations as follows: (1) For loans or other extensions of credit, the amount of the loan or extension of credit; (2) For sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and (3) For the pooling of loans or interests in real property for resale or purchase, the amount of the loan or the market value of the real property calculated with respect to each such loan or interest in real property. For any other transaction, the *transaction value* is the appraised value.

*Article written by David Bunton*



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## CONTACT INFORMATION

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**Montgomery, AL 36130**

**Hours:**  
**Monday - Friday**  
**8:00am - 4:30pm**