

CODE OF ALABAMA

Alabama Real Estate Appraisers Board

Article 2

Real Estate Appraisal Management Companies

Sections 34-27A-50 to 34-27A-63

Code of Alabama

Section: 34-27A-50**Catchline:** Registration Required.

(a) It is unlawful for any person or entity to engage in or attempt to engage in business as an appraisal management company, perform appraisal management services, or advertise or hold itself out as engaging in or conducting business as an appraisal management company without first being registered by the board pursuant to this article.

(b) In the event a registration process is unavailable on October 1, 2011, an appraisal management company already conducting business in the state may continue to conduct business in accordance with this article for 120 days after a registration process is available.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-51**Catchline:** Application; Certificate of Registration.

(a) Application for registration under this article shall be made in writing to the board on forms prescribed by the board and shall include all of the following:

- (1) The name of the applicant.
- (2) The business, physical, and email address of the applicant.
- (3) A telephone number and other contact information for the applicant.
- (4) If the applicant is not an Alabama domestic corporation, the name and contact information for the registered agent of the applicant for service of process in this state.
- (5) The name, address, and contact information of a principal contact for the applicant.
- (6) Certification that the applicant verifies that any person added to an appraiser panel of the applicant, for the purpose of appraising property within the state, holds a license in good standing in this state pursuant to Article 1.

(7) Certification that the applicant requires that all appraisers shall have geographic competency to perform an appraisal assignment.

(8) Certification that the applicant reviews the work of all appraisers that are performing real estate appraisal services for the applicant on a periodic basis to verify that the real estate appraisal services are being conducted in accordance with the Uniform Standards of Professional Appraisal Practice and Article 1.

(9) Certification that the applicant maintains records of each service request that it receives and identification of the appraiser that performs the real estate appraisal services for the applicant.

(10) Certification that the applicant has a system in place to require that appraisals are conducted independently and free from inappropriate influence and coercion as required by the appraisal independence standards established under Section 129E of the Truth in Lending Act, including the requirement that fee appraisers be compensated at a customary and reasonable rate when the appraisal management company is providing services for a consumer credit transaction secured by the principal dwelling of the consumer.

(11) An irrevocable uniform consent to service of process.

(12) Any other information required by the board and reasonably necessary to complete registration.

(b) Upon receipt of a properly completed application for registration, the board shall issue to the applicant a certificate of registration authorizing the applicant to do business as a real estate appraisal management company in this state.

(c) Registration granted by the board pursuant to this article shall be valid for one year from the date on which it is issued.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-52

Catchline: Limitations on Ownership and Employment.

(a) An appraisal management company applying for registration in this state may not be owned, in whole or in part, directly or indirectly, by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any state. For the purposes of this subsection, indirect

ownership does not include stock ownership in a publicly traded corporation. Additionally, each person who owns more than 10 percent of an appraisal management company shall, if required by the board, submit to a background investigation.

(b) An appraisal management company applying for registration in this state may not employ for the purposes of appraisal review, analysis, or performance evaluation any person who has ever had a registration, license, or certificate to act as an appraiser in this or any other state refused, denied, canceled, or revoked unless a registration, license, or certificate has subsequently been issued or reinstated by the state in which the appraisal registration, license, or certificate had been refused, denied, canceled, or revoked.

(c) An employee of an appraisal management company, or any contractor working in any capacity on behalf of an appraisal management company, that has any involvement in the actual performance of appraisal services, or the review and analysis of completed appraisals in Alabama shall be an appraiser certified in Alabama. The license classification shall qualify the employee to perform all applicable job functions.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-53

Catchline: Principal Contact.

An appraisal management company applying for registration in this state shall designate one principal contact for all communication between the board and the appraisal management company.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-54

Catchline: Adoption of Rules; Revision of Requirements.

The board may adopt rules not inconsistent with this article which are reasonably necessary to implement, administer, and enforce this article. The requirements for

an appraisal management company may be revised as necessary to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203, and regulations issued thereto, or any subsequent amendments or regulations issued thereto. The board may revise any appraisal management company requirements permitted by this section by rule adopted pursuant to the Alabama Administrative Procedure Act.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-55

Catchline: Fees; Surety Bond; Renewal of Registration.

(a) The board shall establish by rule fees to be charged to an appraisal management company in an amount sufficient to sustain administration of this article. The board may also establish late filing fees and other fees deemed necessary by the board for the proper administration of this article.

(b) In addition to the application fees and late filing fees, where applicable, an applicant for registration shall post with the board a surety bond in the amount of twenty-five thousand dollars (\$25,000). The bond shall be annually maintained on renewal. The bond shall be in a form prescribed by the board by rule and shall accrue to the state for the benefit of a claimant against the registrant to secure the faithful performance of obligations under this article. The aggregate liability of the surety may not exceed the principal sum of the bond.

(c) An appropriate deposit of cash or security may be accepted by the board in lieu of the required bond. The face amount of the bond shall annually be restored upon renewal of registration. Annual renewal of registration shall occur before the expiration date of the registration. Failure to timely renew registration shall result in loss of authority to operate an appraisal management company in this state. Request for reinstatement after expiration shall be accompanied by the annual registration fee and any late filing fee established by board rule.

History: (Act 2011-701, p. 2161, §3; Act 2021-489, §1.)

Section: 34-27A-56

Catchline: Registration Numbers.

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- (a) The board shall issue a unique registration number to each appraisal management company and shall annually publish a list of registered appraisal management companies and their corresponding registration numbers.
- (b) Each appraisal management company shall include its registration number on all engagement letters for appraisals in Alabama.
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History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-57**Catchline:** Duties of Appraisal Management Company.

An appraisal management company shall do all of the following:

- (1) Annually certify to the board, on a form prescribed by the board, that the appraisal management company verifies that any person added to the appraiser panel of the appraisal management company, for the purpose of completing appraisals in this state, is licensed or certified in good standing pursuant to Article 1.
- (2) Annually certify to the board, on a form prescribed by the board, that the appraisal management company periodically reviews the work of all appraisers performing appraisals and appraisal reviews for the appraisal management company to verify that the appraisals are being conducted in accordance with Uniform Standards of Professional Appraisal Practice.
- (3) Annually certify to the board, on a form prescribed by the board, that the appraisal management company requires appraisers who receive assignments for appraisals and appraisal review have geographic competency.
- (4) Maintain a detailed record of each service request received and each appraiser assigned to perform the appraisal. A copy of the record shall be retained for at least

five years after the date the appraisal management company forwards the appraisal to the client.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-58

Catchline: Confirmation of Competency; When Payments Due.

(a) Before placing an assignment with an appraiser, an appraisal management company shall require that the appraiser confirm in writing or via electronic means that the appraiser receiving the assignment is a competent appraiser for the performance of the appraisal being assigned.

(b) An appraisal management company operating in this state, except in cases of a mutually agreed upon payment date, breach of contract, or performance of services that violates Uniform Standards of Professional Appraisal Practice or any published standards of best practices, shall make payment to an appraiser for the completion of an appraisal or valuation assignment within 45 days after the date the appraisal management company, or an assignee, receives a completed appraisal or valuation study.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-59

Catchline: Removal of Appraiser from Appraiser Panel.

An appraisal management company may not remove an appraiser from an appraiser panel without:

- (1) Providing written notice to the appraiser of the reasons for removal.
- (2) Providing written notice of the nature of any alleged illegal conduct or violation of Uniform Standards of Professional Appraisal Practice or state licensing standards if such is the reason for removal.

(3) Providing an opportunity for the appraiser to respond to the written notice.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-60

Catchline: Unlawful Influencing of Appraisal.

(a) It is unlawful for any employee, director, officer, or agent of an appraisal management company to influence or attempt to influence the development, reporting, or review of an appraisal through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery, or in any other manner including, but not limited to, any of the following:

(1) Withholding or threatening to withhold timely payment for an appraisal, unless the appraisal is found to be of substandard quality or noncompliant with the scope of the assignment as defined in the engagement letter.

(2) Withholding or threatening to withhold payment for an appraisal if the loan transaction is not completed.

(3) Withholding or threatening to withhold future business of, or demoting or terminating the services of, or threatening to demote or terminate the services of an appraiser.

(4) Promising future business, promotions, or increased compensation to an appraiser.

(5) Conditioning the request for an appraisal, or the payment of an appraisal fee or salary or bonus, on the opinion, conclusion, or valuation to be reached by an appraiser, or on a preliminary estimate or opinion requested from an appraiser.

(6) Requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time prior to the completion of an appraisal.

(7) Providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property, or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided.

(8) Providing to an appraiser, or any entity or person related to the appraiser, stock or other financial or nonfinancial benefits.

- (9) Any other act or practice that impairs or attempts to impair the independence, objectivity, or impartiality of an appraiser.
- (b) Nothing in subsection (a) shall be construed as prohibiting an appraisal management company from requesting that an appraiser do any of the following:
- (1) Provide additional information regarding the basis for a valuation.
 - (2) Correct objective factual errors in an appraisal report.
 - (3) Consider additional verifiable information not previously known or considered by the appraiser in completing an assignment.
- (c) An appraisal management company may not alter, modify, or otherwise change an appraisal report submitted by an appraiser unless required by federal or state guidelines.
- (d) Any registrant having a good faith belief that a real estate appraiser licensed in this state has violated applicable law or the Uniform Standards of Professional Appraisal Practice, and the violation has had a material impact on the valuation, or has engaged in unethical conduct, shall file a complaint with the board.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-61

Catchline: Penalties.

The board may censure, conditionally or unconditionally suspend registration, revoke registration, levy fines, or impose civil penalties not exceeding twenty-five thousand dollars (\$25,000) against any appraisal management company that the board determines is attempting to or has performed any of the following:

- (1) An act in violation of this article.
 - (2) A violation of any rule adopted by the board in the interest of the public and consistent with this article.
 - (3) The procurement of registration through fraud, misrepresentation, or deceit.
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History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-62

Catchline: Adjudicatory Proceedings for Violations.

(a) The board shall conduct adjudicatory proceedings for any violation of this article in accordance with the Administrative Procedure Act. Adjudicatory proceedings shall include, but not be limited to, all of the following due process protections:

(1) Before censuring, suspending, or revoking registration under this article, the board shall notify the registrant in writing of any charges at least 20 days before the date set for hearing and shall afford the registrant an opportunity to be heard in person or by counsel.

(2) The written notice shall be served by certified mail, return receipt requested, to the principal contact at the address of the registrant on file with the board.

(3) The hearing on the charges shall be at a time and place prescribed by the board, in accordance with the Administrative Procedure Act.

(4) The hearing may be conducted before a hearing officer designated by the board who shall make findings of fact, conclusions of law, and enter an adjudicatory disposition.

(5) The board shall deliver or mail any findings of fact, conclusions of law, and adjudicatory dispositions to the registrant.

(b) Nothing in this section shall prevent the resolution of a pending matter through an alternative dispute resolution process or informal settlement process adopted by the board.

History: (Act 2011-701, p. 2161, §3.)

Section: 34-27A-63**Catchline:** Applicability.

This article does not apply to:

(1) A financial institution that is regulated by a federal financial institution regulatory agency or a department, division, or unit thereof. An appraisal management company that is a wholly owned subsidiary of a financial institution may not be considered a department, division, or unit within a financial institution.

(2) A person who enters into an agreement with an appraiser for the performance of an appraisal and, upon the completion of the appraisal, the report of the appraiser performing the appraisal is signed by both the appraiser who completed the appraisal and the person who requested the completion of the appraisal.

History: (Act 2011-701, p. 2161, §3.)