

The APPRAISER

Bulletin



Volume 12 No. 1

A Publication of the Alabama Real Estate Appraisers Board

Summer 2008

LICENSURE EDUCATION

REMEMBER when upgrading your license to another classification you **MUST** use approved LICENSURE appraisal education. Continuing education cannot be used when upgrading to another classification. Also, when upgrading your license your 15-hour USPAP cannot be over 24 months old at the time of application.

RETAINING EDUCATION RECORDS

ALL appraisers are required to retain copies of the appraisal courses they have completed through the years. Recently we have received numerous requests from appraisers for copies of their education. The Board does retain copies of appraisal education courses submitted by licensees, however, due to staff shortages it would be greatly appreciated if all licensees would make a better effort to keep copies of their education. If you find you must have copies of your education please request these copies in writing and you will be assessed a duplication fee of \$1 per page.



BOARD OFFICERS CONFIRMED

During the 2008 regular session the Alabama Senate confirmed six Board members appointed by Governor Bob Riley. Pictured above are the new Board members after being sworn in by Miss Sally Robinson the Governor's Appointment Secretary, far left. The Board members are listed from L-R, congressional district they represent and home cities: Frederick Crochen – 7th Congressional District – Birmingham. Mr. Crochen was reappointed for a second term; Cornelia Tisher (Nene) – 1st Congressional District - Mobile; Chester D. Mallory – State-At-Large – Montgomery; Dot Wood – 6th Congressional District – Birmingham; Myra Pruitt – State-At-Large – Montgomery. Mrs. Pruitt was also reappointed for a second term; Joseph T. Lundy (Bo) – 5th Congressional District – Huntsville.



Also, during the 2008 Special Session the Alabama Senate confirmed one more Board member appointed by Governor Bob Riley. Pictured at left is Christopher Pettey – 4th Congressional District – Decatur. Mr. Pettey will be sworn in at his first official Board meeting on July 17, 2008.

Congratulations are in order for the new Board and kudos to the outgoing members for a job well done.

NEW CHANGE TO ADMINISTRATIVE CODE

The Board has implemented the following change to Administrative Rule 780-X-6-.06

Experience: *Experience shall be recorded on the log contained in the application. The log must contain all appraisals the applicant has signed or is entitled to claim for experience credit, beginning with the most recent appraisals up to and including the date the application is filed with the Board and going back, up to 5 years, until the required number of experience points is documented.*

Also, when completing the experience log the date of the appraisal **MUST** include the month, day, year and every field on the log must be completed or the entire log will be returned.

CHANGE OF ADDRESS

In accordance with Code of Alabama, 1975 §34-27A-16, whenever a licensed appraiser changes a place of business, he or she shall **immediately** give written notification of the change to the Board. The appraiser is also required to notify the Board of his or her current residence address. Also, in accordance with Code of Alabama, 1975 §34-27A-20(c), in addition to the disciplinary powers granted in subsection (a), the Board may levy administrative fines for serious violations of this chapter or the rules and regulations of the Board of not more than \$500 for each violation.

The Board members at their May 19, 2006 meeting voted to levy a fine of \$200 effective July 1, 2006 to any appraiser who does not give written notification within 10 days of his/her change of address.

Please go to our website at www.reab.state.al.us to check your address.

CONTINUING EDUCATION CREDIT FOR BOARD MEETING ATTENDANCE

An Appraiser Qualifications Board Interpretation issued on January 8, 2007 stated:

“State appraiser regulatory agencies may award continuing education credit to credentialed appraisers who attend a state appraiser regulatory agency meeting under the following conditions:

Credit may be awarded for a single state appraiser regulatory agency meeting per continuing education cycle. The meeting must be open to the public and must be a minimum of two (2) hours in length. The total credit cannot exceed seven (7) hours.

The state appraiser regulatory agency must ensure that the credentialed appraiser attends the meeting for the required period of time.”

At their September 20, 2007 Board meeting the Alabama Real Estate Appraisers Board voted that credit will be awarded for a single Board meeting per continuing education cycle. The total credit cannot exceed seven (7) hours and the appraiser must attend the meeting in its entirety.

LICENSE RENEWAL

Annual license renewal post cards will be mailed to all licensees the first week in August 2008 for the licensure year, which begins 10-1-09. The colored renewal forms **will not** be mailed as we encourage all licensees to renew online. Blank renewal forms can also be obtained from our website at www.reab.state.al.us after August 1, 2008. All renewals should be submitted online or by mail to reach the Board office no later than September 30, 2008 to keep your license valid and avoid payment of late fees. **September 30 postmarks will be honored.**

Allow one week for the renewal process if received at the Board by August 30, 2008, two weeks if received between that date and September 16, 2008 and three weeks if received later. Your current license certificate reflects an expiration date of September 30, 2009. You will **NOT** receive a new certificate this year, however you will receive a renewal acknowledgement letter.

Continuing education will **NOT** be due with this license fee renewal.

THE TRAINEE DILEMMA

During the past four years, a large number of individuals have entered the appraisal industry. Trainee application rates have been so heavy that trainees now account for approximately 35 percent of the total licensing database. As the number of trainees has increased, OREA has noted a veritable Pandora's box of problems arising out of the working relationships established between many trainees and their mentors. Following is a brief overview of the problems and some steps trainees can take to avoid a poor start in the industry.

Many trainees decided to become appraisers because of the perceived benefits of the industry. They hear, often through advertisements by providers of educational services, that there are excellent opportunities for good compensation within the appraisal industry. In many cases, those opportunities do not materialize for newly licensed trainees.

OREA receives numerous calls each week from trainees seeking advice on how to achieve employment opportunities; however, it is not the function of OREA to serve as an employment agency. Trainees are responsible for researching employment opportunities available within the appraisal industry prior to applying for the trainee license. Trainees must determine if there is a fit for them in the industry. Ideally, a trainee should have an arrangement for training with a mentor prior to application.

In addition, trainees must evaluate their true motivation for entering the appraisal industry. Is the concept of property valuation exciting? If so, the motivation to learn appraisal theory and practice with the intent of establishing oneself as a contributing member of the industry will pay rewards over the longer term. If the motivation of becoming an appraiser is solely for economic gain, reconsideration of involvement in appraisal would be prudent, as the industry tends to be cyclical in nature for many appraisers. During the 1990's, for example, many appraisers were forced to weather the downturn in the demand for appraisals due to the sluggish real estate market. The appraisal industry is in need of newcomers who desire to educate themselves about appraisal theory and practice and contribute professionally to the industry in a positive manner during both the "up" and the "down" cycles, not those who are seeking a quick way to make money.

Searching and locating the correct mentor is key to a successful apprenticeship. Trainees must align themselves with individuals who exhibit professionalism, are ethical, and are willing to invest their time in training. At the present time, there are many supervisory appraisers who view trainees solely as an economic enhancement to increase revenue. OREA is aware of situations where residential trainees have associated with "trainee mill" appraisal shops, where the training is minimal and sometimes consists of being accompanied only once on a property inspection. The trainees are then expected to independently conduct inspections at a rapid pace. Many of these "absentee" supervisory appraisers then sign the appraisal reports falsely certifying that they performed exterior and interior inspections of the subject properties. A goal at OREA is to remove these supervisory appraisers from the appraisal industry through revocation of their license, as they have created very misleading appraisal reports. In these cases, the trainees will also likely not receive experience credit for their participation in these assignments.

Trainees can benefit from attending meetings and seminars sponsored by professional organizations, which provide the opportunity for

networking and meeting qualified appraisers. In these instances it is important that trainees show prospective employers their qualifications to enter the industry and their level of interest and dedication to the profession. Trainees must also demonstrate their willingness to make a full time commitment to the job of being an appraiser. On several occasions OREA staff members have observed trainees networking at professional organization meetings. Many of those trainees eventually gained their opportunity to enter the profession.

It is important to seek classes recognized in the industry for their quality both in content and presentation. Quick on-line courses are not always the best method for education. The current pass rate for applicants taking the examination for the first time is less than 40 percent; therefore, we recommend as a better alternative, particularly for qualifying education, courses in a classroom setting with student/instructor interaction. It is important for all appraisers to continue to complete relevant classes and seminars to increase their knowledge of appraisal theory and practice.

With the proper education and success in selecting the right mentor, the training process begins. Trainees and mentors have mutual obligations. Trainees must be assured that they are receiving adequate and thorough instruction. Trainees must eventually be involved in every step of the appraisal process. Supervisory appraisers must accompany trainees on property inspections until they are convinced that trainees are competent to independently complete inspections. If a trainee is not a co-signor of the appraisal report, but is recognized for his or her significant professional assistance, the scope of that involvement must be clearly disclosed to comply with USPAP. This disclosure will also assist OREA in evaluating experience according to the required experience categories. Accurate logs of appraisal assignments must be maintained. Supervisory appraisers must always remember that when they co-sign a report they are taking full responsibility for the contents of the report.

Because of heavy lending volumes, the demand for appraisals has been enormous during the past few years. As a result, there have been opportunities for new entrants into the industry. Unfortunately, many supervisory appraisers and trainees have abused this opportunity. Their transgressions account for a significant amount of the current caseload at OREA. In order to achieve success, trainees must experience good quality education, search for and learn from an ethical and knowledgeable mentor, and make a strong commitment to efficiently learn appraisal practice. With the proper training and education, appraiser trainees will be on the way to becoming valued members of the appraisal industry, and will have the capability of weathering the economic cycles that occur.

REMINDER

Check the OREA website frequently for updated information, including:

- 2008 AQB Changes
- Important Announcements
- Frequently Asked Questions
- Education Search Database
- Application Status Check
- Licensure Verification (Find An Appraiser)
- Licensing Forms

www.orea.ca.gov

DISCIPLINARY REPORT

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 by the Board.

AB-05-85, AB-06-69 – On November 17, 2007 the Board revoked the State Registered appraiser license of Wayne Hollingsworth. Hollingsworth failed to respond to the Board's request for a copy of an appraisal in a discipline action, failed to notify the Board of his current address and did not appear at the administrative hearing in these cases.

AB-04-34 – On November 17, 2007 the Board approved a Consent Settlement Order from a Certified Residential Appraiser for a private reprimand. Licensee agreed to pay an administrative fine of \$1,500 and complete a comparative analysis course. Licensee failed to provide a work-file of the subject appraisal report to the Board when requested in the course of an investigation of a complaint. The Licensee only provided a copy of the subject report. Licensee failed to develop the appraisal by using accepted appraisal techniques and methodology, committed substantial errors that rendered the appraisal non-credible. This violation was committed by developing and reporting the appraisal using dissimilar sales from superior subdivisions as comparable sales when similar sales were available in the subject's market area. The result of the use of the dissimilar sales was a substantial overvaluation of the subject property. Licensee failed to accurately set forth the

appraisal report in a manner that was not misleading.

AB-05-188 – On November 17, 2007 the Board approved a Consent Settlement Order from a Certified Residential Appraiser for a private reprimand. Licensee agreed to pay an administrative fine of \$2,000 and complete a sales comparison course and exam. There is no analysis of the highest and best use by the Licensee. The subject is a 40-acre tract used for single-family residence. Surrounding properties are being developed as residential subdivisions with much smaller lots. Licensee did not consider any alternate uses of the property. Licensee utilized sales of homes with 3,975 sf to 5,027 sf and much higher quality construction as comparables. Subject is 1,677 sf. The Licensee did not develop a cost approach to value, instead the Licensee makes the statement that the cost approach was "not applicable due to large acreage involved." The Licensee did not determine the scope of work necessary to produce a credible appraisal when the Licensee did not gather and properly analyze comparable sales of similar size and zoned land sales to determine the value of the property as vacant and ready to be put to its highest and best use. The Licensee did not properly gather information on comparable sales of similar properties; instead the Licensee used sales of superior properties.

AB-06-38 – On November 17, 2007 the Board approved a Consent Settlement Order from a Certified Residential Appraiser for a private reprimand. In the original appraisal and the revised appraisal, the Licensee utilized sales of homes in a superior neighborhood when there were sales available in the subject neighborhood. The Licensee failed to analyze and document

the adjustment for location between the neighborhoods. Licensee committed a series of errors that, although individually might not significantly affect the results of the appraisal, in the aggregate affects the credibility of the results. The errors are as follows:

In subject area of report, states that subject is proposed construction when home is existing; in the Improvements section of report has under construction box checked when home is existing; in Improvements section of report has basement area listed as being 1,341 sf when it is actually 2,377 sf; in the Improvements section of the report has the basement finished area as 77% when it is 44%; under finished area above grade it is listed as 7 rooms, 3 bedrooms, 2.5 baths, when it should read 12 rooms, 4 bedrooms, 3.5 baths; in the sales comparison approach under room count, it shows the subject having 12 rooms, 4 bedrooms, 3.2 baths, sale 1 shows 10/5/4.5, sale 2 shows 10/4/3.5, sale 3 shows 9/5/4.5, sale 4 shows 10/4/3.5 and sale 5 shows 8/4/3.5 and all of the sales received the same \$3,000 adjustment; under the reconciliation section of the report, it shows indicated value from sales comparison approach as \$680,000, cost approach as \$647,700 and opinion of value as \$825,000. On certification page of report has the opinion of value as \$825,000. The Licensee did not identify the scope of work necessary to produce a credible appraisal where the Licensee did not include support for the adjustments made in the analysis of the comparable sales. Licensee did not properly analyze the sales data reported in the appraisal. Licensee made unsupported adjustments.

AB-05-126, AB-05-128 – On November 17, 2007, the Board issued a private reprimand

to a Certified General Appraiser for two commercial appraisals. The Licensee signed a Consent Settlement Order and agreed to complete a 40-hour General Applications course with exam before accepting any further commercial appraisal assignments or within 18 months. The violations were: **AB 05-126** – The Licensee made numerous mistakes and omissions and typos that render this appraiser as non-credible. The Licensee stated the effective date of his appraisal as the date of his inspection. Since this was a Prospective Market Value of the Leased Fee Estate, the date should have been after the date of the report. The Licensee did not include a statement of hypothetical condition that the subject was being appraised subject to the improvements being constructed. The Licensee failed to include any justification for the reported land value. Licensee did not include any actual cost estimates from developer and the Licensee did not include a Developers Profit in his cost estimate. No mention is made in the appraisal report or the work file as to time of completion of the proposed improvements.

AB-05-128 – The Licensee made numerous mistakes and omissions and typos that render this appraiser as non-credible. The Licensee stated the effective date of his appraisal as the date of his inspection. Since this was a Prospective Market Value of the Leased Fee Estate, the date should have been after the date of the report. The Licensee did not include a statement of hypothetical condition that the subject was being appraised subject to the improvements being constructed. The Licensee failed to include any justification for the reported land value. Licensee did not include any actual cost estimates from developer and the Licensee did not include a Developers Profit in his cost estimate. No mention is made in the appraisal report or the work file

as to time of completion of the proposed improvements.

AB-05-127, AB-05-129 – On November 17, 2007, the Board issued a private reprimand to a Licensed Real Property Appraiser for two commercial appraisals. The Licensee signed a Consent Settlement Order. The violations were: **AB-05-127** – The Licensee made numerous mistakes and omissions and typos that render this appraiser as non-credible. The Licensee stated the effective date of his appraisal as the date of his inspection. Since this was a Prospective Market Value of the Leased Fee Estate, the date should have been after the date of the report. The Licensee did not include a statement of hypothetical condition that the subject was being appraised subject to the improvements being constructed. The Licensee failed to include any justification for the reported land value. Licensee did not include any actual cost estimates from developer and the Licensee did not include a Developers Profit in his cost estimate. No mention is made in the appraisal report or the work file as to time of completion of the proposed improvements. **AB-05-129** – The Licensee made numerous mistakes and omissions and typos that render this appraiser as non-credible. The Licensee stated the effective date of his appraisal as the date of his inspection. Since this was a Prospective Market Value of the Leased Fee Estate, the date should have been after the date of the report. The licensee did not include a statement of hypothetical condition that the subject was being appraised subject to the improvements being constructed. The Licensee failed to include any justification for the reported land value. Licensee did not include any actual cost estimates from developer and the Licensee did not include a Developers Profit in his cost estimate. No mention is made in the appraisal report or the work file

as to time of completion of the proposed improvements.

AB-05-173 – On January 31, 2008 the Board revoked the State Registered appraiser license of Joseph Steele, S00062. Steele did not appear for his administrative hearing. The violations in the report were: In the Cost Approach, Respondent failed to mention or cost out a 25.3 foot by 38.8 foot brick recreation building; in the Sales Comparison Approach, Respondent makes a positive adjustment to all 3 comparable sales of \$20,000 but fails to include any justification for this adjustment; Respondent fails to use the best comparable sales that were available at the time of the appraisal; The Respondent goes out of the subject's market area to find comparable sales 2 and 3 when there were comparable sales in the subject's neighborhood. Respondent made a number of errors in his appraisal as follows: Respondent failed to mention and adjust for a screened porch for comparable sale 1; Respondent had the wrong date of sale for comparable sale 1; Respondent had the wrong date of sale for comparable sale 2; Respondent failed to describe the correct distance from subject to comparable sale 2- Respondent said the distance was 1 mile when it is more like 4.5 miles; Respondent failed to describe the correct distance from subject to comparable sale 3- Respondent said the distance was 1 mile when it is more like 8.5 miles; Respondent made very low unsupported dollar adjustments of \$12 per sf for differences in gross living area; Respondent made very low unsupported dollar adjustments of \$6 per sf for differences in finished basement area; Respondent made very low unsupported dollar adjustments of \$3 per sf for differences in unfinished basement area; Respondent failed to show or adjust comparable sale 2 as having finished basement area when it actually does;

Respondent wrongly shows comparable sale 2 with 2 ½ baths when it has 3 ½ and the Respondent failed to adjust the sale properly; Respondent failed to show that comparable sale 3 was a foreclosure with redemption rights; Respondent failed to mention or make an adjust for sales concessions when the comparable sale 3 was listed for sale for \$224,900 but sold for \$227,900.

AB-06-51, AB-06-53, AB-06-55, AB-06-57, AB-06-59, AB-06-61 – On January 17, 2008 the Board approved a Consent Settlement Order from James W. Smith, Certified Residential Appraiser, R00897 for a public reprimand. Licensee agreed to pay an administrative fine of \$4,500 and complete a 15-hour USPAP course with exam, a USPAP FAQs course, a measurement course and a URAR course. Violations in all six appraisals were basically identical. Comparable # 2: Licensee omitted basement in the sales grid. There is a partial basement. Comparable #3: Licensee reported wall heat and window A/C. There was a heat pump. Garage and fireplace omitted. Subject zoning reported as Single Family Residential. It is Central Business District. Report says that physical, functional and external depreciation were analyzed and that the cost approach supported the sales comparison approach. The report also says the cost approach was not applicable and there is no cost approach. There is insufficient information about an additional data source used in developing the report. Three-year sales history not accurate.

AB-06-52, AB-06-54, AB-06-56, AB-06-58, AB-06-60, AB-06-62 – On January 17, 2008 the Board approved a Consent Settlement Order from Sean Hollis, Certified Residential Appraiser, R00701 for a public reprimand. Licensee agreed to pay an administrative fine of \$4,500 and complete a 15-hour

USPAP course with exam, a USPAP FAQs course, a measurement course and a URAR course. Violations in all six appraisals were basically identical. Comparable # 2: Licensee omitted basement in the sales grid. There is a partial basement. Comparable #3: Licensee reported wall heat and window A/C. There was a heat pump. Garage and fireplace omitted. Subject zoning reported as Single Family Residential. It is Central Business District. Report says that physical, functional and external depreciation were analyzed and that the cost approach supported the sales comparison approach. The report also says the cost approach was not applicable and there is no cost approach. There is insufficient information about an additional data source used in developing the report. Three-year sales history not accurate.

AB-07-17 – On March 20, 2008 the Board approved a Consent Settlement order and issued a private reprimand to a Certified Residential appraiser for violations in a residential appraisal. The Licensee also agreed to pay a \$1,500 fine and complete a USPAP continuing Education course. The violations in the report were: Licensee failed to perform the disclosed Scope of Work stated within the appraisal report to develop a credible assignment. In the Sales Comparison Approach and Cost Approach, Licensee failed to develop the market data for the subject's market. The appraiser used the market adjustments/calculations from the appraiser's local market in a municipality more than 100 miles from the subject. In the Sales Comparison Approach, Licensee failed to state and analyze the partial basement in Comparable #1. The indicated value was not credible due to not analyzing the partial basement. In the Sales Comparison Approach, Licensee stated a GLA for Comparable #3 that was not accurate and was different than the stated

data source for Comparable #3. The inaccurate GLA was then analyzed to develop an indicated value that was not credible. In the Cost Approach, Licensee failed to provide adequate information for the intended user to replicate the cost figures and calculations. Licensee prepared, developed and communicated an appraisal report with a non-credible opinion of value because it was reconciled from non-credible data.

AB-07-92, AB-07-93 – On March 20, 2008 the Board approved a Consent Settlement Order and issued a public reprimand to James W. Smith, Certified Residential Appraiser, R00897. Violations in all these appraisals are basically identical to the violations in AB-06-51, AB-06-53, AB-06-55, AB-06-57, AB-06-59, AB-06-61, which were approved by the Board in January 2008.

AB-07-109 – On March 20, 2008 the Board approved a Consent Settlement Order and issued a public reprimand to Sharon Jones, Certified Residential Appraiser, R00170. Licensee agreed to pay an administrative fine of \$500. Licensee did not renew her license until October 26, 2007 and appraised real property and issued a report while here license was not renewed.

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

AB-06-37 – On July 23, 2007 to a Certified General appraiser for an appraisal where Licensee failed to retain a true and correct copy of the appraisal, readdressed appraisals without disclosing that the appraisal was previously provided to another client or for failing to treat the appraisal order as a new assignment, and failing to disclose the significant real

property assistance of the Trainee appraiser in at least one of the reports completed for the subject property.

AB-06-86 – On July 23, 2007 to a Trainee appraiser for an appraisal where Licensee failed to retain a true and correct copy of the appraisal, readdressed appraisals without disclosing that the appraisal was previously provided to another client or for failing to treat the appraisal order as a new assignment, and failing to disclose his significant real property assistance in at least one of the reports completed for the subject property.

AB-06-66 – On August 3, 2007 to a Certified General appraiser for a residential appraisal where Licensee did not prepare a work file for the assignment; the scope of work was a “canned” statement that Licensee obviously did not follow in developing the appraisal; Licensee did not properly develop either a Cost Approach or a Sales approach for the assignment.

AB-06-35 – On August 2, 2007 to a Certified Residential appraiser where the appraisal was outside the scope of the License.

AB-06-19 – On October 22, 2007 to a Certified Residential appraiser for a residential appraisal where Licensee’s adjustments for quality of construction are not justified; Licensee misstated the square footage of the subject; Licensee did not analyze unusual terms of the sales contract and financing.

AB-06-30 – On December 20, 2007 to a Certified Residential appraiser for a residential appraisal where Licensee did not furnish true copies of all appraisal reports to the Board as requested; Licensee did not retain a copy of the appraisal report.

AB-06-29 – On December 20, 2007 to a

Licensed Real Property appraiser for a residential appraisal where Licensee did not furnish true copies of all appraisal reports to the Board as requested; Licensee did not retain a copy of the appraisal report.

AB-06-83 – On December 20, 2007 to a Certified Residential appraiser where the Licensee failed to adequately identify the subject property as an undivided segment of a larger parcel of property.

AB-07-48 – On January 10, 2008 to a Certified Residential appraiser where errors in GLA resulted in a non-credible development of an appraisal report.

AB-07-41 – On January 10, 2008 to a Certified Residential appraiser where errors in GLA resulted in a non-credible development of an appraisal report.

AB-06-39 – On February 11, 2008 to a Certified General appraiser for an appraisal of vacant land where Licensee stated the departure within the appraisal report was for SR 1-4(a) (Sales Comparison Approach) and SR 1-4(b) (Cost Approach), when the departure was for SR 1-4(b) (Cost Approach) and SR 1-4(c) (Income Approach). Licensee failed to provide sufficient information within the revised appraisal report, so that the intended user could understand the basis of the reconsideration of value in the revised report. In reconsidering the appraisal of the subject property, Licensee failed to state the revised analysis, reasoning & conclusions. The revised appraised value was based on an additional sale provided, which was not available to the appraiser at the time of the original appraisal. Licensee failed to provide sufficient information within the appraisal report for the intended user to understand the source of information quoted within the appraisal report was not from the current

edition, at the time of the appraisal, of The Appraisal of Real Estate 12th edition. The Appraisal of Real Estate 8th edition was quoted as the source of information within the appraisal report. Respondent failed to retain a true copy of the appraisal report and the revised appraisal report.

AB-07-10 – On February 12, 2008 to a Certified Residential for the appraisal of a condominium unit where Licensee failed to make adjustments to comparable sales for location. Subject is a condominium located across the street from the beach with no water frontage and comparable sales are all beachfront properties. Licensee failed to analyze current listings for comparable properties in subject building and failed to analyze the market for beachfront property versus non-beachfront property and failed to analyze sales contract on the subject property. Licensee only mentioned proposed sales price and date of contract. The sales contract with a pre-construction contract dated two plus years before the effective date of appraisal.

AB-07-96 – On February 12, 2008 to a Trainee Real Property Appraiser who accepted an appraisal assignment from one other than his Mentor.

2008 EDUCATION CRITERIA CHANGES

As most of you already know on February 20, 2004 the Appraiser Qualifications Board of the Appraisal Foundation formally adopted changes to the *Real Property Appraiser Qualification Criteria* that will become effective on January 1, 2008. **These changes represent the minimum national requirements that each state must implement for individuals applying for a real estate appraiser license or certification as of January 1, 2008.** The changes include increased required education, which is summarized as follows:

Category	Current Requirements ¹	1/1/08 Requirements ^{1,2}	1/1/08 College-Level Course Requirements ³
Licensed	90 hours	150 hours	None
Certified Residential	120 hours	200 hours	Twenty-one (21) semester credit hours covering the following subject matter courses: English Composition; Principles of Economics (Micro or Macro); Finance; Algebra, Geometry or higher mathematics; Statistics; Introduction to Computers-Word Processing/Spreadsheets; and Business or Real Estate Law. In lieu of the required courses, an Associate degree will qualify.
Certified General	180 hours	300 hours	Thirty (30) semester credit hours covering the following subject matter course; English Composition; Micro Economics; Macro Economics; Finance; Algebra, Geometry or higher mathematics; Statistics; Introduction to Computers-Word Processing/Spreadsheets; Business or Real Estate Law; and two (2) elective courses in accounting, geography; ag-economics; business management; or real estate. In lieu of the required courses, a Bachelors degree will qualify.

¹ Hours required include completion of the 15-hour National USPAP Course (or its equivalent).

² Hours required include specific coverage of multiple topics – please see the *Real Property Appraiser Qualification criteria* for details.

³ College-level courses and degrees must be obtained from an accredited college or university.

Source: The Appraisal Foundation

The full text of the new education criteria can be accessed on the Foundation website at www.appraisalfoundation.org.

No changes are involved in the education for the *Trainee Real Property Appraiser* classification or the Alabama classification of *State Registered Real Property Appraiser*.

After many months of thought and discussion the Alabama Real Estate Appraisers Board voted at the September 23, 2005 Board meeting to adopt a variation of the AQB Segmented scenario. Applicants whose education and experience meet the current criteria may apply for a license through December 31, 2007. Applicants whose education and experience do not meet the current criteria as of January 1, 2008 must satisfy the education and experience requirements set out in the 2008 appraiser criteria. This is more flexible than the Firm Date scenario but less flexible than the AQB Segmented scenario. This manner of implementing the new criteria integrates the current Alabama application process more efficiently. **Therefore, the official position of the Board is adoption of the Segmented Scenario.**

Please also note a new license examination developed by The Appraisal Foundation will replace the examinations currently in use by Alabama. The new examination will be designed to test the knowledge of candidates who have met the education criteria in effect on January 1, 2008. **It will be the responsibility of the candidate to assure that he or she has adequate education to successfully complete the examination.**

For additional information on the required core curriculum effective

January 1, 2008 visit www.appraisalfoundation.org.

The following is the required Core Curriculum effective January 1, 2008. These courses will be required in addition to the college courses:

TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours
Trainee Education Requirements	75 Hours

*** NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately preceding the date the application is filed with the Board.**

LICENSED REAL PROPERTY APPRAISER CLASSIFICATION:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours
Residential Market Analysis and Highest and Best Use	15 Hours
Residential Appraiser Site Valuation and Cost Approach	15 Hours
Residential Sales Comparison and Income Approaches	30 Hours
Residential Report Writing and Case Studies	15 Hours
Licensed Education Requirements	150 Hours

*** NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately**

preceding the date the application is filed with the Board.

Appraisers holding a valid *Trainee Real Property Appraiser* credential may satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential by completing the following **additional** educational hours:

Residential Market Analysis and Highest & Best Use	15 Hours
Residential Appraiser Site Valuation & Cost Approach	15 Hours
Residential Sales Comparison & Income Approaches	30 Hours
Total	75 Hours

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

CLASSIFICATION:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours
Residential Market Analysis and Highest and Best Use	15 Hours
Residential Appraiser Site Valuation and Cost Approach	15 Hours
Residential Sales Comparison and Income Approaches	30 Hours
Residential Report Writing and Case Studies	15 Hours
Statistics, Modeling and Finance	15 Hours
Advanced Residential Applications and Case Studies	15 Hours
Appraisal Subject Matter Electives	20 Hours
(May include hours over minimum shown above in other modules)	
Certified Residential Education Requirements	200 Hours

*** NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately preceding the date the application is filed with the Board.**

Appraisers holding a valid *Trainee Real Property Appraiser* credential may satisfy the educational requirements for the Certified Residential Real Property Appraiser credential by completing the following **additional** educational hours:

Residential Market Analysis & Highest & Best Use	15 Hours
Residential Appraiser Site Valuation & Cost Approach	15 Hours
Residential Sales Comparison & Income Approaches	30 Hours
Residential Report Writing & Case Studies	15 Hours
Statistics, Modeling & Finance	15 Hours
Advanced Residential Applications & Case Studies	15 Hours
Appraisal Subject Matter Electives	20 Hours
Total	125 Hours

Appraisers holding a valid *Licensed Real Property Appraiser* credential may satisfy the educational requirements for the Certified Residential Real Property Appraiser credential by completing the following **additional** educational hours:

Statistics, Modeling & Finance	15 Hours
Advanced Residential Applications & Case Studies	15 Hours
Appraisal Subject Matter Electives	20 Hours
Total	75 Hours

CERTIFIED GENERAL REAL PROPERTY APPRAISER

CLASSIFICATION:

Basic Appraisal Principles	30 Hours
Basic Appraisal Procedures	30 Hours
The 15-Hour National USPAP course or its equivalent	15 Hours

General Appraiser Market Analysis and Highest and Best Use	30 Hours
Statistics, Modeling and Finance	15 Hours
General Appraiser Sales Comparison Approach	30 Hours
General Appraiser Site Valuation and Cost Approach	30 Hours
General Appraiser Income Approach	60 Hours
General Appraiser Report Writing and Case Studies	30 Hours
Appraisal Subject Matter Electives	30 Hours
(May include hours over minimum shown above in other modules)	
Certified General Education Requirements	300 Hours

*** NOTICE: Alabama requires that the 15-Hour USPAP with exam must have been completed within 24 months immediately preceding the date the application is filed with the Board.**

Appraisers holding a valid *Trainee Real Property Appraiser* credential may satisfy the educational requirements for the Certified General Real Property Appraiser credential by completing the following **additional** educational hours:

General Appraiser Market Analysis	30 Hours
Statistics, Modeling & Finance	15 Hours
General Appraiser Sales Comparison Approach	30 Hours
General Appraiser Site Valuation & Cost Approach	30 Hours
General Appraiser Income Approach	60 Hours
General Appraiser Report Writing & Case Studies	30 Hours
Appraisal Subject Matter Electives	30 Hours
Total	225 Hours

Appraisers holding a valid *Licensed Real Property Appraiser* credential may satisfy the education requirements for the Certified General Real Property Appraiser credential by completing the following additional educational hours:

General Appraiser Market Analysis	75 Hours
Statistics, Modeling & Finance	15 Hours
General Appraiser Sales Comparison Approach	15 Hours
General Appraiser Site Valuation & Cost Approach	15 Hours
General Appraiser Income Approach	45 Hours
General Appraiser Report Writing & Case Studies	15 Hours
Appraisal Subject Matter Electives	30 Hours
Total	150 Hours

Appraisers holding a valid *Certified Residential Real Property Appraiser* credential may satisfy the educational requirements for the Certified General Real Property Appraiser credential by completing the following **additional** educational hours:

General Appraiser Market Analysis & Highest & Best Use	15 Hours
General Appraiser Sales Comparison Approach	15 Hours
General Appraiser Site Valuation & Cost Approach	15 Hours
General Appraiser Income Approach	45 Hours
General Appraiser Report Writing & Case Studies	10 Hours
Total	100 Hours

WHEN MOVING FROM ONE LICENSE CLASSIFICATION TO ANOTHER COURSE DO NOT NEED TO BE REPEATED.

IMPORTANT APPRAISERS QUALIFICATIONS BOARD INFORMATION

Below is AQB Guide Note 6. This Guide Note relates to **NEW** Experience Criteria applicable to **ALL** appraiser classifications. ***This new criteria became effective June 6, 2008.*** Effective this date forward any experience earned must be recorded on a log that includes all required fields listed below. Please note this policy is not retroactive to appraisals completed before June 6, 2008.

The Alabama Real Estate Appraisers Board received official notification of this new criteria change from The Appraisal Subcommittee on June 26, 2008. We are in the process of developing a new log for the Board to adopt at their July 17, 2008 Board meeting. Once the form has been adopted it will be posted on our website to be downloaded for your use.

AQB GUIDE NOTE 6 (GN-6)

This Guide Note relates to the verification of experience credit as specified in the *Real Property Appraiser Qualification Criteria* that became effective on January 1, 2008.

Under “Criteria Applicable to All Appraiser Classifications” in the 2008 Criteria, Section V.G. (*Generic Experience Criteria*) reads as follows:

G. The verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency, which shall include:

- 1. Type of property;*
- 2. Date of report;*
- 3. Address of appraised property;*
- 4. Description of work performed by the trainee/ applicant and scope of the review and supervision of the supervising appraiser;***
- 5. Number of actual work hours by the trainee/applicant on the assignment; and*
- 6. The signature and state certification number of the supervising appraiser if applicable. Separate appraisal logs shall be maintained for each supervising appraiser if applicable.*

(Bold added for emphasis)

It is the intent of the AQB that the verification of experience clearly identifies three things under item #4:

- 1) A description of the work performed by the trainee or applicant;
- 2) The scope of the review performed by the supervising appraiser; and
- 3) The level of supervision performed by the supervising appraiser.

Although the scope of review and level of supervision performed by the supervising appraiser might appear to be redundant at first glance, they are not. For example, in certain assignments a supervising appraiser might determine that a lesser level of supervision is required, but that might not impact the level of review performed.

The AQB recognizes that assignments may differ significantly; therefore the level of review and supervision by the supervising appraiser may also differ from assignment to assignment. Also, depending on the assignments involved, it might be expected that the supervising appraiser’s level of review and supervision diminish over time as the trainee/applicant gains competency.

The following page includes an example of an experience log that includes the information required by the Criteria. The attached is merely one possible example of an experience log. Any format that includes the items listed under Section V.G., *Generic Experience Criteria*, as specified in the *2008 Real Property Appraiser Qualification Criteria* is acceptable.

It should be noted that experience logs or other forms prescribed by a state appraiser regulatory agency to verify experience credit might appear very different, including requiring substantially more information than is identified in the example on the following page. However, as stated above, all forms must, at a minimum, include the items listed under Section V.G., *Generic Experience Criteria*, as specified in the *2008 Real Property Appraiser Qualification Criteria*.

As indicated above, the Criteria mandates that the forms used to verify experience credit include all of the identified items. Five of the six items listed are fairly self-explanatory; however, the AQB has received inquiries regarding the intent of item #4 above (the bolded text).

Date of Report	Property Address, City, State, Zip	Type of Property (SFR, Condo, 2-4 Units)	Description Of Applicant's Work Performed	Scope of Supervising Appraiser's Review	Scope of Supervising Appraiser's Supervision	Number of Actual Hours Worked By Applicant
1/3/06	123 Oak Street Washington, DC 20005	SFR	Neighborhood, subject and comp data research and analyses, interior/exterior property inspection, cost/sales comparison approaches, final reconciliation	Reviewed workfile and report, verified subject sales history, checked data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Completed entire appraisal process with applicant, including physical inspection of subject property (first SFR appraisal for applicant)	7
6/7/06	455 Pine Street Washington, DC 20005	SFR	Neighborhood, subject and comp data research and analyses, interior/exterior property inspection, cost/sales comparison approach, final reconciliation	Reviewed workfile and report, verified all comparable data and analyses, verified homeowner's association info, discussed with applicant, co-signed appraisal report	Oversight of comparable data selection and analyses, provided direction in site value analysis used in cost approach, did not physically inspect subject property	7
1/10/07	202 Spruce Street Washington, DC 20005	SFR	Neighborhood, subject and comp data research and analyses, interior/exterior property inspection, cost/sales comparison/ income approaches, final reconciliation	Reviewed workfile and report, checked data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Review of comparable data selection and analyses, did not physically inspect subject property	10
1/24/07	115 Pennsylvania Ave. Washington, DC 20005	Retail Store	Neighborhood, subject and comp (sale and rental) data research and analyses, interior/exterior property inspection, cost/ sales comparison/ income approaches, final reconciliation	Reviewed workfile and report, verified subject sales history and all data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Completed entire appraisal process with applicant, including physical inspection of subject property (first commercial appraisal for applicant)	30
8/14/07	200 S Broadway Washington, DC 20005	Retail Store	Neighborhood, subject and comp (sale and rental) data research and analyses, interior/exterior property inspection, cost/ sales comparison/ income approaches, final reconciliation	Reviewed workfile and report, verified subject sales history and all data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Oversight of comparable data selection and analyses, provided direction in DCF analysis used in income approach, did not physically inspect subject property	40
1/10/08	300 Capitol Avenue Washington, DC 20005	Retail Store	Neighborhood, subject and comp (sale and rental) data research and analyses, interior/exterior property inspection, cost/ sales comparison/ income approaches, final reconciliation n	Reviewed workfile and report, checked data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Review of comparable data selection and analyses, did not physically inspect subject property	40
2/12/08	144 Elm Avenue Washington, DC 20005	Golf Course	Completed entire appraisal process	Reviewed workfile and report, verified subject sales history and all data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Completed entire appraisal process	60

Thomas D. Trainee
Applicant/Trainee

Sally A. Supervisor
Supervising Appraiser

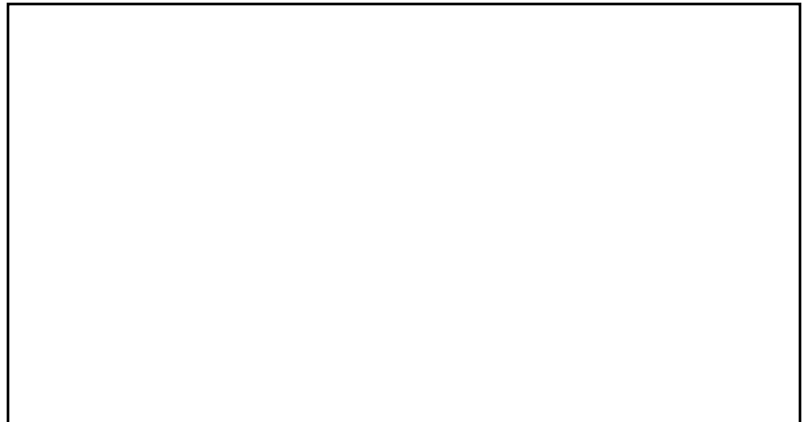
State
Certification No.

Alabama Real Estate Appraisers Board
RSA Union Building
100 N. Union, Suite 370
Montgomery, AL 36104
Tel. 334/242-8747, Fax. 334/242-8749
WEB Address: www.reab.state.al.us

PRESORTED
STANDARD
U.S. POSTAGE
PAID
MONTGOMERY, AL
PERMIT #109

Editor: Lisa Brooks

Boards Members
Cornelia (Nene) Tisher
1st Congressional District
Jon (Brett) Blissitte
2nd Congressional District
Joseph H. Lambert
3rd Congressional District
Christopher Pettey
4th Congressional District
Joseph T. (Bo) Lundy, Jr.
5th Congressional District
Dot Wood
6th Congressional District
Frederick C. Crochen
7th Congressional District
Chester D. Mallory
State At Large
Myra Pruitt
State At Large
Lisa Brooks
Executive Director



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) _____

Telephone No.: _____

Signed: _____

Date: _____

Home: (Preferred Mailing) _____

Telephone No.: _____

License Number: _____

IMPORTANT E-MAIL ADDRESS NOTICE

The Board office is now sending newsletters, board notices, and other important correspondence via **e-mail**. It is extremely important that we have correct e-mail addresses for all appraisers to assure all information is received in a timely manner.

Please submit your correct e-mail address to Carolyn Greene, Executive Secretary. You can e-mail this information to Mrs. Greene at Carolyn.greene@reab.alabama.gov.