

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 780 Department or Agency Alabama Real Estate Appraiser Board

Rule No. 780-X-9-.01

Rule Title: Classification of Real Estate Appraisers

_____ New X Amend _____ Repeal _____ Adopt by Reference _____

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? Yes

Is there a reasonable relationship between the State's police power and the protection of the Public health, safety, or welfare? Yes

Is there another, less restrictive method of Regulation available that could adequately Protect the public? No

Does the proposed rule have the effect Of directly or indirectly increasing the costs Of any goods or services involved and, if so, to what degree? No

Is the increase in cost, if any, more harmful To the public than the harm that might result from the absence of the proposed rule? N/A

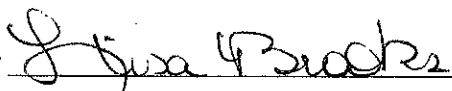
Are all facets of the rulemaking process Designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed rule have an economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer 

Date May 20, 2014

Alabama Real Estate Appraisers Board

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Real Estate Appraisers Board

RULE NO. & TITLE: 780-X-9-.01
Classification of Real Estate Appraisers

INTENDED ACTION: Amendment

SUBSTANCE OF PROPOSED ACTION: To amend the qualifications for Mentor Status to comply with the criteria established by the Appraisal Qualifications Board.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit their views regarding the proposed amended rule orally or in writing to the Alabama Real Estate Appraisers Board, P.O. Box 304355, Montgomery, Alabama 36130-4355; 334-242-8747 no later than 4:30 P.M, July 10, 2014.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: Written or oral comments concerning this change must be received by the Alabama Real Estate Appraisers Board no later than July 10, 2014, 4:30 p.m., 100 North Union Street, Suite 370, Montgomery, AL 36104 or 334-242-8747.

CONTACT PERSON AT AGENCY: Neva C. Conway
Assistant Attorney General


Lisa Brooks

**780-X-9-.01 Classification Of Real Estate
Appraisers**

780-X-9-.01 Classification Of Real Estate Appraisers.

(1) Alabama law recognizes five classes of real estate appraisers:

- (a) Trainee Real Property Appraiser,
- (b) State Registered Real Property Appraiser,
- (c) Licensed Real Property Appraiser,
- (d) Certified Residential Real Property Appraiser,
- (e) Certified General Real Property Appraiser.

(2) The Board is mandated by statute to promulgate rules and regulations which conform in all respects to the requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. 101-73. See Code of Ala. 1975, §§34-27A-5(b)(12)(13) and 34-27A-29. Consistent therewith, and pursuant to the authority granted the Board by the Alabama legislature, the classes of state licensed real property appraisers are defined as follows:

(a) Introductory Statement. All 1 to 4 unit transactions less than \$1,000,000 are assumed to be non-complex. If a property, its form of ownership, or market conditions are atypical, the regulated institution requesting the appraisal analysis will make the determination as to whether it is a complex or non-complex transaction. Alabama requires compliance with the Uniform Standards of Professional Appraisal Practice by all persons who perform real estate appraisals in the State of Alabama. There is no differentiation as to the scope of appraisal activity on federally related and non-federally related transactions. The appraiser must at all times comply with the Ethics Provision and Competency Provision of the Uniform Standards of Professional Appraisal Practice.

The definition of a federally related transaction both in the Alabama law and FIRREA is "any real estate-related financial transaction which (a) a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in contracts for, or regulates; and (b) requires the services of an

appraiser." Non-federally related properties are those properties which are the subject of appraisals for non-federally related transactions.

(b) Trainee Real Property Appraiser. The scope of practice for the Appraiser Trainee is the appraisal of those properties which the Mentor is permitted to appraise. A Trainee may not accept assignments from clients which are directed to the Trainee. Assignments may only be accepted from the Mentor. Solicitation of assignments may be made by Trainees as long as the assignment or engagement letter from the client engages the services of the certified appraiser.

To use experience for licensure, the appraisal must be included in the Trainee's assignment log, and the appraisal report must be signed by the Mentor and if the report is not signed by the Trainee, the report must comply with Standard 2 of USPAP in reporting the Trainee appraiser's contribution to the appraisal process.

The Trainee must work under the direct supervision of the Mentor. The relationship between the Trainee and the Mentor and the responsibilities of the Trainee and the Mentor are as follows:

1. Responsibilities of Mentor

(i) The supervising appraiser will be called a Mentor and shall be a Certified Residential or a Certified General Real Property Appraiser.

(ii) The Mentor shall be responsible for training the trainee in the proper development and reporting of the appraisal in accordance with USPAP.

(iii) The Mentor will accompany the Trainee and demonstrate how to inspect the interior and exterior of each subject property and comparable properties in the first fifty (50) appraisal assignments made by the Mentor to the Trainee.

(iv) The Mentor will carefully review the report with the Trainee and accept full responsibility for its contents before signing the report as being independently and impartially prepared in compliance with USPAP.

(v) A Mentor shall:

(I) Within ten (10) days, inform the Board of the name and address of his/her Trainee(s).

(II) Within ten (10) days, notify the Board when Mentor/Trainee relationship is terminated.

(III) For the duration of the Mentor/Trainee relationship the Trainee must work out of the Mentor's office and cannot establish a separate business office.

(IV) The Mentor shall review and sign the Trainee's experience log every month and maintain a copy in his/her records.

(V) Upon request, the Mentor shall provide the Board a copy of any appraisal report that the Trainee signed under his/her supervision.

(VI) Diligent adherence to USPAP guidelines is mandatory in all areas of responsibility.

(VII) Any violation of these responsibilities can result in the suspension of supervisory status or other disciplinary action.

(VIII) A Mentor may not make an assignment to the Trainee for a subject property located more than fifty (50) miles from the Mentor's office unless the Mentor accompanies the Trainee on the inspection of the subject property and comparable sales and is equally involved with the Trainee in the collection of all data used in the development of the appraisal.

I. The Mentor's supervision responsibilities, as prescribed here, over the activities of Trainee appraisers are not intended to and should not be construed as creating an employer-employee relationship contrary to any expressed intent of the Mentor and Trainee to the contrary.

II. A Mentor shall be required to attend any reconsideration hearing of a denied application with the Trainee whose application has been denied.

2. Responsibilities of Trainee Appraiser

(i) The Trainee must work under the direct supervision of a Mentor who is a Certified Residential, Certified General Real Property Appraiser.

(ii) The Trainee must keep an experience log on a form provided by the Board. A separate log should be kept for each Mentor.

(iii) The Trainee must submit the experience log to the Board for review when the Trainee has accumulated fifty (50) experience points when the Trainee plans to apply for a State Registered Real Property Appraiser license; one hundred (100) experience points when the Trainee plans to apply for a Licensed Real Property Appraiser license; one hundred twenty five (125) experience points when the Trainee plans to apply for a Certified Residential Real Property Appraiser license and one hundred fifty (150) experience points when the Trainee plans to apply for a Certified General Real Property Appraiser license. The Board will select a sample of appraisals for review to examine how effective the mentoring process is for the Trainee. A fee of \$125 for examination of the appraisal samples must accompany the log. There will not be any discipline files opened for the Trainee as a result of the examination.

(iv) The Trainee must inspect the interior and exterior of the property and fully participate in the appraisal process in order to receive experience credit.

(v) Assure that the Mentor reviews the appraisal report and signs as supervisor. The Trainee must sign the report or in the alternative the appraisal report must detail his/her involvement as required by Standard 2 USPAP.

(vi) A Trainee appraiser shall:

(I) Within ten (10) days, inform the Board of the name and address of his/her Mentors.

(II) Within ten (10) days, notify the Board when Mentor/trainee relationship is terminated.

(III) A Trainee can have no more than three (3) Mentors at a time unless unique circumstances are approved by the Board on a case-by-case basis.

(IV) A Trainee must disclose their Trainee status in a manner that is not misleading, which at a minimum requires that the Trainee include the name of the appraisal company employing the Trainee or the name of the Mentor supervising the Trainee on all advertising materials including business cards.

(V) Diligent adherence to USPAP guidelines is mandatory in all areas of responsibility.

(VI) Any violation of these responsibilities can result in disciplinary action.

(VII) Trainee appraisers who do not have a supervising relationship will be listed as "Inactive" on the Board's roster of appraisers. A Trainee who is "Inactive" must complete all continuing education and pay all fees for renewal of the license. No refund is given by the Board for license fees during an "Inactive" period.

(VIII) A Trainee appraiser who is adversely affected by the application of this rule is entitled to a hearing.

(IX) The hearing shall be held as soon as practicable after filing of the request for a hearing, or at such time agreed upon by stipulation between the Trainee and the Executive Director.

(X) The hearing shall be held by at least a quorum of the Board, as defined in Code of Ala 1975, §34-27A-4.

(XI) Evidence, including oral testimony, shall be freely admitted. The Trainee shall be allowed to have counsel present if desired.

(XII) The Board shall issue a final destination within thirty (30) days of the date of the hearing, which shall include findings of fact and official notice taken. The Trainee shall be delivered a copy of the decision by first class mail.

(XIII) The decision of the Board may be appealed to the Circuit Court for Montgomery County, as provided in Code of Ala. 1975, §34-27A-5, within thirty (30) days of the decision of the Board.

(XIX) The record on appeal shall be certified by the Executive Director of the Board, and shall include the entire record and transcript of the hearing.

(XX) A Trainee appraiser may not maintain a public office separate and apart from the office of the employer or Mentor for the purpose of conducting appraisals. A Trainee

appraiser may not solicit appraisal business in the Trainee's name but may solicit business for the Mentor's business.

3. Becoming A Mentor For A Trainee Appraiser

(i) Certified Residential or Certified General Real Property Appraisers who have been certified for ~~at least twenty four (24) months~~ a minimum of three years may apply to the Board to become a Mentor. An applicant for Mentor status shall not have had an appraiser license revoked, suspended or placed on probation status within three years prior to the application for Mentor status.

(ii) Applications for Mentor status must be made and approved by the Board prior to the Mentor engaging a Trainee appraiser. A Mentor shall be required to complete a Board approved Trainee and Supervisory course prior to supervising a Trainee appraiser.

(iii) A Mentor may not make an assignment to the Trainee for a residential appraisal where the subject property is located more than fifty (50) miles from the Mentor's office unless the Mentor accompanies the Trainee on the inspection of the subject property and comparable sales and is equally involved with the Trainee in the collection of all data used in the development of the appraisal.

(iv) The application for Mentor status must be accompanied by two (2) typical sample appraisal assignments which have been completed by the appraiser within six months prior to the application.

(v) Mentors may supervise a total of three Trainee appraisers.

~~(vi) Mentors must attend the Alabama Real Estate Appraisers Board Trainee orientation course and one (1) Board meeting after approval and prior to license renewal. Continuing Education credit is allowed for attendance at this course and the Board meeting for a maximum of seven (7) hours.~~

(c) State Registered Real Property Appraiser. Those individuals licensed by the Board as being qualified to perform real estate appraisals on non-federally related properties including:

1. Complex appraisals of 1 to 4 unit non-federally related residential properties having transaction value of \$250,000 or less; other non-federally related non-residential properties having transaction value of \$250,000 or less.

2. Non-complex appraisals of 1 to 4 unit non-federally related residential properties having transaction value of \$1,000,000 or less.

3. This classification does not include the appraisal of subdivisions wherein a development analysis/appraisal is necessary and utilized.

4. All registered real property appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(d) State Licensed Real Property Appraiser. Those individuals licensed by the Board as being qualified to perform real estate appraisals on properties including:

1. Complex appraisals of 1 to 4 unit residential properties having transaction value of \$250,000 or less; other non-residential properties having transaction value of \$250,000 or less;

2. Non-complex appraisals of 1 to 4 unit residential properties having transaction value of \$1,000,000 or less.

3. This classification does not include the appraisal of subdivisions wherein a development analysis/appraisal is necessary and utilized.

4. All licensed real property appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(e) State Certified Residential Real Property Appraiser. Those individuals licensed by the Board as being qualified to perform federally related residential real estate appraisals on 1 to 4 unit residential properties without regard to the complexity or dollar amount. These appraisers are also permitted to appraise non-residential properties having transaction value of \$250,000 or less.

1. The Certified Residential Real Property Classification does not include the appraisal of subdivisions

wherein a development analysis/appraisal is necessary and utilized.

2. All certified residential real property appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

(f) State Certified General Real Property Appraiser. This classification applies to the appraisal of all types of real property, regardless of transaction value. Appraisals on federally related transactions, which must be done by a State Certified General Real Estate Appraiser, include all non-residential properties having transaction value of \$250,000 or more. All Appraisers are bound by the Competency Provision of the Uniform Standards of Professional Appraisal Practice.