

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 780 Department or Agency Alabama Real Estate Appraiser Board
Rule No. 780-X-17-18
Rule Title: Business Practices

 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 J. Brock

Date 6-5-15

Alabama Real Estate Appraisers Board

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Real Estate Appraisers Board

RULE NO. & TITLE: 780-X-17-.18
Business Practices

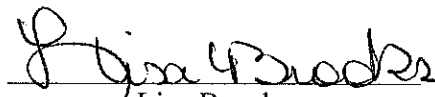
INTENDED ACTION: Amendment

SUBSTANCE OF PROPOSED ACTION: This amendment requires an Appraisal Management Company to comply with appraiser independence requirements by using a customary and reasonable fee schedule commissioned by the Board; prohibits an Appraisal Management Company from taking punitive actions against a panel member for refusal to accept an assignment at a rate less than established by the customary and reasonable fee study.

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. on August 4, 2015. A public hearing will be held on July 16, 2015 at 9:00 A.M., 100 N. Union St., Third Floor conference room, RSA Union Building, Montgomery, Alabama, 36104.

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 August 4, 2015 at 4:30 P.M., P.O. Box 304355, Montgomery, Alabama, 36130-4355 or 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-17-.18 Business Practices.

- (a) An appraisal management company may not:
- (1) prohibit an appraiser from stating on an appraisal the fee the appraiser was paid by the company for the appraisal;
 - (2) prohibit an appraiser from stating on an appraisal the appraiser's primary business address; and
 - (3) prohibit an appraiser from informing a property owner, lender, or any other person or entity the appraiser's primary business address.

(b) 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 non-financial benefits;
- (9) compensate an appraiser or attempt to compensate an appraiser at an amount that is below the customary and reasonable fee for the assignment as determined by a customary and reasonable fee survey conducted by the Board or on the Board's behalf. This provision does not prohibit negotiation of a fee between the appraisal management company and the appraiser for assignments where the complexity of the assignment is not addressed in the survey;
- (10) remove an appraiser from the panel because the appraiser refuses assignments on the basis of the fee offered by the appraisal management company;
- (11) require an appraiser to sign a certification that a fee for an assignment is customary and reasonable; and
- ~~(9)~~ (12) Any other act or practice that impairs or attempts to impair the independence, objectivity, or impartiality of an appraiser.

(c) Nothing in subsection (a) shall be construed as prohibiting an appraisal management company from requesting that the appraiser to any of the following:

- (1) provide additional information regarding the basis for a valuation;

- (2) correct objective factual errors in an appraisal report; and
- (3) consider additional verifiable information not previously known or considered by the appraiser in completing an assignment.

(d) 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.

Author: Lisa Brooks, Executive Director, Alabama Real Estate Appraisers Board.

Statutory Authority: Code of Ala. 1975, §§34-27A-54, 34-27A-60.

History: New Rule: Filed November 18, 2011; effective December 23, 2011.