TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control <u>780</u> Department or Agency <u>Alabama</u> Rule No. <u>780-X-117</u>	Real Estate Appraiser Board
Rule Title: <u>Study of Customary and Reasonab</u>	la Fees for Appraisals of Alabama Proportion
Rule True. Study of Eustomary and Reasonab	ie rees for Appraisais of Alabama Properties
New AmendX Rep	pealAdopt 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?	<u>No</u>
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?	<u>No</u>
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 imp	
If the proposed rule has an economic impact, t by a fiscal note prepared in accordance with su Alabama 1975. ****************	the proposed rule is required to be accompanied absection (f) of Section 41-22-23, Code of
Certification of Authorized Official	
I certify that the attached proposed rule has be requirements of Chapter 22, Title 41, Code of applicable filing requirements of the Administ Reference Service.	Alabama 1975, and that it conforms to all rative Procedure Division of the Legislative
Signature of certifying officer 1	Pualer
Date 3-18-16	

ALABAMA REAL ESTATE APPRAISERS BOARD 100 N. Union Street, Suite 370 Montgomery, Alabama 36104

March 17, 2016

Notice of Intended Action

Rule No. & Title: 780-X-1-.17 Study of Customary and Reasonable Fees for Appraisals of Alabama Properties

Intended Action: Repeal.

Substance of Amendment: Repeal existing rule.

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 10:00 A.M. on May 19, 2016. A public hearing will be held on May 19, 2016 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 May 19, 2016 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-1-.17 Study Of Customary And Reasonable Fee For Appraisals Of Alabama Properties.

(a) The Board shall develop, commission or otherwise obtain a survey of fees received by appraisers for one to four residential appraisals prepared for consumer credit transactions secured by the principal dwelling of the consumer. This survey may be conducted by the Board or a third party. The Board shall determine the content and scope of the survey. In no instance shall the Board include fees paid by appraisal management companies to appraisers in survey content or scope. The results of this survey shall be used as a guideline for appraisal management companies to comply with 15 U.S.C. Section 1601.1 et seq., Title 12 Banks and Banking, Bureau of Consumer Financial Protection, Regulation Z, the regulations promulgated thereunder and Code of Ala. 1975, Section 34-27A-51(a)(10), which require compensation to appraisers at a customary and reasonable rate to preserve appraiser independence in the appraisal process.

(b) The Board shall consider annually consider whether a new survey should be repeated.

Author: Lew-Watson

Statutory Authority: Code of Ala. 1975, §§34-27A-54, 34-27A-57.

History: New Rule: Filed October 15, 2015; effective

November 16 2015.

TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control_780 Rule No Rule Title: _	780-X-1	<u>718</u>	Mabama Real Es	state Appraiser Board
Ne	ew X _	Amend	Repeal	Adopt by Reference
	/ harm or e	the proposed rule endanger the publ ety?		Yes
	ce power a	elationship betwe nd the protection or welfare?		Yes
	available tl	estrictive method hat could adequa		No
Of directly	or indirect ds or servic	e have the effect ly increasing the ces involved and,		<u>No</u>
To the publ	ic than the	if any, more hare harm that might he proposed rule?	result	N/A
Designed so they have, a protection of	olely for thus their prince the public formall the public forms of the public formal	llemaking proces e purpose of, and mary effect, the ic?	l so	Yes
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by a fiscal r Alabama 19 ********	note prepar <u>975</u> . ******	ed in accordance	with subsection	osed rule is required to be accompanied in (f) of Section 41-22-23, <u>Code of</u>
requirement applicable f Reference S	ts of Chapt filing requi Service.	ter 22, Title 41, C rements of the A	Code of Alabama dministrative Pi	osed in full compliance with the a 1975, and that it conforms to all rocedure Division of the Legislative
Signature o	f certifying	g officer L	jusa P.	nates
Date	318	-110	,	

ALABAMA REAL ESTATE APPRAISERS BOARD 100 N. Union Street, Suite 370 Montgomery, Alabama 36104

March 17, 2016

Notice of Intended Action

Rule No. & Title: 780-X-17-.18 Business Practices

Intended Action: Amendment.

<u>Substance of Amendment</u>: To remove the requirement that Appraisal Management Companies compensate appraisers at a rate at or above the Board' Survey of Customary and Reasonable Fees.

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 10:00 A.M. on May 19, 2016. A public hearing will be held on May 19, 2016 at 9:00 A.M., 100 N. Union St., Third Floor conference room, RSA Union Building, Montgomery, Alabama, 36104.

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CONTACT PERSON AT AGENCY: Neva C. Conway

Assistant Attorney General

Lisa Brooks

780-X-17-.18 Business Practices.

- (1) An appraisal management company may not:
- (a) prohibit an appraiser from stating on an appraisal the fee the appraiser was paid by the company for the appraisal;
- (b) prohibit an appraiser from stating on an appraisal the appraiser's primary business address; and
- (c) prohibit an appraiser from informing a property owner, lender, or any other person or entity the appraiser's primary business address.
- (2) 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:
- (a) withholding or threatening to withhold timely payment for an appraisal, unless the appraisal if found to be of substandard quality or noncompliant with the scope of the assignment as defined in the engagement letter;
- (b) withholding or threatening to withhold payment for an appraisal if the loan transaction is not completed;
- (c) 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;
 - (d) promising future business, promotions, or increased compensation to an appraiser;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) providing to an appraiser, or any entity or person related to the appraiser, stock or other financial or non-financial benefits;
- (i) 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;
- (i) (i) remove an appraiser from the panel because the appraiser refuses assignments on the basis of the fee offered by the appraisal management company;
- (k) (j) require an appraiser to sign a certification that a fee for an assignment is customary and reasonable; and
- (1) (k) any other act or practice that impairs or attempts to impair the independence, objectivity, or impartiality of an appraiser.

- (3) Nothing in subsection (a) shall be construed as prohibiting an appraisal management company from requesting that the appraiser to any of the following:
 - (a) provide additional information regarding the basis for a valuation;
 - (b) correct objective factual errors in an appraisal report; and
- (c) consider additional verifiable information not previously known or considered by the appraiser in completing an assignment.
- (4) 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. Amended: Filed October 15, 2015; effective

November 16, 2015.