

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 780 Department or Agency Alabama Real Estate Appraiser Board
Rule No. 780-X-17-21
Rule Title: Appraiser Independence and Customary and Reasonable Fee

New 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. Lisa Brooks

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-17-.21 Appraiser Independence and Customary and Reasonable Fees

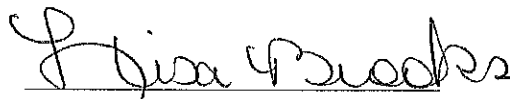
Intended Action: New.

Substance of Amendment: To require compensation of appraisers by Appraisal Management Companies consistent with the Final Federal Rules implementing the minimum requirements on states by the Dodd-Frank Act .

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-17-.21 Appraiser Independence and Customary and Reasonable Fees

(a) The Board, at its discretion, may contract with an objective third party, such as an educational institution, to develop a schedule of customary and reasonable fee rates of compensation for one to four residential appraisals prepared for consumer credit transactions secured by the principal dwelling of the consumer. The Board shall determine the content and scope of the survey. In no instance shall a survey include fees paid by appraisal management companies to appraisers. The results of this survey may be used as a guideline for appraisal management companies to comply with subsection (b) of this section. The Board shall consider annually consider whether a new survey should be repeated.

(b) An appraisal management company shall compensate appraisers at a rate that is customary and reasonable for appraisals being performed in the market area of the property being appraised in accordance with Section 129E(a) through (i) of the Truth in Lending Act, 15 U.S.C. § 1639e(a) through (i) and regulations adopted pursuant thereto. For purposes of this rule, geographic area may be defined by zip code, city, county, metropolitan statistical area, or a combination of contiguous counties in a non- metropolitan statistical area.

(1) Evidence for such fees may be established by objective third-party information such as government agency fee schedules (including any survey conducted by the Board in accordance with section (a)), academic studies, and independent private sector surveys.

(2) An appraisal management company electing to compensate fee appraisers on any basis other than an established fee schedule as described in subsection (1) shall, at a minimum, review the following factors on each assignment made, and make appropriate adjustments to recent rates paid in the relevant geographic market necessary to ensure that the amount of compensation is reasonable:

- (i) the type of property for each appraisal performed;
- (ii) the scope of work for each appraisal performed;
- (iii) the time in which the appraisal services are required to be performed;
- (iv) fee appraiser qualifications;
- (v) fee appraiser experience and professional record; and
- (vi) fee appraiser work quality.

(3) An appraisal management company shall maintain written documentation that describes or substantiates all methods, factors, variations, and differences used to determine the customary and reasonable fee for appraisal services conducted in the geographic market of the appraisal assignment.

(4) An appraisal management company shall maintain records of how it determined the customary and reasonable rate of compensation paid for each appraisal assignment.

(c) An appraisal management company shall separately state to the client all of the following:

(1) The fees paid to an appraiser for appraisal services.

(2) The fees charged by the appraisal management company for services associated with the management of the appraisal process, including procurement of the appraiser's services.

(d) (1) An appraisal management company shall not prohibit any appraiser who is part of an appraiser panel from recording the fee that the appraiser was paid by the appraisal management company for the performance of the appraisal within the appraisal report that is submitted by the appraiser to the appraisal management company.

(2) An appraisal management company shall not include any fees for appraisal management services performed by the company in the amount the company reports as charges for the actual completion of an appraisal by the appraiser.

Author: Dennis Key and Lew Watson, REAB and Scott DiBiasio, Appraisal Institute

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

History: **New Rule:** Filed