

BEFORE THE BOARD OF REAL ESTATE APPRAISERS  
DEPARTMENT OF LABOR AND INDUSTRY  
STATE OF MONTANA

In the matter of the adoption of NEW ) NOTICE OF PUBLIC HEARING ON  
RULE I AMC Audit Rules ) PROPOSED ADOPTION

TO: All Concerned Persons

1. On May 16, 2013, at 1:00 p.m., a public hearing will be held in room 471, 301 South Park Avenue, Helena, Montana, to consider the proposed adoption of the above-stated rule.

2. The Department of Labor and Industry (department) will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, contact the Board of Real Estate Appraisers (board) no later than 5:00 p.m., on May 9, 2013, to advise us of the nature of the accommodation that you need. Please contact Billie Veerkamp, Board of Real Estate Appraisers, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513; telephone (406) 841-2381; Montana Relay 1 (800) 253-4091; TDD (406) 444-2978; facsimile (406) 841-2305; e-mail [dlibsrea@mt.gov](mailto:dlibsrea@mt.gov).

3. The proposed new rule provides as follows:

NEW RULE I AMC AUDIT REQUIREMENTS (1) Upon request of the board or board's representative, each appraisal management company selected for audit must provide the following information to the board office in the form required by the board:

- (a) company written policy for quality control examinations and reviews;
- (b) company written policy for determining the good standing of each appraiser panel member;
- (c) company written policy identifying how geographic competency is determined for each appraiser panel member;
- (d) the following information regarding reconsiderations of value:
  - (i) company written policy to request a reconsideration of value;
  - (ii) number of reconsiderations of value that were requested in the 12 months preceding renewal;
  - (iii) name of any person who provided additional sales for reconsideration;
  - (iv) sources of the sales data provided for every additional sale given to the appraiser to analyze; and
  - (v) written notification to the appraiser regarding the justification for the reconsideration; and
- (e) the following information regarding the removal of an appraiser from the company's appraiser panel:
  - (i) number of appraisers removed from the panel in the 12 months preceding renewal;

- (ii) reasons for each removal; and
  - (iii) a copy of the written removal notification provided to each appraiser.
- (2) In addition to the information specified in (1), for each member of the appraiser panel, an appraisal management company selected for audit must provide upon request of the board or board's representative:
- (a) name of each appraiser on the appraiser panel;
  - (b) number of engagements performed; and
  - (c) any appraisal review performed for USPAP compliance for each panel member, including:
    - (i) address of property appraised;
    - (ii) date assigned and date completed;
    - (iii) name and license number of appraiser who performed the review;
    - (iv) appraisal report and corresponding appraisal review completed for USPAP compliance in the previous renewal year;
    - (v) documentation of any alteration of the appraisal report;
    - (vi) listing of any additional sales data provided to the appraiser;
    - (vii) name and contact information of the person who selected the additional sales data for the appraiser to respond to or analyze; and
    - (viii) amount of fees and date paid to the appraiser.
- (3) Prior to commencing audits, the board shall annually, by motion, identify the information to be collected from each audited appraisal management company under (1) and (2). The board or board's representative may elect to request only a portion or percentage of the appraisal management company's records. The board is not required to collect and review all of the records that could be made available to the board pursuant to this rule, in order to discharge its auditing duties under 37-54-512, MCA.
- (4) Discrepancies in the documentation will result in further audit.
- (5) Each appraisal management company shall pay an audit fee in accordance with ARM 24.207.401(2)(k). Any audit costs above the fee in ARM 24.207.401(2)(k) will be billed directly to the appraisal management company.
- (6) For purposes of this rule, a reconsideration of value means any suggestion, request, or demand by the appraisal management company, whether it was originated by the appraisal management company or another source, that the appraiser reconsider a value opinion or consider an alternative value for an appraisal submitted to the appraisal management company. Any such request or a similar request is considered a reconsideration of value, regardless of the nomenclature used by the appraisal management company in making the request.

AUTH: 37-54-105, MCA

IMP: 37-54-512, 37-54-513, MCA

REASON: Section 37-54-512, MCA, provides that no less than ten percent of the appraisal management companies in this state are subject to an annual random audit at renewal. The board determined it is reasonably necessary to adopt this new rule and further implement the statutory audit requirements by specifically delineating the types of information that could be requested by the board in an appraisal management company audit.

4. Concerned persons may present their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to the Board of Real Estate Appraisers, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513, by facsimile to (406) 841-2305, or by e-mail to [dlibsdua@mt.gov](mailto:dlibsdua@mt.gov), and must be received no later than 5:00 p.m., May 24, 2013.

5. An electronic copy of this Notice of Public Hearing is available through the department and board's web site at [www.realestateappraiser.mt.gov](http://www.realestateappraiser.mt.gov). The department strives to make the electronic copy of this notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the department strives to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems, and that technical difficulties in accessing or posting to the e-mail address do not excuse late submission of comments.

6. The board maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this board. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies the person wishes to receive notices regarding all board administrative rulemaking proceedings or other administrative proceedings. The request must indicate whether e-mail or standard mail is preferred. Such written request may be sent or delivered to the Board of Real Estate Appraisers, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513; faxed to the office at (406) 841-2305; e-mailed to [dlibsdua@mt.gov](mailto:dlibsdua@mt.gov); or made by completing a request form at any rules hearing held by the agency.

7. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

8. Don Harris, attorney, has been designated to preside over and conduct this hearing.

BOARD OF REAL ESTATE APPRAISERS  
THOMAS G. STEVENS, CERTIFIED  
GENERAL APPRAISER, CHAIRPERSON

/s/ DARCEE L. MOE  
Darcee L. Moe  
Rule Reviewer

/s/ PAM BUCY  
Pam Bucy, Commissioner  
DEPARTMENT OF LABOR AND INDUSTRY

Certified to the Secretary of State April 15, 2013