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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 21, 2000

Sherry Bren, Administrator
Appraiser Certification Program
118 West Capital Avenue, First Floor
Pierre, South Dakota 57501-2000

Dear Sherry:

Thank you for providing us a copy of the proposed changes to Article 20:14 of the Administrative Rules of South Dakota ("ARSD"). In your August 3, 2000 letter, you requested our comments on ARSD 20:14:04 and 20:14:04:11. We considered the proposed changes and have two comments.

Your Administrative Rules appear to address federally related transactions adequately. However, they do not address the provisions of Section 1120 of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act. Section 1120 effectively requires that Fannie Mae and Freddie Mac only purchase loans where the appraisal was performed by a State certified or licensed appraiser. Under a different statute, the Department of Housing and Urban Development has a similar provision regarding its FHA program.

Your proposed change to section 20:14:04:11 fails to consider the \$100,000 threshold established by the National Credit Union Administration and, also, does not address the issue discussed in the preceding paragraph.

Thank you for the opportunity to review the proposed changes to South Dakota's Administrative Rules. If you have any questions regarding our comments, please let us know.

Sincerely,

Ben Henson
Executive Director