

Appraisal Subcommittee
Federal Financial Institutions Examination Council

December 8, 2010

Mr. Paul Kinsman, Secretary
Department of Revenue and Regulation
Appraiser Certification Program
445 E. Capitol Avenue
Pierre, SD 57501-3185

RE: ASC Compliance Review of South Dakota's appraiser regulatory program

Dear Mr. Kinsman:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of South Dakota's appraiser regulatory program (Program) on July 21-23, 2010. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. The ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

This letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Deborah S. Merkle
Chairman

Attachment
cc: Ms. Sherry Bren, Executive Director

ASC Compliance Review Report

Finding: In Substantial Compliance
Report Issue Date: December 8, 2010

South Dakota Appraiser Regulatory Program (Program)

Real Estate Appraiser Advisory Council (Council) Advisory	PM: K. Klamet	ASC Compliance Review (Review) Date: July 21-23, 2010	Review Period: August 2008 to July 2010
Umbrella Agency: Department of Revenue and Regulation (Department)		Number of State credentialed appraisers on National Registry: 324	Issue: FINAL

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
South Dakota Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None	None
Temporary Practice:	X			No compliance issues noted.	N/A	None	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None	None
Application Process:	X			No compliance issues noted.	N/A	None	None	None
States must use a reliable means of validating appraiser experience claims on all initial applications for appraiser credentialing. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10G.)				The Department reviewed work sample experience claims on initial credential applications for experience validation and to determine that the appraisals are compliant with the Uniform Standards of Professional Appraisal Practice (USPAP). When the Department determines the appraisal reports reviewed are not USPAP-compliant, the Department may enter into an Agreed Disposition with the applicant in lieu of an application denial. Under the terms, the applicant is then required to take a specific course(s) as determined by the Department. Once completed, the applicant is approved to take the examination. South Dakota does not follow-up with an additional review of work samples to ensure USPAP compliance.	On September 10, 2010, the Department informed ASC staff that as part of all Agreed Dispositions entered into in lieu of an application denial, the Department has implemented the condition of a follow-up review of work product to ensure USPAP compliance.	None	None	The Department's resolution addresses the concern. During the next Review, ASC staff will pay particular attention to this area for compliance with the Appraiser Qualifications Board Real Property Appraiser Qualification Criteria (AQB Criteria) and ASC Policy Statement 10G.
Reciprocity:	X			No compliance issues noted.	N/A	None	None	None

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Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Education:	X							
States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10F.)				<p>ASC staff found education files which did not contain sufficient documentation to support that secondary providers of appraisal courses received the required International Distance Education Course Certification (IDECC) approval as required by AQB Criteria.</p> <p>ASC staff's review of the application files did not identify any instances where the State relied upon any distance education course that did not have IDECC approval for determining an appraiser's compliance with AQB Criteria.</p>	<p>On September 10, 2010, the Department reported to ASC staff that the secondary providers of the distance education courses identified as not having the required IDECC approval were notified on July 26, 2010, that their course(s) were no longer approved by the Department. The Department removed those courses from South Dakota's list of approved courses.</p>	None	None	<p>The Department's resolution addresses the concern. During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria and ASC Policy Statement 10F.</p>
Education continued:	X							
States should ensure that course approval expiration dates assigned by the State coincide with course approval expiration dates assigned by AQB's CAP and/or IDECC. (Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				<p>Course approval expiration dates assigned by the Department were found to be in conflict with course approval expiration dates assigned by the Appraiser Qualifications Board (AQB) Course Approval Program (CAP) and/or IDECC.</p> <p>ASC staff's review of the application files did not identify any instances where the State relied upon any expired course for determining an appraiser's compliance with AQB Criteria.</p>	<p>On September 10, 2010, the Department reported to ASC staff that language has been included in each education approval letter providing notice to the education provider that the approval of the course is contingent upon the AQB's CAP and/or IDECC endorsement period coinciding with the course expiration dates.</p> <p>In addition, the Department reported that Program staff will manually monitor the course expiration dates to ensure compliance.</p>	None	None	<p>The Department's resolution addresses the concern. During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.</p>

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Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Education continued:	X							
States must ensure appraiser continuing education courses are consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				The Department approved a professional organization ethics course that does not meet the course content requirements set forth in the AQB Criteria for continuing education.	On September 10, 2010, the Department reported to ASC staff that the professional organization offering the organization's ethics course was notified on July 26, 2010, that the course does not comply with AQB Criteria and, therefore, is no longer approved by the Department.	None	None	The Department's resolution addresses this concern.
Enforcement:	X							
				No compliance issues noted.	N/A	None	None	None