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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

March 25, 1998

Herb Sass, III, Chairman  
South Carolina Real Estate Appraisers Board  
P.O. Box 11847  
Columbia, SC 29211-1847

Dear Mr. Sass:

Thank you for your cooperation and your staff's assistance in the February 11-12, 1998 Appraisal Subcommittee ("ASC") review of the South Carolina Real Estate Appraisers Board ("Board") and appraiser regulatory program ("Program").

Based on our current review, the State appears to have an effective and efficient Program. We are very pleased with South Carolina's prompt attention to our recommendations following our 1992 review and offer the following comments to improve your Program's compliance with the requirements of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI").

- **South Carolina does not always collect the appropriate National Registry fees from appraisers at initial licensing or certification.**

South Carolina generally issues licenses and certifications for a one-year period, with all credentials expiring on June 30 each year. Credentials initially issued in April and May, however, expire June 30 of the following year, creating 13 and 14-month credentials. The \$25 National Registry fee is due for each year **or each portion of a year** that an appraiser is licensed or certified. For these 13- and 14-month credentials, the Board, however, collects only a one-year (\$25) National Registry fee.

If the Board chooses to continue its current practice of issuing 13- or 14-month credentials, it must collect a National Registry fee for both the full year **and** the partial year, *i.e.*, \$50. Alternatively, the Board may wish to eliminate issuing 13- or 14-month licenses and certifications.

- **Additional resources are needed to investigate and resolve open complaints.**

At the time of our review, there were 22 open complaints. We realize your staff has changed significantly due to statewide reorganization efforts and that a significant portion of the backlog was accumulated during the ending months of the previous administration and prior to September 1997 when the State Appraiser was hired to conduct investigations. Nonetheless, four cases remain open and unresolved from 1995 and 1996, three of which involve the same two appraisers. Additionally, twice as many complaints (41) were filed in 1997 than in any previous year. If this increased complaint level should continue, the State runs the risk of falling further behind in its complaint investigation and resolution efforts.

Each complaint investigation involves a thorough but time consuming process, including site visits to the property in question and personal interviews with the individuals involved, if

necessary. We are highly impressed by the quality of work the State Appraiser has produced thus far. We are concerned, however, that either attention to more current cases will delay the resolution of older complaints or the investigation of older complaints will delay the resolution of more recently filed complaints. We, therefore, suggest that the Board and Department initiate the necessary actions to obtain, at least temporary, investigative assistance to dispose of the complaint backlog.

- **The State's appraiser data differs from those contained in the National Registry.**

A discrepancy of approximately 800 appraisers exists between the State's appraiser records and the National Registry. This difference apparently is from a December 1997 data submission, which included the names of current and former Appraiser Apprentices and State Registered Real Estate Appraisers. These classifications are not federally recognized and, therefore, should not be on the Registry. Your staff and ours are working together to eliminate these individuals from the database.

Additionally, the January 31, 1998 invoice forwarded to your office, listed 61 appraisers identified by the State as "active," but who are not on the National Registry or whose credentials have long been reflected as expired on the Registry. Again, your staff and ours are working to resolve these discrepancies.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Herbert S. Yolles  
Chairman

cc: Robert Selman, Administrator