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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 15, 1999

David Volk, Secretary
Department of Commerce and Regulation
118 W. Capitol Avenue, First Floor
Pierre, South Dakota 57501-2000

Dear Mr. Volk:

Thank you for your cooperation and that of the Appraiser Certification Program Administrator and Advisory Board (“Board”) during our May 19-20, 1999 review of the South Dakota appraiser regulatory program (“Program”). We are pleased to inform you that, based on our review, most aspects of your Program function well. We have one recommendation regarding your Program.

The Department needs to ensure that its complaint resolution decisions are appropriately documented.

The Department uses two contract appraisers to review appraisals that are the subjects of complaints. The two reviewers rarely cite exactly the same violations. When each reviewer recommends that disciplinary action be taken against the appraiser, they are asked to jointly reconcile the differences between the two contract review reports. We found, however, that when one recommends disciplinary action and the other reviewer cites no or minor violations and recommends dismissal, the case was dismissed. In three instances this occurred despite a differing opinion from the second reviewer based on apparently well-documented violations of the Uniform Standards of Professional Appraisal Practice (“USPAP”). We were told that, in these circumstances, the reviewers are not asked to reconcile differences and the Administrator will dismiss the case. All USPAP violations should be considered and all critical deficiencies cited. We, therefore, recommend that the Administrator request that the review appraisers prepare a reconciliation for all enforcement cases for which review reports were prepared.

Your response should be submitted for our receipt 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 contact us.

Sincerely,

Herbert S. Yolles
Chairman

cc: Sherri Bren, Administrator