

□ □ □ □ □ □

Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 22, 2002

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 your staff's assistance in the August 22-23, 2002 Appraisal Subcommittee ("ASC") review of South Dakota's real estate appraiser regulatory program ("Program"). We are pleased to inform you that, based on our review, your Program appears to function effectively and in a manner generally consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). Actions taken by the Department of Commerce and Regulation ("Department") appeared to be fair and equitable. Temporary practice applications are processed quickly, often within two days of receipt, and complaints are investigated and resolved in a timely manner.

We have two items to bring to your attention.

- **Some approved appraisal education courses might not be consistent with Appraiser Qualifications Board ("AQB") Criteria.**

The Department should reevaluate a few approved continuing education courses for conformance with AQB Criteria. According to AQB Criteria, "the purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his or her skill, knowledge, and competency in real estate appraising." We identified the following courses that, based on our review of the course syllabi, might not meet this criterion:

- Ethics and Agency Part 1;
- Ethics and Agency Part 2;
- Real Estate License Law Part 1;
- Real Estate License Law Part 2;
- Using the Energy Factor to Sell Homes;
- Agency Law 1; and
- Agency Law 2.

The Department should review each of these courses and document its decision regarding whether it believes each course meets AQB Criteria. The Department needs to rescind approval for any courses that do not conform to AQB Criteria.

- **The Department has not completed the necessary regulatory amendments to address the 2003 AQB Changes.**

The AQB adopted revisions to its Criteria that become effective January 1, 2003. We understand that, at its August 23, 2002 meeting, the Appraiser Certification Program Advisory Council reviewed and commented on regulatory amendments drafted by the Department to implement the 2003 AQB Criteria changes. Please keep us informed of your progress to adopt and implement the revised Criteria by the January 1, 2003 effective date.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time 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,

Steven D. Fritts
Chairman

cc: Sherry Bren, Administrator