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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 28, 2014

Ms. Marcia Hultman, Cabinet Secretary
South Dakota Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501-2291

RE: ASC Compliance Review of South Dakota's Appraiser Regulatory Program

Dear Ms. Hultman:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the South Dakota appraiser regulatory program (Program) on August 13-15, 2014, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

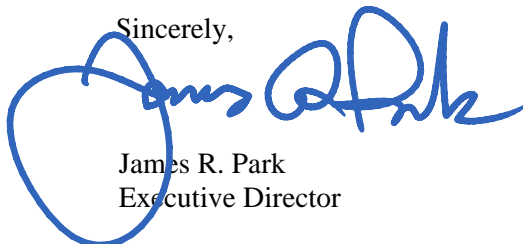
The ASC identified the following area of non-compliance:

- States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI.¹

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. South Dakota will remain on a two-year Review Cycle.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Ms. Sherry Bren, Executive Director, Appraiser Certification Program
Mr. John J. Linn, Department Liaison, Department of Labor & Regulation
Mr. Aaron Arnold, Program Legal Counsel, Department of Labor & Regulation

¹ 12 U.S.C. § 3351; Policy Statement 5.

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor ²	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

² An ASC Finding of “Poor” may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report						ASC Finding: Good	
						Final Report Issue Date: October 28, 2014	
South Dakota Appraiser Regulatory Program (State)							
Appraiser Certification Program Advisory Council (Council) / Advisory			PM: J. Tidwell		ASC Compliance Review Date: August 13-15, 2014		Review Period: August 2012 to August 2014
Umbrella Agency: Department of Labor & Regulation				Number of State Credentialed Appraisers on National Registry: 346		Review Cycle: Two Year	
Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:		X					
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				South Dakota's Rule ARSD 20:14:12:02 does not comply with Title XI which requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made.	On October 15, 2014, the state reported that it will take the necessary steps to remediate the deficiency in the administrative rule.	The State must continue the process to amend its rules to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the final rules once adopted.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:			X				
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				The State's regulatory authority is not consistent with the State's practice or federal requirements. However, in practice, it appears South Dakota complies with Title XI concerning reciprocity.	N/A	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None