

South Carolina Real Estate Appraisers Board  
Business Meeting Minutes  
May 13, 2004

Members Attending: Herbert R. Sass, III, Chairman; Charles Stone, Vice Chairman; E. F. "Buddy" Hucks; Nancy Johnson and Carlton H. Segars, Jr.

Members Absent: Rhonwen Newton and Ralph Edwards

Staff Attending: Robert L. Selman, Administrator; Ed Coleman, Investigator; Christine Driver, Administrative Assistant; Ed Farnell, Manager, Regulatory Compliance; Charlie Ido, Team Leader, Investigative Unit; Terry Johns, Education; and Laura Smith, Investigator

Call to Order and Freedom of Information Statement

Chairman Sass called the meeting to order at 11:00 A.M. and read into the record the following Freedom of Information statement. Public notice of this meeting was properly posted at the S C Real Estate Appraisers Board office, Synergy Business Park, Kingstree Building, Columbia, South Carolina, and provided to all requesting persons, organizations, and news media in compliance with Section 30-4-80 of the South Carolina Freedom of Information Act. A quorum was present at all times.

Approval of Minutes

Motion: Mr. Hucks moved to approve the minutes of February 12, 2004, as written. Motion was seconded by Mr. Stone and unanimously carried.

Ed Coleman - Association of Appraiser Regulatory Officials Meeting (AARO)

Mr. Coleman reported on the Association of Appraiser Regulatory Officials (AARO) meeting he attended in April. Mr. Coleman gave a brief overview of the conference.

AARO Investigative Course – AARO is designing a training course specifically for investigators (target date Fall 2004). The course would have two modules: basic foundation for investigative personnel and a state-specific portion

Square Footage Method for Calculating - Some states are adopting the American National Standards Institute, Inc. ANSI Z-765 for calculating square footage. These standards can be reproduced for educational purposes. Mr. Coleman stated if Board would be interested in distributing to licensees, he would research cost of reproducing.

Flipping – New ways of flipping keep appearing. Example: the double HUD statement. The seller receives a closing statement and the buyer and the lender get another statement done on the same day at the same time with different amounts shown on the each statement (closing attorney and title company must be involved).

Identity Theft – Signature - A number of states are considering the use of a seal to place over the original signature to prevent signature theft. Following discussion about the use of a seal, it was decided that at this time, South Carolina does not have a problem with Identity theft and does not need to take any action on this matter.

Investigative Training- Viewed a video on interviewing techniques provided by the Association of Certified Fraud Examiners. If the Appraisers Board were interested in this type training for investigators, the ACFE would be a good starting point.

FYI – USPAP Instructors – 487 certified in the US (8 in SC- both Carlton Segars and Ed Coleman are certified)

Of interest: A recent court decision by a Federal Court in Pennsylvania might be of interest to the Board. The Chicago Title Company was sending unlicensed people into the state to do appraisals and Pennsylvania is a mandatory state as is South Carolina. However, the Court ruled that if a transaction is under \$250,000, a license is not required.

Other topics reported on included: fraud, ASC Policy Statement #1-ethical standards for boards, supervisor courses, blueprint reading, educational training, and new requirements to become a Certified General Appraisers effective January 1, 2008.

Management Update – Robert Selman, Administrator

Mr. Selman announced that the Rick Wilson, Advice Counsel, had several other board meetings on his schedule today and may not be able to be here.

Terry Johns, Education Section - Mr. Johns stated that when the Appraisal Subcommittee audited South Carolina in February 2004, one of the areas they cited for change was the continuing education carryover, which is inconsistent with Appraisal Qualification Board criteria. This practice has been stopped in all other states; therefore, the Subcommittee advised the board to cease all carryover hours as of June 30, 2004. Effective July 1, 2004, all carryover hours will go to zero.

Robert Selman - There was discussion on instituting a two-year renewal cycle patterned after the South Carolina Real Estate Commission's system. Mr. Selman stated that once the Appraisers Board is added to the LLR Universal Licensing System there would be a push for a two-year cycle (which would require a statutory change) with the option of online renewal.

Mr. Selman reported that Jarius Hook who handled all the licensing duties is no longer with the South Carolina Real Estate Appraisers Board and has been replaced by Laura McDaniels.

Mr. Selman reported that he, Chairman Sass, and Mr. Hucks attended the LCI House Subcommittee meeting this morning to oppose H4088 which would amend Section 40-60-250, code of laws of South Carolina, 1976, relating to conforming state real estate appraiser licensure requirements to federal law and to the reclassification of registered appraisers as of July 1, 2000, to apprentice appraisers. This bill would reclassify those previously registered appraisers who the Appraisers Board reclassified as apprentice appraisers (they would have to satisfy certain training and educational requirements) as Certified General appraisers. The experience requirement that the federal standards require is missing from the qualifications and therefore, this would create a conflict. Mr. Selman stated he has been assured by the

Chairman of the Subcommittee that this bill was not going anywhere even though it passed out of the Subcommittee favorably.

Ed Farnell, Manager, And Regulatory Compliance – Mr. Farnell discussed the restructuring of LLR investigators. The investigators will become one unit known as Office of Investigation under the Office of the General Counsel, Division of Legal Services. Mr. Farnell stated he would be in charge of one of the two divisions of the Unit. He will head up the Construction, Property and Business Related Boards and will have approximately 50 investigators with three supervisors under his direction. He introduced one of the supervisors, Charlie Ido, Engineers and Surveyors Board, who would be responsible for overseeing the appraiser activity. Mr. Ido has been with the agency since 1989 and is retired from the US Secret Service. Mr. Ido briefly addressed the board and said he is looking forward to working with the Appraisers Board.

Chairman Sass - Chairman Sass stated that in the past there had been a regulatory compliance report that gave an overview of the status of complaints and stated he would like to receive this information again. He also said he would like know the number of appraisers by category. He also asked if the South Carolina Appraisers Board is accepting distance education. Terry Johns said no online courses have been submitted as of this date. There was discussion on procedures for getting distance education courses approved.

Robert Selman – Response to Appraisal Subcommittee Audit Report – Mr. Selman reviewed his proposed response to the Appraisal Subcommittee addressing the issues the Subcommittee felt needed attention.

Motion: Following discussion, Mr. Segars moved to accept the response as written. Motion seconded by Mr. Hucks and carried.

Unfinished Business – Ed Farnell

First instructional session for new apprentices (approximately 15) and their supervisors is scheduled for May 2. Mr. Farnell stated these meeting would be held in the office once a month.

New Business – Report to Sunset the Appraisal Subcommittee prepared by Charles Clark

Mr. Selman stated this was placed on today's agenda for whatever discussion the Board wished to have regarding Mr. Clark's report. He said South Carolina was implicated erroneously as being in favor of eliminating the Subcommittee and turning appraisal regulation over to the states. Mr. Selman stated the Board clarified their position by sending a response that stated they had no position and had not discussed this matter. Mr. Coleman said Ben Hinson who acknowledged there had been some erroneous information circulating addressed this matter briefly at the ARRO meeting.

The meeting adjourned at 12:30 p.m. on motion of Mr. Segars.