

South Carolina Real Estate Appraisers Board
Business Meeting Minutes
September 29, 2004

Members attending: Herbert R. Sass, III, Chairman; Charles Stone, Vice Chairman; Rhonwen Newton, Secretary; Nancy Johnson; and Carlton Segars

Staff attending: Robert L. Selman, Administrator; Ed Coleman, Investigator; Ed Farnell, Office of Investigations and Enforcement (OIE); Charles Ido, Office of Investigations and Enforcement; Ann Parris, Administrative Assistant; Jay Pitts, Administrator, Engineering and Land Surveyors; Laura Smith, Investigator; Beau Tiller, Manager, Education; and Rick Wilson, Advice Counsel

Call to Order and Freedom of Information Statement

Chairman Sass called the meeting to order at 10:10 AM and read into the record the following Freedom of Information statement. Public notice of this meeting was properly posted at the South Carolina 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. Segars moved to approve the minutes of the May 13, 2004, meeting as written. Motion was seconded by Mr. Stone and unanimously carried.

Management Update – Robert Selman

Ed Farnell - Mr. Farnell reported on the newly formed Office of Investigations and Enforcement, which is under the Office of General Counsel. This transformation took place July 1 and is in full operation now. He said this unit conducts all investigations for all boards. Mr. Farnell is Chief of Investigations responsible for all building and business related boards. He stated the change has not affected the Appraisers Board investigators very much as they are still doing the same things they have always done and are not taking on any new duties. He said Mr. Coleman and Ms. Smith continue to spend a great deal of time conducting upgrade reviews which takes almost as much time to perform as an investigation. He stated that since Ms. Smith joined the staff they have done 4,500 upgrade reviews.

Apprentice Supervisor Workshop – Ed Coleman

Mr. Coleman reported on the progress of the Apprentice Supervisor Workshop which began in May. He said the program has been presented five times. It has evolved somewhat but staff continues to stress what is expected from a supervisor, what is expected from apprentice trainees, and what the Board looks for in experience reviews. Mr. Coleman said there have been approximately 118 attendees so far (56 supervisors and 61 apprentices) and one present by the order of the Board. 107 have completed a survey with the following results: 87% considered it excellent or good, 11% average and 2% as fair or poor.

Ed Farnell stated he would like some Board input on the stipulation that requires supervisors to attend each training session with each new apprentice that is added to the company staff. He said if the company has more than one supervisor on staff, the Board does not care which supervisor comes whenever a new apprentice is added. He said the program was set up for all new apprentices to be accompanied by a supervisor but maybe that stipulation could be

relaxed a little bit. Mr. Farnell stated he is aware of how time-consuming it is for supervisors to have to attend the workshops time and time again. He said staff would like some ideas as to how this could be improved

Mr. Sass stated he feels this program is helping to correct problems and helping supervisors understand their responsibilities. He said the program is first rate and realizes it will continue to be fine tuned over a period of time. Mr. Stone suggested that maybe a time frame could be set for supervisors' attendance depending on how many new apprentices are brought into a business during the year.

Robert Selman

Mr. Selman said staff is currently working on updating another edition of the E-Bulletin for the website. He also reported that a link has been added to the website on How to File a Complaint. This link outlines exact procedures as well as connects to the complaint form, which can be downloaded. Also under this link, there are guidelines on matters that the Board cannot help with. He also stated that in the near future, Disciplinary actions (full orders) would be posted on the web site.

Mr. Selman introduced John R. Pitts (Jay), Administrator of the Engineers and Land Surveyors Board. Mr. Selman announced that sometime in the future, he would be retiring and has identified and begun to train Mr. Pitts as his successor. He said Mr. Pitts has been the Administrator for the Engineers and Land Surveyors for five years and before coming to the Department of Labor, Licensing and Regulation, he was with the University of South Carolina. Mr. Selman said Mr. Pitts definitely has the interpersonal skills and that he intends to work with Mr. Pitts for as long as it takes. He said it certainly is not abouting the ship but identifying the person who would succeed him

Mr. Sass stated that whenever Mr. Selman does leave he would certainly be missed. He said that on behalf of the Board and on a personal level, he wanted Mr. Selman to know how much they have enjoyed having had the privilege of working with him and his wonderful staff.

Ed Coleman – Report ANSI Square Footage-Method for Calculating

At the May 13, 2004, meeting, Mr. Coleman stated he would research the cost to reproduce and distribute to all licensees a copy of the square footage method for calculating brochure. He distributed a copy of ANSI Square Footage-Method for Calculating published by the American Society of Homebuilders along with a copy of the North Carolina rules. He said it was interesting that NC has not required appraisers to adopt but have required real estate licensees to adopt. He reported that Alabama and Kentucky have made it part of their law and several other states are in the process of doing that. Mr. Coleman said both states that have adopted this standard in order to set a benchmark have adopted it and said measurements must be made within plus or minus 5% of what these standards dictate. That way there is no argument of how it was done whether it was 10% or 15% or whether 10, 15 or 5 % is significant.

Mr. Coleman reviewed his research on what the cost would be to reproduce and distribute a copy to each licensee. Discussion on other means of making this information available such

as the web site, etc. There was also discussion on whether the Board should adopt the ANSI Standards as the standards for the appraisers in South Carolina as far as measuring single-family residential properties attached and detached.

Motion: Mr. Segars moved to adopt the ANSI Standards as the standards for the appraisers in South Carolina to use as far as measuring single-family residential properties attached and detached.

Mr. Wilson asked if this was in anyway tied to the federal standards with which the Board must comply.

Mr. Tiller said he did not know but that there was an area Lewis Spearman, appraisal instructor, would like to address. Mr. Spearman stated that in looking through this material, there is a statement in the North Carolina section which states “real estate appraisers and lenders generally adhere to more detailed criteria in arriving at the living area or gross living area” of residential dwellings. He said this refers to finished living area that includes some that is a little below grade. If this were simply adopted, there may be a problem with some of the forms used by Fannie Mae and Freddie Mac as they talk about gross living area and the definition of gross living area does differ from what is called here finished living area of the dwelling. He said the terminology is different. He said the finished living area is different from gross living area. Mr. Spearman said he does not know if it would create a problem or how it would be resolved, but it is different terminology and the different terms do include different measurements and some of the forms do specifically call for gross living area.

Mr. Wilson stated his reason for asking was that the Board has a unique provision in their Act that allows the Board to waive or modify provisions of the Act when required to comply with federal directions, in particular Pg 15, Section 40-60-250. Mr. Wilson asked Mr. Tiller if he planned to add this to the proposed legislation. Mr. Tiller said he would if the Board so directs. Mr. Wilson stated it is an advantage to have it expressly stated in the statute. Having it in the statute is a clearer directive from the legislature of its intent. Mr. Wilson also said when and if the Administrative Law Judge (ALJ) and other courts review matters, that carries more weight than a regulation does. It may be advisable to go that way.

Mr. Sass stated there is a motion on the floor, which could be amended to conform to counsel’s advice, or the Board could consider it later in conjunction with the proposed legislative amendments that Mr. Tiller would be presenting to the Board.

Motion withdrawn by Mr. Segars Mr. Segars moved to withdraw the motion. Unanimous support. Motion withdrawn.

New Business

Mr. Tiller distributed copies of the statute, regulations and required Appraiser Qualification Board’s (AQB) core curriculum effective January 1, 2008. Mr. Tiller introduced Lewis Spearman, Charleston. He said Mr. Spearman has been involved with the appraiser industry before the Appraisers Board was formed and has been an instructor for many years.

Lewis Spearman stated he, Beau Tiller and Herb Sass had met several times to work on proposed amendments to the Practice Act and Regulations. He said they studied and compared South Carolina's statutes and regulations to what has to be done to be in compliance with the changes when they become effective January 1, 2008. Mr. Spearman reviewed proposed changes to the statute.

Reviewed proposed changes to the Statute as follows:

Section 40-60-20 (29) – reference to state licensed appraisers – remove the last sentence housekeeping matter does not deal with the AQB changes

Section 40-60-80 Qualifications. (2) qualifications and requirements are being changed for apprentice, certified residential appraiser and certified general appraiser

Section 40-60-100 Education and experience required. (2)(a) no of hours for a state licensed appraiser will change (150 hours is going to include 75 apprentice and an additional 75 hours to be licensed)

(3) state certified residential appraiser (200 hours includes 150 for licensing and additional 50 hours)

(4) state general appraisers includes significant changes. Going to 300 hours includes 75 hours required for an apprentice and that includes the three basic courses 15 hrs of national USPAP course and includes a 15-hour statistics course required by cr and everything else is new with the exception of 30 hours of electives.

Those 30 hours could be courses taken for cr or licensing the only courses that are still required for cg that will apply to the underlying ones will be the first 3 courses and the statistics course (90) so there are actually 210 hours of additional things that cg will have but they could bring 30 hours over as electives leaving them with 180 that are not required in any other designation. These are probably the most substantial AQB changes

Housekeeping changes in

Section 40-60-110 references to USPAP

Paragraph g – ce changes instead of it being an annual recertification will be biennial with 28 hrs required every 2 years

Section 40-60-130 (A) 28 hrs every two years and not 14 per year. Cannot carry forward.

Section 40-60-170 (D) last sentence be removed

Section 40-60-230 (3) delete paragraph 3

Regulations

137-100.02 – Qualifications

137-100.07 (B) – Other Appraisal Experience

137-300.02 (A)(1),(3) B(1) Responsibilities of a Supervising Appraiser

137-500.01(A) (B) (C)(2) (3)(4)(5)(6) (E) (H)- Continuing Education

137-600.04(A) (B)(D) (5) – Disciplinary Actions

137-800.03 Fee Schedule

137-800.04-Permit, License and Certification Renewals

137-800.05 (A) (B)-Expired Permit, License or Certificate
137-900.05 (A) (B) – Curriculum and Attendance
137-900.09 (B) (1) (a)(b)- Instructors

At the conclusion of Mr. Spearman's review, Mr. Sass thanked him for his work on this project and for all he has done for the appraisers program in South Carolina. Mr. Sass said Mr. Spearman has definitely made a big difference in this state. Mr. Sass also thanked Mr. Tiller for his work.

Mr. Selman suggested the Board receive this report as information. He said the Board would need to get together at some point to do some General Assembly strategizing, as there might be some opposition to amending the statute.

Mr. Sass stated the Board approves of the direction that the staff has set for the Board and applauds them for getting an early start. He said there would be some meetings scheduled in the future to continue working on the amendments. Mr. Wilson stated the ANSI matter could be folded into this legislative effort as the process moves forward.

Elections

Motion: Mr. Stone moved to re-elect by acclamation the sitting officers. Second by Mr. Segars. Motion carried.

Officers: Herbert R. Sass, III, Chair
Charles Stone, Vice Chair
Rhonwen Newton, Secretary

There being no further business, the meeting adjourned at 11:20 A.M. Board to take a ten-minute recess and then reconvene for an executive session to receive legal advice from counsel, which will be followed by a hearing.