

Minutes  
South Carolina Real Estate Appraisers Board  
Synergy Business Park, Kingstree Building  
110 Centerview Drive, Room 201-03  
February 8, 2007

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

Members absent: Chris Cochran and Rhonwen Newton

Staff attending: Robert L. Selman, LLR Assistant Deputy Director; Jay Pitts, Administrator; Michael Anderson, Chief Investigator, OIE; Ed Coleman, Appraisal Compliance Coordinator; Laura McDaniels, Administrative Assistant; Ann Parris, Administrative Assistant; Laura Smith, Investigator; and Rick Wilson, LLR Staff Counsel.

Others: Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC) Representatives Denise Graves, Appraisal Policy Manager, and Jenny Tidwell, Appraisal Policy Manager; Robert Dufala, SC Association of Realtors, Appraisers Division; Carl Finkelstein, Jake Knight, and Ronda Parrish, SC Chapter, Appraisal Institute.

Chairman Sass called the meeting to order at 10:25 AM and stated for the record the following South Carolina Freedom of Information statement. Public notice of this meeting was properly posted at the 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.

Chairman Sass introduced board members and staff. He introduced and welcomed Denise Graves and Jenny Tidwell, ASC.

Approval of Investigative Review Committee Industry Representative

At the November 9, 2006 meeting, the addition to the Investigative Review Committee (IRC) of a member from the appraiser industry was discussed. Mr. Jake Knight, appraiser, was recommended at that time for the position.

Motion: Mr. Stone moved that the Board officially approve the appointment of Jake Knight as the industry representative to sit on the Investigative Review Committee (IRC) Motion was seconded by Ms. Johnson and unanimously carried.

Motion: Minutes – November 9, 2006

Mr. Stone moved and Ms. Johnson seconded the motion to approve the minutes of the November 9, 2006 meeting as written. Motion unanimously carried.

Management Update – Jay Pitts, Administrator

Mr. Pitts stated his report would be very short today due to the field report that would be given by the ASC representatives who have been here for the past 24-hours conducting a field review that is done every two-three years.

Mr. Pitts reported that as of February 7, 2007, total number of appraiser licensees in all classifications is 3,403.

Mr. Pitts stated staff members are present today with the exception of Beau Tiller who is out on medical leave to hear the report from the Appraisal Subcommittee. He said he would like to take this opportunity to say thank you to them for the excellent work they do all the time and especially for the job they did in preparing for the field review.

He said that the next agenda item was to be a report from Michael Anderson, Chief Investigator, OIE, but that Mr. Anderson had been delayed and would be joining the meeting later. He suggested the Appraisal Subcommittee report be given at this time.

#### Appraisal Subcommittee (ASC) Field Review

Jenny Tidwell, Appraisal Policy Manager, introduced herself and Denise Graves, Appraisal Policy Manager. Ms. Tidwell gave background information concerning Title XI and outlined the procedures followed in conducting the field review and the procedures followed upon conclusion of the review. She stated the ASC requests particular information in advance in order to prepare for the review. She said this information is used to analyze the entire program for compliance with Title XI and the ten policy statements listed in the Annual Report (distributed copies of the ASC annual report). Ms. Tidwell stated the ASC analyzes all policy statements to insure they are being adhered to and to insure that the Board is enforcing the AQB certification and the Uniform Standards of Professional Appraisal Practice (USPAP). The ASC has conducted field reviews historically every three years but in the future, it will be conducted every two years.

She stated that she and Ms. Graves would prepare and submit a report at the next Subcommittee meeting. The Subcommittee then decides what areas, if any, need to be addressed and will send a letter within 60 days to the South Carolina Board. The SC Board will then have 60 days in which to respond.

Ms. Tidwell thanked the staff for being so well prepared and cooperative.

Ms. Tidwell stated that when the ASC conducted its field review in February 2004, there were four matters that the South Carolina Board needed to take some action on. She outlined those findings:

1. The Board regulations at that time were allowing the carryover of continuing education credit and that was one of the things the AQB had ceased to allow. She stated that the South Carolina Appraisers Board did cease allowing the carryover credit and has been continuing a one-year cycle. New proposed regulations will be going to a two-year renewal cycle which would allow 28 continuing education credits. Everything appears to be correct in this area.
2. The national registry fee was misquoted in one of the applications as \$35 instead of \$25. Staff corrected this immediately (before the ASC representatives left the SC Appraisers Board). No further problem.
3. ASC recommended that the statute be amended to read applicant must become licensed or certified within two years after passing the examination. After checking records,

it was determined that only two appraisers had upgraded to the certified level. After looking at the specifics of those two individuals, it was decided that neither needed to be reexamined. In the new regulations, the examination will only be valid for two years for the certified level. For the license, level five years will still be allowed so apprentice appraisers can take the licensed examination after completion of education and experience requirements. Since the license category is not mandated through Title XI, this is acceptable and everything regarding that issue will be taken care in the new regulations.

4. The Board had not incorporated the 2003 AQB Qualification Criteria changes into the regulations. Regulations were needed to accommodate the required 7-hour national USPAP course every two years as well as the 15-hour national USPAP course upon initial certification. Ms. Tidwell stated that has been incorporated into the draft regulations and once the regulations are in place, this matter will be taken care of.

Ms. Tidwell said the matters from the previous field review have been corrected or will be corrected once the new regulations are in place. She said it was her understanding that the regulations have been filed and are set for a hearing date, and that the Board anticipates being able to have them in place by the end of June.

#### Field Review Results – February 8, 2007

##### Enforcement

Ms. Tidwell stated the South Carolina's enforcement program is outstanding. She said the South Carolina Appraisers Board has 50 outstanding complaints but only two of those are over a year old, and both complaints fall within what is called "special documented circumstances" which means reasons beyond the Board's control or acceptable reasons for a case taking longer. South Carolina receives on an average about 94 complaints a year and currently has about a six-month backlog. Ms. Tidwell said that is excellent and the Board is doing a great job. The Board has taken care of issues that have caused time delays in the past and it appears that the current process is moving complaints along as it should be. She stated the staff is really on top of things.

Ms. Tidwell said the complaint files were very well documented and justified. She said the disciplinary actions were fair and equitable and that she commends everyone. Ms. Tidwell said Ed Coleman and Laura Smith continue to do excellent investigative work and the Investigative Review Committee does a fantastic job.

##### Application Processing

Ms. Tidwell said she and Ms. Graves reviewed the application processing and everything looked excellent. She commended Laura McDaniels on the great job she does to insure that all the information submitted is complete and accurate in order to efficiently expedite the application. Ed Coleman does a great job selecting samples for the upgrade desk reviews he does. Ms. Tidwell said she understood that the Board has recently changed the number of samples from 10 to 5 and that she does not believe the ASC would have a problem with the change. She also said she does not believe the Board would suffer from making that reduction and that it may be a more efficient use of resources.

Ms. Tidwell stated she did mention to staff one matter that should be changed. She said if someone with mass appraisal experience is applying for certified residential or certified general, and the Board allows forty percent of the mass appraisal experience to count (that is allowed under the AQB criteria) that the Board needs to confirm that the experience is compliant with Standard 6. In order to do that, the Board should require a more detailed log that is set up the same way as logs for other types of experience-i.e., name the property address, type of property and the work that was done. She said she talked to the staff about it and they are already working on it.

Discussion was held on the two options that states could choose concerning the AQB criteria change that will be taking effect January 1, 2008. Those options are the segmented approach and the firm date option. The South Carolina Appraisers Board chose the segmented option. Chairman Sass said that Beau Tiller, Education, had a great deal to do with the Board's decision. He said it was discussed extensively early on when the proposed changes were received and a lot of thought went into the decision. Mr. Stone said he thought the segmented approach was fairer for the appraiser and better for the staff as well. Ms. Tidwell stated some of the states that had chosen the firm date option are now changing to the segmented option because they are beginning to feel the pressure of beginning to receive a large volume of upgrade applications that must be processed.

#### Renewal applications

Ms. Tidwell said the renewal application procedure that South Carolina has in place looks very good. The renewal process allows renewal applicants to submit affidavits as proof of continuing education. The appraiser attests to having taken the continuing education required. The continuing education requirement is 14 hours and 7 hours of national USPAP. The Board then conducts a continuing education audit by auditing 10% of licensees. This year the Board audited 300 and only 11 were disciplined. She said the ASC gets concerned if the percentage of people disciplined is larger than 10%, but South Carolina was nowhere near that number. If it is more, ASC requires additional actions. Everything looks good in this area.

#### National Registry

Ms. Tidwell said the National Registry data and fees are submitted in a timely manner. She said everything is going beautifully here. She explained that public information can be obtained from the Internet at the [www.asc.gov](http://www.asc.gov) web site. Ms. Tidwell stated that Board regulators are allowed to view the non-public portion of the web site and to obtain clearance, Board members can send an email request to ASC.

#### Education

Ms. Tidwell reported that the education section is excellent. She said Beau Tiller continues to do a great job. She said for instance, there was one education course that had not been reviewed for awhile and once it was brought to his attention, he reviewed it and made a decision that the ASC approves. Everything looks great with education.

#### Temporary practice

Temporary practice permits allow appraisers to use their credential to work in other states. Ms. Tidwell stated that Laura McDaniels usually issues within one day of receipt of the

request. She checks the National Registry for any disciplinary actions in other states. The fee is \$50 and is issued for assignment and not appraisal. Ms. Tidwell said everything is in order with issuing temporary practice permits.

#### Reciprocity

Ms. Tidwell stated that Laura McDaniels does an excellent job with the reciprocal applicants as well. She checks the National Registry to assure that everything is in order. South Carolina charges the same fee as the other states charge. Ms. Tidwell stated that everything looks good in this area.

Implementation of the New Criteria that take effect January 1, 2008.

Ms. Tidwell commented on how South Carolina has made preparations for the implementation of the new Criteria that take effect January 1, 2008:

- (1) The South Carolina statute was signed into law April 12, 2006.
- (2) The regulations have been drafted and set for a hearing. Should be in place by June 2007.
- (3) The Board chose the segmented approach which will take effect January 1, 2008. Staff is doing a first-rate job of notifying educators regarding education changes as well as appraisers that will be affected by the changes. The Board has utilized great resources in publicizing the changes. Among these resources are the Apprentice Supervisor workshops, the CITF in Charleston, meeting with instructors and appraisal coalition meetings. Ms. Tidwell commended the Board on this effort.

Discussion was held on whether or not most states were adhering to the regulation on reciprocity and temporary practice. Ms. Tidwell said historically yes. There have been rumors and some grumblings about how the new criteria will affect that, but that she felt once everyone realizes that this is no different than every criteria change that takes effect every years, things will settle down.

Ms. Tidwell said also there is some dissatisfaction with the license category. She said several states have decided to eliminate that category and are eliminating it along with implementing the new criteria. One state in particular, Indiana, actually did a study on their complaints and found that a majority of their complaints involve the license level of appraiser, and so they are eliminating the category all together. She said there are other states that are eliminating the license category but was not sure of the number at this time.

At the completion of Ms. Tidwell's report, she commented on the bragging rights a state appraisers board may have. Ms. Tidwell stated that bragging rights indicate the things a state is doing right and that South Carolina has a lot of bragging rights.

- (1) Upgrade applications - the procedure used in reviewing upgrade applications is excellent and the supervisor trainee presentation is fantastic. Mr. Stone commended Ed Coleman for the excellent job he does in conducting this workshop and said he is an excellent instructor.

- (2) Education – Beau Tiller is very thorough and diligent and takes pride in his work. He does a great job in reviewing and approving courses.

Ms. Tidwell said she was pleased to announce that she had to do something for South Carolina that she had not done in the three years that she had worked for the ASC. She stated she had to write a letter stating that there were not any problems with the South Carolina real estate appraisers program. Ms. Tidwell said it was great that everything was running smoothly and that things were in place for the January 1, 2008 implementation date. She said South Carolina has a great staff and a great Board. She offered her congratulations to all and said the ASC does not write many of these letters saying good job on everything.

Chairman Sass said this is very good news. He expressed his appreciation to Ms. Tidwell and said this excellence goes a long way back. He said it started at the top with Bob Selman and that Mr. Selman had always been there. He said that Jay Pitts, Ed Coleman, Laura Smith, Ann Parris, and Laura McDaniels—the entire staff, does a great job.

Mr. Pitts said the credit goes to the staff and expressed his appreciation again to them for the continued good job. He said he appreciated the benefit of Mr. Selman’s wisdom and insight during the past two and a half years that he has been the Board Administrator.

#### Old Business

Mr. Pitts stated at the last Board meeting the regulations were reviewed and the Board signed off on them. He said since that time there has been a question concerning qualifying distance appraisal education. Following much discussion and review, the language was rewritten to read that distance education courses may be acceptable for continuing education only at this time and no qualifying distance appraisal education.

Chairman Sass said there was much deliberation on this matter to make sure that any education that is offered is meaningful and would work. He said the staff will have a lot of things to deal with for the next year due to the new AQB criteria effective January 1, 2008 and that it was felt it is better to deal with the distance appraisal continuing education first and make sure it works. He stated this does not mean the Board will not ever consider distance qualifying appraisal education courses, but this was the best option at this time.

Motion: Mr. Stone moved that the Board accept the changes as written. Motion was seconded by Ms. Johnson.

Discussion: Mr. Segars discussed number 3 of Regulation 137.900.08 Other Operating Procedures. Mr. Segars read this section which states “for continuing education, the student must successfully complete the course mechanisms required for accreditation which demonstrates mastery and fluency of the content. Incremental student assessments must be present throughout the course in order to be acceptable.” Mr. Segars asked if there would be a test at the end of the class and if so, who would administer and be responsible for grading to make sure the student has mastered the information. Also, he wanted know if there would be a mechanism in place to make sure if the individual that registered for the class is really the person taking that class?

Mr. Pitts said currently applicants are not asked for picture identification when they come in for a class. He said he did not know how you would ever insure that the person sitting at that computer terminal is the individual who registered for the course. Chairman Sass stated he did not know if there is a way to completely insure that. Mr. Segars also said he was not sure if the Board had addressed the need for a method to have a way that an instructor could respond in a timely manner to questions from students in another location. Mr. Pitts stated there was not a direct answer for these questions today, but these are the kinds of things the staff will continue to study. Chairman Sass called for the vote on the motion on the floor. The motion made by Mr. Stone was to accept the changes as written.

Results of vote: Motion was passed.

Chairman Sass stated that he wanted to recognize that Rhonda Parrish, President, Appraisal Institute, South Carolina Chapter had come into the meeting.

New Business – None

Michael Anderson, Chief Investigator, Office of Investigations and Enforcement, (OIE) joined the meeting. Mr. Anderson recently accepted the Chief Investigator position. Mr. Anderson reviewed background as to his qualifications and his responsibilities. He outlined the procedures for handling a complaint from the time the complaint is received until it is closed. He said he wanted to make sure all complaints are handled consistently with all the Boards and that everyone is treated fairly and equitable. Mr. Anderson stated he wanted to keep the Board in the loop and make sure they are comfortable with what is being done with Consent Agreements, etc. He said his staff has looked at some of the former Consent Agreements for comparison purposes.

Chairman Sass stated he sat in on a couple of IRC meetings in the past and it was certainly enlightening to observe this procedure. Mr. Pitts reviewed the composition of the IRC: investigator, chief investigator, board attorney, industry member, and the administrator. He said once the Consent Agreement is drafted, it is sent to Respondent for acceptance. After the Respondent returns it, it is forwarded to the Chairman for review and signature.

There being no further business, the meeting adjourned at 11:35 AM

Submitted,

John R. Pitts  
Administrator

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