

## **Minutes**

### **South Carolina Real Estate Appraisers Board**

**Thursday, August 17, 2017 at 10:00 a.m.**

Synergy Business Park, Kingstree Building, Conference Room 105

110 Centerview Drive, Columbia, South Carolina 29210

#### **Meeting Called to Order:**

Jake Knight, Chairman, called the meeting of the South Carolina Real Estate Appraisers Board to order at 10:41 a.m. Other members present for the meeting included: Chris Barczak, Christopher Donato, Clint Hammond and Ann King

Mr. Knight announced that public notice of this meeting was properly posted at the S.C. Real Estate Appraisers office, Synergy Business Park, Kingstree Building, 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.

Staff members participating during the meeting included: Georgia Lewis, Advice Counsel; Erin Baldwin, Office of Disciplinary Counsel; Sharon Wolfe, Office of Investigations; Darra Coleman, Office of Advice Counsel; Holly Beeson, Office of Communications and Governmental Affairs; Rebecca Leach, Office of Communications and Governmental Affairs; Laura Smith, Administrator; Ty'Yona Schofield, Administrative Assistant.

Seven members of the public, Willie King, Jeff Thordahl, Mark Chapman, Kenneth Smith, Andrew Johnson, Lindsey Jackson, and Robert Rinehart were present.

**Pledge of Allegiance** was recited by all present.

#### **Introduction of Board Members and All Other Persons Attending**

All board members, staff and public attendees introduced themselves.

### **Approval of Excused Absences**

#### **MOTION:**

Mr. Donato made the motion to excuse the absence of Michael Dodds and Rex Casterline for the reasons given to the Administrator. Mr. Barczak seconded the motion which carried unanimously.

### **Approval of Agenda:**

#### **MOTION:**

Mr. Donato made the motion to approve the Agenda as written. Mr. Barczak seconded the motion which carried unanimously.

### **Approval of the Minutes from Feb 17, 2017 Meeting**

#### **MOTION:**

Mr. Barczak made the motion to approve the minutes as written. Mr. Donato seconded the motion which carried unanimously.

### **Chairman's Remarks**

Mr. Knight kept his remarks at a minimum. He wanted to welcome everyone and recognize Mr. Andrew Johnson former financial member of the Board with an award presentation for his many years of services to the Board. Mr. Clint Hammond also was introduced as the new financial member.

**Administrators Remarks - Laura Smith**

**Budget Update**

Ms. Smith provided the Budget Report for the Appraisers Board Account (\$497,539.54) and the National Registry Account (\$67,580.00). She stated the report balances is recorded as of June 30, 2017 to show year end balances. A brief discussion ensued regarding the rise in new Apprentice applications. Ms. Smith also stated AMC credential numbers will be added as it becomes effective as the Bill was passed in May. Discussion ensued.

**Licensure Update**

**SC REAL ESTATE APPRAISERS BOARD NUMBER OF CREDENTIALS AS OF  
AUGUST 10, 2017**

	<b>ACTIVE</b>	<b>INACTIVE</b>	<b>TOTAL</b>
<b>Apprentice</b>	187	0	187
<b>Licensed</b>	140	29	169
<b>Certified Residential</b>	981	55	1036
<b>Certified General</b>	974	32	1006
<b>Licensed Mass</b>	48	1	49
<b>Certified Residential Mass</b>	65	3	68
<b>Certified General Mass</b>	28	2	30
<b>Total</b>	<b>2423</b>	<b>122</b>	<b>2545</b>

**TEMPORARY PERMITS**

<b>ISSUED IN 2016</b>	<b>ISSUED IN 2017</b>
239	119

\*\*\*307 Appraisers Lapsed as of 7/1/2017

**New Business**

**Approval of the Investigative Review Committee (IRC) Report- Sharon Wolfe**

The IRC report dated August 3, 2017 presented for approval. Discussion ensued.

**\*\*\*\*\* Advice Council Georgia Lewis recused herself and Ms. Coleman sat in her role temporarily to complete the New Business portion of the meeting.**

**DISMISS**

<b>Case #</b>	<b>Investigator</b>	<b>Initial Complaint Allegations</b>	<b>IRC Logic</b>
<b>2016-37</b>	Malcolm Burton	The complainant's property was appraised by the respondent. Approximately six or seven months later the complainant asked the respondent, as a broker, to list her property for sale. Respondent listed it for less than prior appraised value. Complainant questions ethics.	No violation. Respondent acted in broker role. No REAB violations implicated.
<b>2016-41</b>	Malcolm Burton	Improper comps and value dispute.	No violation. Standard 3 review completed.
<b>2016-45</b>	Malcolm Burton	FHA appraisal contains inaccurate and misleading information regarding the physical characteristics and condition of the home.	No violation. Standard 3 review completed.

**MOTION:**

Mr. Donato made the motion to accept the IRC recommendations of dismissal. Mr. Barczak seconded the motion. The votes carried unanimously.

**DISMISS – CEASE AND DESIST**

<b>Case #</b>	<b>Investigator</b>	<b>Initial Complaint Allegations</b>	<b>IRC Logic</b>
2017-7	Malcolm Burton	Unlicensed Practice	C&D

**MOTION:**

Mr. Donato made a motion to approve the Cease and Desist Report. Mr. Barczak seconded the motion. The votes carried unanimously.

**FORMAL COMPLAINT**

<b>Case#</b>	<b>Investigator</b>	<b>Initial Complaint Allegations</b>	<b>IRC Logic</b>
2016-16	Malcolm Burton	Dishonest Fraudulent or Improper Conduct and Improper Comps.	Statute violation
2016-53	Malcolm Burton	Sanctioned in another state for completing an appraisal without being licensed in that state. He is licensed in SC and several other states.	Statute violation
2017-8	Kathy Meadows	The appraisal submitted by the responded is not USPAP compliant.	Statue violation

**MOTION:**

Mr. Donato made a motion to approve the Formal Complaint Report. Mr. Barczak seconded the motion. The votes carried unanimously.

## LETTER OF CAUTION

Case #	Investigator	Initial Complaint Allegations	IRC Logic
2016-38	Malcolm Burton	Uniform Standards Violation	Use caution as to completion report being full and complete.
2016-40	Malcolm Burton	The complainant alleges several errors of commission and mission and did not use best sales. Disputes value conclusion.	Use caution as to the application of age life method for depreciation.
2016-42	Malcolm Burton	The complainant is upset with the time required for corrections to be made to the appraisal which cost him lost wages.	When a request comes in to change a client in a report it is to be considered a new report and treated as such whether the request comes through AMC or any other client.
2016-48	Malcolm Burton	Appraiser did not use appropriate sales. Provided alternatives. Appraiser is geographically incompetent.	Use caution as to development of cost approach and explaining how depreciation was determined.

### MOTION:

Mr. Donato made a motion to approve the IRC report. Mr. Barczak seconded the motion. The votes carried unanimously. Discussion ensued.

## OIE APPRAISER'S BOARD CASE REPORT

Cases received from January 1, 2017 – August 11, 2017

Case Statuses	Total
Active Investigation	25
Do Not Open Case	11
Opened	2
Pending Board Action	2
Pending Further Information	1
<b>Total</b>	<b>41</b>

**40 TOTAL ACTIVE CASES**

**Cases closed January 1, 2017 – August 11, 2017**

<b>Case Statuses</b>	<b>Total</b>
<b>Closed</b>	<b>24</b>
<b>Do Not Open Case</b>	<b>10</b>
<b>Total</b>	<b>34</b>

**\*\*\* Georgia Lewis returned to her seat to resume her role as Advice Counsel.**

**Office of Disciplinary Counsel (ODC) Update - Erin Baldwin**

**ODC Case Load Statistics as of August 7, 2017**

<b>Board</b>	<b>Open Cases</b>	<b>Pending actions</b>	<b>Pending CA/MOAs</b>	<b>Pending Hearings</b>	<b>Pending Board Action</b>	<b>Pending Final Orders</b>	<b>Closed</b>
<b>Appraisers</b>	1	0	1	0	0	0	0

**\*\*\*\*Closed Cases on or after 4/24/17**

**2**

Ms. Baldwin gave an update on the cases currently on her desk and the three just approved cases that will come forward for the next meeting. Discussion ensued.

## **Unfinished Business**

### **AARO Conference**

Ms. Smith stated at the last Board Meeting it was voted to send the Administrator and two Board members to the AARO Conference in Washington, DC on October 13, 2017 to October 16, 2017. Mr. Knight added that he may have a potential conflict and may not be able to attend. Ms. Smith extended the offer to the new Board Member to be able to attend.

### **Task Force Recommendations**

A Task Force was assembled at the last board meeting. This Task Force met at the end of June 2017 and tasked to determine what regulation changes needed to be made. Ms. Smith provided the proposed Regulations and the current Regulations. She stated it would be up to the Board to Review and make changes to vote, or approve. According to Ms. Smith a lot of the changes are clean up in the Regulations.

### **Holly Beeson (Appraisers Management Company Fees)**

Ms. Beeson addressed the Board today regarding the problems that may occur with fees in the process of being approved in the Regulations. Ms. Beeson stated the fee is not final until approved by the General Assembly. She stated they have been very cautious on determining how to register AMC's without a fee in place. Ms. Beeson recommendation is to invoice the AMC. She wants to allow them to go ahead and apply, but have language setup in the document that will make the AMC aware that they will be invoiced. However, at the time that the General Assembly approves the amount of the fee, the amount that is approved by the General Assembly will not exceed \$3,000.00. Ms. Beeson said May 2018 is likely when the Regulations will be approved. Ms. Smith interjected that AMC's will have to renew by June 30<sup>th</sup> in odd years, and Appraisers will remain on the June 30<sup>th</sup> even year cycle. Ms. Beeson wants to make sure that the



language is very clear and not misleading with the wording. Ms. Beeson stated that she does not have any proposed changes to the draft.

There was no comment from the Board or public regarding Chapter 137 Regulations.

**MOTION:**

Mr. Donato made the motion to approve the Task Force recommendation for changes to the Regulations. Mr. Barczak seconded the motion which carried unanimously.

**Application Process**

**Jeff Thordahl (AMC Registration Form)**

Mr. Thordahl wanted to encourage the Board & Task Force to continue to converse to see if an agreement can be made with several key concerns.

- Security concerns with releasing financial details
- Unsure if the sensitive information is protected from the Freedom of Information Act.
- Detailed Financial Statement vs. Surety Bond

Mr. Thordahl also wanted to see if the Task Force could meet again before the Next Board meeting in November to discuss the registration process.

**Mark Chapman (AMC Registration Form)**

Mr. Chapman also expressed his concern regarding the detailed financial statement. Mr. Chapman stated that primarily he would like to see an option for a Surety Bond. His major concern was data breach security issues.

**MOTION:**

Mr. Donato made the motion to go into Executive Session to seek legal advice, specific to AMC Registration Application to comply with the new Statute. Mrs. King seconded the motion. The votes carried unanimously.

**MOTION:**

Mr. Donato made the motion to return from Executive Session. Mr. Barczak seconded the motion. The votes carried unanimously.

**MOTION:**

Mr. Donato made the motion to establish a Task Force to look into the AMC Registration Application to simplify it best as possible noting that this new Task Force will be charged with representing the Statute as it is currently written. Mr. Barczak seconded the motion. The votes carried unanimously.

Mr. Knight expressed, that an approved form concise and simplified as much as possible is in the best interest of all. Therefore, he proposed having a special call meeting to approve the application.

**Members to serve on the new Task Force:**

Jake Knight, Clint Hammond, Christopher Donato, Jeff Thordahl, Mark Chapman, Laura Smith, representative from Association of Realtors, SCPAC representative, Bankers Association representative, and representative from the Appraisers Institute.

## **Application Hearings**

### ***Kenneth Smith***

The Board held a hearing to determine the reinstatement of Kenneth Smith Certified Residential Appraiser License. Mr. Smith did not have legal counsel. Mr. Smith presented testimony regarding the reinstatement of his license. Discussion ensued.

### **MOTION:**

Mr. Donato made the motion to enter Executive Session for legal advice. Mr. Barczak seconded the motion.

### **AMMENDED MOTION:**

Mr. Donato amended his motion to include the Administrator in the Executive Session. Mr. Barczak seconded the motion. The votes carried unanimously.

### **MOTION:**

Mr. Donato made the motion to return from Executive Session. Ms. King seconded the motion. The votes carried unanimously.

**MOTION:**

Mr. Donato made a motion to reinstate Mr. Smith license with the condition that he has a supervisory appraising signature for the next twelve months on his reports. Also, the excess hours he took can be carried over for the next renewal term. Mr. Barczak seconded the motion. The votes carried unanimously. Discussion ensued.

***Robert Kyle Rinehart***

The board held a hearing to determine the reinstatement of Mr. Rinehart Appraisers License. Mr. Rinehart did not have legal counsel. Mr. Rinehart provided testimony regarding the reinstatement of his license. Discussion ensued.

**MOTION:**

Mr. Donato made a motion to reinstate Ms. Rinehart license. Mr. Barczak seconded the motion. The votes carried unanimously.

*(This proceeding was recorded by a court reporter in order to produce a verbatim transcript if requested in accordance with the law.)*

## **Regulatory Review**

### **Governor's Executive Order 2017-19**

Ms. Lewis passed out the draft for review. The Governor issued an Executive Order filed April 20, 2017 ordering all Cabinet level agencies to do a regulatory review.

### **MOTION:**

Mr. Donato made the motion to approve the draft of the 2017 Regulatory Review Report with changes to the proposed new Regulations section. Mrs. King seconded the motion which carried unanimously.

## **Executive Session**

None.

## **Public Comments**

None.

## **Adjournment**

Mr. Donato made the motion to adjourn the meeting. Mrs. King seconded the motion which carried unanimously.