

January 3, 2024

Via Email

Laura Smith, Administrator
Real Estate Appraisers Board
South Carolina Department of Labor, Licensing and Regulation
Synergy Business Park; Kingstree Building
110 Centerview Drive
Columbia, SC 29210
laura.smith@llr.sc.gov

RE: ASC Compliance Review of South Carolina's Appraisal Management Company (AMC) Regulatory Program

Dear Laura Smith:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the South Carolina AMC regulatory program (AMC Program) on August 1-3, 2023, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

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

The ASC identified the following areas of non-compliance:

- States must enforce and document ownership limitations for State-registered AMCs;¹
- States are required to ensure that staff authorization information provided to the ASC is updated and accurate;²
- States must determine whether State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee.³

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

¹ 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

² Policy Statement 9.

³ Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; 12 CFR 1102.403; Policy Statements 8 and 9.

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: George E. Knight, Jr, Chair, South Carolina Real Estate Appraisers Board,
jake@theknightco.com

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**	<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.

**An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 12, Interim Sanctions.



ASC State AMC Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: January 3, 2024

SC AMC Regulatory Program (State)

SC Real Estate Appraisers Board	PM: T. Lewis	ASC Compliance Review Date: August 1-3, 2023	Review Period: November 2021 to June 2023
Umbrella Agency: SC Department of Labor, Licensing and Regulation		Number of AMCs on AMC Registry: 132	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 enforce and document ownership limitations for State-registered AMCs. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				The State does not have the authority to determine if an AMC subject to State registration should not be included on the AMC National Registry if such AMC, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, canceled, surrendered in lieu of revocation, or revoked in any State for substantive cause.	On November 17, 2023, the State reported that they are continuing to amend their statutes in order to come into compliance. The State further reports that they do not anticipate the necessary amendments to be ratified until sometime after January 2025. In the meantime, the State reports that they continue to operate in compliance.	The State must continue the process to amend its statute to bring it into compliance and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, AMC Rule, and ASC Policy Statement 8.
Statutes, Regulations, Policies and Procedures (Continued):	X						
States must establish and maintain an AMC Program with the legal authority and mechanisms to report an AMC’s violation of appraisal-related laws, regulations, or orders, as well as disciplinary and enforcement actions and other relevant information about an AMC’s operations, to the ASC. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				The State does not have the authority to transmit reports to the ASC, including reports of investigations and disciplinary actions involving AMCs.	On November 17, 2023, the State reported that S.C. Code Ann. Sec. 40-60-50(B) establishes that the State has the authority to transmit to the ASC any information or fees established under Public Law 101-73, Title XI, Real Estate Appraisal Amendments.	None	The State addressed the concern.
Statutes, Regulations, Policies and Procedures (Continued):	X						
States must establish and maintain an AMC Program with the legal authority and mechanisms to examine records of AMCs and require AMCs to submit information. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				The State does not have the authority to examine records of AMCs and require AMCs to submit information.	On November 17, 2023, the State reported that S.C. Code Ann. Sec. 40-1-80(C) and -90(C) establish that the State has the authority to require AMCs to produce records during investigations and disciplinary actions.	None	The State addressed the concern.
National Registry:		X					
States are required to ensure that staff authorization information provided to the ASC is updated and accurate. (Policy Statement 9.)				The State failed to notify the ASC to inactivate an individual's Registry access.	On November 17, 2023, the State reported that upon notification, they immediately terminated the former staff member's AMC Registry Access.	The State must develop a procedure to ensure that authorizations to the National Registry of AMCs are current and accurate.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
National Registry (Continued):		X					
States must determine whether State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee. (Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; 12 CFR 1102.403; Policy Statements 8 and 9.)				The State failed to determine the eligibility of 4 State registered AMCs.	On November 17, 2023, the State reported that it erroneously placed 4 non-qualified AMCs as active on the AMC Registry based upon a misunderstanding of the minimum panel size requirements necessary for an AMC to qualify for active placement on the AMC Registry. In addition, the State reported that once informed, it immediately inactivated those AMCs and stated that they should not accept applications of AMCs until they meet the appropriate panel size requirements.	The State must ensure State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, the AMC Rule, and ASC Policy Statements 8 & 9.
Enforcement:	X						
				No compliance issues noted.	N/A	None	None