

November 22, 2024

**Via Email**

Tyler Evins, Interim Executive Director  
South Dakota Appraiser Certification Program  
Department of Labor and Regulation  
217 W. Missouri Avenue  
Pierre, SD 57501  
[Tyler.Evins@state.sd.us](mailto:Tyler.Evins@state.sd.us)

RE: ASC Compliance Review of South Dakota's Appraiser Regulatory Program

Dear Tyler Evins:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the South Dakota appraiser regulatory program (Appraiser Program) on September 25 – 27, 2023, to determine the Appraiser Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.<sup>1</sup>

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program is given an ASC Finding of "Not Satisfactory." The final ASC Compliance Review Report (Report) of the South Dakota Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must issue temporary practice permits within five business days of receipt of a completed application or notify the applicant and document the file as to the circumstances justifying delay or other action;<sup>2</sup>
- States must reconcile and pay registry invoices in a timely manner;<sup>3</sup>
- States must ensure that staff authorization information provided to the ASC is updated and accurate;<sup>4</sup>
- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought;<sup>5</sup>
- States must use a reliable means of validating appraiser experience claimed on all initial or upgrade applications for appraiser credentialing;<sup>6</sup>

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<sup>1</sup> 12 U.S.C. §§ 3331-3356.

<sup>2</sup> 12 U.S.C. § 3351; Policy Statement 2 B.

<sup>3</sup> 12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 B.

<sup>4</sup> 12 U.S.C. § 3347; Policy Statement 3 A, C.

<sup>5</sup> 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 B, C.

<sup>6</sup> 12 U.S.C. § 3347; Policy Statement 4 D.

## ASC Finding Descriptions

- States must analyze a representative sample of the applicant's work product for compliance with USPAP on all initial or upgrade applications for appraiser credentialing;<sup>7</sup>
- States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance of a credential by reciprocity so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations;<sup>8</sup>
- States must ensure the delivery mechanism for distance education courses offered by a non-academic provider, including secondary providers, has been approved by an AQB-approved organization providing approval of course design and delivery;<sup>9</sup>
- States must maintain relevant documentation to enable understanding of the facts and determinations in the matter and the reasons for those determinations;<sup>10</sup>
- States must ensure that the system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner;<sup>11</sup> and
- States must track all complaints on a complaint log containing the required information.<sup>12</sup>

ASC staff will confirm appropriate corrective actions have been taken in a Follow-up Review. South Dakota will be placed on a one-year Review Cycle.

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,



Zixta Q. Martinez  
ASC Chair

Attachment

cc: Jerry McCabe, Director, [Jerry.McCabe@state.sd.us](mailto:Jerry.McCabe@state.sd.us)  
Marcia Hultman, Cabinet Secretary, [Marcia.Hultman@state.sd.us](mailto:Marcia.Hultman@state.sd.us)

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<sup>7</sup> 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 D.

<sup>8</sup> 12 U.S.C. § 3351; Policy Statement 5 D.

<sup>9</sup> 12 U.S.C. § 3347; Policy Statement 6 B.

<sup>10</sup> 12 U.S.C. § 3347; Policy Statement 7 B.

<sup>11</sup> 12 U.S.C. § 3347; Policy Statement 7 B.

<sup>12</sup> 12 U.S.C. § 3347; Policy Statement 7 B.

## ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	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 5, Reciprocity; see also Policy Statement 12, Interim Sanctions.



**ASC State Appraiser Program Compliance Review Report**

ASC Finding: Not Satisfactory

Final Report Issue Date: November 22, 2024

<b>South Dakota Appraiser Regulatory Program (State)</b>		
Appraiser Certification Program Advisory Council (Council)	PM: M. Brown	ASC Compliance Review Date: September 25-27, 2023
Umbrella Agency: Department of Labor and Regulation	Number of State Credentialed Appraisers on Appraiser Registry: 516	Review Period: November 2021 to September 2023
		Review Cycle: One Year with Follow-up

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>	X			No compliance issues noted.	N/A	None	None
<b>Temporary Practice:</b>		X		That State initially did not provide any of the selected temporary practice permit files for the Compliance Review, but subsequently supplied the requested documents.  The State failed to process 6 requests for temporary practice permits within 5 business days of receipt of a completed application.	On February 2, 2024, the State reported it updated its written procedures and checklists to ensure temporary permits are processed within 5 business days.	The State must monitor its updated procedures to ensure temporary practice permits are issued within 5 business days of receipt of application.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 2.
<b>National Registry:</b>		X		The State had 6 unpaid Appraiser Registry invoices outstanding for more than 45 calendar days.	On February 2, 2024, the State reported that on January 24, 2024, it paid the 6 outstanding Appraiser Registry invoices.  At the same time, the State reported that it instituted changes to how it processes Appraiser Registry invoices including the implementation and use of automated alerts.	The State must monitor its process to ensure Appraiser Registry invoices are reconciled and paid in a timely manner.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 3.
<b>National Registry Continued:</b>		X		The State failed to notify the ASC that a program staff member with authorization had left the Program.	On February 2, 2024, the State reported it adopted a new staff exit procedure for employees leaving the Program, including a checklist item to provide notification to the ASC.	The State must monitor its new procedure to ensure that the authorization information is updated and accurate.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 3.
<b>Application Process:</b>		X		That State initially did not provide any of the selected application files for the Compliance Review, but subsequently supplied the requested documents.  The State issued 1 appraiser credential without verifying the applicant met the AQB Criteria required education.	On February 2, 2024, the State reported that documentation for the course had been kept in separate files.  At the same time, the State reported that it updated its procedures and checklists for processing applications and accompanying documentation in the appraiser files.	The State must monitor its updated procedures to ensure that applicants have successfully completed courses consistent with AQB Criteria for the appraiser credential sought and document the file accordingly. The State must ensure that all documentation to support its validation methods are available to ASC staff for future Compliance Reviews.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 4.



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Umbrella Agency: Department of Labor and Regulation	Number of State Credentialed Appraisers on Appraiser Registry: 516		Review Cycle: One Year with Follow-up

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Application Process Continued:</b>		X					
States must use a reliable means of validating appraiser experience claimed on all initial or upgrade applications for appraiser credentialing. (12 U.S.C. § 3347; Policy Statement 4 D.)				The State failed to adequately document 1 application file to support experience claims on an upgrade application for appraiser credentialing.	On February 2, 2024, the State reported the experience log and appraisal reports were not maintained in one filing location.  At the same time, the State reported that it updated its procedures and checklists for processing upgrade applications and accompanying documentation in the appraiser files.	The State must monitor its updated procedures to ensure a reliable means of validating appraiser experience claimed on all initial or upgrade applications for appraiser credentialing and document the file accordingly. The State must ensure that all documentation to support its validation methods are available to ASC staff for future Compliance Reviews.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 4.
<b>Application Process Continued:</b>		X					
States must analyze a representative sample of the applicant's work product for compliance with USPAP on all initial or upgrade applications for appraiser credentialing. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 D.)				The State issued 1 appraiser credential without reviewing work product samples for USPAP compliance.	On February 2, 2024, the State reported that it failed to have the documentation in one place, as staff was in the process of moving files from a physical file to a digital file.  At the same time, the State reported that it updated its procedures and checklists for processing upgrade applications and accompanying documentation in the appraiser files.	The State must monitor its updated procedures to ensure a reliable means of validating appraiser experience claimed on all initial or upgrade applications for appraiser credentialing and document the file accordingly. The State must ensure that all documentation to support its validation methods are available to ASC staff for future Compliance Reviews.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 4.
<b>Reciprocity:</b>		X					
States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance of a credential by reciprocity so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations. (12 U.S.C. § 3351; Policy Statement 5 D.)				That State initially did not provide any of the selected reciprocal files for the Compliance Review, but subsequently supplied the requested documents.  The State issued 1 appraiser credential without verifying that the applicant held a valid credential in another State.	On February 2, 2024, the State reported that it has subsequently verified the applicant holds a valid credential.  At the same time, the State reported that it updated its checklists for reciprocal applications to include the requirement to verify and document that applicants hold a valid credential.	The State must monitor its new requirement to verify and document that applicants hold an active credential for the appraiser license sought and that documentation to support its validation is available to ASC staff for future Compliance Reviews.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 5.
<b>Education:</b>		X					
States must ensure the delivery mechanism for distance education courses offered by a non-academic provider, including secondary providers, has been approved by an AQB-approved organization providing approval of course design and delivery. (12 U.S.C. § 3347; Policy Statement 6 B.)				That State initially did not provide any of the selected education files for the Compliance Review, but subsequently supplied the requested documents.  The State approved 3 qualifying education and 5 continuing education courses beyond the expiration date of the delivery mechanism and course content approval certificates.	On February 2, 2024, the State reported that course expirations are established by State regulations.  At the same time, the State reported that it will begin the rulemaking process to align the program's expiration dates with the AQB and IDECC expiration dates.	The State must continue the process to amend its rules to bring them into compliance with AQB Criteria, and provide ASC staff with a copy once finalized.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 6.



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Umbrella Agency: Department of Labor and Regulation		Number of State Credentialed Appraisers on Appraiser Registry: 516	Review Cycle: One Year with Follow-up

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Enforcement:</b>		X					
States must maintain relevant documentation to enable understanding of the facts and determinations in the matter and the reasons for those determinations. (12 U.S.C. § 3347; Policy Statement 7 B.)				That State initially did not provide any of the selected enforcement files for the Compliance Review, but subsequently supplied the requested documents.  The State failed to maintain relevant documentation to enable an understanding of the facts and determinations and the reasons for those determinations.	On February 2, 2024, the State reported that it reviewed the cautionary/dismissal letters in certain complaint files selected for this Compliance Review.  At the same time, the State reported that the letters included determinations and reasons for the determinations.	The State must maintain relevant documentation to enable understanding of the facts and determinations and the reasons for those determinations.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 7.
<b>Enforcement Continued:</b>		X					
States must ensure that the system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State failed to ensure that its system for processing and investigating complaints and sanctioning appraisers was administered in an effective, consistent, equitable, and well-documented manner.	On May 24, 2024, the State reported that it updated its procedures for processing complaints.  At the same time, the State reported that it developed written procedures and a checklist for processing complaints.	The State must monitor its updated procedures to ensure that processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 7.
<b>Enforcement Continued:</b>		X					
States must track all complaints on a complaint log containing the required information. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State failed to include the date each complaint was received in its complaint log.	On May 24, 2024, the State reported that it implemented a digital form that will record the date a complaint is submitted.	The State must monitor its digital form to ensure the complaint log contains the required information, including the date each complaint was received.	ASC staff will monitor this required action and conduct a Follow-up Review to confirm compliance with Title XI and Policy Statement 7.