South Dakota
Department of Labor and Regulation
Appraiser Certification Program
Trainees/Supervisors

Developing the Next Generation
United States Population Density
Shortage of Appraisers

According to all of the information that we have gathered, South Dakota has a real shortage of appraisers to perform appraisal assignments in its rural communities.
Supervisor Incentive Taskforce

The Supervisor Incentive Taskforce was created. The Taskforce is made up of certified appraisers, bankers, leaders of the professional appraiser organizations, and entry level appraisers.
The mission of the Taskforce is to:

- Explore possibilities and ideas that could be implemented to encourage certified appraisers to become supervisory appraisers to train, guide and mentor state registered appraisers, and
Supervisor Incentive Taskforce

The mission of the Taskforce is to:

- Explore practical ways for entry level appraisers to gain experience in other than the traditional supervisory appraiser/trainee circumstance.
South Dakota Population Facts

- Population: 844,877
- Total Square Miles: 77,116
- Certified and Licensed Appraisers: 349
  - State-Certified General: 204
  - State-Certified Residential: 94
  - State-Licensed: 51

1 Appraiser Per 220 Square Miles
Age of Appraisers By Classification
Reasons Appraisers Decline Assignments in Rural Communities

- Distance to subject and comparable sales.
- No multiple listing service.
- Many county assessor offices are not computerized.
- May require going to 3 or 4 courthouses.
- Inadequate fee for the assignments.
Reasons Appraisers Decline Assignments in Rural Communities

Appraiser’s comments to lender/client when asked to appraise a residential property in Dupree, South Dakota:
 Reasons Appraisers Decline Assignments in Rural Communities

‘I stopped working in Dupree a long time ago. The county assessor is very uncooperative and does not help at all in finding comparable sales and then you have to hand copy all of the information and if you miss something and call for help you don’t get it. Therefore, it is my opinion that in Dupree I cannot produce a credible report that MEETS USPAP!’
Taskforce Initiative

The first meeting of the Taskforce was intended to acquire insight into the pros and cons for becoming a supervisor.
Taskforce Initiative

The consensus of the Taskforce members was that there were no pros for becoming a supervisor and the entry level members gave many reasons for not entering the profession.
Bottom line, this issue is complex and multifaceted.

**Taskforce Initiative**

Pros

Cons

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Main Reasons for Not Becoming a Supervisor

- I do not want to train my competition.
- I am concerned about the liability.
- I do not have the time or the money.
- I may be disciplined by the State if my trainee’s work product is found to be in noncompliance with USPAP during the upgrade process.
Main Reasons for Not Entering the Appraisal Profession

- I have a Bachelor’s degree, but still have to obtain appraiser specific education and experience requirements.

- I have tried, but I cannot find anyone to supervise me.

- I have school loans and the compensation for working with a supervisor is minimal at best.
Here is what a perspective trainee wrote:

“Sherry I will just have to wait. This process is very complicated and to find someone to work for and get paid is next to impossible. I will just have to pursue another field. Thanks for your help.”
Supervisory Appraisers in South Dakota
Currently South Dakota has 50 Endorsed Supervisory appraisers and out of the 55 State-Registered appraisers, 38 of them are associated with a supervisor.
Taskforce Ideas to Aid in the Growth of New Appraisers into the Profession

- Non-compete agreements.
- Actively promote non-client experience option.
- State to offer review of work product midway through the process.
- Community bankers hiring a certified appraiser to train entry-level appraisers.
Barriers

- The Trainee classification as defined by the AQB is not consistent with the State-Registered Appraiser Classification in South Dakota.
Barriers

- A candidate for entry-level appraiser status must complete the Supervisory/Trainee Training Course prior to issuance of the State-Registered Appraiser certificate.
Barriers

- Requires exempt staff appraisers to comply with the AQB requirements.
Barriers

- Supervisory appraisers must have held the certified level license for a minimum of three years. Even reciprocal appraisers that have been certified for many years.
Options

South Dakota is not alone. We need to look at other options that will benefit all of the jurisdictions.
Experience

- Experience is one of the primary obstacles to entering the appraisal profession.
Experience

AQB Real Property Appraiser Qualification Criteria:

- Effective October 1, 1999, the AQB allows non-traditional client appraisal experience.

- Effective January 1, 2008, the AQB expands intent to allow practicum courses for appraisal experience.
AQB Real Property Appraiser Qualification Criteria:

- To date the AQB has not received an application for approval of a practicum course.
- I am not aware of any available courses that are eligible for appraisal experience.
Effective January 1, 2015, the Dodd-Frank Reform Act gives the ASC the authority to administer grants.

Currently, the ASC grants funds to The Appraisal Foundation for the development and delivery of the AARO/Foundation Investigator Training series.
Proposal

- The ASC should utilize a grant to fund The Appraisal Foundation for the development and delivery system of a practicum course that could be used by all entry-level appraiser candidates.
Benefits of offering a universal practicum course to gain experience:

- The jurisdictions are better equipped to maintain an adequate number of appraisers to serve all of their communities.
Benefits of offering a universal practicum course to gain experience:

- The appraiser industry as a whole will continue to thrive and grow.
Benefits

Benefits of offering a universal practicum course to gain experience:

- The needs of the users of appraisal services are met in a timely manner by qualified appraisers.
Appraiser Age Comparison

31.2% Are 61 Years of Age or Older
Appraiser Age Comparison

65.0% Are 51 Years of Age or Older
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