Creating multiple social media profiles all over the Internet may be putting the real estate brokerage at risk. This fast-paced course will help licensees implement best practices online to limit liability, comply with SDREC requirements and utilize social media as an effective form of communication.

Learning Objectives include:

- Identify potential risks a licensee may be liable for under SD license law.
- List the intellectual property violations that may occur when licensee upload multiple forms of content to the web.
- Develop a brokerage policy and rules for engagement for licensees to follow when using social media sites.

**Course Instructor—Doug Devitre, Doug Devitre International**

Registration: 8:15 a.m.; Course: 9 a.m.—4 p.m.
Tuesday, May 1 —Sioux Falls Ramkota
Wednesday, May 2 —Sioux Falls Ramkota
Thursday, May 3 —Watertown Ramkota

Friday, May 4 —Aberdeen RAMADA
Monday, May 7—Pierre Ramkota
Tuesday, May 8 —Rapid City Ramkota
Wednesday, May 9—Spearfish Holiday Inn

Registration Form on Back Page
From the Director’s Desk

Spring is officially here. That means the Commission’s Spring Caravan is just around the corner. As you know, the Commission tries to bring timely topics to you and this one is no exception. Please set aside time to attend.

After 15 years of faithfully serving the citizens of South Dakota as a commission member, Charlie Larkin’s appointment has expired. We will all miss Charlie’s wisdom, dedication and years of experience. Charlie was presented with a plaque at our April 4-5 meeting.

Remember, if you are forming a team and plan to incorporate or form an LLC that will be paid a commission, you must register the corporation or LLC with the Commission office. Use the application form on the Commission website or if you have questions, give us a call. Also, be very careful when you advertise your team. The brokerage firm with which the team is associated must be disclosed in the advertising. In addition, if you utilize unlicensed individuals as part of your team, you have to be very careful when you include them in your advertising.

Social media is everywhere and licensees have to take precautions when participating in this. The Commission has advertising rules and Internet guidelines posted on our website. These guidelines were endorsed by Association of Real Estate License Law Officials (ARELLO) and adopted by the Commission.

Please don’t forget to register for the Spring Caravan. Get out and enjoy the wonderful spring weather!

Melissa

Commission Chairperson Charles Larkin is presented a plaque in honor of his 15 years of service on the SD Real Estate Commission. Thank you, Charlie!!

In Memoriam

The SD Real Estate Commission extends its sincerest sympathy to the families and friends of the following licensees who recently passed away:

John Gustafson, Broker - Brookings
Joe Hauk, Home Inspector – Valley Springs
Bruce Itterman, Broker – Sioux Falls

This is It! The Last Print Copy of the SD Real Estate VIEW Newsletter

Reminder to licensees: The SDREC is discontinuing its print version of the Real Estate VIEW Newsletter.

The June/July issue will be emailed directly to the email address on file with the SDREC office.

Licensees may log on to the SDREC website at www.sdrec.sd.gov or contact the Commission office to update email address information.

The newsletter will also continue to be posted on the SDREC website.

Buyer’s Agent CAN Place Sold Sign on New Owner’s Property

The SDREC office has received numerous calls recently regarding whether it was permissible for a buyer’s agent to place a “Sold By” sign on the property purchased by the agent’s client.

Under license law, it is permissible, provided that:

- It is done so AFTER closing;
- The sign clearly indicates that the property is SOLD; and
- The brokerage firm’s name is on the sign as required by SDCL 36-21A-72.

Licensees are also reminded that it is a violation of law to indicate that the property sold for a price other than the actual selling price.

It is recommended that any agreement between the buyer’s agent and their buyer to display a “Sold By” sign be in writing and indicate how long the sign is to be displayed on the property.
Doug Devitre has helped real estate professionals, brokers, REALTOR Associations, and instructors make sense of the latest technology in 35 states, across Canada and select countries. In 2010 he was inducted into the National Association of REALTORS REBAC Hall of Fame as a top educator in the industry and served as a consultant to help organizations implement online communication systems that require little investment of money and time. His latest book, "It's Either Now or Never" helps associations, companies and organizations remain relevant online by sharing digital media according to the end users preferred method of communication.

Doug writes education specific articles at http://dougdevitre.com/category/instructors for those who are serious about taking communication outside the classroom.

**New Licensees**

The South Dakota Real Estate Commission would like to welcome the following new licensees:

**Auctioneer**
- Hauger, William D - Brandt

**Broker Associate**
- Avvampato, Kelly J – Rapid City
- Bierman, David M – Brookings
- Bryce, Justus – Rapid City
- Foss, Erica F – Aurora
- Frank, Merleen M – Aberdeen
- Gooch, Leslie W – Sioux Falls
- Johnson, Kellie C – Rapid City
- Kortan, Joy S – Harrisburg
- Kyte, Patrick M – Sioux Falls
- Lessin, Tracy R – Rapid City
- Lewis, Chad C – Rapid City
- Niemann, Jason D – De Smet
- Olson, Jordan K – Dell Rapids
- Sargent, Riley E – Winner
- Shippy, Rick A – Winner
- Simpson, David M – Rapid City
- Trupe, Robert S – Rapid City
- Whittaker, James E – Rapid City

**Property Manager**
- Bullock, Rashelle L – Sioux Falls
- Martin, Chelsie - Sturgis

**Res. Rental Agent**
- Blackwelder, Denise – Sioux Falls

**Salesperson**
- Buesing, Diane – Marshall, MN
- Karnes, Norma E – S. Sioux City, NE
- White, Michelle R – Sioux City, IA

**FHA Hikes Mortgage Insurance Premiums for New Loans**

*Used with permission from ARELLO*

The U.S. Federal Housing Administration (FHA) announced recently that it will raise premiums for new residential mortgage loans that it insures as part of the government’s effort to encourage the return of private capital to residential mortgage markets and strengthen the Mutual Mortgage Insurance Fund that supports the FHA insurance program.

FHA mortgage insurance is designed to provide flexibility in the U.S. housing market by protecting lenders against borrower defaults, insuring loans that require less cash investment than conventional loans and generally allowing less stringent borrower qualification standards. Since its inception in 1934, it has become the largest residential mortgage insurer in the world, with close to 5 million single-family mortgages and 13,000 multifamily projects in its portfolio, thus insuring over (US) $ 1.1 trillion in home loans.

The FHA’s residential insurance program is funded entirely by borrower-paid upfront mortgage insurance premiums (UFMIP) and monthly annual premiums (MIP) that are paid into FHA’s Mutual Mortgage Insurance Fund (MMIF). Concerns have been raised about the relative soundness of the MMIF ever since U.S. foreclosures began to skyrocket several years ago, causing massive outflows of cash to pay lender claims. A U.S. Government Accounting Office report released last December warned that, for the third consecutive year, the MMIF capital reserve account had fallen below the two percent minimum threshold required by federal law. Concerns were reignited in early February with the release of the Obama administration’s 2013 federal budget proposal, which included $688 million to return MMIF reserves to the required level.

But, almost as soon as the budget projections were released, administration officials declared that the MMIF reserve shortfall projection was obsolete. First, the recent $25 billion state-federal national mortgage settlement with five major U.S. lenders and a concurrent settlement between FHA and Bank of America will reportedly result in a direct cash payment of about $1 billion to the MMIF. Second, the FHA announced that UFMIP and MIP premiums for new loans will be increased, a move that is projected to bring an additional $1 billion.

Commencing on April 1, 2012 FHA’s UFMIP will be increased from 1 percent to 1.75 percent of the base loan amount, regardless of the amortization term or LTV ratio of the loan. FHA will also increase the annual MIP by 0.10 percent effective on or after April 1, 2012 and will add an additional 0.25 percent to premiums for mortgages exceeding $625,500, effective June 1, 2012.

**More From Washington:**

**Online REOs, REO-to-Rental Program, New Fair Housing Rules**

*Used with permission from ARELLO*

**Fannie Mae Mandates Online REO Offers**

U.S. Government sponsored enterprise Fannie Mae announced in early February that all offers to purchase its foreclosed (real estate-owned or REO) properties must be made online through its expanded HomePath® Online Offer system. Homepath.com is Fannie Mae’s

SOUTH DAKOTA Real Estate VIEW 3
depending on the transaction, as a means for a specified number of years, purchasers will be required to rent the properties for a specified number of years, as investor interest, operating and financial structures that improve both investor returns and home values; and the qualification process. During the pilot phase, Fannie Mae will focus on the areas hardest hit by the housing downturn and offer pools of various types of assets including rental properties, vacant properties and non-performing loans. A pre-qualification process has been commenced, through which investors can receive detailed information about offered transactions. Although the initial phase of the pilot program will focus on pooled and joint venture transactions, the FHFA is also looking at ways to improve REO sales to homeowners and small investors as another way to enhance existing retail sales strategies at Fannie Mae and Freddie Mac. More Information is available through FHFA’s REO Asset Disposition page at www.fhfa.gov.

FHFA Launches “REO-to-Rental” Pilot Program

The U.S. Federal Housing Finance Agency (FHFA) has launched a pilot program that will make pools of federally-controlled foreclosed (REO) properties available to investors, who will be required to rent them out for a specified term of years. The pilot program will initially focus on Fannie Mae’s REO inventory and will later be adjusted and expanded, if it is successful. The FHFA, which regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks, first announced the initiative last August through a request for information that sought input on how to address REO inventories subject to its oversight. Under the REO-to-Rental initiative, qualified purchasers will be required to rent the properties for a specified number of years, depending on the transaction, as a means of supporting local housing markets that are depressed by high volumes of foreclosures. The purpose of the pilot phase will be to examine program issues such as investor interest, operating and financial structures that improve both

HUD Issues New LBGT Fair Housing Rules

The U.S. Department of Housing and Urban Development (HUD) has issued new rules that advance its ongoing efforts to prevent housing discrimination against lesbian, gay, bisexual and transgender (LGBT) individuals and families. The final rules generally track HUD’s January 2011 rule proposal, which recited evidence suggesting that LGBT families are being arbitrarily excluded from housing opportunities in the private sector.

According to HUD’s announcement, and a blog post authored by Secretary Shaun Donovan, the new rules will open access to housing for LGBT individuals and families in four principal ways. First, the rules contain an equal access provision clarifying that housing financed or insured by HUD [FHA] must be made available without regard to actual or perceived sexual orientation, gender identity or marital status. This aspect of the rules applies whether or not the property is renter- or owner-occupied. Second, the rules prohibit owners and operators of HUD-funded housing, or housing whose financing is insured by HUD, from asking about sexual orientation or gender identity, or denying housing on that basis. Third, the new rules clarify that the term “family” includes LGBT individuals and couples as eligible beneficiaries of HUD’s public housing and voucher programs. Thus, otherwise eligible families may not be excluded because one or more members of the family may be an LGBT individual, have an LGBT relationship or be perceived to be such an individual or in such relationship. Finally, according to Secretary Donovan, “The rule makes clear that sexual orientation and gender identity should not and cannot be part of any lending decision when it comes to getting an FHA-insured mortgage. Particularly with the FHA playing an elevated role in the housing market today, this represents a critical step in ensuring that LGBT Americans have fair access to the dream of responsible, sustainable homeownership.”

The new rules were published in the U.S. Federal Register on February 3rd and took effect on March 5, 2012.
APPRAISER UPDATE

This section of the South Dakota Real Estate Review is the responsibility of the South Dakota Department of Labor and Regulation Appraiser Certification Program. Articles are printed here to communicate pertinent information to those appraisers who receive this newsletter and are licensed under the Certification Program.

Sherry Bren,
Executive Director
(605) 773-4608
445 East Capitol Ave.
Pierre, SD 57501

Appraiser Certification Program Mission-Purpose-Intent

The Appraiser Certification Program was implemented July 1, 1990, pursuant to enactment of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) by Congress. The mission of the Program is to certify, license and register appraisers to perform real estate appraisals in the state of South Dakota pursuant to Title XI (FIRREA). The purpose of the Program is to examine candidates, issue certificates, investigate and administer disciplinary actions to persons in violation of the rules, statutes and uniform standards, and approve qualifying and continuing education courses. Title XI intends that States supervise all of the activities and practices of persons who are certified or licensed to perform real estate appraisals through effective regulation, supervision and discipline to assure their professional competence.

Effective July 1, 2011, pursuant to the Dodd-Frank Wall Street Reform Act, the Program was granted legislative authority to register and supervise the activities of Appraisal Management Companies doing business in South Dakota.

Appraiser Certification Program Advisory Council

Council members provide recommendations to the Secretary of the Department of Labor and Regulation in the areas of program administration in order to sustain a program that is consistent with Title XI. The Council meets quarterly in public forum. See the Website for meeting information. http://dlr.sd.gov/appraisers.

New Licensees – February/March 2012

Patrick M. Wyatt, State-Registered – Hot Springs, SD
Kelsey K. Malecha, State-Certified General – Minneapolis, MN
Adam L. Smith, State-Certified Residential – Kailua-Kona, HI
Gary J. Alexander, State-Certified General – Ontario, CA

Anonymous Complaints

ARSD 20:14:11:01.01. Anonymous complaints. Initiation of an investigation may be commenced upon receipt of an anonymous complaint if it meets the following criteria:

(1) The allegations of violations of any provision of this article are considered credible and based upon factual information which is independently verifiable; and
(2) The complaint is accompanied by a copy of the appraisal report or other documents which contain clearly identifiable errors or violations of the provisions of this article.

Disciplinary Action Information

Public information regarding disciplinary action taken against an appraiser is available upon written request to the Department of Revenue and Regulation, Appraiser Certification Program, 445 East Capitol Avenue, Pierre, SD 57501 or e-mail – Sherry.Bren@state.sd.us. Include in the request for information the name of the appraiser and the appraiser’s city and state of residence. (Disciplinary action may include denial, suspension, censure, reprimand, or revocation of a certificate by the department. (ARSD 20:14:11:03))

The following disciplinary action has been taken by the Department of Labor and Regulation, Appraiser Certification Program:
Charles R. Glassing, Eden Prairie, Minnesota – Complaint Case # 11-405. The Department of Labor and Regulation entered Findings of Fact, Conclusions of Law and Order denying Charles R. Glassing’s a Non-Resident Application for Temporary Practice for violation of SDCL 36-21B-1 and ARSD 20:14:11:03(18).


For the period January 1, 2012 through April 4, 2012, the Department has received two upgrade applications and initiated 3 complaint investigations.

Upgrades – Two upgrades pending.
Complaints – Two complaint consent agreements executed and one complaint pending.
The Appraiser Qualifications Board adopted revisions to the Real Property Appraiser Qualifications Criteria effective January 1, 2015.

The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council will not allow a segmented approach to implementation of the Criteria changes. Therefore, the Department will adopt the following criteria changes effective July 1, 2014. [The current criteria remains the same until July 1, 2014.]

All applications for state-licensed, state-certified residential and state-certified general meeting the current criteria must be postmarked on or before June 30, 2014. The fees and the completed application must be submitted verifying the required education and experience. The Appraisal Experience Log verifying the experience by assignment must be submitted with the application. The Department will request work product to review for compliance with the uniform standards. Once the review is completed, and there are no significant uniform standards violations cited, the application will be approved and the applicant will be allowed to sit for the examination. The examination must be successfully completed on or before December 31, 2014.

It is necessary to require all applications for state-licensed, state-certified residential and state-certified general appraiser classification to be postmarked on or before June 30, 2014 to allow the Department enough time to complete the required experience reviews for applicants for the state-licensed, state-certified residential and state-certified general appraiser classifications and approve the applicants to sit for the Uniform National Appraiser Examination. This requirement is necessary for the applicants that may be required to meet additional educational requirements and successfully complete the examination in the event the work product review reveals violations of the uniform standards that would warrant denial of the application.

Effective July 1, 2014

Education Requirements
• An applicant for state-licensed appraiser shall have successfully completed 30 semester hours of college-level education from an accredited college, junior college, community college, or university. An applicant holding an Associate degree, or higher satisfies the 30-hour college-level education requirement. (The criteria does not identify specific college-level courses to be completed.)
• The applicant for state-certified residential appraiser may no longer use the 21 semester credit hours of collegiate level courses in lieu of the Associate degree.
• The applicant for state-certified general appraiser may no longer use the 30 semester credit hours of collegiate level courses in lieu of the Bachelor’s degree.

Effective July 1, 2013

Supervisory Appraisers
• State-licensed appraisers may no longer supervise state-registered appraisers.
• Supervisory appraisers must be state-certified residential or state-certified general.
• Supervisory appraisers are considered in good standing if the appraiser has not been subject to any disciplinary action within any jurisdiction that affects legal eligibility to engage in appraisal practice for three years after the successful completion or termination of any sanctions imposed.
• Supervisory appraisers must have a minimum of three years appraisal experience.
advised to report the Company to the Appraiser Certification Program. (email: Sherry.Bren@state.sd.us; telephone: 605.773.4608; or by mail: Appraiser Certification Program, 445 East Capitol Avenue, Pierre, South Dakota 57501).

**Appraisal Standards Board**

**USPAP Q&A**

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

2012-13 USPAP Q&A, Issue Date: January 20, 2012

2012-01: **APPRaisal DEVELOPMENT – SCOPE OF WORK ISSUES**

Marketing Time on Appraisal Forms

**Question:** I am completing a market value appraisal. I use standard pre-printed residential report forms that ask for a neighborhood marketing time. Does marketing time on these forms mean the same thing as exposure time as it is used in USPAP?

2012-13 USPAP Q&A, Issue Date: February 13, 2012

2012-02: **ETHICS RULE – CONDUCT**

“Acting as an Appraiser”

**Question:** I know that appraisers are prohibited from accepting appraisal assignments in which the fee is contingent upon the attainment of a stipulated result, such as a reduction in property taxes. However, I’ve heard of some appraisers who believe that they are able to accept such assignments, claiming that they are not “acting as an appraiser.” Are these appraisers correct?

2012-03: **DEFINITIONS**

Personal Property Appraisal Consulting

**Question:** I am an appraiser who has been asked to perform a consulting service on when and where best to sell some machinery and equipment. I am aware that STANDARDS 4 and 5 relate only to real property appraisal consulting. I have determined that this assignment will require me to estimate probably value ranges in different markets. What are my USPAP obligations?

2012-13 USPAP Q&A, Issue Date: March 22, 2012

2012-04: **ETHICS RULE – MANAGEMENT**

Appraisal Fees for “Assessment Appeal” Assignments

**Question:** I am aware of some appraisers who perform property tax assessment appeal assignments where their fee is based on a percentage of the tax savings to the property owner. Doesn’t USPAP prohibit an individual, who is acting as an appraiser, from accepting assignments where the fee is based on a specific outcome?

2012-05: **APPRaisal DEVELOPMENT – SCOPE OF WORK ISSUES**

Alternative Valuation Products

**Question:** I am a state certified appraiser and as such, perform real property appraisals in compliance with USPAP. However, I have recently been asked by a client to provide them with an “alternative valuation product” that they have designed. This product, as designed, does not appear to comply with USPAP. Am I allowed to perform such an assignment as an appraiser?

2012-06: **ETHICS RULE – CONDUCT**

Appraising a Property More Than Once in Three Years

**Question:** I am aware of the USPAP requirements to disclose to the client, both prior to accepting an assignment as well as in the certification of the report, services I performed on a property within the prior three years. However, I have been told that based on this requirement, USPAP prohibits me from appraising a property more than once within a three-year period. Is this true?

Answers to the above USPAP Q&A are posted on The Appraisal Foundation website: www.appraisalfoundation.org.

3910 copies of this publication were printed on recycled paper by the South Dakota Real Estate Commission at a cost of .26 per copy.

**SPRING is HERE!**

SOUTH DAKOTA Real Estate VIEW 7
2012 Spring Caravan—“Social Media Advertising Compliance”

6 Hours Required; 6 Hours Postlicensing 1 - Ethics & Professional Liability; 6 Hours Postlicensing 2 - Marketing

Registration Fee: **Early Bird $60 postmarked no later than April 25; $70 After April 25 and on-site**

Name: ___________________________________________________________ License Number _________________

Address: __________________________________________________________ Phone _________________________

Email Address: ____________________________________________________________________________________

Which session would you like to attend? PLEASE CHECK ONE!

☐ Tuesday, May 1—Sioux Falls Ramkota
☐ Wednesday, May 2—Sioux Falls Ramkota
☐ Thursday, May 3—Watertown Ramkota
☐ Friday, May 4—Aberdeen RAMADA

☐ Monday, May 7—Pierre Ramkota
☐ Tuesday, May 8—Rapid City Ramkota
☐ Wednesday, May 9—Spearfish Holiday Inn

Mail to SDREC, 221 W. Capitol Ave., Suite 101, Pierre SD 57501. **DO NOT FAX.**