



May/June 2014

From the Director

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- Two Types of Appraisal Reports

[South Dakota Real Estate Commission](#)

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I bet you are all looking forward to summer. I sure am!

It's never too early to begin working on your continuing education requirements. Those of you renewing this year might want to go to the "Licensee Only" section of the Commission's website to check your continuing education to verify that your course sponsors reported your attendance.

If you are forming a team and plan to incorporate or form an LLC solely for the purpose of collecting real estate commissions, you must register the LLC/corporation with the Commission office. Be sure to review your license law book for the requirements or contact the Commission office. Also, be very careful when you advertise your team. The firm to which the team is associated with 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. The public must be able to distinguish who is licensed and who is not.

Social media is everywhere and licensees have to take precautions when participating in this. The Commission has strict advertising rules and also has Internet guidelines posted to its website. These guidelines were endorsed by ARELLO and adopted by the Commission.

With nicer weather finally on the way, I wish you a successful spring and summer!

Commission Calendar

July 4 – Independence Day, SDREC Office Closed

July 17 – Commission Meeting, Pierre

2014 Fall Caravan Information

Mark your calendars now! The dates for the 2014 Fall Caravan have been finalized. The featured speaker for the upcoming Fall Caravan is Lynn Madison of Lynn Madison Seminars. Dates and locations are as follows:

Monday, Oct. 27 – Sioux Falls
Tuesday, Oct. 28 – Sioux Falls
Wednesday, Oct. 29 – Aberdeen
Thursday, Oct. 30 – Pierre
Friday, Oct. 31 – Rapid City

Watch for specific course topic and registration information in future issues of the Real Estate VIEW.

Education Survey – Changes Coming to the Spring/Fall Caravans

Last February, the SDREC office emailed a survey regarding the education caravan and general continuing education trends. The purpose of the survey was to determine what role the caravan courses play in licensees' overall education completion strategies. In some cases, the responses were as expected and, in others, the answers were a little surprising.

Overall, the survey confirms what is already known. The caravan attendance numbers are not quite what they used to be. The reason for this is primarily due to there being more options for education, either via distance learning or from other sources such as the Association of REALTORS and/or local education providers. The number of people who rarely or never attend the caravans was almost as many as those that try to attend all of them.

Looking back at the history of the caravans, the caravan schedule was five days until the mid-1990s. A surge in attendance necessitated the addition of two additional class days, bringing us to the current, seven-day format. Over the last near-decade, the attendance has been slowly declining, yet the costs have continued to increase.

Based on the attendance numbers and the overall trends corroborated by the survey, the Commission has decided to scale back the caravan to the five-day format, beginning with the 2014 Fall Caravan. The class will be offered in Pierre, Rapid City, Aberdeen and (two days) Sioux Falls. The Spearfish and Watertown caravan classes will be eliminated.

Below are the results from the education survey. The SDREC would like to thank the 475 individuals that responded. Note: the responses, in some cases, total more or less than 475 based on situations where some respondents skipped a question or more than one answer was selected.

- 1) What kind of license do you have?
Broker Associate – 402; Property Manager – 47; Auctioneer – 17; Home Inspector – 18; Residential Rental Agent – 15
- 2) How long have you held a license with the SDREC?
Less than five years – 118; Six to 10 years – 102; 11-15 years – 86; more than 16 years – 168
- 3) Which statement best describes how you PREFER to complete your education courses?
Classroom setting – 207; Internet-based – 85; Combination of classroom/internet-179
- 4) Which statement best describes how you ACTUALLY TAKE your education courses?
Classroom – 193; Internet – 60; Combination of classroom/internet – 219
- 5) If you take internet-based courses, what are the primary reasons?
Cost – 107; Variety of topic areas – 106; Convenience – 314; Quality of course – 53
- 6) Which statement best describes how often you attend the SDREC-sponsored caravans?
I try to attend all of them – 164; I attend sometimes based on topic – 67; I attend sometimes based on schedule – 87; I rarely/never attend the caravan – 147
- 7) If you attend the Caravans, what are the primary reasons?
Cost – 141; Quality – 157; Convenience – 218; Primary source of education – 140; Interaction with other licensees – 123

8) Are you a member of the SD Association of REALTORS?

Yes – 297; No – 171

9) From what other education providers do you regularly take classroom continuing education courses?

State or local Association of REALTORS – 207; Local real estate schools/instructors – 219; Other providers – 142

10) If the SDREC no longer offered the education caravans, which statement best describes how much of an impact this would have on your ability to complete your education?

It would affect me greatly – 155; It would affect me somewhat – 128; It would have little effect – 85; It would have no effect at all – 102

Disciplinary Actions

The following actions by the Commission have become effective since the last report in the newsletter. A Consent Agreement and Order is an admission of violation and voluntary acceptance of the terms determined by the Commission in lieu of a formal hearing.

Ernest Rupp, Sturgis, Property Manager, Consent Agreement. Violation of 36-21A-71(1) and 36-21A-80 for failure to maintain trust account ledgers and reconcile/balance the trust account on a monthly basis. Administrative fine of \$500.

Mark Feichtner, Sioux Falls, Broker, Consent Agreement. Violation of 36-21A-71(1) and 36-21A-147 for failure to properly document agency relationship with client. Despite entering into a buyer agency agreement, Mr. Feichtner had the client sign the real estate relationship disclosure stating that he was not providing representation. Administrative fine of \$2000 and completion of the 15-hour Responsible Broker course and six hours of Agency.

Kristin Lowe, Rapid City, Broker Associate, Consent Agreement. Violations of the following: 36-21A-71(1),(3),(30),(31)&(32) for misrepresentation and failure to protect the interest of the client by witnessing/allowing an individual to sign the name of the client to checks and agreements without proper written authority to do so, failing to deal fairly with all parties to a transaction and committing any act constituting or demonstrating bad faith, incompetency or fraudulent dealings by failing to inform the other party in the transaction that someone other than the client had signed the documents presented, SDCL 36-21A-74 for failure to keep copies of agreements relating to any real estate transaction, SDCL 36-21A-136 for failure to perform duties and obligations owed to the buyer client and SDCL 36-21A-137 for disclosing confidential information regarding a client to another party without obtaining written consent from client. Suspension of license for two years, held in abeyance, provided the terms of the consent agreement are met; administrative fine of \$2500; completion of eight hours education in agency, eight hours education in contracts, and eight hours education in ethics.

Citations/Consent Agreements. The Commission established the Citation Program to diminish the number of license law violations, decrease time required to bring licensees into compliance and to recover costs involved when action is required.

The following individuals and/or firms have been issued citations. Each licensee/company has agreed to a Consent Agreement. Each Consent Agreement will include no less than a \$100.00 penalty and a specified time to comply with the requirement.

Failure to reconcile a trust account at least monthly (SDCL 36-21A-80):

Roger Chase, Huron, Broker

New Licenses

Broker Associate

Altmann, Tasha L – Harrisburg
Bedell, John C – Sioux Falls
Brooke, Brian M – Spearfish
Byington, Allison M – Sioux Falls
Crevier, Jacob A – Hurley
Ellingsen, Amber – Sioux Falls
Ferley, Ty M – Rapid City
Haala, Heather M – Sioux Falls
Harmon, Jr., Michael L – Rapid City
Hemmer, Britni L – Watertown
Koepsell, Loren G – Sioux Falls
Maas, LuAnn J- Yankton
Mauszycki, Mallory – Sioux Falls
Meyers, Cody J – Sioux Falls
Oakland, Justin R – Brandon
Reisenweber, Scott E – Sioux Falls
Segich, Brittany T – Sioux Falls
Streich, Tami J – Sioux Falls
Thiesse, David D – Vermillion
Trapp, Kelly M – Sioux Falls

Ballew, Kelly M – Sioux Falls
Bixler, Heather A – Sioux Falls
Brooke-Muhm, Kasondra M – Sioux Falls
Calmus, Mary – Sioux Falls
DeNeui, Brian L – Sioux Falls
Faulkner, Chris R – Piedmont
Gage, Cameron G – Worthing
Hanten, Mike L – Sioux Falls
Helder, Stacy R – Harrisburg
Kirschenman, Kari A – Sioux Falls
Kulesza, Mikala A – Rapid City
Maguire, Janelyn A – Kennebec
Menke, Paige E – Sioux Falls
Neumiller, Merlin – Spearfish
Rearick, R Russell – Rapid City
Schnabel, Kyla M – Sioux Falls
Smith, Timothy J – Brandon
Sundby, John D – Rapid City
Trana, John A – Sioux Falls
Vanthul, Jill – Rapid City

Broker

Bisanz, Thomas L – Frisco, TX
Phillips, Michael H – Pearland, TX
Schneider, Christopher B – Rocky River, OH
Talle, Janet M – Minnetonka, MN

Husman, Chad W – Aurelia, IA
Raml, Martin T – Scottsdale, AZ
Swanson, Charles L – Falcon Heights, MN
Wyatt Patrick – Colorado Springs, CO

Salesperson

Harper, Samuel A – Spencer, IA
LaRocque, Carrie – University Place, WA
Lefler Lamed, Vanessa – Sioux City, IA

Johnson, Daniel – St. Joseph, MO
Leary, James D – Edina, MN
Patterson, Teresa – Sioux City, IA

Residential Rental Agent

Bobby, Sr., Michael D – Aberdeen
Scherer, Sarah J – Spearfish
Ten Kley, Julie A – Sioux Falls
Vogel, Justin – Sioux Falls

Joyce, Bobbi J – Sioux Falls
Simon, Patricia J – Sioux Falls
TreeTop, Kali R – Eagle Butte
VonEye, Jacqueline - Ethan

Property Manager

Brooks, Cassandra – Rapid City
Heidebrink, Christine H – Hot Springs
Pyle, Kristina L – Sioux Falls

Fjeldos, Justin D – Brookings
Kuhn, Brinda – Rapid City
VanLeirsburg, April C – Sioux Falls

Home Inspector

Earl, John “Jack” E – Mitchell
Hipple, Terry J – Rapid City
Thormodsgard, Ryan W – Sioux Falls

Heckel, Thomas J – Sioux Falls
Murphy, Thomas J – Sioux Falls

Timeshare Agent

Kruckenberger, LaMar J – Mandan, ND

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Appraiser Update

New Licensees – March/April/May 2014

Tiffany J. Barrs Kane, State-Certified Residential – Sioux City, IA
Stephen V. Gleason, State-Certified General – Casper, WY
Deborah A. Gillihan, State-Certified General – Casper, WY
Sara E. Olson, State-Certified General – Fort Collins, CO

Review of Cases – January 1 through May 19, 2014

For the period January 1, 2014 through May 19, 2014, the Department has initiated four complaint investigations, four upgrades cases and two new applicants claiming experience cases.

Complaints – two closed, two pending.

Upgrades – two closed, two pending.

New With Experience – one closed, one pending.

Continuing Education Requirements

7-Hour National USPAP Update Course

In order to renew a state-registered, state-licensed, state-certified residential or state-certified general certificate in 2015 the applicant for renewal must successfully complete the most current edition of the 7-hour National USPAP Update Course by June 30, 2014. [ARSD 20:14:13:01]

Duplication Not Allowed

An applicant for renewal may not receive credit for completion of the same continuing education offering within an appraiser's continuing education reporting period. [ARSD 20:14:13:01]

Continuing Education Not Required

Continuing education is not required if an appraiser's certificate was issued on or after March 30, 2015. This applies to new applicants only and not to applicants that have been issued an upgrade of a license or certificate. [ARSD 20:14:13:01.01(1)]

Partial Continuing Education Requirement

An appraiser is only required to complete fourteen (14) hours of continuing education if the appraiser's certificate was issued on or after October 1, 2014 and prior to March 30, 2015. This applies to new applicants only and not to applicants that have been issued an upgrade of a license or certificate. [ARSD 20:14:13:02.02]

Deadline Approaching For Applicants Upgrading Or New Claiming Experience Under Current Criteria

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.

General Education Requirements Effective July 1, 2014

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.)

Applicants for state-certified residential and state-certified general appraiser certificate must hold a Bachelor's degree, or higher from an accredited college or university.

Important Information for Supervisory Appraisers and Candidates for State-Registered Appraiser Classification

Supervisory appraisers must complete the Department's mandatory Training Course for Supervisory Appraisers and State-Registered Appraisers prior to beginning supervision of a state-registered appraiser.

Candidates for the State-Registered Appraiser classification must complete the Training Course prior to the issuance of a State-Registered Appraiser credential and before supervision begins.

Two Types of Appraisal Reports

*(Reprinted courtesy of the Kentucky Real Estate Appraisers Board)
By Larry Disney, Executive Director*

The 2014-2015 edition of USPAP identifies two written appraisal report types, 1) Appraisal Report, and 2) Restricted Appraisal Report.

Although many of the Kentucky licensed and certified appraisers have completed the 2014-2015 USPAP 7-hour Update Course, the questions presented to the board office, and the issues found in complaint files, lead the staff and board members to conclude that confusion still exists pertaining to the depth of information that is required when a pre-printed appraisal report form is used to convey the assignment results for both residential and general property appraisal reports.

Currently many of the pre-printed forms require a box be checked for purposes of satisfying the existence of certain information having been analyzed and developed. However, if the report is identified as an Appraisal Report, the contents must comply with Standards Rule 2-2(a)(i)-(xii), specifically the following, which requires the reported assignment results to not only be stated but also be summarized:

SR 2-2(a)(iii)

summarized information sufficient to identify the real estate involved in the appraisal, including the physical, legal and economic property characteristics relevant to the assignment; [See Advisory Opinion 2, Inspection of Subject Property, and Advisory Opinion 23, Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment.]

SR 2-2(a)(vii)

summarize the scope of work used to develop the appraisal; [See Advisory Opinion 28, Scope of Work Decision, Performance, and Disclosure, and Advisory Opinion 29, An Acceptable Scope of Work.

SR 2-2(a)(viii)

Summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;

SR 2-2(a)(x)

when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion;

The comments included with Standards Rule 2-2(a)(i)-(xii) are also a binding part of USPAP. In addition to the above requirements, some of the comments also include a requirement to summarize support for assignment results. Each appraiser is responsible for reading, understanding, and complying with all requirements of USPAP.

Anyone who has questions or require additional information is asked to contact the Kentucky Real Estate Appraisers Board Office.

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