

June 4, 2016

The Honorable Nikki R. Haley
Governor, State of South Carolina
State House, First Floor
West Wing, 1205 Pendleton Street
Columbia, SC 29201

Re: H5023 – Appraisals and Evaluations Conducted by State-Chartered Banks

Dear Governor Haley,

On behalf of the South Carolina Bankers Association (SCBA) I write to ask you to sign into law H5023, a bill that establishes parity for state-chartered banks with nationally-chartered banks concerning bank employees that are not licensed appraisers conducting evaluations of real property to the extent allowed by federal law.

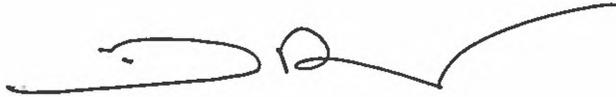
South Carolina law (S.C. Code § 40-60-30) requires that all individuals conducting appraisal activity, including evaluations, to be licensed by the South Carolina Real Estate Appraisers Board. However, in 2010 the federal banking regulators (the OCC, FDIC, the Office of Thrift Supervision, the Federal Reserve and the National Credit Union Administration) adopted new regulations, commonly known as the Interagency Appraisal and Evaluation Guidelines, which allow financial institutions to conduct evaluations in limited circumstances instead of appraisals. Thus, under the federal law, someone that is not a licensed appraiser could conduct an evaluation in certain situations. The purpose for this change was to allow more flexibility for financial institutions for certain transactions. This flexibility is a cost-saving not only to the bank but also the borrower. Nonetheless this created a conflict between federal and state law.

Since state law still required a licensed appraiser in all circumstances, state-chartered banks were required to continue to use licensed appraisers for appraisals and evaluations; yet, nationally-chartered banks were not required to do so as the federal regulations preempted the state requirements due to the National Bank Act to the extent there was a conflict. This created a disparity that placed additional requirements and costs on state banks in many real estate transactions that national banks did not have to follow and put state banks at a competitive disadvantage to national banks in South Carolina.

SCBA brought this disparity to the attention of the South Carolina Real Estate Appraisers Board in 2013 as part of Governor Haley's initiative for her cabinet agencies to review statutes and regulations that were a burden on businesses. Over the last few years SCBA worked with the Appraisers Board and reached an agreement to adopt an exception to S.C. Code § 40-60-30 that would be similar to the approach adopted in North Carolina. This would allow state banks to do what national banks could - but still would have to follow federal regulations. SCBA also brought this issue to the attention of the State Board of Financial Institutions and the Board also supported our efforts and urged that we work with the Appraisers Board. H5023 represents the agreement reached by SCBA with the Appraisers Board.

SCBA kindly requests your signature to this bill that will bring parity between state and national banks. H5023 is also supported by the Mortgage Bankers of the Carolinas and Carolinas Credit Union League. Please let me know if you have questions.

With kind regards,

A handwritten signature in black ink, appearing to read 'A. O'Neil Rashley, Jr.', with a long, sweeping underline that extends to the right.

A. O'Neil Rashley, Jr.
Senior Vice President and Counsel