

# IllinoisAppraiser

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## CE Audit – Matrix Reloaded

Now that the renewal is over we are preparing for the CE audit.

Here's what the ASC's Policy Statement 10 states about such audits:

*The State must audit the continuing education-related affidavit for each certified appraiser selected in the sampling procedure. The following minimum standards apply to these audits:*

*Each affidavit audit must be completed within 60 days from the date the renewed credential is issued;*

*The State must determine that the education courses claimed conform to AQB Criteria, and that the appraiser successfully completed each course;*

Illinois runs a thorough audit. Last year dozens of licensees were fined AND suspended for failing to complete CE when they indicated that they were current.

The Board created a **matrix** of disciplines for the 2007 CE audit.

It's a fair bet that the same **matrix** will be used for this year's audit.

An appraiser taking 28 hours of CE can reasonably expect to spend between \$450 & \$700 for all required course work.

### The Board's Matrix:

If you missed between 1 and 7 hours of CE; you'd end up with a \$100 per hour-missed fine. If you missed 8 to 14 hours then the fine jumped to

\$150 per hour. If you missed 15 to 21 hours, you'd be looking at a \$200 per hour fine. Finally, if you missed 22 to 28 hours the fine would spike to \$250 per hour.

Also, for every CE hour missed; you'd be suspended for a week.

An appraiser missing 7 hours of CE would face a \$700 fine plus 7 weeks of suspension.

If an appraiser just didn't take anything during a renewal cycle and claimed that they completed everything; and there were cases of that in the last go around...they would face a 28 week suspension and a staggering fine of \$7,000.

Keep your course certificates available.



## USPAP Update On-Line

This was the first renewal period whereby licensees could take ALL of their CE on-line...including the 7 hour National USPAP Update.

The ban on taking USPAP on-line was

stricken from the **Administrative Rules** this year. Course providers were notified by mail. This prompted a number of them rushing through an on-line version of the 7-hour USPAP course.

I receive calls asking if appraisers are allowed to take the 15-hour USPAP on-line. That has *always* been permitted.

Remember...we're already in the 2011 renewal period.

## Appraisals for Divorce – It’s Not Filler Work

*“The inherent risk of providing litigation support is that you stand a pretty fair chance of either being deposed or called to testify at a trial.”*

Before I became the state’s Appraisal Coordinator, I focused on appraisals for marital dissolutions. I did work for dozens of law firms for many years.

Of the 300+ complaints that I’m working on, some of the most problematic reports I see are private assignments done for purposes of divorce.

The most obvious problem that I see is format. Inevitably an appraiser has decided that the URAR is the hammer for all nails. Purchases, refinances, estates, and divorces.

Wrong.

The URAR is never to be used for anything other than its intended purpose; mortgage finance transactions. Period.

Not for estates and certainly not for divorces.

I’m also stunned to learn that even after agreeing to do an appraisal report for divorce...the appraiser is surprised when they’re called in to testify.

*“I was told that I wouldn’t be called to testify.”*

The inherent risk of providing litigation support is that you stand a pretty fair chance of either being deposed or called to testify at a trial.

Too many appraisers offer divorce work as a service to clients when they have absolutely no intention of testifying.

I promise you...divorce work is not for the squeamish...the unsure...or the equivocators amongst appraisers.

This is by no means “*filler work*” in between refi booms”.

To be a capable appraiser in a courtroom setting

means that you need to be able to explain what you do...clearly.

Of course, there will be times when some lawyer will hire you to appraise the marital residence. You’ll put it on the old URAR form...just like always. You’ll toss in some boilerplate stuff about electronic signatures and make “*token*” adjustments for this or that...and never hear from her again.

But there’s always a chance that eight months later you’ll be subpoenaed for a deposition. You’ll be instructed to bring in your workfile. They’ll ask you about your three comps plus the other six you didn’t use...and didn’t even think about. You’ll answer questions for four hours and get a check for \$23 for your trouble.

Just be ready.

## Better Late Than Never; Not Really

September 30<sup>th</sup> rolled by and you *still* hadn’t finished your CE. Maybe you racked up 14 out of 28 hours. Maybe you’ll take a class in November...maybe December...when it’s slow.

You didn’t even bother to send in your renewal at

all. Yet...you’re still out there doing lender appraisals and getting paid. You still sign the reports with your license number and even write in the expiration date of September 30, 2009.

So, what’s the harm?  
Who’s going to know?

If this sounds familiar; you’re in violation of the Act and are heading for disaster.

Think carefully about practicing on a dormant license. You *will* be discovered by the audit.

## Signature Sharing

Appraiser “A” has discovered that he’s on everybody’s **blacklist**. He can’t get approved to do work for any of the big player lenders due to quality issues. Any report with his signature on it is now an automatic reject.

Now what?

He contacts another appraiser...a family member...a friend...he

may even contract with someone else.

The agreement: Appraiser “B” agrees to let appraiser “A” use his signature because “B” is clean...for now. For his trouble, appraiser “B” will split the fee...or might agree to let “A” sign for any work for which “B” is **blacklisted**.

This is the essence of signature sharing.  
*Is it legal?*

Of course not. This is *fraud*.

Appraiser “B” isn’t co-signing “A’s” work. “B” is signing it as if he’s done the work – alone.

Be careful as to who has access and control over your digital signature.

Signature sharing will end up costing you more than you could ever imagine.

## Appraisal Unit – Complaint Intake

Over 700 letters were generated by the Appraisal Unit in 2008. I wrote every one of them, personally.

Letters ranged from Demands, Letters of Inquiry, Letters of Closure, AWL’s and everything in between.

The first time that a licensee learns of a complaint against their license is when they receive a Demand letter.

The Demand letter informs the licensee that a complaint has been received regarding a specific property address.

The Demand letter asserts no allegations or wrongdoing. It merely asks for a copy of the report or reports connected with

that address.

It may include a question or two that should be answered.

As an Illinois licensee you must submit whatever the department asks for. It is the equivalent of a subpoena.

You should follow the letter’s directions exactly as written.

Always refer to the Case number. Currently, such numbers are formatted as: 2009-00000. When January rolls around they’ll start with 2010.

The preferred method of receiving appraisals is via PDF. The State cannot open ACI or other proprietary software types.

### **Who Turned Me In?**

This is a common question. We do not divulge the origin of the complaint. In many cases, the appraiser can guess the identity of the complaining party. Because we take anonymous complaints; sometimes, even I don’t know the origin. But it shouldn’t matter. In the end, should a case get far enough along, it is the State that issues the formal complaint. No one else.

My job is to investigate complaints. I’m not trying to ruin your day or life. Nearly 70 cases were closed in 2008 with no action against an appraiser.

The important thing is not to panic.

*“You should follow the letter’s directions exactly as written.”*

## IllinoisAppraiser

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## Read the Fine Print in AMC Engagements

I used to work for a number of AMCs between 1990 and 2004. Some were good. Some were bad. The most important thing I can share is for you to read the fine print of your applications, contracts, and engagements.

Most AMCs provide lengthy contracts that eager, inexperienced, and hungry appraisers fail to read and understand. You need to be aware of the language used by their legal departments. Here are some actual snippets from applications:

*Appraiser further agrees to furnish (AMC) a current certificate of coverage for worker's compensation insurance in all states in which I conduct business. I acknowledge that this is a condition precedent to doing business with (AMC).*

*(AMC) reserves the right to unilaterally change the terms of the preferred appraisal program at anytime without prior notice.*

*(you will) comply with any personnel facility safety and security rules and regulations as implemented by (AMC) or its clients.*

*...(you) may be removed from (AMC's) approved*

*appraiser list for any reason without prior notification.*

*In the event that the principal named as the Appraiser will be absent from his/her primary place of business for any reason that will affect the Appraiser's performance hereunder, the Appraiser will promptly notify (AMC) of such absence.*

*(AMC) will pay a maximum trip fee of \$50 ONLY if a trip fee is paid to (AMC) from the lender.*

So, as an independent contractor one AMC demands that you furnish a certificate of Worker's Comp insurance. Why?

Another invokes the ability to alter the agreement without telling you.

Still, another wants you to follow personnel facility safety rules as they or their clients implement them.

*What?*

They have the ability to strike you from their panel for no reason and with no warning.

Even though you're self-employed; they want you to notify them if you decide to take a vacation. This is called the "Absence Clause".

*Excuse me?*

One will pay you a trip fee...but only if they get it from the lender.

*What if they don't ask?*

There's one that refers to the appraiser as a "bailee for hire". In legal parlance they're claiming ownership of the appraisal before you've even started the report.

These were from four, very large AMCs boasting of thousands of appraisers on their panels.

Is this the kind of agreement that you've signed?

You'd better read it again ...or maybe for the first time.

