

IllinoisAppraiser

INSIDE THIS ISSUE:

Assessor GLA	2
Waiver Valuations	3
USPAP On-Line	3
Identify the Client	4
Collection Tips	4

The Solid Wall of CE

Under the ASC's **Policy Statement 10**, each jurisdiction must audit compliance with regard to appraiser CE. This needs to be done within **60 days** of the end of the renewal.

Our renewal ended on September 30, 2009.

Again...the renewal **ENDED** on that date. Those who decided to "back-fill" their CE responsibility by taking classes AFTER September 30th only succeeded in getting a jump on the 2011 renewal.

When Licensing sends out deficiency letters; it is not a gentle reminder to go take something later.

It's over. You missed it. If you didn't finish all 28 hours (*including a 7-hour USPAP Update*)...then you have a problem.

September 30th is a solid wall that you cannot scale, evade, go around, or tunnel under.

As of this writing there were nearly fifty appraisers who, for one

reason or another...fell short.

If the cases that have been forwarded to prosecution end up with the Board's prescribed discipline; **IDFPR** will end up collecting somewhere north of **\$173,000** in fines, not to mention the multiple week suspensions that will be handed out.

A few missed as little as 2 hours. Some ignored all 28 hours.

Some appraisers figured CE acted like rollover minutes from a cell phone provider. If they took more than 28 hours for the 2007 renewal; then we should apply the extra to the 2009 renewal.

Nice try.

Some took the same class twice in the same renewal period.

Nice try.

Some think that any class taken anywhere for any reason qualifies.

Nice try.

Some complained that

they couldn't finish **all** of their CE in the last week.

Illinois gives you 104 weeks to finish. It's not our fault if you decide to cram it all inside the 104th week.

The stories and excuses ranged from the sublime to the ridiculous.

Some responses were defiant, funny, crazy, misguided...etc.

While I would love to note the particularly crazy ones here, unfortunately they're on their way to prosecution.

Having read so many...I have to admit, some were on par with **Joliet Jake's** pleading to his jilted girlfriend in the movie, **The Blues Brothers:**

"Honest... I ran out of gas. I, I had a flat tire. I didn't have enough money for cab fare. My tux didn't come back from the cleaners. An old friend came in from out of town. Someone stole my car. There was an earthquake. A terrible flood. Locusts. IT WASN'T MY FAULT!"



Assessor GLA – How Accurate?



“This is not to say that assessor square footage is always off or that appraiser-measured GLA is always right.”

Some years ago I was hired to appraise the home pictured above. As you can see, the footprint and roof cuts made measuring the building a challenge. The only thing that would've made it more difficult would've been bad weather. Luckily, it was a picture perfect day and the house was empty thanks to the “dot-bomb” entrepreneur who had abandoned it along with the sizeable mortgage.

Because it was empty, I had the run of the place. It had 13 rooms, 4 bedrooms, 2 full baths, and 2 half baths.

It took me about two hours to complete the rough sketch inside and another hour outside measuring the perimeter through prickly bushes and jutting evergreens.

When I completed the sketch in **Apex**, the GLA was **6,023** square feet. The Cook County assessor had it pegged at **5,038** square feet.

That's a difference of 985 square feet or 19.5%.

A significant difference.

Did I “over-measure”?

Was there an addition that the assessor wasn't aware of?

No, on both counts.

Is there an explanation as to why we were so far apart?

Probably. But I'll never know what that is. The point is, for whatever reason, the assessor's GLA was off by nearly 20%.

I spent three hours measuring this house so I tend to trust my skill over a simple tax print-out.

Illinois has 102 counties and 1,433 townships.

Many, if not most, have assessors not to mention assessor staff and contractors.

As in all professions, some are more accurate than others.

In Cook County, there are

more than 1.6 million parcels. The odds of each improvement being measured with dead-on accuracy is remote at best.

Yet, we still see appraisals where the appraiser nearly apologizes for not coming up to or down to the GLA that the local assessor has indicated.

This is not to say that assessor square footage is always off or that appraiser-measured GLA is always right.

The same can be said of commercial/industrial measurements.

Measuring improvements can be a time-consuming, painstaking process. It's definitely an important skill for an appraiser to have.

When complaints come to the **Appraisal Unit** one of the first things I do is check to see if the footprint of your sketch resembles the photo of the subject property.

Missing cantilevers, dormers, foundation bay windows all indicate a rushed or sloppy process.

Lastly, assessor GLA is always worthy of consideration; but don't always take it for gospel.

Waiver Valuations – USPAP Compliant?

The Illinois Department of Transportation lists amongst its family of forms and assignments, a **Waiver Valuation**.

In the interest of brevity I'll assume that those who utilize the form are already familiar with its use.

The question is whether the **IDOT** version of the Waiver Valuation complies with **USPAP**.

The easy answer is that only an appraiser can be compliant. Forms, in and of themselves cannot be.

What about the **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR part 24)**?

The **FHA (Federal Highway Administration)** holds that strict **USPAP** compliance is sidelined by a **Jurisdictional Exception**.

The **FHA** states the following:

"Appraisal standards under USPAP and the appraisal requirements being used on Federal projects need to be conformed to avoid conflicts. Implementing the appraisal waiver provision using non-appraisers is the preferred way to avoid a conflict. When States use appraisers to prepare waiver valuation reports, it dilutes the development process of both staff and fee appraisers. Appraisers generally cannot use work activities related to preparing waiver valuations as creditable service for maintaining or attaining certification."

However, the amended **Appraisers Act** that was signed in December has eliminated the possibility for unlicensed "staff" or

"contractors" to perform Waiver Valuations.

References to "non-complex" valuation and the "value is not expected to exceed \$10,000" does not relieve the appraiser from USPAP adherence.

49 CFR Part 24 is, as already covered in an **USPAP** FAQ, an assignment condition.

The assignment condition allows for a streamlined process but does NOT require it.

A true Jurisdictional Exception precludes **USPAP** as a requirement by law.

Currently, 47 states use a Waiver Valuation. About 18 of them use appraisers exclusively to complete them.

Looks like Illinois will make it number 19.

"An appraiser can make the Waiver Valuation USPAP compliant by the addition of appropriate language."

USPAP On-Line

In March of 2009, the Administrative Rules were amended.

Some of what was changed had to do with AQB criteria "clean-up" language.

One of the items changed was the prohibition on taking the 7-hour National **USPAP** Update on-line.

As of March 2009, a licensee could take **ALL**

of their appraisal CE on-line.

I sent letters alerting our **course providers** to this change. Many rushed through an on-line version of **USPAP** and then began peddling the new offering.

Personally, I prefer a classroom experience. So does your Board. But, there was the realization

that not everyone can easily find a "chair" in Illinois. We have appraisers located in areas far from classroom settings. Some would rather take an on-line course at night. Whatever learning format you prefer; **IDFPR** has responded to your professional needs.

IllinoisAppraiser

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Identify the Client by Name...Gone!

When the amended Act was signed on December 23, 2009, we said good-bye to one of the most contentious requirements in the country.

Identifying the individual who ordered the appraisal, by name.

It wasn't a popular requirement, to say the least.

Appraisers hated it. AMCs hated it. Lenders hated it. Nearly everyone found it pointless...including myself.

So...by popular demand, it was "*repealed*". You won't find it in the amended Act with a line

through it. It's just...gone.

Why was it put there in the first place?

The original intent was to help track down unscrupulous loan originators who were forcing appraisers to do bad things.

As with some things that get put into law: It seemed like a good idea at the time.

When it was debated and written, automatic ordering or "*team*" ordering wasn't on anyone's radar.

Appraisals were considered to be things ordered over the

telephone or faxed by processors and loan officers.

Also, the forms back then had no specific place to put the ordering person's name.

The idea wasn't a bad one; just a little bit ahead of its time.

The signature page of most forms now provides a space for that information. However, appraisers are still loathe to place anything there.

In any event, that particular law is gone and soon to be forgotten.

Collection Tips

Although the **Appraisal Unit** cannot help appraisers collect fees from lender clients, private individuals, and other appraisers, there are some things you can do to make debt collection easier.

Know your client. I can't begin to tell you how many times I've heard of an appraiser extending credit to a stranger who never paid.

Use a simple Letter of Engagement. These are very helpful in working with one-and-done clients.

Time your report delivery. It's just common sense not to deliver goods before the check clears.

Stop extending credit to slow-pay/no-pay clients. That speaks for itself.

Cash doesn't bounce. Not yet, anyway.

Years ago a loan officer said this to the appraiser that I worked for:

"You're not going to charge me for that appraisal are you?"

To which my supervisor stated in a matter-of-fact way:

"Of course I am. This is how I feed my family."

Appraisers need to think in those exact terms.

There's no such thing as a free lunch...the same should be said of appraisal work.

