

IllinoisAppraiser

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The Big Drop - 2009 Renewal

The numbers are in and as a result of the perfect storm of 2008 AQB requirement changes, a grim real estate market, and a paradigm shift in the way residential appraisals are ordered has resulted in a drop of licensees.

Looking back to June of this year there were 1,340 Certified Generals. That number has fallen by 140 or 10.45%. The Certified Residential numbers in June were 3,372. Those have declined by 569 or 16.87%. By far, the biggest drop came at the expense of Associates. In June there were 1,305. By the end of renewal that number had plummeted by 58.77% to 538.

In total 1,476 licensees didn't bother renewing. That's 25% over all.



What the figures do not show are the number of appraisers who've opted to renew but aren't really actively engaged in appraising anymore. For many, especially associates, there isn't enough work to sustain a career. Many are already working other jobs in other fields in hopes that eventually, the market will heat up again.

In the coming months we will release a county-by-county breakdown of where the licensees are located.



But...I Don't Want to Lose My License

I received a number of calls and e-mails telling me how difficult it was going to be to send in a \$500 renewal fee when business was so bad.

Illinois law allows you two years (*one cycle*) in

which to renew. The late fee is only \$50. So, you can sit it out until 2011 without starting over so long as you keep up with your CE for *both* cycles (28 hours of CE for each cycle) and pay the

license fee as well as the \$50 late fee.

Just Shoot Them

“Such downloads are misleading and will result in a discipline.”

Lately we've been seeing residential complaints coming in whereby the appraiser has downloaded comparable sales images from the **Cook County Assessor** website. This typically happens when MLS images are unavailable to download. Keep in mind that the images from the assessor's website are in most cases, almost a decade old. Ask yourself, how does the image of a residence photographed in 2000 reflect the comparable sale for your current assignment?

It doesn't.

Such downloads are misleading and will result in a discipline.

What about downloaded MLS images?

Here's the representative canned statement that we see:

“Comparable images have been downloaded from the MLS. The photographs more accurately depict their appearance at the time of sale.”

The Appraisal Unit has investigated a number of cases where the MLS image downloaded into an appraisal was incorrect. We've seen this done in Chicago, Decatur, Rockford and Belleville. Appraisers blame the MLS, their office help, their camera, the appraisal software...and the man on the moon ...but the fact is, this is YOUR responsibility to

make certain that the images are true and correct.

How can an appraiser possibly offer the argument that they didn't notice that the image they downloaded wasn't the property they swore that they viewed from the street?

We all know the answer to that.

If you aren't really driving the comparables...and you download the wrong image...you will face a serious discipline.

Just shoot them.



Appraisal Myth Busting

We're going to try to put an end to the crazy myths that seem to permeate the profession.

My personal favorite:

No taking comp photos with people in them.

This is a classic myth that

still gets mileage with underwriters.

Its origin is in some mythical “fair housing” law.

There is NO such prohibition and never was. Even HUD has been stymied by the fact that so

many in the lending profession really think it's been a law since 1968.

Not even close.

So, unless you feel like clearing the streets like a movie director...go ahead and take your pictures Everybody SMILE!

Mandatory With an Asterisk*

When Governor Quinn signs the new law there will be a significant change to the playing field.

Illinois will become a mandatory state...sort of.

In particular, unlicensed individuals who only provided non-FRT appraisals will need to be licensed to perform those same assignments.

This means that those who worked on estates, divorces, undivided partial interest assignments, QPRTs, or anything not covered by the exemptions, will need to be licensed.

In some cases, individuals who've been appraising for over 30 and 40 years will need to get an Associate (557) in order keep working. They'll also

need to have a superior credentialed supervisor sign off on all of their work.

While mandatory licensing won't solve all of the profession's problems; it's a start.

What Trainees Need to Know

So you've passed the state exam and now you're in possession of your very own state license.

Now what?

As an Associate or an Associate Trainee you cannot sign any real estate appraisal report without a superior credentialed supervisor. It doesn't matter if it's a federally related transaction (**FRT**) or not. You **MUST** have a suitable co-signer. This also includes any "practice" reports you create. Associates cannot be self-taught.

Find a mentor; not just someone to sign your reports. The license that has been issued allows

you to *begin* to learn appraisal. A mentor teaches. The key to succeeding in the profession is learning; not just marking boxes and pasting boilerplate language into reports.

Give yourself time. It takes roughly *five years* of full-time appraising in order to be considered proficient. This timeline varies from person to person and doesn't account for those who focus strictly on one property type.

Gain experience, not just addresses for your log. When you're finally ready to upgrade you'll be required to submit work from your log. Keep in mind that ALL of the work that you log must be

USPAP compliant.

Make certain that your "significant contribution" to appraisals that you do not sign, is specific as to what you did. It is not the Appraisal Board's responsibility to figure out what you might have done in an appraisal that you did not sign.

Protect your signature. Make certain that you have safeguards in place for protecting your digital signature while working for someone else. When you leave one supervisor for another, make certain that no one at your former workplace can keep affixing your name to assignments.

"It takes roughly five years of full-time appraising in order to be considered proficient."

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This is the first newsletter that the state has produced in many years. We hope to expand the topics as well as readership. Future issues will address commercial property issues, preliminary and draft reports, proposed rule changes, HVCC, out-of-state reviewers, underwriter stipulations, and AMCs.

Hopefully we'll be able to coax an article or two from our Appraisal Board members.

The CE audit begins in December. Make certain that you have copies of your course certificates in your possession. Those are the only *official* record of your attendance. You will need to submit them if called upon to do so as result of the CE audit.

Appraisal Board meetings are generally held on the second Tuesday of every month.

Appraisal questions are generally fielded through me via e-mail. I respond to e-mail faster than I do to phone calls.

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Check out the Appraisal Unit's web

www.idfpr.DPRcom//RE/APPRAISAL.asp

Complaint Trends

The Appraisal Unit has **315** Open Cases as of this writing. While J.P. Morgan-Chase remains far and away, the leading Complainant...the next most active group are consumers.

Most of the consumer complaints involve poor customer relations.

For instance:

An appraiser completes a residential report for refinance that has a number of factual errors. The GLA is way off. The sketch doesn't capture the bay windows. The bath count is off. The bedroom count is off. The

consumer contacts the appraiser and explains about the errors that they've found. The appraiser tells them, "I'm sorry. There's nothing I can do about it, now."

Bad answer.

The Unit has at least six active complaints whereby the appraiser received a fee and delivered no report. Ever.

So that we're all clear; IDFPR is focused on consumer protection. As an extension, so is the Appraisal Board. Appraisers who accept fees for no completed work are subject to an

Ethics and professional conduct charge. While it is not within our purview to make consumers whole through restitution, the Department sees no difficulty in issuing fines and suspensions for such activity.

Please be mindful of your duty to the public.

The purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers.