

IllinoisAppraiser

Number Crunching Illinois

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Illinois is an appraisal dichotomy.

Cook County, where Chicago is located, has more appraisers than half of the other states and jurisdictions.

The county falls somewhere between Utah and Louisiana as to certified appraiser population.

Louisiana is fifty-five times the size of Cook County while Utah is nearly ninety times Cook in square miles.

Outside of the 945 square miles that is Cook County, the numbers are far less robust.

Of particular interest are the 35 counties in the southernmost portion of our state.

Arbitrarily to some degree, I decided to analyze the appraiser population in the least populated region.



I deliberately avoided counties nearer to St. Louis so as to focus on the rural nature of the profession.

Counties included, Randolph, Wash-

ington, Clinton, Bond, Montgomery, Shelby, Cumberland and Clark as well as everything south to Massac and Alexander.

Macoupin, Madison, St. Clair, Monroe and counties west and north were excluded from the analysis.

Whereas Cook County has one appraiser for every 3/4 of a mile, the 35 southernmost counties have one appraiser for every 111 square miles.

Hence the dichotomy.

The nature of the southern Illinois markets are vastly different compared to metro-St. Louis and even the Springfield/Decatur markets of central Illinois.

Communities are smaller in size and are more heavily influenced by surrounding agricultural, mining and recreational areas.

Is southern Illinois underserved by the appraisal profession?

We all know that our profession is graying. I was 21 when I started appraising back in 1980.

I was considered a *baby* back then.

At 56, I'm equal with the median age of Southern Illinois appraisers.

Men average 58 years of age.

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Number Crunching Illinois



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Women average 53.

The oldest certified appraiser is 94. The youngest is 31.

This means that almost *no one* is exiting college and entering the profession directly.

There are 110 male appraisers in the 35 counties while there are 47 women.

We do not track race or ethnicity. But I can state with some confidence that the appraisal profession still has

very few minority licensees.

Of the Certified General appraisers in the 35 counties, 46 are men, 11 are women.

There are 64 male, Certified Residential

appraisers and 36 females.

Most distressing are the number of trainees in the 35 counties.

There are only 30 trainees.

Most of them are related to their supervisor.

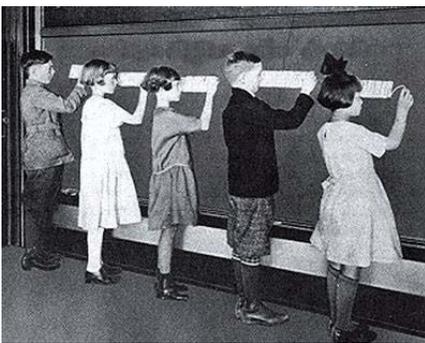
IDFPR doesn't track an appraiser's book of business, specialties, designations, affiliations or even if they're actively appraising.

Is the profession in danger of disappearing?

No one can say for certain but the numbers certainly point to a moribund profession.

I think it's important to put a light on who we are and where the profession might be headed.

Getting Testy



Our exam provider, AMP made a presentation to your Appraisal Board at the August meeting.

Over time, the Department and the Board began to notice the erosion of the "pass rates" for applicants.

While there's nothing we can do about the National Exam pass rates or whether there is a disconnect between QE and the exam, we can certainly revisit the Associate Real Estate Trainee exam.

Without getting too deep into "cut scores" and "stems", suffice it to say that Illinois will be working with the

other states that offer a trainee exam to see if the test can be improved.

It troubles everyone that pass rates remain at 44% to 45%.

The article on page 5, **The Class of 2012**, illustrates how many trainees were issued in Illinois in 2012.

What is absent from that article is the fact that 238 individuals sat for that exam and only 128 trainee licenses were issued that year.

Is it the QE or the test?

The 30 Day Quick Sale

IllinoisAppraiser

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There are AMCs and lenders that require a 30 day quick sale on some of their transactions.

Somewhere near the end of a residential report, after an appraiser has communicated an "as is" or "as repaired" value, the client wants the appraiser to add a sentence or two stating what the property would be sold for inside an imaginary month of the effective date of value.

Typically, to many appraisers and clients, this is nothing more than a discount of the previously determined value.

Is it 10%, 25% or maybe 40% less than the "as is" value?

I used to get these requests from a handful of clients back in the 1980s and 1990s.

It didn't make any more sense then than it does now.

First, real estate is not a commodity that can be easily liquidated inside arbitrary time lines.

If it could, it wouldn't be real estate.

The nature of real property with all of its inherent risks, does not rise to the level of a table chip one can bring to a cashier's window of a casino.

In this *additional* assignment condition, the client is requesting a *meaningful* number that is somehow tied to the calendar.

It doesn't work that way. It never has.

In *theory*, appraisers should analyze sales of properties that have sold within 30 days of an *initial* listing and compare them to other similar properties that took longer.

Theoretically the "less than 30 day" transactions should yield an obvious discount that tells the client what they should expect to receive by month's end.

In reality there are no abundant, stratified markets that operate independent of each other.

Real property, especially distressed property, contain too many variables to isolate reliably.



Properties generally fail to sell for two main reasons:

- ⇒ Price
- ⇒ Condition

There are properties out there, and you've seen them, that some sellers can't give away.

Some properties languish on the market for years and years.

There was an old cinema on 103rd Street on Chicago's south side that

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The 30 Day Quick Sale

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went dark years before it was torn down. I'd drive by it on the way to other appraisals in the late 1990s. The marquee, sun bleached letters and all, was itself, a time capsule with the last film that ran there.

Fort Apache: The Bronx (1981)

Is deeper research the answer?

Of course.

A truly meaningful and properly supported 30 day quick sale would take much longer to produce than the original value.

Most clients are reticent to wait and to

pay extra when all they really want is a mathematical formula (*usually of their own invention*) applied to the final value estimate.

They are the ones who should apply this final number. But they won't.

They want you and your credential to supply it.

The question is, do you want to be responsible for the client's inability to consummate a 30-day quick sale based upon an *arbitrary* equation that you provided?

I suggest seeking guidance from your E&O provider as to what language they'd recommend.

Down to the Wire



Less than a month remains before the end of the renewal period.

Q: I need 28 hours of CE. Does the 7-hour USPAP Update count toward the 28 hours or is it in addition to the 28 hours?

A: It counts toward the 28.

Q: I took a CE course in Illinois but the provider is not licensed as such in Illinois. Will it count?

A: No. All in-state courses are licensed through licensed in-state providers. You cannot submit any CE taught inside Illinois on the Out-of-State CE Request form.

Q: I've been sidelined with an illness that prevents me from attending

classroom offerings. Can my CE be waived until I've recovered?

A: Illinois has no ability to waive the CE requirement. In order to continue to work beyond October you must renew. In order to renew you must have completed your CE obligation.

You can take all of your CE on-line.

If you're not able to work, you can certainly let the renewal lapse. You can renew late (October 1, 2015 until September 30, 2017) for a \$50 late fee.

Make sure that you're all caught up with your CE before applying to renew late. You don't want late renew in September of 2017 owing 56 hours of CE.

The Class of 2012

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In Illinois, we issue anywhere from 90 to 130 trainee credentials in a given calendar year.

Not everyone makes it to certified.

A trainee that was first issued in 2012, *in theory*, should have received their upgrade by now.

AQB Criteria requires no less than 24 or 30 months of “*experience time*” for the Certified Residential and Certified General credentials.

This means that even if a trainee was able to gather all of their experience inside the first 12 months, they still couldn’t upgrade until 24 or 30 months passed.

There are a lot of moving parts in an upgrade.

Applicants need to complete their QE in order to sit for the National Exam.

There are college requirements, applications, fees and their work needs to be reviewed by members of the Illinois Appraisal Board before being issued their certified credential.

In 2012 we issued 128 trainee credentials.

As of this writing only 21 were able to upgrade.

That’s 16%.

Six became Certified Generals and fifteen became Certified Residentials.

What happened to everyone else?

Drilling down into 2012 revealed that 75 are still active trainees.

That’s about 59% of the 2012 class.

The remaining 32 left the profession.

That’s 25%.

Will the 75 eventually become certified?

Some. Not most.

The longer it takes, the less likely a trainee will transition into a certified credential.

What’s the problem?

There’s a limited supervisor pool.

We only have about 400 supervisors in a state with over 4,000 certified appraisers.

The supervisors follow the same population patterns as the rest of the state.

There’s a big concentration in and around Chicago then a dramatic fall-off all the way to Massac County.

The average age of a trainee in this state is 42.

Ideally we should be at 67% transition from trainee to certified every year. We’ve never been that and we’ll never be that.

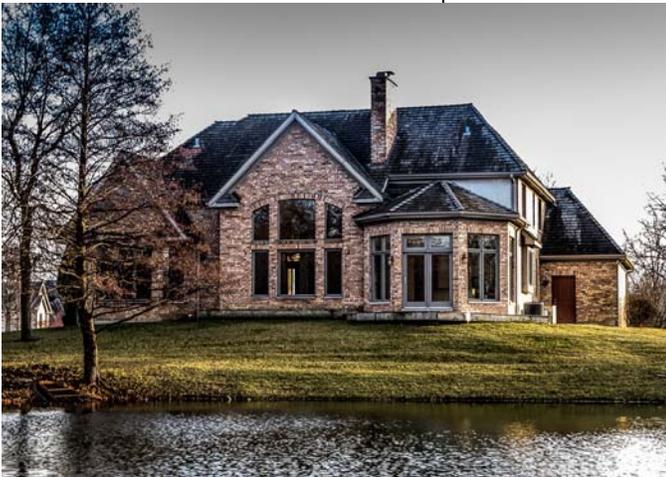
Geography and demographics conspire to suppress the numbers. All we can do is watch.



A Picture's Worth a Thousand EXIFs

There's no getting away with anything anymore.

AMCs, clients and state boards are increasingly more savvy when it comes to technology.



Consider that digital photo you took yesterday and embedded into your report. There's enough data in that image to tell someone where you were and when you were there.

Everyone is getting into the habit of asking for a downloaded image so that it

can be examined through an EXIF reader.

Did you really shoot that comp on Tuesday or a year ago?

EXIF?

EXIF is short for Exchangeable Image File. This is a formatting standard for storing interchange information in digital photography image files using JPEG compression.

Your camera as well as your smart phone store annotated image data such as shutter speed, exposure, camera settings, if a flash was used, date and time.

Some DSLRs and most, if not all smart phones with GPS capabilities can record your geolocation metadata.

My own phone allows me to set the geolocator to "always", "when using" or "never".

It was the first thing I did when I got it.

My Canon T3i did not come with a geotagger but many new DSLRs have them.

As a landscape photographer it would be great to see where someone else took a great photo.

As someone posting to social media, you might not want the world to know where you are at any given moment.

Especially your children.

As an appraiser caught up in litigation, you could save yourself from big problems by being able to verify whether any deferred maintenance existed at the time you were at a property.

Like everything else in our technological world, it's a dual-edged sword.

It can save you or hurt you.

There might be times when the Board will want to check the EXIF on your images.

