

Illinois Appraiser

That Looks Easy

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What exactly does the Illinois **Real Estate Appraisal Administration and Disciplinary Board** do?

Let's see. They meet once per month, share a box of Dunkin' Donuts coffee, go over Department license and prosecution numbers, go in and out of closed session...then call it a day.

Right?

Education—

The Board has reviewed nearly 50 courses in the first four meetings of 2014. In that mix were 31 CE offerings and a dozen QE offerings that were approved. A few courses needed fixes and amendments prior to being approved.

Courses are reviewed by individual Board Members accessing on-line submissions, sitting through hours of CD manuals, flashdrive PowerPoints and myriad outlines.

The Board makes certain that what is taught is meaningful to the profession. In Illinois.

Upgrading—

Despite the challenges for trainees and the headwinds facing the profession, the Board was able to approve 40 upgrades since January. Most were Certified Generals with 23 approvals after Log submissions. This means that more than 120 appraisals were reviewed in depth, by Board Members since December of 2013.

Everything from routine form reports on manufactured housing in Little Egypt to hog facilities to condotels are reviewed by the Board.

Remember, it isn't just Illinois property that is the subject of a report. Assignments cover the entire country as do applicants.

Probable Cause Committee—

Volunteer members from the Board scan new appraisal complaints to see if they have enough merit to be moved on to investigation or closed. Typically this is accomplished *before* or *after* a Board meeting. While Board meetings in Chicago start at 10AM, the Probable

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Left to Right: Board Members Joel Ward, LeeAnn Moss, Maureen Sweeney and David DuBois.



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Cause Committee gathers at 9AM to begin their work. It typically takes three of them to scan new cases all the up until the Board meeting commences.

Some cases are returned for clarification to the Complainant. Some are closed because there are no substantive issues.

The rest are transferred to Investigations.

Historically, about 15% to 25% of new cases are dismissed by the Probable Cause Committee.

Settlement Conferences—

Once or twice per month, volunteers from the Board participate in what has been called an *informal hearing*.

Rather than clog our administrative court system with an endless parade formal hearings where lawyers on both sides of a case make their arguments, the settlement conference is a vehicle by which all parties have an opportunity to arrive at a reasonable solution to an issue.



Settlement conferences can end up in dismissals, warnings, education sanctions or even suspensions and revocations.

Conference days for Board members typically run from 9AM to 3PM or longer.

Formal Hearings—

From time-to-time the Department has cases where the parties cannot come to an agreement regarding enforcement issues.

These issues result in a trial. Evidence is presented by the Department as well as opposing counsel. An ALJ (*Administrative Law Judge*) presides over the proceedings and one or more Board members may attend the hearing seated next to the ALJ.

The Board is not a jury pool. The Board is more *quasi-judicial* in that they will all read the transcripts from the trial as well as the ALJ's recommendations.

The entire Board will, in closed session, offer their own recommendation to the Director as to what should be the result. They may concur or differ from the ALJ's conclusion.

The point of this article is to illustrate how much work your Board does in the course of their unpaid tenure.

This is not some blue-ribbon panel that shows up for a couple of hours, once per month to swill coffee.

They just make it look easy.

Judge Dread

Anyone who appraises real property long enough stands a decent chance of being swept up in a divorce.

Someone else's.

There you are, minding your own business...opening the snail mail in hopes that your clients have finally sent those checks when...

A subpoena pops out accompanied by a check for some *chump-change* amount.

What you discover is a subpoena originating from a law firm you never heard of...about a couple getting divorced whose name is unfamiliar...but the property address looks *vaguely* familiar.

Of course!

"This is all confidential information...I can't talk about this appraisal even if they waterboard me!"

Here's what USPAP states:

Confidentiality:

An appraiser must protect the confidential nature of the appraiser-client relationship.

An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.

An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment.

An appraiser must not disclose: (1) confidential information; or (2) assignment results to anyone other than:

- *the client;*
- *persons specifically authorized by the client;*
- *state appraiser regulatory agencies;*
- *third parties as may be authorized by due process of law; or*
- *a duly authorized professional peer review committee except when such disclosure to a committee would violate applicable law or regulation.*

There it is. **Due process of law.**

That's what a subpoena falls under within USPAP.

As to how relevant a 2012 report completed for a refinance might be in a marital dissolution in 2014 is fodder for another article.



You appraised this house in 2012...for a *refi*. But now some strange lawyer wants you to bring this dusty *refi* report to court with you...next Tuesday!

Upon receiving a subpoena the natural *first* reaction for many appraisers

is similar to finding out that they have a rare and fatal disease.

"Why me?"

After the initial panic subsides some appraisers get all **USPAPpy**.

"I'm not going to respond to this! Neither the lawyer nor the divorcing couple were my client!"

Going Solo

Trainee
Residential
General

New Credentials in 2014

Certified Residential	17
Certified General	35

I get a lot of questions from trainees who are anxious to go solo on an assignment.

They've been working for a year or more under their supervisor and they feel that they're ready to go it alone...if only for a private transaction.

May an Associate Real Estate Trainee Appraiser knock out a private GPAR without their supervisor counter-signing it?

Absolutely not.

Regardless of your own learning curve, all Illinois trainee appraisers must have their supervisor's signature on every assignment.

From the Act:

Associate Real Estate Trainee Appraiser means an entry-level appraiser who holds a license of this classification under this Act with restrictions as to the scope of practice in accordance with this Act.

An associate real estate trainee appraiser is limited in his or her scope of practice in all transactions in accordance with the provisions of USPAP, this Act, and the rules adopted pursuant to this Act.

In addition, an associate real estate trainee

*appraiser shall be required to have a State certified general real estate appraiser or State certified residential real estate appraiser who holds a valid license under this Act to **co-sign all appraisal reports.***

It's only natural to want to show your supervisor that you feel confident enough to go it alone on an assignment.

Depending upon when someone was first issued a trainee credential, most trainees are ready to inspect a property alone (*unless a client requires the supervisor to accompany the trainee or the trainee is utilizing the First500 form*).

The biggest challenge for trainees all over the country is whether they can sign a report at all...much less alone.

What if all of your experience is done and you're scheduled to sit for the certified exam next week?

You'll still need to be patient.

Whether you're at the front end of an appraisal career or on the cusp of certification, you still need a co-signer.

Don't rush the process, focus on learning when an appraisal is truly ready to be signed.

Credential	March 2014	April 2014
Associate Real Estate Trainee Appraiser	503	505
Certified Residential Appraiser	2,433	2,441
Certified General Appraiser	1,411	1,432
Total	4,347	4,378

Rules of Engagement



Recently a particular engagement letter format has been circulating amongst residential appraisers from several nationally chartered banks.

Aside from the usual *intended use* and *exposure time* boilerplate requirements there are several new problematic inclusions.

Personal Property—

All personal property transferring in a purchase transaction must be described in the appraisal whether or not it was listed in the sales contract.

Any client is free to ask for a shopping list of *tcho tchkes*, but if an appraiser is appraising an abandoned residence with piles of junk laying everywhere... they couldn't afford my time to sift through it all like in an episode of **Storage Wars**.

Personal property, if it has any value in Illinois, is dealt with through a bill of sale.

If sales without personal property aren't available, appraiser should make negative adjustments to sales for value of items included in each. If personal property has value to (a) typical purchaser, appraised value should be reconciled below actual sale price. It is not acceptable for appraisers to simply state that fully furnished units are common for the area without adjusting for the personal property.

The only time I ever had to back-out personal property in a residential appraisal was in 1987 when a builder sold a fully furnished model home.

For a bank, *any* bank to insist that an adjustment *must* be made, even when the market won't support it...is something the FDIC needs to examine with that bank.

Utilities—

Check utilities during inspection and comment whether or not ALL utilities were operable during the time of inspection, including electricity and water.

Unless you have an active, Illinois Home Inspection license...you're not checking to see if anything is operable.

Not to mention the epic liability you'll face if you damage any system that you're "checking".

Fair warning.

Permits—

Any additions (to the improvement) must be described. If they are permitted, they are to be included in the GLA. If they are not permitted, the appraiser must address whether they impact the property's legality under the zoning and quality of construction.

Most appraisers aren't lawyers.

I don't know. A \$350 fee doesn't seem to be enough to justify having an appraisal license, home inspection license, and a law license.

Maybe I'm just out of touch with the market.

Sounds like these banks are.

