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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 17, 2002

Patrick Brady, Deputy Commissioner
Illinois Office of Banks and Real Estate
Real Estate Appraisal Administration
310 S. Michigan Avenue, Suite 2130
Chicago, IL 60604-4278

Dear Mr. Brady:

Thank you for your cooperation and your staff's assistance in the November 27-30, 2001 and April 9-10, 2002 Appraisal Subcommittee ("ASC") review of Illinois' real estate appraiser regulatory program ("Program"). Our review revealed that your Program has improved, but still has areas that need attention.

- **Complaint Investigation and Resolution**

We were unable to reconcile the exact number of complaints received and processed by the Office of Banks and Real Estate ("OBRE"). OBRE provided two complaint logs. One listed complaints received in 2000 and 2001; the other listed complaints received prior to 2000. The log listing complaints received prior to 2000 was difficult to understand and contained what appeared to be duplicate records. The log did not contain complete information about the complaints. As a result, we were unable to determine whether certain complaints were open or closed. The 2000/2001 complaint log information was better formatted, more complete, and easier to understand.

Based on information provided on the complaint logs and information provided in the Board meeting minutes, it appears that OBRE resolved between 500 and 800 cases in the 27-month period from January 1, 2000 through March 31, 2002. We need to be able to accurately determine the number of complaints received and how they were concluded. Accurate disciplinary action information is essential to ensure the integrity of the National Registry.

We reviewed a sampling of complaints received in 2000 and 2001. Some files lacked sufficient documentation for us to determine how each complaint was processed. Some files did not contain adequate documentation to support the conclusions listed on the complaint log. In some cases, serious violations of USPAP appeared to be overlooked.

Within 60 days of the date of this letter, OBRE needs to:

- Provide the ASC an accurate, up-to-date complaint log listing all complaints received since the beginning of the Program. This listing needs to include, at a minimum, the complaint number, appraiser's name, date the complaint was received, the complaint's current status, date of final action, and what final action was taken to close the case (including an index identifying any codes or abbreviations used in the listing); and

- Ensure that there is sufficient documentation in each file to support the conclusion reached and action taken for that complaint.

- **Appraiser Credential Renewals**

On occasion, OBRE approved renewal applications when the appraiser did not have adequate continuing education. We noted 13 renewals where applicants did not have the required Appraiser Qualifications Board (“AQB”) continuing education hours. These appraisers were required to sign Consent to Administrative Supervision agreements and were given until January 1, 2002 to obtain the necessary education. Of the 13, eight were renewed on active status and allowed to continue appraising properties.

OBRE must ensure that each applicant renewing a certified appraiser credential meets AQB Criteria regarding continuing education prior to renewing the credential. AQB Criteria does not provide a grace period for obtaining required continuing education.

Please respond to our findings and recommendations and submit the requested information within 60 days from the date of this letter. Until the expiration of that period or the receipt of your response, we consider this field review to be an open matter. If you will be unable to provide the requested information within 60 days, please notify Executive Director Ben Henson as soon as possible to discuss alternative reporting dates. It is customary for us to discuss time frames during our exit conference with the State. Because OBRE declined our offer of an exit conference, we were unable to discuss mutually acceptable dates at that time.

After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site. After we receive your response and review the complaint case data you provide, we will determine our future review schedule.

If you have any questions, please contact us.

Sincerely,

Jesse G. Snyder
Chairman

cc: Michael Brown, Director