

■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 30, 2001

Mike Brown, Director
Real Estate Appraisal Administration Division
Office of Banks and Real Estate
310 South Michigan, Suite 2130
Chicago, IL 60604-4278

Dear Mr. Brown:

Thank you for your December 7, 2000 letter responding to our November 3rd field review follow-up letter. Our July 24th field review letter established seven action steps that Illinois needed to take to address its failure to comply with the minimum requirements regarding acceptable appraiser experience under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). For clarification, we will discuss each step and our understanding of your actions.

1. Immediately stop issuing Certified Residential and Certified General credentials to persons who do not meet the minimum Appraiser Qualifications Board ("AQB") criteria.

In Deputy Commissioner Brady's September 26th letter, he stated that the Office of Banks and Real Estate ("OBRE") "is obligated to enforce state law." Our understanding of that statement was that OBRE would continue to accept appraiser experience credit for real estate activities that do not conform to AQB criteria and Title XI. In our November 3rd response to Mr. Brady, we notified him that it was unacceptable for OBRE to issue certified appraiser credentials that did not meet AQB and Title XI requirements. We offered to participate in a conference telephone call with Mr. Brady and Illinois' attorney general office to discuss the issue.

In your December 7th letter, you stated: "To date there have been no further experience credit requests received. I am under the impression that these actions fulfill our obligations under your Action Step #1." From your comment, it appears that you have refrained from issuing non-conforming certified appraiser credentials only because you have not received applications containing such experience. Neither Mr. Brady nor you have committed to refrain from issuing such credentials should you receive an application containing the non-conforming experience. Should you receive an application containing non-conforming experience, we trust that you will reject the application or withhold action until this issue is resolved.

2. Identify all appraisers who have obtained a Certified Residential and Certified General credential, including those upgrading from the Licensed classification, since enactment of the real estate experience credit provisions.

Based on the information Mr. Brady provided, it appears that you have completed this step.

3. For each appraiser identified in the second step, determine whether that appraiser was awarded experience based on his or her real estate broker or agent experience.

In Mr. Brady's September 26th letter, he stated that you had identified 24 appraisers who used the real estate experience credit to obtain their credentials, 14 of whom hold certified credentials. In your December 7th letter, you identified five appraisers who had been awarded real estate experience credit. Please provide a listing of the 24 appraisers noted in Mr. Brady's letter and explain the difference in numbers as reported by Mr. Brady and yourself.

4. Within 60 days of receipt of our letter, provide a listing of appraisers who have obtained a Certified Residential or Certified General credential, including upgrades from the Licensed classification, by using real estate broker or agent experience.

Refer to our comment regarding Action Step #3.

5. If an appraiser was awarded a Certified credential based on real estate broker or agent experience, determine whether the appraiser now has the requisite appraisal experience for his or her credential.

Based on the information you provided, we are unable to determine if you have completed this step. If you have not done so, please complete this step as quickly as possible and notify us of the results.

6. Promptly downgrade to the appropriate classification appraisers who cannot document the necessary experience.

Based on the information you provided, we are unable to determine if you have completed this step. If you have not done so, please complete this step as quickly as possible and notify us of the results.

7. Provide written progress reports to us monthly until the above actions have been completed.

Since our July 2000 field review letter, we have received only two reports from you – one in September 2000, and one in December 2000. Please provide monthly status reports so that we may track your corrective actions.

In the second paragraph of your December 7th letter, you stated: "The Appraisal Division has not issued any upgraded license that included Real Estate sales experience since the initial offering of this credit in 1998 & 1999." In the next paragraph, you listed "Three Appraisal Licensees Receiving Real Estate Sales Credit to Upgrade." Please explain this apparent discrepancy.

If you have any questions, please contact us.

Sincerely,

Ben Henson
Executive Director