



**Illinois Department of Financial and Professional Regulation**  
Division of Banks and Real Estate

ROD R. BLAGOJEVICH  
Governor

FERNANDO E. GRILLO  
Secretary

D. LORENZO PADRON  
Director  
Division of Banks and Real Estate

May 27, 2005

Virginia M. Gibbs  
Chairman  
Appraisal Subcommittee  
2000 K Street, NW, Suite 310  
Washington, DC 20006

JUN 17 2005

Dear Ms. Gibbs:

Thank you for granting the Division of Banks and Real Estate (BRE) additional time to respond to your January 21, 2005 letter. We have reviewed your letter and while we acknowledge and will address several of your observations, we respectfully disagree with your comment that "Illinois is not in substantial compliance with Title XI."

- **Issuance of certified appraiser credentials to applicants who did not meet AQB criteria.**

We do acknowledge that your staffs review uncovered a few licenses that were issued without the requisite experience. At no time, however, did BRE intentionally issue real estate appraisal licenses to persons who did not meet AQB criteria. BRE is auditing applications of all certified residential real estate appraisal licenses issued between June 1, 2003 and October 30, 2003. Currently, only applicants who have verified that they have successfully completed all pre-license education and have 2500 hours of appraisal experience gained over a period of no less than 24 months are allowed to sit for the certified residential state licensing examination.

- **Illinois accepted affidavits supporting experience for certified credentials without an acceptable validation process as provided in ASC Policy Statement 10.**

Affidavits attesting to experience earned were accepted by Illinois during the calendar years 2002 and 2003. In instances when applicants attempted to verify their own experience in written correspondence, Illinois policy was to require a statement under oath from a third party who could establish the type of appraisal experience gained. This topic will be re-addressed after the application audit review.

- **The State's temporary practice fee is excessive.**

Illinois, like many other states, experienced fiscal crises in 2003, 2004 and 2005. One of the ways fiscal issues were addressed by Governor Blagojevich was to direct all state agencies to raise professional licensing fees. In response, Banks and Real Estate raised initial application and renewal fees for all appraisal and real estate licenses. However, after receipt of your letter, we reviewed Policy Statements. In light of the clear language of that Policy Statement, BRE will seek amendment

of Rule 1455.320(d) of the Illinois Administrative Rules, reducing the temporary practice permit fee to \$150.00. The proposed amendment has already been drafted and BRE legislative staff is in contact with the Joint Committee on Rules to determine the most expedient route to amendment.

- **Continuing education courses do not conform to AQB criteria.**

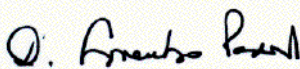
It was not until April of 2004 that approval of distance learning courses by the International Distance Education Certification Center (IDECC) was required. Prior to that time, approval could be achieved through two methods other than compliance with IDECC. With one exception, all of the courses the ASC field review identified did qualify at the time the courses were first submitted for BRE approval. BRE issues a two year license for these courses and renewal applications were routinely processed when a timely, completed application was submitted by the course provider. Many courses are automatically renewed by providers, and BRE was in the midst of reviewing all continuing education courses when the ASC review occurred. One provider had licensed the six distance learning courses identified by your staff. Licenses for two of the six courses are expired and will not be renewed unless the courses meet AQB criteria. BRE will contact the provider and seek cancellation of the other four courses. It is our understanding that the provider, upon learning that the courses did not meet AQB criteria, had decided not to offer the courses.

- **BRE had not adopted the 2004 version of USPAP.**

Section 10-10 of the Real Estate Appraiser Licensing Act requires BRE to adopt the Uniform Standards of Professional Practice (USPAP) as part of its rules. Section 1455.240(a) of the Illinois Administrative Rules adopts the 2002 USPAP. Each year the Appraisal Board, after an appropriate motion is made and seconded, adopts the most current version of USPAP. Not having the current edition of USPAP adopted in the Rules has not inhibited any investigation or prosecution, in large part because appraisers are all required to certify that their appraisals were completed in conformity with USPAP. Nevertheless, BRE intends to seek amendment of 1455.240 to adopt the 2004 edition of USPAP. This process is made cumbersome by Section 5-75 of the Illinois Administrative Procedure Act, which allows Illinois state agencies to promulgate rules that reference incorporated material only if the rule fully identifies the standard or guideline, with no later amendments or editions.

Again, I thank you for your patience in awaiting our response to your letter. BRE will report the findings of its audit and its intended course of action in the near future.

Very truly yours,



D. Lorenzo Padron  
Director