

# Appraisal Subcommittee

January 24, 1997

Mr. Larry M. Bullock  
Director  
Appraisal Administration  
Illinois Office of Banks and Real Estate  
500 East Monroe Street  
Springfield, IL 62701-1532

Dear Mr. Bullock:

Thank you for your cooperation in the November 18-19, 1996 Appraisal Subcommittee ("ASC") review of the Illinois appraiser regulatory program ("Program"). As a result of our field review, we have the following recommendations for the further improvement of your program.

- **Reciprocity has not been actively pursued by the Office of Banks and Real Estate, Appraisal Administration ("OBRE").**

At the beginning of our field review, OBRE only had reciprocal real estate appraiser certification and licensure agreements with two States. At the November meeting of OBRE's Real Estate Appraisal Committee ("Committee"), reciprocity was approved with a third State and conditionally approved with a fourth. Only one of these States shares a common boundary with Illinois. Based on § 1122 (b) of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, 12 U.S.C. 3351 (b), the ASC encourages the Committee to initiate meetings with appraiser/appraisal regulatory officials of adjacent States to promote reciprocity.

- **OBRE's educational course approval system is unduly restrictive.**

We believe that the OBRE program of categorizing appraiser education by course content, and then requiring a defined progression of approved courses for pre-licensure requirements or continuing education, is a model other States might emulate. However, OBRE's educational policy to not recognize appraisal education approved by other State appraiser regulatory programs, if it is not specifically Illinois approved, is an unreasonable barrier to out-of-State appraisers holding licenses in multiple States. We have received correspondence from non-Illinois appraisers protesting this policy. In one letter, the appraiser stated he would not renew his Illinois general certification, because OBRE's policy was punitive to appraisers whose practice required them to be licensed on a multi-State basis. Other letters from education providers have protested OBRE's restrictive policies in approving both continuing education courses and courses under the elective pre-licensure category. Based on our field review and ASC staff knowledge, two examples of courses improperly denied approval are the course and the Course. We recommend that OBRE accept all appraisal courses approved by an appraiser's

home State of certification/licesu

re.

- **OBRE rules cite a soon-to-be-out-of-date version of the Uniform Standards of Professional Appraisal Practice (“USPAP”).**


**OBRE** Rule Section 1455.15(a) states that the 1996 USPAP is hereby incorporated by reference with no later amendments or editions. Under subsection (b), State appraisers are required to practice in accordance with USPAP. While the Appraisal Foundation has issued the 1997 USPAP, effective January 1, 1997, OBRE, at the time of the field review, had not yet issued a proposed amendment to this rule incorporating the 1997 version. State enforcement activity, therefore, may be based on an outdated USPAP version for at least part of 1997. OBRE either should amend its rule to incorporate the most current USPAP by reference without limitation or initiate the process of rule amendment early enough to ensure that the most current version of USPAP is incorporated by reference on the version’s effective date.

- **National Registry Data**

Our review of OBRE data submitted in July 1996 to the ASC National Registry of State Certified and Licensed Appraisers is complete. The National Registry contains 17 more names than are listed on the July 1996 OBRE submission. ASC staff will work with you towards achieving a final reconciliation of this variance.

We request that the OBRE respond to each of our recommendations within the next 60 days. If you have any questions, please do not hesitate to contact us.

Sincerely,



Herbert S. Yoles  
Acting Chairperson

CC: Jack Schaffer, Commissioner  
Office of Banks and Real Estate  
Frank Harrison, Chairperson  
Real Estate Appraisal Committee