

JIM EDGAR
Governor

JACK SCHAFFER
OFFICE OF BANKS AND REAL ESTATE J C SCHAFFER
Real Estate Appraisal Administration Division
Larry M. Bullock Director

February 20, 1997

Herbert S. Yolles
Acting Chairperson
Appraisal Subcommittee
2100 Pennsylvania Avenue, N. W. Suite 200
Washington, D.C. 20037

Dear Mr. Yolles:

Thank you for your letter of January 24, 1997, which was a critique of our appraiser regulation program relative to the policies of the Appraisal Subcommittee ("ASC"). The letter also contains recommendations to remedy deficiencies perceived by the ASC. The critique was the result of a field review conducted November, 1996 by your staff Mr. Ron Peppe and Ms. Vickie Ledbetter. The letter asked for the Office of Banks and Real Estate to respond to the recommendations.

This response follows the format of the critique letter:

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

The Illinois Appraisal Committee has considered every offer of reciprocity; and, we intend to initiate a campaign to encourage reciprocity in the very near future. This plan was initiated prior to the field review and will be ready as soon as my office receives an answer to legal issues from our general counsel. Our appraiser regulation law restricts reciprocity to those jurisdictions having equal or greater qualifications than our own. In many cases the states that are contiguous with our boundaries accept (or accepted) education and/or experience by affidavit, rendering any degree of qualifications subjective and suspect. Your recommendation to communicate with neighboring jurisdictions is well taken and our intent is to enter into as many agreements as legally possible.

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

We feel that our educational program was well conceived and is certainly within the guidelines of the Appraiser Qualification Board's criteria. We do not wish to diminish the quality of our program simply because programs of other jurisdictions may be of less quality.

a. **"OBRE's educational policy to not recognize appraisal education approved by other states, if it is not specifically Illinois approved, is an unreasonable barrier to out-of-State appraisers..."** This statement is true but in our opinion it should be viewed by the ASC as an asset rather than a deficiency. Because we have specific curricula to qualify for each appraiser rank each course approved must meet certain criteria to be classified within one of six different curricula. This process cannot be left to outside evaluation. On the other hand, we are willing to consider any course for approval which is presented for Committee recommendation on the appropriate application. The applications for each curriculum identifies the approval criteria. Complaints relative to courses that are not Illinois approved fall into two categories:

(1) those that have not been submitted for approval; and'

(2) those submitted that do not meet the criteria for the curricula.

Courses approved in all curricula are presented periodically by international course providers; therefore, we do not feel that our process is an "unreasonable barrier" to out-of-State appraisers. In addition, our process of approving course providers and courses gives us some control and assurance that minimum requirements relative to examination, class room environment, instructor competency, topic presentation, attendance and student record keeping are met.

b. **Course provider complaints.** We are aware of only two complaints from course providers. One was from Mr. Edwin Baker [former ASC Executive Director and now Executive Director of the American Society of Appraisers ("ASA")]. Mr. Baker was concerned with Illinois application fees and his inconvenience of having ASA courses approved in multi - jurisdictions. In addition, the International Association of Assessment Officers ("IAAO") expressed their objections to the categorizing of courses by course content (an idea that the ASC commends). It is our opinion that the nominal fees charged for provider and course approvals and the inconvenience to course providers in filing applications to multi - jurisdictions is further public protection as it insures well rounded quality education at the minimum level required by the AQB. Our policies and procedures are well within the guidelines established by the AQB; therefore, the deficiency finding seems unfounded.

c. **Courses wrongly denied approval** The ASC believes that the [redaction] Course and the [redaction] course were improperly denied."

The [redaction] course relates to an industry outside that of real estate appraisal and contains valuable instruction relative to home inspection certifications. It was and is the Committee's policy to deny courses that have no direct relationship to real estate appraisal. Our policy is within the AQB guidelines and we feel the denial is appropriate and deemed fair. as it would be for any course dealing in a profession removed from that of real estate appraisal.

The [redaction] course contains topics pertinent to the administrative aspects of real property assessment. It has no material or instruction relative to property valuation. The Appraisal Committee's original recommendation to deny, and on the basis of denial, was sustained by this Agency. I will ask the Appraisal Committee to reconsider their denial recommendation and. in all likelihood, their decision will be sustained by the Agency.

Our approval /denial process is copious. Decisions to approve or deny are based upon pre-established criteria and, most importantly, the Committee's judgement to the value of the education as it pertains to a person perceived by the general public as a professional appraiser. While we appreciate the ASC's program review process, it was our understanding the process was to focus on our implementation of an appraiser regulation program that was in compliance with the criteria of the Appraisal Foundation's Boards. We did not expect a review or critique of subjective or judgement matters and feel that these issues are better left to the individual jurisdictions.

In addition we have voiced our opinion to the AQB that pre-licensure education, with a specific curriculum for each appraiser rank, would be better established at the national level to insure that qualification was the same for all jurisdictions. The same program could be established for continuing education; however, each State should have some quality control over the course providers to insure that certain requirements are met. This control would have to be linked to the local jurisdiction authority to impose sanctions to the providers.

- **Adoption of USPAP.**

The ASC cites that the administrative law pertaining to the adoption of the USPAP relates to the 1996 version, with the 1997 edition available.

At the time of the ASC's field review in 1996, our administrative law (68 Ill. Adm. Code 1455) referred to the 1996 version. Our administrative law procedures in Illinois do not allow the incorporation by reference; i. e. "as may be revised from time to time." Therefore, it is necessary for us to propose an amendment each year to change our rules. The amendment is submitted in December of each year and requires approval from the Joint Committee on Administrative Rules prior to its adoption with the Illinois Administration Code Division. During the interim period all complaints are considered relative to the USPAP of the prior year.

- **National Registry.**

The ASC cites that the registry they maintain does not balance with the Illinois registry, the difference being 17 appraisers on the national registry that apparently do not appear on the Illinois registry. The ASC will contact the Illinois Administration to reconcile the difference prior to any further fees being paid.

Sincerely,

Larry A. Bullock, Director
Real Estate Appraisal Administration

cc: Commissioner Jack Schaffer, Office of Banks and Real Estate
Illinois Appraisal Committee Members