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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

October 1, 2001

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

Dear Mr. Brady:

This letter responds to your September 21, 2001 letter concerning our upcoming field review of Illinois' appraiser regulatory program ("Program"). You stated that you are disappointed to learn that ASC [*i.e.*, Appraisal Subcommittee] is planning to begin yet another complete field review so soon after the May 2000 field review. You stated that our review would create a number of problems and asked that we reconsider our decision to perform that field review. As discussed below, we see no reason that we should not conduct our review as scheduled.

In your letter, you discussed a number of concerns regarding our upcoming review. We will address those concerns in the order presented.

First, you stated that any review consumes a great deal of time and effort on the part of employees at OBRE [*i.e.*, Office of Banks and Real Estate]. We understand and appreciate the time and effort involved in our reviews. For this reason, we request certain information be forwarded to us in advance of the review date. We review this data in our office, prior to going on-site at the State office. This approach significantly reduces the amount of time that we need to spend in the State office. While in the State office, we attempt to cause as little disruption as possible. Nonetheless, the ASC is required by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI") to determine State compliance. On-site review of State appraiser regulatory programs is one of the best ways to fulfill that obligation.

Second, you asserted that accelerating the review cycle without explanation or justification creates the impression that Illinois' Program is deficient in some material way or the individuals administering the Program are not cooperating with the ASC. It is not our intention to create any specific impression. As noted above, on-site reviews are one of our best methods of assessing a State's compliance with Title XI.

You stated that we failed to respond to an April 2001 email from Appraisal Director Mike Brown to ASC General Counsel Marc Weinberg. In that email, Mr. Brown asked if OBRE had completed resolution of the concerns noted in our May 2000 review. Mr. Weinberg forwarded that email to Appraisal Policy Manager Dennis Greene and me. After reviewing our records, we acknowledge that we failed to respond to that email. We apologize for this oversight. We do not believe, however, that this resulted in your understanding that any items remained outstanding. In the first paragraph of our March 30, 2001 letter to you, we acknowledged that your explanations and attachments clarified most of our questions and that the sole remaining issue was disposition of the certified appraiser credentials issued to four appraisers in violation of Federal law. We believe that this language clearly indicated that all issues, other than the

disposition of the four appraisers, were cured to our satisfaction. Additionally, Mr. Weinberg recalls that in his telephone conversations with Mr. Brown, he stated that, because the four appraisers' credentials had been downgraded, all items from the field review had been addressed and Illinois did not need to do anything else to remedy the stated deficiencies.

You asserted that any inference that OBRE's Program is deficient or that the individuals administering the Program are not cooperating with the ASC is completely unwarranted. Our upcoming on-site review is not intended to create such an inference.

You stated that a third problem is that accelerating the review cycle without explanation or justification creates a perception that the ASC is not treating OBRE in an equitable manner. We often perform on-site reviews to confirm a State's resolution of concerns noted in our field reviews. We are not treating Illinois differently from other States.

You asserted that accelerating the review cycle without explanation or justification invites unfounded criticism of Illinois' Program and the individuals administering the Program. You noted that such criticisms had been prevalent in 2000 and 2001. It seems to us that an ASC on-site review might be the best method of silencing such criticisms. If we find that Illinois' Program complies with Title XI and is effectively and efficiently operated, such a determination should be useful in defending against unwarranted criticisms.

We hope that this letter has addressed your concerns. We look forward to continuing our close and constructive relationship to accomplish our mutual goals under Title XI. Please contact us if you have further questions.

Sincerely,

Ben Henson  
Executive Director