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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

February 26, 2020

Mr. Mario Treto, Jr., Director  
Division of Real Estate  
Illinois Department of Financial and Professional Regulation  
100 W. Randolph Street, 9th Floor  
Chicago, IL 60601

RE: ASC Compliance Review of Illinois' Appraisal Management Company (AMC) Regulatory Program

Dear Mr. Treto:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Illinois AMC regulatory program (AMC Program) on September 9-13, 2019, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The AMC Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

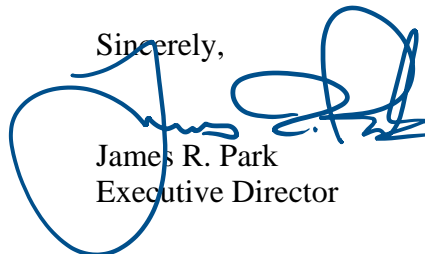
The ASC identified the following area of non-compliance:

- Participating States must impose requirements on AMCs consistent with the AMC Rule.<sup>1</sup>

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Illinois will remain on a two-year Review Cycle.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park  
Executive Director

Attachment

cc: Ms. Laurie Murphy, Deputy Director  
Mr. Brian Weaver, Appraisal Coordinator  
Ms. Adrienne Levatino, Associate General Counsel

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<sup>1</sup> 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

## ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

## ASC State AMC Program Compliance Review Report

ASC Finding: Good  
 Final Report Issue Date: February 26, 2020

<b>Illinois AMC Regulatory Program (State)</b>			
<b>Real Estate Appraisal Administration and Disciplinary Board (Board)</b>	PM: V. Metcalf	ASC Compliance Review Date: September 9-13, 2019	Review Period: November 2017 - September 2019
<b>Umbrella Agency: Department of Financial and Professional Regulation (Department)</b>		<b>Number of AMCs on AMC Registry: 0</b>	<b>Review Cycle: Two Year</b>

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>		X					
Participating States must impose requirements on AMCs consistent with the AMC Rule. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				The State requires the AMC to direct the appraiser to perform the assignment in accordance with an outdated version of USPAP.	On November 5, 2019, the State reported the Department will amend 68 Ill Administrative Code §1452.140(a) to reference the 2020-2021 edition of USPAP.	The State must amend its rules to bring them into compliance with the AMC Rule.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 8.
<b>Statutes, Regulations, Policies and Procedures continued:</b>		X					
Participating States must impose requirements on AMCs consistent with the AMC Rule. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				The State does not require AMCs to engage and select an appraiser who is independent of the transaction and who has the requisite education, expertise, and experience necessary to competently complete the appraisal assignment.	On November 5, 2019, the State reported the Department will amend 68 Ill Administrative Code §1452.120 to require AMCs engage and select appraisers who are independent of the transaction and competent to complete the appraisal assignments.	The State must amend its rules to bring them into compliance with the AMC Rule.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 8.
<b>National Registry:</b>	X						
				No compliance issues noted.	N/A	None	None