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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' Appraiser Regulatory Program

Dear Mr. Treto:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Illinois appraiser regulatory program (Appraiser Program) on September 9-13, 2019, to determine the Appraiser 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 Appraiser Program is given an ASC Finding of "Not Satisfactory," because Illinois has a history of repeated deficiencies in the following area of non-compliance:

- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances.¹

The final ASC Compliance Review Report (Report) of the Illinois Appraiser Program is attached. ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Illinois will be moved to a one-year Review Cycle. The ASC may exercise other administrative remedies if these deficiencies are not corrected.

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,



Richard B. Taft
Vice Chair

Attachment

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

¹ 12 U.S.C. § 3347; Policy Statement 7 B.

ASC Finding Descriptions

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

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

² An ASC Finding of “Poor” may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 12, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Not Satisfactory
Final Report Issue Date: February 26, 2020

Illinois Appraiser Regulatory Program (State)			
Real Estate Appraisal Administration and Disciplinary Board (Board)	PM: V. Metcalf	ASC Compliance Review Date: September 9-13, 2019	Review Period: November 2017 - September 2019
Umbrella Agency: Department of Financial and Professional Regulation		Number of State Credentialed Appraisers on Appraiser Registry: 3,708	Review Cycle: One Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:			X				
States may not limit an appraiser to one temporary practice permit per calendar year. (12 U.S.C. § 3351; Policy Statement 2 B.)				The State's regulation §1455.130 limits an appraiser to one temporary practice permit at a time, which could limit temporary practice permits to one permit per calendar year.	On November 5, 2019, the State reported the Department will amend 68 Ill Administrative Code §1455.130(a and b) to permit the issuance of 4 temporary practice permits to a single applicant in a calendar year.	The State should amend its rules to bring them into compliance with ASC Policy Statement 2 and provide ASC staff with a copy of the rules once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None

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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Enforcement:		X					
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 13 aged complaints of which 4 were unresolved for more than 1 year and 9 were unresolved for more than 2 years without the exemption for special documented circumstances. Illinois' lack of timely complaint dispositions has been an ongoing concern since 2006.	On November 5, 2019, the State reported in order to facilitate timely complaint resolution, the State revised the Consent to Administrative Supervision Policy to include education and/or mentoring when the violations are not considered negligent or unethical. In addition, the State plans to strengthen investigative resources by training additional investigators in appraisal-related matters.	<p>Within 60 days of this Report, the State must develop new procedures and provide a written plan to ASC staff on how the Program will address the State's chronic backlog of outstanding complaints and facilitate more timely dispositions in the future. The plan must include detailed information on the method and timeline, including establishing deadlines within its complaint process to address the State's backlog of outstanding complaints in an effort to facilitate more timely complaint disposition in the future.</p> <p>In addition, within 60 days of this Report, the State must provide ASC staff a detailed plan outlining its method and timeline for training additional investigators in appraisal-related matters.</p> <p>Finally, the State must continue to send monthly complaint logs to ASC staff along with a detailed description of the progress on the 13 aged cases. If progress is not made, the ASC may place additional requirements upon the State.</p>	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.