

# IllinoisAppraiser

## Time and Tide Wait...

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"Time and tide wait for no man."

If you're tracking to become an Illinois Certified appraiser before the end of 2014 with only *in lieu of* education; time is running out.

First, in order to fulfill the 24 month minimum time period established by the AQB, you would have needed to **begin** accumulating your experience around **November of 2012**.

If you were tracking for Certified General, change that to **May of 2012**.

These start times also assume that you'd have enough work samples to reach the 2,500 and 3,000 hours required for each rank during these periods.

For those of you who are accustomed to chronically showing up ten minutes late for a popular movie and are always stunned to find no seats available...you'd better hang on to something.

As of this writing, everything must be completed by the applicant *before* **January 1, 2015**.

There's no grandfathering. There are no exceptions or possibilities for *expediting* your application.

If you're unable to obtain a Bachelor's degree and you're counting on

squeaking by with *in lieu of* education, you'd better be done with it by now.

Upgrading is a six-stage process.

1. There's the application and fee.

2. Your *in lieu of* education must be complete.

3. Your Qualifying Education for your rank must be complete.

4. You must have your experience complete.

5. You must have received a *pass notice* for the National Exam.

6. Your work samples must've been approved by the Board.

This all needs to happen *before* **January 1, 2015**.

That's the wall.

How late can you submit *problem-free* work samples for *in-time* Board approval?

Monday, **December 1, 2014** was your drop-dead date.

Your inability to plan is not the Board's emergency.

Might as well go get yourself some popcorn. The movie has already started.



## Picture This

### IllinoisAppraiser

Provided as a service to licensed and registered Illinois appraisal professionals as well as Illinois course providers and users of appraisals. This publication promotes a greater understanding of USPAP, the Act, and the Administrative Rules of the State of Illinois.

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I received a great question in my e-mail the other day:

*I am writing on behalf of one of our appraisal managers who is a certified in Illinois. He wants to send one of his associates only to take the photos for a property inspection, but the associate is unlicensed.*

*Is he authorized to do so, or would the associate need a temporary license of some kind?*

*In some states this is considered clerical work, and some states are considered volunteer states, so a license is not required as long as the certified appraiser clarifies in the report who took the photos.*

There's a tendency to think that *any* ancillary work associated with appraising is automatically *significant contribution* and must be disclosed as such.

Taking pictures, drawing the floor plan, putting a tape or Disto to a building or spell-checking a report are all things an appraiser does.

But if someone does only one or two of these on *behalf* of an appraiser, do they need an appraiser's license?

First, let's examine the impact to the *appraiser* of someone else doing an aspect of their work.

If this is a standard URAR assignment, the signing appraiser is certifying that they've *personally* inspected the sales at least from the street.

This doesn't mean through someone

else's eyes or camera lens.

"(2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street."

The text above was lifted from the URAR.

If an appraiser hires someone to go take pictures of the sales, the appraiser can't certify to number (3) and probably can't certify to number (2).



### Liability Time Bomb—

What if the photographer takes the wrong image?

Who is responsible if the appraiser tells the Board that his/her photographer took a picture of the wrong property?

The appraiser who signs the certification is buying the entire report. Warts and all.

We've had appraisers blame MLS photographers for the same thing.

The fact is, we do not license photographers and they are not responsible for an appraiser's unintended use of their images.

On the flip side, our photographer will not be able to submit a series of swell photos for appraisal experience, either.

Truly *significant contribution* is appraisal activity. Only appraisal activity requires a license in Illinois.

## Specialization and Upgrading

Trainee

Residential

General

While most people see appraisers as someone who provides an opinion of value for single family residences, the profession spills over into so much more.

As in many other professions there are specialists. Specialization appraisers focus on a narrow bandwidth of property types.

Some target their practice to right-of-way assignments, C-stores, utility companies, lodging facilities or skilled nursing facilities.

Whatever their professional focus might be, trainees in these specializations must adapt to the licensing requirements of their respective jurisdiction.

In Illinois, Associate Real Estate Trainee Appraisers *first-time* issued after January 1, 2014 must complete a **FIRST500** Log.

The Log requires that an Illinois registered supervisor *shall provide direct supervision, being personally and physically present, during the first 500 hours of experience for no fewer than 25 assignments.*

Some appraisers perform assignments involving **Purchase Price Allocation (PPA)** where no property inspection is requested or required by the client.



While this assignment condition may be acceptable under USPAP, the AQB's requirement for direct supervision cannot be discarded.

Large firms with staff appraisers who travel the country and beyond should understand that their approved supervisor must co-sign their assignment result if the trainee wants experience credit in Illinois.

Signatures on reports by other certified appraisers who are *not* your authorized supervisors will not be accepted. Even if they work inside the same firm.

It's important for the applicant to understand that their work experience must fit into the Criteria; not the other way around.

There are no exceptions or *work-arounds* available in order to complete special assignments in niche areas of the profession.

Assignments that routinely exceed the Matrix must be accompanied by the **LOG-7575** form.

This form must be completed for each assignment where Matrix maximums are exceeded.

However, you cannot fill out one **LOG-7575** as a cover sheet exception to the entire Log.

Both you and your supervisor must pay strict attention to the process.

## New AMC Application Triggers

We are in the midst of AMC renewals so I thought it would be helpful to examine an AMC ownership issue.

There's a great deal of deck shuffling in AMC-land.

Ownership changes, fictitious business name changes, mergers, acquisitions and consolidations are constantly forming and re-forming the corporate landscape like so much lava belching from a volcano.

### What triggers a new application?

For entities already registered in Illinois it would seem that renewal is simply...renewing.

### Section 1452.70 Change of Ownership

*a) No later than **30 calendar days** after the effective date of a change of ownership of an appraisal management company registered under the Act, a new application shall be filed with the Division in accordance with Section 1452.20.*

*b) Change of ownership is defined as, but not limited to:*

*1) When an unaffiliated person, partnership, corporation, limited liability company or other legal entity **comes to obtain 51% ownership** or ownership interest of the appraisal management company after initial registration; or*

*2) Change in the legal form under which the controlling entity is organized.*



We recently were contacted by an AMC who went from being an "S" corp to an LLC.

This simple change triggered a new application as outlined in item 2).

Still, others who bought out minority stakeholders at 50.3% did not trigger a new application.

AMC Controlling Persons need to stay abreast of company changes and be ready to resubmit a new application when the changes are imminent.

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## CE Redux

It bears repeating that we are more than halfway through another renewal cycle that ends on **September 30, 2015**.

You have less than a year remaining to complete your 28 hours of CE.

Last cycle found over 100 appraisers having to answer for CE deficiencies.



### Trainees—

If you're already credentialed as such in Illinois and you're reading this...you'll need 28 hours of CE.

### Out-of-State appraisers licensed in Illinois—

If your home state is Kentucky, as an example, and you're also licensed as a Certified General in Illinois, you are responsible to complete 28 hours of CE under our law for the period of October 1, 2013 through September 30, 2015.

It does not matter to Illinois that you may be current with Kentucky's *annual* renewal period. You must be current with our *biennial* renewal period.

### But the Education Provider was—

Many of the problems stem from licensees who depend upon their education

providers to submit certificates and rosters to us.

While providers have reporting obligations, it is still the licensee's responsibility to see to it that they, *not the provider*, can provide evidence of CE completion.

### Acceptable CE—

Another issue surrounds the appropriateness of education taken.

Licensees submit courses taken on things ranging from tax preparation to accounting, to brokerage courses to language classes.

You cannot merely submit *anything* and expect the Board to approve it.

The material must be relevant to real estate appraising *in general*.

Out-of-state appraisers are cautioned that courses *specific* to another jurisdiction will likewise be denied.

We will not recognize a jurisdictional-specific Supervisor-Trainee course or a rules and regs class from another state.

Illinois will not accept out-of-state CE dealing with installation dinners or seminars about the Long Island industrial market or the San Diego Gas Lamp District, as examples.

Education is an opportunity; not a punishment.

There's still plenty of time to complete all of your CE before renewals are mailed in July.

**Remember:** You MUST submit form **EDU-8000** for any and ALL CE taken outside of Illinois.

Any CE taken inside of Illinois MUST be an Illinois licensed offering.

## 2014 Data Wrap-Up

Because this is the last newsletter for 2014, I thought I'd present totals from January through the Board meeting that was held on November 18th.

Credential Type	November 2014
Associate Real Estate Trainee Appraiser (557)	531
Certified Residential Appraiser (556)	2,459
Certified General Appraiser (553)	1,480
<b>Total</b>	<b>4,470</b>
Temporary Practice Appraiser	93
Education Provider	27
QE Offerings	121
CE Offerings	399
AMCs	190
<b>Grand Total</b>	<b>5,300</b>

215 licensees were added in 2014. Nearly half of the Certified Generals live outside of Illinois. A third of the Certified Residential appraisers live elsewhere. Less than 10% of the trainees live in other states.

Statistically speaking Illinois saw a 3.19% increase in credentialed appraisers since January. In 2013 we lost 5.61%. I expect that in 2015 we'll lose another 5% due to normal renewal attrition.

### Test Taking—

This year 31 individuals sat for the Certified General exam. Only 19 passed for 61% pass rate.

Of Certified Residential applicants, there were 28 who sat for the exam. Of that, 20 were successful for a 71% pass rate.

Trainee testers numbered 160. Only 70 were able to pass for a rate of 44%.

It is unknown how many were repeat testers in any category.

There are no limits as to repeating.

Of idle interest might be the Temporary Practice stats. Of the 93 currently active, only 24 states are represented. Texas had the most with 12. Arizona, Oklahoma, Tennessee, Massachusetts, New Hampshire, and Maine each had one.

Our neighboring states, (*I'm including Michigan*) accounted for about 25% of the total).

### Busy Board Members—

Please note that the Board approved 114 course in the eleven months of 2014.

That's a lot of reading shared between the 8 appraiser members. This is on top of the license upgrades in the form of Log audits, Probable Cause screening and other tasks that they take on.

### 2015 and Beyond—

Forecasting where the profession will be by the end of 2015 isn't tricky. We'll be back to 4,300 licensees by 2016.

Any growth is offset by our aging pool. Most of us are over 50 and are retiring faster than we can be replaced.

Is this good or bad?

Are your fees increasing?

## Enforcement Actions & Notices

As 2014 winds down we'll look at the public enforcements that have been finalized since the July issue.

*Lawrence Starkman—553.000165*

Indefinite suspension for a minimum of ten years involving the appraisal of the Markham Roller Rink. The appraisal was replete with errors and resulted in a misleading report.

*Robert A. Davidson—556.002914*

Refuse to renew involving the property located at 5361 South Peoria, Chicago. The building was identified as tenant occupied when it was vacant, forecasted rents from empty buildings in order to derive a GRM, failed to cor-

rectly identify the zoning, peppered the report with conflicting information and conclusions.

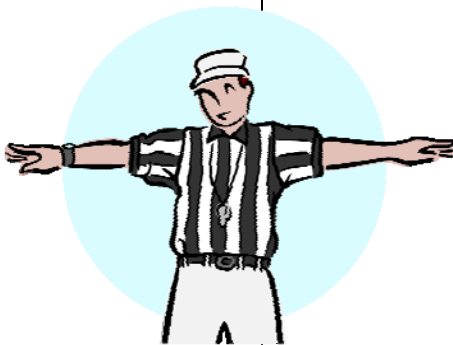
*Gayle S. Miller—556.003517*

Official reprimand regarding an appraisal on the property of 110 Brynn Drive, Manhattan. The Respondent sent another to inspect the subject even though she signed as the inspecting appraiser.

*Aaron Jordan—556.004498*

Indefinite suspension for a minimum of a year plus a \$2,500 monetary fine for completing an appraisal while his license was inactive.

## Penalty Flag



On January 26, 2015, Fannie Mae will introduce an appraisal risk score, flags, and new messages in UCDP from Collateral Underwriter, their new risk assessment application.

The **Appendix of Warning Messages** stemming from the Collateral Underwriter system appears to be placing appraisers at an unfair disadvantage.

There are over 100 message categories that will signal warnings to the appraiser about issues such as:

*The location rating is significantly different than what has been reported by any other appraiser.*

*Any other appraiser?*

Judging the validity of an appraiser's opinion based upon unknown wild card appraiser consensus is troubling.

While Fannie Mae has the right to score reports in any fashion it deems fit, such a matrix will not be accepted as *prima facie* evidence that an Illinois appraiser should face enforcement on a state level.

As in all of our enforcement actions, considerably more evidence will be required than an appraiser receiving too many warning messages from the Collateral Underwriter application.

Have a safe and prosperous holiday season.