



IDFPR

Illinois Department of Financial and Professional Regulation

Division of Real Estate

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JB PRITZKER
Governor

MARIO TRETO, JR.
Secretary

LAURIE MURPHY
Director

Illinois Department of Financial & Professional Regulation
Real Estate Valuation Task Force
OPEN Minutes

Date: February 19th, 2025

Call to Order: 11:07 a.m. – Paul Brown

Location: IDFPR - Division of Real Estate ("DRE")
555 West Monroe Street 4th Floor, Peoria Room
Chicago, IL 60661
And
Via Interactive Video Conference at IDFPR
320 West Washington Street, 2nd Floor, Conference Room 258
Springfield, IL 62786

Board Member(s) Present: Jeffery Baker, Steven Monroy, Adrienne Suits Bailey, Ashia Walker, Deborah Fears, Anthony Simpkins, Cassandra Halm, Paul Brown, Ericka Johnson.

Board Member(s) Absent: Leader Marcus Evans, Dan Hofacker, Jamie Cumbie, Javier Gumucio, Tito Quinones and Anthony Simpkins.

Division Staff Present: Gabriela Nicolau- DRE Deputy General Counsel, Kim Prickett- DRE Operations Manager, Tia Davis- Legislative Liaison

Guest(s) Present: Blake Mitchell- Hope Fair Housing Center, Jeremy Reed- DRE Deputy Director.

Topic	Discussion	Action
Call to Order	With the Chair Present, Paul Brown opened the meeting.	The meeting was called to order at 11:07 am by Paul Brown
Roll Call	<p>Speaker of the House: Leader Marcus Evans- Absent</p> <p>Minority Leader of the House: Dan Hofacker- Absent</p> <p>Minority Leader of the Senate: Jeffrey Baker- Present</p> <p>Director of the Department of Commerce and Economic Opportunity or Designee: Tito G. Quinones - Absent</p> <p>Director of Department of Human Rights or Designee: Steven Monroy - Present</p> <p>Director of Department of Revenue or Designee: Adrienne Suits Bailey - Present</p> <p>Executive Director of the Illinois Housing Development or Designee: Javier Gumucio - Absent</p> <p>Representative of Statewide Banking Association Representing banks of all asset size: Ashia Walker - Present</p> <p>Representative of Statewide Banking Association exclusively representing banks with assets below \$20,000,000,000: Jamie Cumbie - Absent</p> <p>Representative of a Statewide Association representing Credit Unions: Deborah Fears - Present</p> <p>Representative of an Agency, Organization, or Association advocating for Fair Housing: Anthony E. Simpkins - Absent</p> <p>Representative of an Agency, Organization, or Association for Consumer Protection: Cassandra Halm - Present</p> <p>Representative of a Statewide Appraisal Organization: Paul D. Brown - Present</p> <p>Secretary of Department of Financial and Professional Regulation or Designee: Ericka D. Johnson- Present</p>	Members Leader Marcus Evans, Dan Hofacker, Tito Quinones, Jamie Cumbie, Anthony Simpkins and Javier Gumucio were absent.
Approval of Minutes	<p>Mr. Brown asked if members had a chance to review the minutes and if the minutes needed to be put on the screen for members to review.</p> <p>Miss Johnson told Mr. Brown that minutes are emailed to members for review and not shared on screen in meetings.</p> <p>Mr. Brown asked for motion to approve minutes. Hearing no opposition, motion to approve minutes was unanimous.</p>	Adrienne Suits Bailey motioned for the approval of January minutes and Jeff Baker made the second motion.

Topic	Discussion	Action
<p>Presentation: Blake Mitchell, HOPE Fair Housing Center Appraisal Testing</p>	<p>Chair Brown told the task force that Blake Mitchell is in today's meeting to discuss a study his group did on discrimination in appraisal.</p> <p>Mr. Mitchell said thank you to Chair Brown for the introduction. That his name is Blake Mitchell, and he works at a Hope Fair Housing Civil Rights Center located in Wheaton, IL that provides services throughout the state of IL. Mr. Mitchell said that he does enforcement and looks over investigations. His office raised the topic of appraiser bias and conducted a study to try and find out how this bias works, the process and how to address discrimination moving forward. Mr. Mitchell then shared his screen with a presentation he put together titled</p> <ul style="list-style-type: none"> • "How to Recognize and Address Discrimination in Appraisal?". Mr. Mitchell said that the study was done in 2022 where his group analyzed 40 appraisal reports from 6 properties in Chicago, the Suburb and Central IL. Half of the appraisals were done with a White person present as homeowner and the other half with a Black/Latino person. The 7 patterns that Mr. Mitchell and his group examined were, (1) Opinion of Value, (2) Time Spent at Inspection, (3) Subject Property Description, (4) Number of Comps, (5) Location of Comps, (6) Size of Adjustments, (7) Age of Comp Sales. • Mr. Mitchell went on to the next slide 'Recognizing Bias'. In the Opinion of Value pattern, the largest deviation that was seen in appraisal value was \$40,000. The homes did range in various matters and the \$40,000 difference wasn't substantial but was used to dig deeper into the matter. • For time spent inspecting the property, Mr. Mitchell's group worked with the homeowners who wrote detailed reports on their interaction with the appraiser and what was done in the home. It was found that there was a large deviation in the amount of time spent in the homes. Mr. Mitchell gave the example of one home located in Westchester had an appraiser that came and spent 90 minutes evaluating a home but the next day, a different inspector came and only spent 5 minutes doing the appraisal. Mr. Mitchell said that many appraisers who came to view the homes, spent about 5 minutes doing their survey of the home and that this was not correlated with race. • The Subject Property Description had a pattern of inaccuracy. When a white homeowner was present, the appraisal description was better when compared with black or brown families. Mr. Mitchell discussed how one home that had a white presenting homeowner, had 4 out of 5 appraisers who included renovations to increase the home's value but when compared to black families, only 1 of the 5 appraisers included the renovation. Then, in Bloomington, there were appraisers who would include in their descriptions things that would decrease the value of the home when a person of color was a homeowner, compared to when a white person was the homeowner. • Size adjustments pattern saw an inconsistency with a \$50,000 to \$75,000 difference when correlated to race. 	

Topic		Action
	<ul style="list-style-type: none"> • Number of comps saw that appraisers only used 3 or 4 comps for homeowners of color while white homeowners got 5 to 6 comps. Appraisers have the option of using more comps when doing an appraisal. • Location of Comps saw that some appraisers were going beyond a mile for comparison. While most of the appraisers did stay within 1 mile of the home, there was some deviation from common practice. • Age of Comp Sales saw that appraisers included statements of how they got to their comps with some statements being contradictory. There were appraisers who looked at sales from 3 to 6 months ago and others who went as far as two years out for their comps. <p>Mr. Mitchell said that his agency put this study together because they want to develop tools to help consumers understand where the correlations are and navigating them.</p> <p>Miss Johnson said thank you to Mr. Mitchell for his presentation and that it was interesting. She would be interested in a future report to put a face to the appraisal bias issue by some of the people who participated in the study and share some of their stories of what people are experiencing. Miss Johnson said she had a question on two data points. The first being the time spent at the property and asked Mr. Brown his thoughts on 5 minutes being spent at the property vs. 90 minutes. Miss Johnson asked Mr. Mitchell if he was able to measure if the comparisons were higher or lower for the appraisers who spent 5 minutes compared to the one who spent 90 minutes? Then, data on the kitchen improvements, how much more did the value of the home increase vs. the homes who did not have the improvements documented? How much deviation were homeowners seeing when the appraisers did not appraise for long or include improvements?</p> <p>Mr. Mitchell said he did not have the numbers in front of him and that their initial look/investigation was not perfect. Most of the homes in the study were owned by interracial couples with one man and one woman. Mr. Mitchell said that race wasn't always the best correlation but did reveal some interesting patterns with time spent and property description. However, Mr. Mitchell said he doesn't remember a correlation with opinion of value and then asked what Miss Johnson second question was.</p> <p>Miss Johnson said her second question is on property improvements.</p> <p>Mr. Mitchell said that the largest deviation was \$40,000, the study didn't specifically measure for the deviation but there wasn't a strong correlation. The study only included homeowners who requested to have an appraisal done with no lenders being involved which may have added to the deviation.</p> <p>Miss Johnson asked Mr. Brown if he had any thoughts.</p> <p>Chair Brown said that FHA used to have guidelines on how long an appraiser is supposed to spend in the home, but those guidelines no</p>	

Topic	Discussion	Action
	<p>longer exist, so time spent in the home is up to the appraisers discretion. Mr. Brown asked Mr. Mitchell if there was a letter of engagement or did the homeowners call and order an appraiser? That 30 minutes is the typical amount of time spent in a home Mr. Brown asked if there were any disparities in the measurements and pictures taken of the home? An appraiser only spending 5 minutes in a home is concerning and spending more than an hour in a home is uncommon.</p> <p>Mr. Mitchell said that the most common time spent in the homes by appraisers was 30 to 5 minutes.</p> <p>Chair Brown asked if the appraisers who only spent 5 minutes in the home measure the home? Mr. Brown also said he wonders if there was a disclose on the report of the homes square footage or did the appraiser rely on public records. If the appraiser didn't measure the home, then they would have had to use public records. Mr. Brown said he doesn't know if that answers Miss Johnson's question.</p> <p>Miss Johnson said that it does answer her question.</p> <p>Gabriela Nicolau asked Mr. Mitchell what he was able to get out of the property description.</p> <p>Mr. Mitchell said that conditions seemed to change when a person of color was presented as a homeowner. That appraisers seem to be moving away from the number system, but the number was one lower for a person of color when compared to a white homeowner.</p> <p>Miss Nicolau asked if the home was in similar neighborhoods?</p> <p>Mr. Mitchell said this was seen in the same home. Miss Nicolau said thank you.</p> <p>Deborah Fears asked, for the appraisers who rated down, was there any follow up as to why the appraisers rated a certain way?</p> <p>Mr. Mitchell said there was no follow up and that his group was trying to get a general idea during their study and it took months for them to analyze the data.</p> <p>Miss Johnson said Mr. Mitchell stated that there was no follow because the homes used belonged to people who work with HOPE and they didn't want those homeowners to get any blow back for their participation by an appraiser who might become upset during the follow up. Miss Johnson asked if there was going to be any additional research or follow up? That it would be an interesting narrative to get appraisers point of view and have them explain why they rated the homes the way they did. The story would be good to tell the public a side that they have not gotten to hear and provide an explanation that could make sense.</p> <p>Mr. Mitchell said the goal is to do additional research. The appraisals</p>	

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	<p>were done in 2022 and his group plans to put into a report the findings but it is an unfunded study and Mr. Mitchell's group has to meet grant obligations first and so the report is slow but moving. The goal of the study is also to get more attention on the issue and find real people who run into the problem or bias in appraisals. Mr. Mitchell said that his group has been sharing their presentation and given presentations on their study. The solution that they have currently for people who run into the issue is to write a letter to the lender and ask for a ROV.</p> <p>Chair Brown followed up and answered the question of who still uses Q's and C's. That is most common in finances and the reason Mr. Mitchell's did or didn't see the use of these is that they are not required and can box an appraiser in. The reason for this is that the appraiser is forced to pick a number for secondary market appraisal.</p> <p>Mr. Mitchell said his group worked with a few appraisers who said that there were lawsuits related to the use of numbers in appraisals and that is why the market is shifting and changing from using them.</p> <p>Miss Johnson said she wanted to share with the group that she spoke with IL Realtors and Chicago Realtors about any stories they have of people who felt they had been discriminated against in appraisals with there being 10 to 15 people that have shared. Miss Johnson said she is not sure how the task force could go about gaining more stories to include in a future report but is something for the task force to look into. Miss Johnson asked what the task force thinks about including stories in a future report.</p> <p>Jeff Baker said that he thinks Gideon is trying to get Miss Johnson copies of past studies as it would be helpful for the task force and decided as a group what to do with the studies. Mr. Baker said it is important for people to understand and with Mr. Mitchell's report, the task force can see patterns or what might be correlations. That appraisers don't write on their appraisal if there are biases and people have to read between the lines. Case studies will help to add context to the story the task force is trying to tell.</p> <p>Miss Johnson said thank you to Mr. Baker and that the task force must be careful what conclusion are drawn from these studies. Even so, the stories will add color and that bias impacts real people of Illinois. The task force will have to look at the logistics behind everything and possible discuss asking money from the GA.</p> <p>Miss Nicolau asked if there was access to these stories that have already been collected. That she doesn't want to use the word interview to describe these stories as it's a strong word but wants to know what the appraisers do exactly in these stories. Even so, the stories would be helpful in knowing what people are experiencing.</p> <p>Mr. Baker said that the one the IL Realtors can provide, they can go back to the original source to see who would be willing to talk more about their experience. When the case studies were first gathered, a</p>	

Topic	Discussion	Action
	<p>hot-line was set up where people could self-report. The issues that happened during the study was that a lot of the times, people who thought that they were victims of a biased appraisal, were having issues with the transaction of the home. Then there were people who did not want to rehash their pain and want to move on from the situation.</p> <p>Miss Nicolau said that was understandable.</p> <p>Miss Johnson said she can connect with some people offline along with the IL Realtors.</p> <p>Chair Brown asked if anyone had anything for Mr. Mitchell or did Mr. Mitchell have anything for the group. Mr. Brown said he wants to continue to work with Mr. Mitchell.</p> <p>Mr. Mitchell said thank you for having him and that he is excited to see more.</p> <p>Mr. Brown said thank you to Mr. Mitchell for his time.</p>	
New Business	<p>Chair Brown asked if there was any new business.</p> <p>Miss Johnson told the task force that Kim Prickett would be canceling the current meeting invites and sending new ones. So, members seeing cancellations doesn't mean the meeting is canceled, Miss Prickett is simply moving the invites to her name from Jen Moreno's name who is no longer assisting the task force.</p> <p>Chair Brown said it is appropriate to mention the PAVE reports due to the current status of the PAVE task force.</p> <p>Miss Johnson said yes. Chair Brown said ok.</p> <p>Miss Johnson said that she got a follow up email from Dr. Louis Lopez who was doing studies with HUD. That HUD is on hold right now, but Mr. Lopez was able to wrap up his study and will forward the study to the task force</p> <p>Chair Brown stated that there may be privatization of Fannie Mae and Freddie Mac.</p> <p>Miss Nicolau said she can't imagine the numbers, but a broader conversation would need to be had.</p> <p>Chair Brown reminded the task force that next month's meeting would not be with the large group but in subcommittees. That anyone is welcome to join in the subcommittee meetings rather or not they signed up to participate. Market access and availability is Mr. Baker, Chair Brown and Vice Chair Anthony Simpkins. Technology and Innovation is Adrienne Suits Bailey, and Deborah Fears. Collateral Underwriting is Miss Johnson, Aisha Walker, and Chair Brown.</p>	

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	<p>Miss Nicolau reminded the task force that subcommittees should not be a quorum and will need to report back to the public meeting on issues discussed</p> <p>Chair Brown said that everyone should follow the open meetings act.</p>	
Open Discussion	<p>Chair Brown asked is anyone had anything for open discussion. Hearing none, Mr. Brown moved on to public comments.</p>	
Public Comments	<p>Chair Brown asked if there were any public comments.</p> <p>DRE Deputy Director said he had none to share</p>	
Adjournment	<p>The next task force meeting is April 16th with members meeting in March as subcommittees.</p>	<p>There being no further business to discuss, motion to adjourn was made by Jeff Baker and seconded by Adrienne Suits Bailey at 11:49am. Motion carried unanimously.</p>