

# IllinoisAppraiser

## The Long Shadow of Your Past

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Beginning on **January 1, 2015** new applicants will be subjected to a criminal background check.

The language in the Act was lifted from another profession. The Act language is broad and light on detail. Details are saved for the Administrative Rules rewrite later in summer.

#### From the AQB—

All candidates for a real property appraiser credential must undergo background screening. State appraiser regulatory agencies shall, at a minimum, obtain fingerprints of the individual, in digital form if practicable, and any appropriate identifying information for submission to the Federal Bureau of Investigation and/or any governmental agency or entity authorized to receive such information in connection with a State and national background check.

Illinois will not be obtaining criminal background checks on existing licensees at the onset. We need to make certain that the new process is as seamless as possible before considering to screen all 4,400 licensees.

#### Proposed Language in the Act—

*Sec. 5-22. Criminal background check. Criminal history records background check. Each applicant for licensure by examination or restoration shall have his or her fingerprints submitted to the Department*

*of State Police in an electronic format that complies with the form and manner for requesting and furnishing criminal history record information as prescribed by the Department of State Police.*

*These fingerprints shall be checked against the Department of State Police and Federal Bureau of Investigation criminal history record databases now and hereafter filed. The Department of State Police shall charge applicants a fee for conducting the criminal history records check, which shall be deposited into the State Police Services Fund and shall not exceed the actual cost of the records check. The Department of State Police shall furnish, pursuant to positive identifica-*

*tion, records of Illinois convictions to the Department. The Department may require applicants to pay a separate fingerprinting fee, either to the Department or to a vendor. The Department, in its discretion, may allow an applicant who does not have reasonable access to a designated vendor to provide his or her fingerprints in an alternative manner. The Department may adopt any rules necessary to implement this Section.*

#### How Much Will It Cost?

Currently the fees are posted at the following site:

<http://www.isp.state.il.us/crimhistory/chrifeesched.cfm>

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## Fingerprint Vendors—

Keep in mind that appraisers will be referred to approved vendors to have this done. While the State Police will be doing the actual check, the vendors will be the ones getting paid direct.

<https://www.idfpr.com/licenselookup/fingerprintlist.asp>



the date of application, if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering.

The applicant has failed to demonstrate character and general fitness such as to command the

confidence of the community and to warrant a determination that the appraiser will operate honestly, fairly, and efficiently within the purposes of these Criteria.

Additional background issues that a state appraiser regulatory agency shall evaluate and consider prior to issuing (or taking disciplinary action against) a real property appraiser credential include, but are not limited to:

Convictions of any criminal offense involving dishonesty, breach of trust, or money laundering against the individual or organizations controlled by the individual, or agreements to enter into a pretrial diversion or similar program in connection with the prosecution for such offense(s);

Civil judicial actions against the individual in connection with financial services-related activities, dismissals with settlements, or judicial findings that the individual violated financial services-related statutes or regulations, except for actions dismissed without a settlement agreement;

Actions or orders by a State or Federal regulatory agency or foreign financial regulatory authority that:

a. during the five (5) year period immediately preceding the date of the application for licensing or certification; or

b. at any time preceding

The applicant has been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, or foreign court:

The applicant has had an appraiser license or certification revoked in any governmental jurisdiction within the five (5) year period immediately preceding the date of application.

State appraiser regulatory agencies must ensure that all candidates for a real property appraiser credential do not possess a background that could call into question public trust. State appraiser regulatory agencies must take proper steps to ensure those applicants found to possess a background which calls into question the applicant's ability to maintain public trust are not issued a real property appraiser credential. State appraiser regulatory agencies shall not issue a real property appraiser credential if:

## More from the AQB—

### 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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## The Long Shadow of Your Past

### Who, exactly, is a new applicant?

New applicants who will be required to submit fingerprints and pass a criminal background check are:

- \* New 557, 556, and 553 applicants.
- \* Temporary Practice Permit applicants.
- \* Applicants via endorsement.
- \* Revoked Illinois appraisers who are trying to return to the profession.
- \* Indefinitely suspended Illinois appraisers who have petitioned to restore their credential.
- \* Expired license applicants.

*(Continued from page 2)*

a. Found the individual to have made a false statement or omission or been dishonest, unfair or unethical; to have been involved in a violation of a financial services-related regulation or statute; or to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked, or restricted;



b. Are entered against the individual in connection with a financial services-related activity;

c. Denied, suspended, or revoked the individual's registration or license to engage in a financial services-related activity; disciplined the individual or otherwise by order prevented the individual from associating with a financial services-related business or restricted the individual activities; or

d. Barred the individual from association with an entity or its officers regulated by the agency or authority or from engaging in a financial services-related business;

4. Final orders issued by a State or Federal regulatory agency or foreign financial regulatory authority based on violations of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct;

5. Revocation or suspension of the individ-

ual's authorization to act as an attorney, accountant, or State or Federal contractor; and

6. Customer-initiated financial services-related arbitration or civil action against the individual that required action, including settlements, or which resulted in a judgment.

### Felonies—

In Illinois, felonies are defined as:

*Any unclassified offense that is declared by law to be a felony or that provides a sentence to a term of imprisonment for one year or more is a Class 4 felony.*

### Practical Application—

The Appraisal Board is already accustomed to dealing with criminal background issues. Applicants, already, must voluntarily front their troubled backgrounds or risk losing their credentials upon discovery.

January brings a new dynamic into the equation.

### Other Background Checks—

Many appraisers already submit for background checks through their clients. If you work with four AMCs you may be submitting four different background checks to four different entities at four different times.

Will the Illinois criminal background check replace these?

No. Illinois will be doing the CB check

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## Rolling Down the Middle

**Pat Quinn, Governor**

**Manuel Flores,  
Acting Secretary**

**Division of Real Estate  
Illinois Department of  
Financial and  
Professional Regulation**  
100 West Randolph Street  
9th Floor  
Appraisal Unit  
Chicago, Illinois 60601  
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**Appraisal Board**

Lee Lansford, Chairman  
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Retired Hon. Marsha D. Hayes  
Joel Ward

Matthew Woods, Investigator

Brian Weaver, Coordinator  
*Editor of IllinoisAppraiser*  
Luisa Rivera, Admin Assistant  
Mary Bates, Board Liaison

You've seen it on your AMC appraisal instructions. You get crib notes from underwriting about it:

*"When the final value differs from the neighborhood predominant value, please comment."*

*"Comment on any differences between the indicated value and the predominant value when +/- 10%."*

I grew up in tiny, clearly defined suburb of Chicago called Hometown. Most of the housing stock was comprised of 60 year-old, duplexed, ranch-style dwellings on tiny lots. About 1,500 of them are jammed into a half square mile of land.

You really can't more homogenous than that without being in a condo complex.

Reaching back a year for sales would yield 67 MLS transactions.

After eliminating the 35 distressed sales, the high sale would be \$150,000. The low would be \$40,000.

A reasonable predominant value would be around \$90,000.

None of the transactions were *exactly* \$90,000.

Appraisers are being asked to comment and justify as to why the subject property, whatever it is, didn't roll right down the middle of the street, *value-wise*.

Once again, appraisers are being tasked to answer an underwriting question.

Lenders are generally boxed in by their own underwriting or secondary market policies when faced with a property that falls *far* outside the predominant value.

By *far*, I'm talking about 30%.

One-Unit Housing	
PRICE	AGE
\$ (000)	(yrs)
Low	
High	
Pred.	

This means that even if you appraise a residence for \$130,000 in Hometown, the lender may not be able to loan more than if the value was \$117,000.

Again, this is an *underwriting* problem; not an *appraisal* problem.

The lending climate has tightened to a point where any square pegs need to fit efficiently and neatly into round holes before anyone will let loose with a mortgage.

There's nothing wrong or inappropriate about a client that wants lulling language about why your subject property isn't sufficiently *average*.

Its just one more item in a seemingly never-ending laundry list of items that require explanation.

Some clients actually provide samples of language that's acceptable.

Before you reinvent the wheel, you may want to check out what's already rolling down the middle.

## Toss It All!

Trainee
Residential
General

The worst things a trainee can learn are bad habits.

In particular are outdated or nonsensical boilerplate caveats that everyone should purge from their templates *immediately*.

If you attended the ICAP program in Springfield then you can skip this article. If not, here's a highlight reel:

**Departure**—Departure departed for the great beyond in the **2006 USPAP**.

**USPAP guidelines**—Last time... USPAP is a STANDARD. Fannie Mae provides guidelines.

**Illinois Public Act 92-0180**—Was repealed in 2009 yet appraisers insist on complying with this law. First, it wasn't what they thought it was and it really doesn't matter anymore.

**No Conflict Statements**—If you're doing form work the language is baked in. There's no need to restate what was already stated.

**Double Up Limiting Conditions**—Stop attaching the 1994 *two-page* Limiting Conditions sheet to the new forms. You're not getting twice the protection by piling on redundant and often conflicting conditions.

**Electronic Signature disclaimers**—These haven't been relevant since the Y2K scare. We've been electronically signing documents for nearly 15 years now.

**Digital Photos Haven't Been Altered Statements**—For one thing, the last photos I *never* altered were the 35mm kind...in 1997.

Since then I've lightened, darkened, sharpened, cropped, merged, enhanced, clarified...you name it. Even your smartphone let's you edit a photo.

Unless you're *photoshopping* out deferred maintenance or adding more house...the statement can go.

**"I used the best comps available"** — Good idea. But it's a given and the forms say as much in the certifications. Nobody uses the worst sales on purpose...or do they?

These certainly aren't *all* the useless things we see in reports but they're the top vote-getters.

Here's one for AMCs: Stop quoting **2010-2011 USPAP** for anything in your appraiser instructions. We're already deep into **2014-2015 USPAP**.

Appraisers are so busy playing *Simon Says* with AMC and underwriter *must-have* verbiage that they forget that most of what needs explaining is already baked into the forms.

Appraisers; do yourself a favor and read your form report certifications, limiting conditions and especially all of your boilerplate addenda.

Purge the fluff from your reports and you'll find fewer problems waiting for you before your clients and the Board.



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at *application*. By the time a trainee becomes certified and is able to work for an AMC or lender solo, three to four years will have passed.

The shelf life of a background check is short. Even if an applicant had one submitted in a neighboring state nine months prior to applying to Illinois; we'd still need an updated report. Also, the check that Illinois will perform will *not* be something made available to anyone else.

### What Kind of Backgrounds Will Disqualify an Applicant?

Of course, the items outlined by the **AQB** on page 2 of this article will be considered.

The likelihood of **IDFPR** coming across an applicant with a first degree murder

conviction in their past is remote. What we expect to see is what we've already seen. Substance abuse, DUI's, misdemeanors, and of course, appraisal related issues such as revocations, suspensions, sister-state disciplines, etc.

Each case will be judged individually as they are now.

Many reading this article may be shrugging their shoulders and saying, "*this doesn't affect me and it probably doesn't affect most appraisers.*"

Don't be so sure.

There are 65 million Americans with a rap sheet. Nearly 12 million have felony records.

This is definitely something for which the profession needs to prepare.

## Service With a Smile



Slightly less exuberant than receiving an Oscar and a lot less dressy than a famed Nobel Peace Prize presentation are the Illinois-shaped plaques awarded to long-serving board members.

Fear not. These seemingly price-less trophies are not purchased out of licensing fees or state coffers. The board members do their own *chip-in* to recognize one another's contributions over their tenure.

**David DuBois** was presented his plaque in June by outgoing Chair, **Jim Blaydes**.

Incoming **FY15** Chair, **Lee Lansford** presents **Jim Blaydes** with his plaque at the July meeting in Springfield.



The board will have to figure out what to call these plaques. You can't just hand out something without a catchy name.

## Burning AMC Bridges

AMCs need to maintain all communications in which an appraiser has requested to be removed from their panel. All such records need to be stored for five years.

AMCs, when removing an appraiser from their panel, must follow a certain procedure.

It's essentially the same procedure in every jurisdiction with an AMC law.

AMCs must give an appraiser 30 days prior *written* notice before removing them from their panel.

Seems fair.

This gives the AMC time to assemble their reasons for bouncing someone. Perhaps the appraiser can offer up some good reasons *not* to be bounced.

Failing to follow the 30 day protocol can be problematic for an AMC. It can always take longer than 30 days...but it can never be 29 days or less.

Let's face it, some people can be difficult and downright belligerent.

An AMC recently contacted me regarding an appraiser who became enraged after being asked to correct a report.

The appraiser started screaming at the AMC rep, used profanity and threats of violence.

The result was that the appraiser sent an e-mail *demanding* to be taken off the AMC's panel.

The AMC's question was;

*Does the AMC still have to send this appraiser a 30 day notice in advance of formally removing the appraiser from their panel?*

If the appraiser has submitted a written communication *demanding* or *requesting* that they be removed, the 30 day pre-notice is *waived*.

A *written* communication can be a letter, note, memo or e-mail.

What if the appraiser changes his or her mind later and wants back on? Is the AMC *obligated* to take them back?

Not in Illinois.

There are plenty of times when a business relationship just isn't working. Appraisers are free to dump AMC's as clients with absolutely no notice.

It seems fair that an AMC shouldn't be required to follow through on a formal process when the appraiser has already abandoned the relationship.

Appraisers need to weigh the consequences of a hasty "*firing*" of an AMC.

Burning a bridge will keep you from crossing it again.

Think before you strike the match.



## Enforcement Actions & Notices

### Tentative Formal Hearing

#### IDFPR v Starkman

August 19, 2014—10AM

Open to the Public

It's been a busy mid year with enforcement actions. Complaints are down dramatically and the aged cases have all but vanished.

*Gerald Perlow—553.000001*

Fined \$2,500 for communicating a misleading report on the property located at 5500 Forest Hills Road, Rockford Township.

*Kevin P Burns—557.000664*

Refused to Renew based upon a previous criminal conviction.

*Richard Duffner—556.000380*

Indefinite Suspension for a minimum of 2 years based upon an appraisal of the property at 6237 South Marshfield, Chicago.

*Steve R Jennings—556.002222*

Indefinite Suspension for a minimum of 1 year regarding the appraisal of 7367 Deer Run Road, Pleasant Plains.

*Carmelo Blacconeri—556.000680*

Voluntary Surrender for failing to comply with CE requirements.

*John A Vassen—553.001224*

Revocation in connection with a prior criminal conviction.

*Robert S Kang—553.001163*

Probation terminated, license restored to unencumbered status on April 1, 2014.

*Chris B Lenzion—556.004109*

Suspension terminated. License restored on June 13, 2014.

*Vesta Valuation LLC—558.000160*

*Michael Kleber-Diggs  
Karla Miller Iverson*

The AMC registration was Indefinitely Suspended on June 17, 2014. Mr. Kleber-Diggs and Ms. Iverson were each assessed a \$1,000 civil penalty for failing to respond to the Department's request for information.

This is the course that prospective and existing supervisors and trainees will want to attend.

Whether you're a residential, commercial, or agricultural appraiser in Illinois, you'll want to take this course.

The course is designed to walk you through the mutual expectations and state requirements of supervising a trainee and being supervised as a trainee.

We will cover state law and regulations as well as managing the required documentation.

## The Illinois Supervisor—Trainee Course

Save the date: Friday, October 17, 2014

CCAI Office

205 West Wacker Drive  
Chicago, IL 60606



### Who must attend?

Anyone looking to supervise trainees after January 1, 2015 and anyone who plans to become a trainee after January 1, 2015.

### Will there be CE?

Existing credential holders will receive 6 hours of CE.

**Watch for registration details through ICAP. Seating will be limited.**



## Your Friend on the Board



This is the one article that I've been dreading to write.

The tenure of **Tim McCarthy** as a member of the **Illinois Real Estate Appraisal Administration and Disciplinary Board** has come to a quiet close.

We all knew that this was inevitable. Still, it's nearly impossible to think of the Illinois Appraiser Board without him.

His original appointment was in December of 2002. He's served on our state board only 229 days less than FDR served as president.

There are appraisers in Illinois who have been practicing for a *decade* who've never known **TJ** *not* to be a Board Member.

More importantly, these same appraisers, myself included, have always been able to call or e-mail **TJ** with a question or *two* or *ten*.

The standing joke on the board has always been the sacred utterance from a licensee, "*But TJ said ...*"



The difficulty in writing an article about such an iconic member of our profession is that there's no one in Illinois who doesn't know TJ.

Will we miss him at board meetings?

You bet. No one can mangle the pronunciation of an applicant's name like *Teej*.

Aside from that, we will miss the holiday fun, crazy toys, irreverence and especially his love of serving the profession.

There has never been a better friend to the appraisal profession.

We've all watched him argue passionately at meetings for greater consistency and transparency in enforcement issues. He's always been an advocate for the profession whether through ICAP or the board.

His has always been every appraiser's voice at a meeting or disciplinary conference.

His profound sense of integrity has always been his personal hallmark of ethical leadership on the board.

We will miss that most of all.

TJ was a *good person* on the board. We thank him for his devotion to public service on behalf of the appraisal profession.

*"Waste no more time arguing about what a good man should be. Be one."*

— Marcus Aurelius