

# SB1817



## 100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1817

Introduced 2/9/2017, by Sen. Pamela J. Althoff

### SYNOPSIS AS INTRODUCED:

225 ILCS 458/5-5  
225 ILCS 458/10-10  
225 ILCS 459/Act rep.

Repeals the Appraisal Management Company Registration Act. Makes conforming changes in the Real Estate Appraiser Licensing Act of 2002. In the Real Estate Appraiser Licensing Act of 2002, removes a provision requiring written disclosure to a borrower or loan applicant of the total compensation to the appraiser or appraisal firm when an appraisal obtained through an appraisal management company is used for loan purposes. Effective immediately.

LRB100 05794 SMS 15817 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Real Estate Appraiser Licensing Act of 2002  
5 is amended by changing Sections 5-5 and 10-10 as follows:

6 (225 ILCS 458/5-5)

7 (Section scheduled to be repealed on January 1, 2022)

8 Sec. 5-5. Necessity of license; use of title; exemptions.

9 (a) It is unlawful for a person to (i) act, offer services,  
10 or advertise services as a State certified general real estate  
11 appraiser, State certified residential real estate appraiser,  
12 or associate real estate trainee appraiser, (ii) develop a real  
13 estate appraisal, (iii) practice as a real estate appraiser, or  
14 (iv) advertise or hold himself or herself out to be a real  
15 estate appraiser without a license issued under this Act. A  
16 person who violates this subsection is guilty of a Class A  
17 misdemeanor for a first offense and a Class 4 felony for any  
18 subsequent offense.

19 (a-5) It is unlawful for a person, ~~unless registered as an~~  
20 ~~appraisal management company,~~ to solicit clients or enter into  
21 an appraisal engagement with clients without either a certified  
22 residential real estate appraiser license or a certified  
23 general real estate appraiser license issued under this Act. A

1 person who violates this subsection is guilty of a Class A  
2 misdemeanor for a first offense and a Class 4 felony for any  
3 subsequent offense.

4 (b) It is unlawful for a person, other than a person who  
5 holds a valid license issued pursuant to this Act as a State  
6 certified general real estate appraiser, a State certified  
7 residential real estate appraiser, or an associate real estate  
8 trainee appraiser to use these titles or any other title,  
9 designation, or abbreviation likely to create the impression  
10 that the person is licensed as a real estate appraiser pursuant  
11 to this Act. A person who violates this subsection is guilty of  
12 a Class A misdemeanor for a first offense and a Class 4 felony  
13 for any subsequent offense.

14 (c) This Act does not apply to a person who holds a valid  
15 license as a real estate broker or managing broker pursuant to  
16 the Real Estate License Act of 2000 who prepares or provides a  
17 broker price opinion or comparative market analysis in  
18 compliance with Section 10-45 of the Real Estate License Act of  
19 2000.

20 (d) Nothing in this Act shall preclude a State certified  
21 general real estate appraiser, a State certified residential  
22 real estate appraiser, or an associate real estate trainee  
23 appraiser from rendering appraisals for or on behalf of a  
24 partnership, association, corporation, firm, or group.  
25 However, no State appraisal license or certification shall be  
26 issued under this Act to a partnership, association,

1 corporation, firm, or group.

2 (e) This Act does not apply to a county assessor, township  
3 assessor, multi-township assessor, county supervisor of  
4 assessments, or any deputy or employee of any county assessor,  
5 township assessor, multi-township assessor, or county  
6 supervisor of assessments who is performing his or her  
7 respective duties in accordance with the provisions of the  
8 Property Tax Code.

9 (e-5) For the purposes of this Act, valuation waivers may  
10 be prepared by a licensed appraiser notwithstanding any other  
11 provision of this Act, and the following types of valuations  
12 are not appraisals and may not be represented to be appraisals,  
13 and a license is not required under this Act to perform such  
14 valuations if the valuations are performed by (1) an employee  
15 of the Illinois Department of Transportation who has completed  
16 a minimum of 45 hours of course work in real estate appraisal,  
17 including the principals of real estate appraisals, appraisal  
18 of partial acquisitions, easement valuation, reviewing  
19 appraisals in eminent domain, appraisal for federal aid highway  
20 programs, and appraisal review for federal aid highway programs  
21 and has at least 2 years' experience in a field closely related  
22 to real estate; (2) a county engineer who is a registered  
23 professional engineer under the Professional Engineering  
24 Practice Act of 1989; (3) an employee of a municipality who has  
25 (i) completed a minimum of 45 hours of coursework in real  
26 estate appraisal, including the principals of real estate

1 appraisals, appraisal of partial acquisitions, easement  
2 valuation, reviewing appraisals in eminent domain, appraisal  
3 for federal aid highway programs, and appraisal review for  
4 federal aid highway programs and (ii) has either 2 years'  
5 experience in a field clearly related to real estate or has  
6 completed 20 hours of additional coursework that is sufficient  
7 for a person to complete waiver valuations as approved by the  
8 Federal Highway Administration; or (4) a municipal engineer who  
9 has completed coursework that is sufficient for his or her  
10 waiver valuations to be approved by the Federal Highway  
11 Administration and who is a registered professional engineer  
12 under the Professional Engineering Act of 1989, under the  
13 following circumstances:

14 (A) a valuation waiver in an amount not to exceed  
15 \$10,000 prepared pursuant to the federal Uniform  
16 Relocation Assistance and Real Property Acquisition  
17 Policies Act of 1970, or prepared pursuant to the federal  
18 Uniform Relocation Assistance and Real Property  
19 Acquisition for Federal and Federally-Assisted Programs  
20 regulations and which is performed by (1) an employee of  
21 the Illinois Department of Transportation and co-signed,  
22 with a license number affixed, by another employee of the  
23 Illinois Department of Transportation who is a registered  
24 professional engineer under the Professional Engineering  
25 Practice Act of 1989 or (2) an employee of a municipality  
26 and co-signed with a license number affixed by a county or

1 municipal engineer who is a registered professional  
2 engineer under the Professional Engineering Practice Act  
3 of 1989; and

4 (B) a valuation waiver in an amount not to exceed  
5 \$10,000 prepared pursuant to the federal Uniform  
6 Relocation Assistance and Real Property Acquisition  
7 Policies Act of 1970, or prepared pursuant to the federal  
8 Uniform Relocation Assistance and Real Property  
9 Acquisition for Federal and Federally-Assisted Programs  
10 regulations and which is performed by a county or municipal  
11 engineer who is employed by a county or municipality and is  
12 a registered professional engineer under the Professional  
13 Engineering Practice Act of 1989. In addition to his or her  
14 signature, the county or municipal engineer shall affix his  
15 or her license number to the valuation.

16 Nothing in this subsection (e-5) shall be construed to  
17 allow the State of Illinois, a political subdivision thereof,  
18 or any public body to acquire real estate by eminent domain in  
19 any manner other than provided for in the Eminent Domain Act.

20 (f) A State real estate appraisal certification or license  
21 is not required under this Act for any of the following:

22 (1) A person, partnership, association, or corporation  
23 that performs appraisals of property owned by that person,  
24 partnership, association, or corporation for the sole use  
25 of that person, partnership, association, or corporation.

26 (2) A court-appointed commissioner who conducts an

1 appraisal pursuant to a judicially ordered evaluation of  
2 property.

3 However, any person who is certified or licensed under this Act  
4 and who performs any of the activities set forth in this  
5 subsection (f) must comply with the provisions of this Act. A  
6 person who violates this subsection (f) is guilty of a Class A  
7 misdemeanor for a first offense and a Class 4 felony for any  
8 subsequent offense.

9 (g) This Act does not apply to an employee, officer,  
10 director, or member of a credit or loan committee of a  
11 financial institution or any other person engaged by a  
12 financial institution when performing an evaluation of real  
13 property for the sole use of the financial institution in a  
14 transaction for which the financial institution would not be  
15 required to use the services of a State licensed or State  
16 certified appraiser pursuant to federal regulations adopted  
17 under Title XI of the federal Financial Institutions Reform,  
18 Recovery, and Enforcement Act of 1989, nor does this Act apply  
19 to the procurement of an automated valuation model.

20 "Automated valuation model" means an automated system that  
21 is used to derive a property value through the use of publicly  
22 available property records and various analytic methodologies  
23 such as comparable sales prices, home characteristics, and  
24 historical home price appreciations.

25 (h) This Act does not apply to any corporation, limited  
26 liability company, partnership, sole proprietorship,

1 subsidiary, unit, or other business entity that directly or  
2 indirectly performs the following appraisal management  
3 services: (1) administers networks of independent contractors  
4 or employee appraisers to perform real estate appraisal  
5 assignments for clients; (2) receives requests for real estate  
6 appraisal services from clients and, for a fee paid by the  
7 client, enters into an agreement with one or more independent  
8 appraisers to perform the real estate appraisal services  
9 contained in the request; or (3) otherwise serves as a  
10 third-party broker of appraisal management services between  
11 clients and appraisers.

12 (Source: P.A. 98-444, eff. 8-16-13; 98-933, eff. 1-1-15;  
13 98-1109, eff. 1-1-15; 99-78, eff. 7-20-15.)

14 (225 ILCS 458/10-10)

15 (Section scheduled to be repealed on January 1, 2022)

16 Sec. 10-10. Standards of practice. All persons licensed  
17 under this Act must comply with standards of professional  
18 appraisal practice adopted by the Department. The Department  
19 must adopt, as part of its rules, the Uniform Standards of  
20 Professional Appraisal Practice (USPAP) as published from time  
21 to time by the Appraisal Standards Board of the Appraisal  
22 Foundation. The Department shall consider federal laws and  
23 regulations regarding the licensure of real estate appraisers  
24 prior to adopting its rules for the administration of this Act.  
25 ~~When an appraisal obtained through an appraisal management~~



1 ~~company is used for loan purposes, the borrower or loan~~  
2 ~~applicant shall be provided with a written disclosure of the~~  
3 ~~total compensation to the appraiser or appraisal firm within~~  
4 ~~the certification of the appraisal report and it shall not be~~  
5 ~~redacted or otherwise obscured.~~

6 (Source: P.A. 96-844, eff. 12-23-09; 97-602, eff. 8-26-11.)

7 (225 ILCS 459/Act rep.)

8 Section 10. The Appraisal Management Company Registration  
9 Act is repealed.

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law.