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June 28, 2016

The Honorable Bruce G. Rauner
Governor
207 State House
Springfield, IL 62706

Re: House Bill 3333, "Broker Market Analysis"

Dear Governor Rauner:

On behalf of the nearly 20,000 professionals of the Appraisal Institute (AI), including more than 800 Designated Members, Candidates for Designation and Affiliates in Illinois, we are writing to urge you to sign into law House Bill (HB) 3333.

The Appraisal Institute is a global professional association of real estate appraisers. Its mission is to advance professionalism and ethics, global standards, methodologies and practices through the professional development of property economics worldwide.

As passed by the General Assembly, HB 3333 will create the Appraisal Management Company Recovery Fund (the "Fund") to be administered by the Department of Financial and Professional Regulation (DFPR). The purpose of the Fund is to provide restitution to state-certified residential and general appraisers who have suffered monetary loss as a result of an appraisal management company (AMC) ceasing operations in Illinois or having been determined to be bankrupt.

Over the last several years there have been several high-profile failures and bankruptcies of large AMCs which have resulted in Illinois appraisers being left with hundreds of thousands of dollars of unpaid invoices for appraisal services rendered to AMCs prior to their failure. The Fund provides an equitable and fair forum for collecting fees that have been determined by a court to be rightfully owed to an appraiser after having been paid by a borrower to a lender and submitted to a third-party AMC.

The creation of the Fund is a reasonable alternative to the existing requirement for AMCs operating in Illinois to post a \$25,000 surety bond with DFPR. The premium for a \$25,000 surety bond is approximately \$450 every two years. In addition, obtaining AMC surety bonds often requires the AMC providing extensive and detailed financial information to the insurance carrier. It is anticipated that the fee of up to \$500 to establish the Fund will be imposed on AMCs operating in Illinois for only the first two or three licensing cycles after its implementation. After that time, no fee will be imposed, resulting in a cost savings and paperwork reduction for AMCs.

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HB 3333 also enacts an important change to the Real Estate License Act of 2000 that will make it clear to the public that a broker price opinion (BPO) or comparative market analysis (CMA) prepared by a real estate broker or managing broker is **not** an appraisal of the market value of real estate, which should be performed only by a state-licensed or state-certified appraiser. This change also will allow state-certified appraisers, who are dually-licensed as real estate brokers, to perform BPOs and CMAs without being at risk of disciplinary action by the state appraiser regulatory agency.

For these reasons, we respectfully request that you sign HB 3333 into law at your earliest convenience. If you should have any questions or if you need further information, please contact Scott DiBiasio, AI's Manager of State and Industry Affairs, at (202) 298-5593 or sdibiasio@appraisalinstitute.org.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Robinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Scott Robinson, MAI, SRA, AI-GRS
2016 President