

I'm closing my real estate appraisal business. What are my responsibilities under Illinois law?

Appraisal firms (or shops) vary from single owners to large establishments with many employees or independent-contractors.

Of primary concern is proper file retention.

Even after a firm shuts its doors, files must be maintained as outlined in the law.

Administrative Rules:

1) An appraiser shall prepare a work file for each appraisal, appraisal review, or appraisal consulting assignment. The work file shall include the name of the client and identity, by name or type, of any other intended users, true copies (as transmitted to the client) of any written reports, documented on any type of media; summaries of any oral reports or testimony, or a transcript of the testimony, including the appraiser's signed and dated certification; and all other data information and documentation necessary to comply with this Part and all other applicable Sections of the Act and provisions of USPAP.

2) A work file shall be in existence prior to and contemporaneous with the issuance of a written or oral report. A written summary of an oral report shall be added to the work file within a reasonable time after the issuance of the oral report. A work file shall be made available to the Division within 30 days after request.

The Act:

(225 ILCS 458/10-20)

(Section scheduled to be repealed on January 1, 2012)

Sec. 10-20. Retention of records. A person licensed under this Act shall retain the original copy of all written contracts engaging his or her services as an appraiser and all appraisal reports, including any supporting data used to develop the appraisal report, for a period of 5 years or 2 years after the final disposition of any judicial proceeding in which testimony was given, whichever is longer. In addition, a person licensed under this Act shall retain contracts, logs, and appraisal reports used in meeting pre-license experience requirements for a period of 5 years.

(Source: P.A. 92-180, eff. 7-1-02.)

What about E&O coverage?

Illinois law does NOT mandate any E&O coverage for its appraisal licensees. However, an appraiser should consider "tail coverage". This is an extension of coverage to work performed in the past as claims do not cease when a business is closed.

The appraisal firm I worked for has closed. How do I get my files?

Illinois law does NOT mandate how arrangements are made or kept regarding file access. However, USPAP states the following under **Record Keeping**:

“An appraiser must have custody of his or her workfile, or make appropriate retention, access and retrieval arrangements with the party having custody of the workfile.”

This means that each licensee is responsible for access to their own workfile. Each appraiser would be wise to have a written agreement with the file custodian as to where, how, and when file access is to be granted.