



Illinois Department of Financial and Professional Regulation

Division of Professional Regulation

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From time-to-time we receive questions from appraisal management companies and lenders. This will answer the two most common questions we receive.

Q: Are Illinois real estate appraisal licensees required to carry E&O insurance policies?

A: No. Illinois considers this a private business decision by appraisers.

Q: Are Certified Residential licensees permitted to appraise mixed-use properties or farmland?

A: Not without a Certified General as a co-signer.

Per the Act... "State certified residential real estate appraiser" means an appraiser who holds a license of this classification under this Act and such classification applies to the appraisal of **one to four** units of **residential** real property without regard to transaction value or complexity, but with restrictions as to the scope of practice in a federally related transaction in accordance with Title XI, the provisions of USPAP, criteria established by the AQB, and further defined by rule.

With regard to farmland, if the income derived from the land can support a "farm family", then a Certified General must co-sign the report.

Typical farm family NET income is estimated to be \$50,000 per year.

For example, if the subject property contained 20 contiguous acres with a residence and 15 acres were being used to grow alfalfa...based on a typical yield of 3.5 tons per acre and a price of \$50 per ton...this property would most likely yield approximately \$2,625 in gross income (depending upon the number of cuttings). It's always best to err on the side of caution when engaging an appraiser for a specific assignment.

Questions should be directed to: 312-793-6608.

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