

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB1573

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Wagner

3. Committee: General Laws and Technology

4. Title: Appraisal management companies; compensation to appraisers.

5. Summary: Provides that an appraisal management company will not enter into any contracts or agreements with an appraiser for the performance of real estate appraisal services unless the appraiser (i) is licensed to provide such service under § 54.1-2017, Code of Virginia, and otherwise provided in Chapter 20.1 (§ 54.1-2009 et seq.) and (ii) is not a current employee of the appraisal management company. The bill also provides that the appraisal management company will not engage in allowing an employee of the appraisal management company to complete appraisal services for such appraisal management company. The bill also provides that an appraisal management company will compensate appraisers in compliance with § 129E(i) of the federal Truth in Lending Act (15 U.S.C. § 1601 et seq.) and regulations promulgated thereunder except in the case of breach of contract, or an appraisal that contains one or more documented errors of law, regulation, appraisal standards, or reasonable requirements of the appraisal management company that have not been corrected by the appraiser, an appraisal management company will compensate the appraiser within 30 days of the initial delivery by the appraiser of the completed appraisal report.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$0	0	N/A
2018	\$3,330	0	NGF
2019	\$0	0	N/A
2020	\$0	0	N/A
2021	\$0	0	N/A
2022	\$0	0	N/A
2023	\$0	0	N/A

8. Fiscal Implications: This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR). The Real Estate Appraiser Board (Board) will need to revise the real estate appraiser regulations in order to conform to the statutory changes in a way that ensures Virginia remains in compliance with

federal Appraisal Subcommittee guidelines. The Board will need to conduct at least three additional meetings to complete the regulatory revisions. Board member travel and other related expenses for the additional meetings in FY 2018 will total approximately \$3,230. The cost of mailings as required by the Administrative Process Act is expected to be \$100 or less in FY 2018. It is likely that the number of complaints filed against appraisal management Companies will increase as a result of this legislation. An increase to the workload to receive, investigate, and adjudicate the additional cases is likely although the number of cases is indeterminate at this time.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.