

Department of Planning and Budget

2018 Fiscal Impact Statement

1. Bill Number: HB1506

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Bell, Richard P.

3. Committee: General Laws

4. Title: Professions and occupations; appraisal management companies.

5. Summary: Changes the definition of “appraisal management company” to (i) a person or entity that provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates; (ii) provides such services in connection valuing a consumer's principal dwelling as security for a consumer credit transaction or incorporating such transactions into securitizations; and (iii) within a 12-month calendar year, oversees an appraiser panel of more than 15 state-certifies or state-licensed appraisers in a state of 25 or more state-certified or state-licensed appraisers in two or more states. An appraisal management company does not include a department or division of an entity that provides appraisal management services only to that entity. Adds new definitions for “appraisal management services” and “appraiser panel”. "Appraisal management services" means one or more of the following: (1) recruiting, selecting, and retaining appraisers; (2) contracting with state-certified or state-licensed appraisers to perform appraisal assignments; (3) managing the process of having an appraisal performed, including providing administrative services such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and secondary market participants, collecting fees from creditors and secondary market participants for services provided, and paying appraisers for services performed; or (4) reviewing and verifying the work of appraisers. "Appraiser panel" means a network, list, or roster of licensed or certified appraisers approved by an appraisal management company to perform appraisals as independent contractors for the appraisal management company. Appraisers on an appraisal management company's "appraiser panel" include both appraisers accepted by the appraisal management company for consideration for further appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions and appraisers engaged by the appraisal management company to perform one or more appraisals in covered transactions or for secondary mortgage market participants in connection with covered transactions. An appraiser is an independent contractor for purposes of this chapter if the appraiser is treated as an independent contractor by the appraisal management company for purposes of federal income taxation. Changes the requirements of appraisal management owners.

6. Budget Amendment Necessary: No.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	0	0	n/a
2019	\$3,565	0	NGF
2020	0	0	n/a
2021	0	0	n/a
2022	0	0	n/a
2023	0	0	n/a
2024	0	0	n/a

- 8. Fiscal Implications:** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR). This bill updates the definitions of appraisal management companies, appraisal management services, and appraiser panels to match federal requirements and changes the requirements of appraisal management company owners. The Real Estate Appraiser Board (Board) will need to update regulations to implement the changes. The Board will also need to update applications, forms, and letters to comply with the new requirements.

Expenditure Impact: In FY 2019, the Board will need to conduct two additional board meetings to make the regulation revisions. The Board reimburses members for travel expenses incurred when attending board meetings. There is also a one-time charge for printing and postage expense to send out notification letters to existing licensees regarding the changes. Existing staff resources will be utilized to modify and update all applications and to make configuration updates to the licensing system. The total additional one-time expenditures for two board meetings and notification mailings is approximately \$3,565. It is anticipated that these expenditures can be absorbed within existing resources.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.