

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Rue **ORIGINAL DATE** 01/23/14
LAST UPDATED 02/13/14 **HB** _____

SHORT TITLE Real Estate Appraiser Requirements **SB** 110/aSJC

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee amended Senate Bill 110 by striking title language and any reference within the bill that provided for automated valuation models (AVM), and for broker price opinions (BPO). The current act is silent as to AVM and BOP. The amendment would effectively maintain the status quo as to AVM and BPO.

In regards to temporary practice, the amendment inserts new language allowing for the extension of a temporary license, with no more than one extension allowed and an additional extension fee may be applied.

Synopsis of Original Bill

SB110 amends the Real Estate Appraisers Act by including new definitions, clarifying definitions, and creating new criteria for the qualifications of an appraisal all in an effort to be consistent with the requirement of Title XI of Financial Institutions Reform, Recovery, and Enforcement Act; and changes the title of licenses to be consistent with the national standard, throughout the bill.

Section 1: includes new definitions or expands existing for: clarification that an appraisal

whether written or oral is subject to review for compliance, automated valuation model (AVM), broker price opinion (BPO) and appraisal management company (AMC), appraisal review, appraisal subcommittee, appraiser trainee, supervisor appraiser, and uniform standards of professional appraisal practice (USPAP) and change to definition of state certified real estate appraiser, and real estate appraiser trainee.

Section 2: In every instance changes the title for a real estate appraiser in training as follows: ~~state apprentice~~ real estate appraiser trainee

Section 3: Add the Appraisal Subcommittee responsibility, and adds clarifying language: pursuant to Title 11 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Section 4: Changes certain board powers and duties related to collection of annual registry fees related to federal transactions.

In every instance changes the title for a real estate appraiser in training as follows: ~~state apprentice~~ real estate appraiser trainee.

Section 6: Add the scope of practice for various levels of a real estate appraisal based on aspects such as monetary value, and complexity of the appraisal, and specifies in detail at what qualification level must an appraiser be regarded to perform each type of appraisal.

Section 7: Clarifies the qualification and scope of appraiser trainee.

Section 8: Clarifies the qualification and scope of licensed residential real estate appraiser.

Section 9: Clarifies the qualification and scope of general certified residential and general real estate appraiser.

Section 10: Allows for electronic application and removal of the examination limitations regarding number of times a year and geographic location.

Section 11: Cleans up old language.

Section 13: Clarifies requirements regarding standards of professional practice.

Section 14: Allows for the Board to collect registration fee for appraisal management companies.

Section 15: Allows the board to access the fund balance to be used for investigation of complaints and enforcement activity.

Sections 17 and 18: Strike old language on nonresident applicants reciprocity and adds new language clarifying nonresident applicants reciprocity as follows: Pursuant to Title 11 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the board shall issue a registration, license or certificate to a nonresident if the applicant's home state complies with Title 11 as determined by the appraisal subcommittee.

Section 20: New material related to standards for automated valuation models and the requirement for the board to develop rules.

Section 21: New material that will allow the board to conduct criminal background checks on all applicants, and to what extent.

FISCAL IMPLICATIONS

No Fiscal Impact

SIGNIFICANT ISSUES

The RLD writes:

If SB110 is not passed, both the board and licensed appraisers will face consequences. This could result in both delays and cost increases for both commercial & residential transactions. The states Real Estate Appraisers board will not be in federal compliance with Title XI FIRREA, Dodd-Frank Act and may have penalties imposed against the board. Current licensees could lose the ability to perform federal related transactions if federal regulators took formal action. This would impact both commercial and residential transactions when federal funding is involved. Including home mortgages financed by a national bank or a national mortgage company.

The passing of SB 110 will ensure the state is in federal compliance with Title XI FIRREA, Dodd-Frank Act. Effective January 1, 2015.

RM/jl:ds