



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 4054 (Substitute H-1 as reported without amendment)

Sponsor: Representative Jeff Mayes

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

**CONTENT**

The bill would amend the Occupational Code to make it a misdemeanor for a licensed appraiser, in violation of standards adopted under Article 26 (Real Estate Appraisers), to develop and communicate an appraisal used as an investment or as collateral for a loan in a real estate-related financial transaction, by developing and communicating that appraisal as a result of the client's or intended user's doing either or both of the following:

- Setting preconditions on the outcome of the appraisal as a prerequisite for being selected to develop and communicate an appraisal or for obtaining future appraisal work.
- Representing or implying that payment for the development and communication of the appraisal was predicated upon attaining a desired minimum appraised value.

The misdemeanor would be punishable by a maximum fine of \$15,000 or imprisonment for up to one year, or both. The appraiser also would be subject to the penalties set forth in Article 6 of the Code (license suspension or revocation, censure, probation, and a maximum administrative fine of \$10,000).

The bill is tie-barred to Senate Bills 343 and 356. (Senate Bill 343 (S-2) would amend the Secondary Mortgage Loan Act to reduce the maximum term of imprisonment from three years to one year, and increase the maximum fine from \$5,000 to \$15,000, for a person willfully or intentionally to engage in the business of making secondary mortgage loans without a license. Senate Bill 356 (S-2) would amend the Mortgage Brokers, Lenders, and Servicers Licensing Act to make it a misdemeanor, punishable by imprisonment for up to one year and/or a maximum fine of \$15,000, for a person willfully or intentionally to coerce or induce a real estate appraiser to inflate the value of real property used as collateral for a mortgage loan.)

MCL 339.2635

Legislative Analyst: Craig Laurie

**FISCAL IMPACT**

The bill would have an indeterminate fiscal impact on State and local government. There are no data to indicate how many licensed appraisers would be convicted of the proposed offense. Local governments would incur the costs of misdemeanor probation and incarceration in local facilities, which vary by county. Additional penal fine revenue would benefit public libraries.

The bill would have no fiscal impact on the Department of Labor and Economic Growth.

Date Completed: 12-8-08

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Analysis available @ <http://www.michiganlegislature.org>

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