Legislative Analysis

Mitchell Bean, Director
Phone: (517) 373-8080
http://www.house.mi.gov/hfa

REAL ESTATE APPRAISERS BOARD

House Bill 5313 with proposed committee amendment
Sponsor: Rep. David Nathan
Committee: Regulatory Reform

Complete to 2-22-10

A SUMMARY OF HOUSE BILL 5313 AS REPORTED FROM COMMITTEE 2-10-10

The bill would amend Article 26 (Real Estate Appraisers) of the Occupational Code, 1980 PA 299, to alter the composition of the board of real estate appraisers.[1] Currently, the nine-member board consists of 3 public members and 6 professional members; the professional members comprise 3 certified general real estate appraisers, 1 certified residential real estate appraiser, and 2 state licensed real estate appraisers.

The bill would replace the 2 state licensed real estate appraisers with 2 members who are either state licensed real estate appraisers or certified residential real estate appraisers.

The bill would also alter the requirement that at least one of the professional members be employed by a state or nationally chartered bank, savings bank, savings and loan, credit union, federally chartered farm credit institutions, or entity regulated under the Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173. Under the bill, as amended, this provision would be permissive ("may") rather than mandatory ("shall").

MCL 339.2603

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government.

BACKGROUND INFORMATION:

There is currently a vacancy on the Board of Real Estate Appraisers. According to the Department of Energy, Labor, and Economic Growth, and committee testimony, financial institutions are employing fewer real estate appraisers, which makes it difficult to comply with the requirement that at least one member of the Board be employed by a financial institution. Also, many real estate appraisers are seeking additional levels of licensure for various business reasons, which also imposes some difficulty in filling vacancies on the board.

Under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, P.L. 101-73, (12 USC 3331 et seq.), the Appraisal Qualifications Board (AQB) of

[1] For 2010, the board meets on March 23rd, June 15th, September 28th, and December 7th.

the Appraisal Foundation[2] develops the minimum education, experience, and examination requirements for real estate appraisers to obtain state certification. In 2004 the AQB revised its qualification criteria, effective January 2008.[3] The chart below shows the scope of practice and qualification criteria of real estate appraisers under the 2008 AQB Qualifications Board (AQB) requirements.

Level of Licensure	Education	Experience	Exam	Scope of Practice
Limited Real Estate Appraiser	75 hours of approved pre-licensure appraiser education	None	None	Any non-federally related transactions. Must also contain supervisor's signature
State Licensed Real Estate Appraiser	150 hours of approved pre-licensure appraiser education	2,000 hours of appraisal experience including at least 1,500 hours of residential experience over at least 12 months	2008 AQB exam	Any non-federally related transactions, and federally related transactions of 1-4 family residences up to $1,000,000, or commercial properties up to $250,000
Certified Residential Real Estate Appraiser	200 hours of approved pre-licensure appraiser education	2,500 hours of appraisal experience including at least 2,000 hours of residential experience over at least 24 months	2008 AQB exam	Appraise 1 to 4 family residential properties, without regard to complexity or value and commercial properties under $250,000 transaction value
Certified General Real Estate Appraiser	300 hours of approved pre-licensure appraiser education and a bachelor degree or 30 college semester credit hours	3,000 hours of appraisal experience including at least 1,500 hours of non-residential experience over at least 30 months	2008 AQB exam	Real property of any type or value

Source: *2008 AQB Qualification Criteria Changes*, Department of Energy, Labor, and Economic Growth, Bureau of Commercial Services, [http://www.dleg.state.mi.us/bcsc/forms/appr/aqbqualif.pdf].

Legislative/Fiscal Analyst: Mark Wolf

[2] http://www.appraisalfoundation.org/s_appraisal/sec.asp?CID=59&DID=88

[3] *The Real Property Qualification Criteria and Interpretations of the Criteria*, The Appraisal Foundation, Appraisal Qualifications Board, [http://www.appraisalfoundation.org/s_appraisal/bin.asp?cid=2&did=287&doc=file.pdf]. See, also, Public Act 414 of 2006 (SB 1016).