

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 15, 1998 Revised: _____

Subject: Real Estate Appraisals

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Masterton</u>	<u>Guthrie</u>	<u>RI</u>	<u>Favorable/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill amends various provisions in chapter 475, Florida Statutes, relating to the regulation of real estate appraisals. Significant changes include: requiring individuals licensed as real estate brokers or salespersons who perform appraisals to abide by the appropriate standards of practice; conforming Florida education and experience requirements for appraisers to federal standards, so that Florida may continue to certify appraisers; authorizing inspections and audits of appraisers' offices; renaming registered appraisers as assistant appraisers; allowing the Florida Real Estate Appraisal Board to establish a different fee for certain applicants applying for changes of licensure status; and exempting real estate appraiser licensees from discipline for failing to report violations of the licensing statutes.

This bill substantially amends the following sections of the Florida Statutes: 475.25, 475.611, 475.612, 475.615, 475.617, and 475.624.

The bill creates the following sections of the Florida Statutes: 475.6145, 475.6147, and 475.6295.

II. Present Situation:

Real estate appraisers are regulated by the Florida Real Estate Appraisal Board within the Division of Real Estate of the Department of Business and Professional Regulation (DBPR). Section 475.611, F.S., provides definitions relevant to the regulation of appraisers.

Section 475.615, F.S., authorizes the Florida Real Estate Appraisal Board to revise education and experience requirements for licensure to conform to requirements established by the Appraisal Standards Board and approved by the Appraisal Subcommittee, which consists of the heads of federal financial regulatory agencies established by the Federal Financial Institutions Examination

Act of 1978. Section 475.617, F.S., sets forth the education and examination requirements to be met by individuals wishing to be licensed in the various appraiser categories (i.e., assistant appraiser, licensed appraiser, certified residential appraiser, and certified general appraiser). Current requirements in the Florida law do not conform to recently adopted federal standards.

Section 475.624, F.S., sets forth the grounds for disciplinary action against licensees and the penalties the board may impose against licensees for violations. Section 455.227, F.S., provides a penalty for all licensees under the jurisdiction of the Department of Business and Professional Regulation who fail to report violations of the licensing laws.

Under current law, the fees for real estate appraisers are set in rule, rather than statute. The board has no specific authority to charge a different fee for licensees applying for changes in status who have recently renewed their licenses than it does for any applicant for a change in status.

Real estate brokers are regulated by the Florida Real Estate Commission also within the Division of Real Estate of DBPR. Currently, real estate brokers and salespersons (licensed under part I of ch. 475, F.S.) are not specifically subject to discipline for failing to abide by real estate appraisal standards when performing appraisals.

III. Effect of Proposed Changes:

The bill amends ch. 475, F.S., relating to the regulation of real estate appraisals, to conform education and experience requirements to federal standards, to revise grounds for disciplinary action, to clarify licensure categories, and to make other administrative and technical changes.

Section 1 amends s. 475.25, F.S., to provide that real estate brokers and salespersons may be disciplined for violating the Uniform Standards for Professional Appraisal Practice. This provision does not apply to the performance of comparative market analyses.

Sections 2 and 3 amend ss. 475.611 and 475.612, F.S., to change the licensure category of “registered appraiser” to “registered assistant appraiser.” This change clarifies that a registered appraiser works under the supervision of a certified appraiser.

Section 4 creates s. 475.6145, F.S., to authorize the Florida Real Estate Appraisal Board to adopt a seal.

Section 5 creates s. 475.6147, F.S., to establish in statute various fees that are currently specified in board rules. (The existing statute authorizes the board to adopt fees, but does not impose statutory maximums.)

Section 6 amends s. 475.615, F.S., to require fingerprints of applicants and to allow the Florida Real Estate Appraisal Board to establish a special fee for appraisers who change status within 180 days of renewal. In addition, the bill amends s. 475.615, F.S., to recognize successor entities to

the Appraisal Subcommittee for the purpose of conforming state licensure requirements to federal standards.

Section 7 amends s. 475.616, F.S., to replace the word “section” with the word “part.”

Section 8 amends s. 475.617, F.S., to prescribe the numbers of years or hours of experience and education required for licensure, in accordance with federal standards, and to establish the maximum numbers of hours of education that the board may require.

Section 9-13 amend ss. 475.618, 475.619, 475.620, 475.622, and 475.623, F.S., to reflect the renamed licensure category of registered assistant appraiser and to change references from “section” to “part.”

Section 14 amends s. 475.624, F.S., to authorize the board to assess a fine up to \$5,000 for a disciplinary violation and to exempt real estate appraisers from the requirement that they report violations of the licensing laws.

Section 15-18 amend ss. 475.626, 475.627, 475.628, and 475.629, F.S., to make technical changes reflecting the renamed licensure category of “registered assistant appraiser.”

Section 19 creates s. 475.6295, F.S., authorizing the department to inspect and audit appraisers offices to determine if licensure laws have been violated.

Section 20 amends s. 475.630, F.S., to change references from “section” to “part.”

Section 21 provides that the bill is effective July 1, 1998.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

Real estate appraiser licensees filing for a change in status within 180 days of renewing their license may pay a reduce fee for such application.

B. Private Sector Impact:

Exempting real estate appraiser licensees from the requirement to report violations of the licensing law should encourage peer review by private professional organizations.

To the extent that amendments to the education and experience requirements for real estate appraiser licensees bring Florida law into conformance with federal standards, licensees and Florida financial institutions will benefit.

C. Government Sector Impact:

Minimal.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill provides appropriate standards to direct the agency's implementation of the legislation.

VIII. Amendments:

None.