

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis

Original Updated Corrected

2. Administrative Rule Chapter, Title and Number

165-SPS 81.04

3. Subject

Reciprocity

4. Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

5. Chapter 20, Stats. Appropriations Affected

6. Fiscal Effect of Implementing the Rule

No Fiscal Effect Increase Existing Revenues Increase Costs
 Indeterminate Decrease Existing Revenues Could Absorb Within Agency's Budget
 Decrease Cost

7. The Rule Will Impact the Following (Check All That Apply)

State's Economy Specific Businesses/Sectors
 Local Government Units Public Utility Rate Payers
 Small Businesses (if checked, complete Attachment A)

8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

9. Policy Problem Addressed by the Rule

Title XI of the Federal Financial Institutions Reform and Recovery Enforcement Act of 1989, (FIRREA) as amended by the Dodd-Frank Act of 2010, dictates the reciprocity requirements for real estate appraisers in each state. State standards cannot overly burden applicants seeking reciprocity in Wisconsin. These proposed rules seek to bring Wisconsin's reciprocity rule in line with the federal standard.

10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

The rule was posted on the Department of Safety and Professional Service's website for 14 days in order to solicit comments from the public regarding the rule. No comments were received from the public regarding the rule.

11. Identify the local governmental units that participated in the development of this EIA.

No local governmental units participated in the development of this EIA.

12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

This rule will not have an economic or fiscal impact on specific businesses, business sectors, public utility rate payers, local governmental units or the state's economy as a whole.

13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The proposed rule will generate greater consistency between federal and state standards.

14. Long Range Implications of Implementing the Rule

As long as the proposed rule is consistent with the federal standard, real estate appraisals will be conducted in a uniform manner, by individuals whose competence has been demonstrated.

15. Compare With Approaches Being Used by Federal Government

The federal government provides the regulatory scheme which states must follow in granting reciprocity for appraisers. The federal standard is FIRREA Title XI §1122, 12 U.S.C. 3351 (b) as amended by the Dodd Frank Act, which provides that, "[N]otwithstanding any other provisions of this title, a federally related transaction shall not be appraised by a certified or licensed appraiser unless the State appraiser certifying or licensing agency of the State certifying or licensing

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such appraiser has in place a policy of issuing a reciprocal certification or license for an individual from another state when “(1) the appraiser licensing and certification program of such other State is in compliance with the provisions of this title; and (2) the appraiser holds a valid certification from a state whose requirements for certification or licensing meet or exceed the licensure standards established by the State where an individual seeks appraisal licensure”. In order to comply with the federal standards, states must insure that a reciprocity applicant’s home state is in compliance with FIRREA Title XI, as amended by the Dodd Frank Act, and that the reciprocity applicant holds a valid certification from their home state that meet or exceeds the certification and licensure standards established by the state where an individual seeks reciprocity.

The purpose of FIRREA, “is to provide the Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”. FIRREA Title XI §1101, 12 U.S.C. 3331. The purpose of FIRREA is carried out by the Appraisal Subcommittee (ASC). The ASC monitors the requirements established by states regarding the certification and licensure of real estate appraisers. The ASC conducts audits to determine whether states are in compliance with FIRREA. States that are designated “out of compliance” may not engage a certified or licensed appraiser to perform an appraisal of property for a federally related transaction and will not be recognized by other states when applicants from that state are seeking reciprocity.

16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Illinois: Illinois does not grant licensure by reciprocity for real estate appraisers but allows licensure by endorsement for non-resident applicants. Endorsement applicants must submit an application, the required fee, and a certification of good standing from the jurisdiction of the applicant’s place of residence. ILL. ADMIN. CODE tit. 68 §1455.100.

Iowa: Iowa grants non-resident applicants licensure by reciprocity. Applicants seeking reciprocity must submit the appropriate form, pay the required fee and demonstrate good standing in another state. The good standing requirement may be demonstrated by being listed as an appraiser in good standing on the National Registry of the Appraisal Subcommittee. IOWA ADMIN. CODE r. 193F-10.01 (2).

Michigan: Michigan provides for licensing without examination. MCL 339.2623. The state will issue a certified general real estate appraiser, or state licensed real estate appraiser licensure without examination as long as that applicant is licensed, registered, certified, or otherwise regulated by another state and if the requirements of that state are at least equal to Michigan’s requirements.

Minnesota: Minnesota requires non-resident applicants to comply with the same application requirements as in-state applicants. MINN. STAT. §82B.071 SUBD.7.

17. Contact Name

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18. Contact Phone Number

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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