

Oregon House Committee on Business and Labor

RE: HB 2501

Representative Holvey – Chair, Representative Barreto – Vice Chair, Representative Bynum – Vice Chair, Representative Doherty – Member, Representative Evans – Member, Representative Fahey – Member, Representative Hack – Member, Representative Heard – Member, Representative Kennemer – Member

The current appraisal fee environment is being driven by the shortage of licensed appraisers in the State of Oregon. This is primarily due to the education requirements enacted that act as a barrier to enter the appraisal profession. HB 2501 proposes several items that will likely contribute to a further decline in the number of licensed, appraisal professionals in the State of Oregon. The establishment of a rate schedule for appraisal assignments will dissuade individuals from considering the appraisal profession; and some current, licensed appraisers will leave the profession over financial decisions regarding the economic viability of the appraisal profession going forward.

The establishment of the a rate schedule will be onerous to the ACLB and cannot possibly account for most, and certainly not all, of the variables under consideration by a licensed appraiser when determining a scope of work for a specific property. Unique and atypical properties require more time and expertise, in addition to carrying the potential for greater liability to the appraisal professional who performs the valuation. The net affect of HB 2501, and it's rate schedule, will deter appraisers from accepting valuation assignments that are unusual and complex and have them concentrate on performing valuations for more conforming properties.

The establishment of the appraisal rate schedule sets the fees of doing business as an appraiser, but does not set the expenses for doing business as an appraiser. Numerous expenses fluctuate in the appraisal profession from required professional subscriptions, license fees, education fees, and professional insurance coverage; in addition to the typical business expenses of hardware, software, consumables, and office leases. HB 2501's rate schedule will not be able to adjust swiftly enough to account for significant changes in the cost of doing business as an appraisal professional.

While HB 2501 calls for appraisal management companies to compensate appraisers at the “rates established by the ACLB”, it does not appear to specify what the appraisal management companies may bill, which is ultimately passed down to the consumer/borrower.

Section 6 of HB 2501 opens the door for others to perform valuations services that are de fact o appraisals without the need of an appraisal license. The appraisal profession is regulated in an effort to maintain the public trust in the valuations performed. Allowing for other professions to perform this same task, without defining the “standards” and enforceable oversight, may effectively undermine the public trust in the valuation process.

Section 3 of HB 2501 creates the potential for abuse with regard to withholding payment for appraisals assignment services without independent oversight.

It is in the best interest of the citizens of Oregon to develop rules/regulations that would encourage more individuals to pursue obtaining the training to become a licensed appraiser in the State of Oregon. While much of this is determined at the Federal level, the Oregon Legislature could seek out solutions to enact conversations and changes to assist in reducing the barriers of entry to the appraisal profession. HB 2501 is **not** a suitable solution as it will reduce the number of appraisers and limit the breadth of complex valuation assignments they will accept if passed. This bill does not benefit the appraisal or real estate professions, and certainly does not benefit the consumers/borrowers in the State of Oregon.

Sincerely,
Mark Crimin, State Certified Residential Appraiser



