



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 13, 2018

H.R. 6347 **7(a) Real Estate Appraisal Harmonization Act**

As ordered reported by the House Committee on Small Business on July 18, 2018

Under current law, small businesses that receive loans under the Small Business Administration's (SBA's) 7(a) Loan program are required to receive an appraisal on commercial real property used as collateral in securing those loans if the estimated value of the property is \$250,000 or greater. H.R. 6347 would raise that threshold to the lowest of the thresholds used by the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to determine when a commercial real estate transaction requires an appraisal. The threshold for all three agencies is currently \$500,000.

Using information from the SBA on the costs of similar activities, CBO estimates that implementing the bill would cost less than \$500,000 for the agency to update its program rules; such spending would be subject to the availability of appropriated funds. CBO also estimates that any change in the subsidy cost of SBA loans, which are subject to appropriation, would be insignificant.

Enacting H.R. 6347 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 6347 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 6347 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.