



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 15, 2018

## **S. 3552**

### **7(a) Real Estate Appraisal Harmonization Act**

*As reported by the Senate Committee on Small Business and Entrepreneurship  
on October 11, 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 any commercial real property used as collateral in securing those loans if the estimated value of the property is \$250,000 or greater. S. 3552 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 S. 3552 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 3552 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 3552 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

On August 13, 2018, CBO transmitted a cost estimate for H.R. 6347, the 7(a) Real Estate Appraisal Harmonization Act, as ordered reported by the House Committee on Small Business on July 18, 2018. The two pieces of legislation are similar and CBO's estimates of their budgetary effects is the same.

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