



Dear ,

The House Committee on Small Business is scheduled to markup the [7\(a\) Real Estate Appraisal Harmonization Act \(H.R. 6347\)](#) today at 11:00 am Eastern (Reminder: a markup is the "process by which congressional committees and subcommittees debate, amend, and rewrite proposed legislation").

The bill was introduced on July 12, 2018 in the House of Representatives by **Congressman Dwight Evans** (PA-02), the Ranking Member (or lead Democrat) on the Subcommittee on Economic Growth, Tax, and Capital Access of the House Committee on Small Business. *If enacted*, the bill would amend the *Small Business Act* to allow SBA to use the federal regulators'\* appraisal threshold amount for commercial real estate transactions as the SBA threshold amount for any SBA 7(a) loan secured by commercial real property.

*If enacted*, the immediate effect of H.R. 6347 would be that the current statutory appraisal threshold amount for an SBA 7(a) loan secured by commercial real estate would be raised from \$250,000 to \$500,000 to match federal regulators' current commercial real estate transaction appraisal threshold amount (as amended on [April 9, 2018](#)). The appraisal threshold amount has not been increased for conventional lending since 1994, and the \$250,000 threshold amount for 7(a) loans secured by commercial real estate has not been raised since 2000.

On a longer-term basis, the proposed legislation allows the SBA appraisal threshold amount to adjust to match any changes made by the federal regulators to the commercial real estate transaction appraisal threshold amount in the future, or the lesser of such amounts set by federal regulators should there ever be a discrepancy between them. This provides the *Small Business Act* with durability moving forward. It is important to note, however, that consistent with current policy mandated by the *Small Business Act*, the bill **does not** make 7(a) loans subject to the federal regulators' rules on appraisal requirements. It merely ties the appraisal threshold amount for 7(a) loans to that set by the federal regulators for commercial real estate transactions.

NAGGL strongly supports this bill and has been at the forefront of the discussion with Congress since July 2017 when the federal regulators first published their joint proposed rule on this issue for conventional lending. NAGGL believes that the legislative proposal will continue to protect safety and soundness within the 7(a) program, while reducing appraisal costs for small business borrowers and administrative burdens imposed on lenders.

If H.R. 6347 is passed by the House Committee on Small Business today, the bill will be considered and voted on by the full House of Representatives. The timing of a vote before the full House is *yet to be determined*. If the full House were to pass H.R. 6347, it would then proceed to the Senate for consideration. At this point, there is no companion legislation in the Senate. As always, NAGGL will be involved every step of the way and keep you updated.

[NAGGL letter of support to the House Committee on Small Business >](#)

**\*Note:** When referring to federal regulators, included are the Board of Governors of the Federal Reserve System (Board) the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC).