

# HOUSING IMPACT NOTE

1999 Session

LRB or Bill No./Adm. Rule No.  
(99-3432/1) SB 251

Amendment No. if Applicable

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

Subject  
Property appraisals for homeownership mortgage loans

## HOUSING IMPACT

No impact

**Impact as follows:**

- Impacts the policies, strategies, and recommendations of the State Housing Strategy Plan
- Impacts the cost of constructing, rehabilitating, improving, or maintaining dwellings
- Impacts the purchase price of housing
- Impacts the cost and availability of financing, closing costs, or mortgage insurance
- Impacts rental or utility costs, property taxes, or property insurance

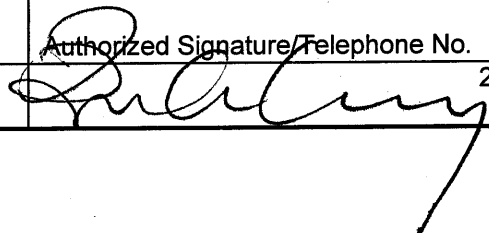
### Explanation/Comments (attach extra pages if necessary)

This bill would increase the flexibility of WHEDA and its partners to process homeownership mortgage loans and reduce some exposure to loss. It deals with WHEDA's homeownership program which generally affects households with incomes at or below 110% of county median income except in designated target areas.

The effect of this bill is consistent with the state Consolidated Plan's priority to promote homeownership and affordability of housing. Under this bill property value insurance, which makes use of property databases and onsite evaluations, could be substituted for property appraisals for standard homeowner properties. Through this insurance product the accuracy of the insured property is guaranteed. If there is a default on the loan and a loss to the insured as a result of inaccurate insured property value, the issuer of the insurance pays a claim. For mortgage borrowers this approach doesn't necessarily increase costs in comparison to customary appraisal practices. It also results in faster turnaround of loans which means closings are expedited. This is a significant issue at times of high demand for home buying when experienced appraisal work is difficult to get scheduled.

### Long-Range Housing Impact

Same as above.

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