

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Department of Labor, Licensing, and Regulation
(DLS Control No. 14-138)**

Overview and Legal and Fiscal Impact

These regulations increase certain real estate appraiser examination and trainee license eligibility requirements; alter the list of approved topics for continuing education; limit the total continuing education credit that an individual may receive from participation other than as a student; and prohibit the commission from granting credit for completion of the same continuing education course offering within the same continuing education cycle.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulations of COMAR Affected

Department of Labor, Licensing, and Regulation:

Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors – Real Estate Appraisers: Educational Requirements:
COMAR 09.19.02.01, .03, and .04

Legal Analysis

Background

The U.S. Congress passed the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) in response to losses the federal government suffered during the savings and loan crisis of the 1980s. FIRREA included appraisal reforms contained in Title XI of the law after finding evidence of incompetent and fraudulent appraisal practices in the years preceding the crisis. Chapter 594 of 1990 established the Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors, originally named the State Commission of Real Estate Appraisers, to implement and administer a real estate appraiser licensing and certification program in compliance with Title XI of FIRREA. More recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank) significantly amended Title XI of FIRREA. Under Title XI, the Appraiser Qualifications Board (AQB) establishes the minimum education, experience, and examination requirements for real property appraisers. Under FIRREA and Dodd-Frank, states are required to implement appraiser certification requirements that are no less stringent than those issued by the AQB in the Real Property Appraiser Qualification Criteria. This regulation aligns the commission's regulations with AQB requirements.

Summary of Regulations

Beginning January 1, 2015 the eligibility requirements to sit for the licensed real estate appraisers examination, the certified residential real estate appraisers examination, and the certified general real estate appraisers examination will be increased as shown in **Exhibit 1.1**. The eligibility requirements to obtain a real estate appraiser trainee license are also increased to require, in addition to 75 classroom hours of study within the 5-year period prior to the date of application, completion of a commission-approved course oriented toward trainee appraiser expectations and responsibilities.

Exhibit 1.1 Comparison of Examination Eligibility Requirements

<u>Examination</u>	<u>Existing Requirements</u>	<u>Requirements Beginning January 1, 2015</u>
Licensed Real Estate Appraisers Examination	- 150 classroom hours of study	- 150 classroom hours of study - Associate's degree or 30 semester credit hours of college-level education
Certified Residential Real Estate Appraisers Examination	- 200 classroom hours of study - Associate's degree or 21 semester credit hours, including passing specified college-level subject matter courses	- 200 classroom hours of study - Bachelor's degree
Certified General Real Estate Appraisers Examination	- 300 classroom hours of study - Bachelor's degree or 30 semester credit hours, including passing specified college-level subject matter courses	- 300 classroom hours of study - Bachelor's degree

Note: Associate's degree requirements must be completed at an accredited college, junior college, community college, or university. Bachelor's degree requirements must be completed at an accredited college or university.

The regulations alter the list of topics in an educational offering for which continuing education credit may be granted. The regulations also significantly alter the list of real estate appraisal-related topics that may be covered by a continuing education course. An individual may only receive one-half of the individual's total continuing education credits from participation other than as a student in appraisal educational processes and programs. Finally, the regulations prohibit the commission from granting a license or certificate holder credit for completion of the same continuing education course offering within the same continuing

education cycle, with the exception of the Seven-hour National Uniform Standards of Professional Appraisal Practice Update Course or an equivalent course approved by the Appraiser Qualifications Board.

Legal Issue

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The Department of Labor, Licensing, and Regulation cites §§ 16-216, 16-220, 16-302(g), 16-308, 16-309, and 16-5A-01 of the Business Occupations and Professions Article as authority for the regulations. Specifically, the regulations are authorized by §§ 16-216, 16-302(g), and 16-309. Though not cited by the department, § 16-503(f) is additional authority for the regulations.

Section 16-216 generally authorizes the commission to adopt any regulation necessary to carry out the provisions of the Maryland Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors Act. Section 16-302(g) requires the commission to adopt requirements for the qualifications of real estate appraiser license applicants in addition to those listed in statute if necessary to comply with the minimum real estate appraiser qualifications established under FIRREA. Section 16-503(f) similarly requires the commission to adopt requirements for the qualifications of applicants for a residential or general real estate appraisal certificate in addition to those listed in statute if necessary to comply with the minimum real estate appraiser qualifications established under FIRREA. Section 16-309 further requires a real estate appraiser licensee, in order to qualify for renewal of a license, to provide to the commission adequate evidence that the licensee meets the minimum continuing education requirements established under FIRREA. This authority is correct and complete. The regulations comply with the legislative intent of the law.

Fiscal Analysis

There is no fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The department advises that the regulations have minimal or no impact on State or local governments. The Department of Legislative Services concurs.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The department advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

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