

MARYLAND REGISTER

Proposed Action on Regulations

Comparison to Federal Standards Submission and Response

Name: Donnice M Turner
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In accordance with Executive Order 01.01.1996.03 and memo dated July 26, 1996, the attached document is submitted to the Department of Business and Economic Development for review.

The Proposed Action is not more restrictive or stringent than corresponding federal standards.

COMAR Codification: 09.19.02.01, .03, .04

Corresponding Federal Standard:

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989; Dodd-Frank Wall Street Reform and Consumer Protection Act.

Discussion/Justification:

The federal Appraiser Qualifications Board ("AQB") of The Appraisal Foundation, enacts and mandates real property appraiser qualification requirements, including revised pre-license education requirements for real property appraiser trainee license applicants to become effective no later than January 1, 2015. Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("Title XI"), the AQB establishes the minimum education, experience and examination requirements for appraisers. Under Title XI and the enactment of Dodd-Frank Wall Street Reform and Consumer Protection Act, states are required to implement appraiser certification requirements that are no less stringent than those issued by the AQB in the Real Property Appraiser Qualifications Criteria. If a state fails to implement corresponding appraiser license and certification requirements, federal auditors will recommend decertification of the State's program.

TO BE COMPLETED BY DBED

- Agree

-Disagree

Comments:

Name: Sally Kenyon Grant

Date: 5/29/2014

_ -Submit to Governor's Office
Governor's Office Response

Comments:

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	05/30/2014	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 6/27/2014

2. COMAR Codification

Title Subtitle Chapter Regulation

09 19 02 01, .03, .04

3. Name of Promulgating Authority

Department of Labor, Licensing, and Regulation

4. Name of Regulations Coordinator Telephone Number

Donnice M Turner 410-230-6008

Mailing Address

500 N. Calvert Street, 4th Floor

City State Zip Code
Baltimore MD 21202

Email

donniturner@dllr.state.md.us

5. Name of Person to Call About this Document Telephone No.

Patti Schott 410-230-6165

Email Address

patricia.schott@maryland.gov

6. Check applicable items:

New Regulations

Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: May 12, 2014.

Repeal of Existing Regulations

Recodification

Incorporation by Reference of Documents Requiring DSD Approval

Reproposal of Substantively Different Text:

: Md. R
(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

Yes No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to State Government Article, §10-506(c), Annotated Code of Maryland.

OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Sloane Fried Kinstler, Assistant Attorney General, (telephone #410-230-6119) on May 12, 2014. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Patricia Schott

Title

Executive Director

Telephone No.

410-230-6165

Date

April 24, 2014

Title 09
DEPARTMENT OF LABOR, LICENSING, AND
REGULATION

Subtitle 19 COMMISSION OF REAL ESTATE APPRAISERS,
APPRAISAL MANAGEMENT COMPANIES AND HOME
INSPECTORS - REAL ESTATE APPRAISERS

09.19.02 Educational Requirements

Authority: Business Occupations and Professions Article, §§16-216, 16-220, 16-302(g), 16-308, 16-309 and 16-5A-01, Annotated Code of Maryland

Notice of Proposed Action

□

The Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors proposes to amend Regulations .01 Eligibility to Take Examination or Obtain Original Trainee License, .03 Required Courses and .04 Continuing Education under COMAR 09.19.02 Educational Requirements.

This action was considered at a public meeting of the Commission held on April 8, 2014, notice of which was given in 41:6 Md. R 407 (March 21, 2014) pursuant to State Government Article, §10-506(c) Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to amend into COMAR educational requirements for real estate appraisers, as enacted and mandated by the federal Appraiser Qualifications Board ("AQB") of The Appraisal Foundation, to become effective no later than January 1, 2015. Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("Title XI"), the AQB establishes the minimum education, experience and examination requirements for real property appraisers. Under Title XI and the enactment of Dodd-Frank Wall Street Reform and Consumer Protection Act, States are required to implement appraiser certification requirements that are no less stringent than those issued by the AQB in the Real Property Appraiser Qualifications Criteria.

The proposed action to amend Regulation .01 Eligibility to Take Examination or Obtain Original Trainee License proposes under COMAR 09.19.02 is to require an individual seeking an original real estate appraiser trainee license to complete a Commission-approved course oriented toward trainee appraiser

expectations and responsibilities. This action also proposes to establish that an individual seeking an original trainee license must complete the prescribed qualifying education required for a trainee license within the five year period prior to the date of submission of an application for a trainee license.

This action proposes to require an individual seeking an original licensed real estate license to hold an associate's degree or higher; or in lieu of an associate's degree complete 30 semester credit hours of college-level education. This action proposes to require an individual seeking an original certified residential and certified general real estate appraiser license to hold a bachelor's degree or higher. The proposed action eliminates an existing provision that allows an individual seeking an original certified residential license to hold an associate's degree or in lieu of an associate's degree complete 21 semester credit hours of college-level education; and eliminates an existing provision that allows an individual seeking an original certified general license to complete 30 semester credit hours of college-level education in lieu of holding a bachelor's degree or higher.

The proposed action to amend Regulation .02 Required Courses is to require real estate appraiser trainees to complete a Commission-approved course oriented toward trainee appraiser expectations and responsibilities. It also proposes to add three subtopics of continuing education courses that will be accepted by the Commission.

The proposed action to amend Regulation .04 Continuing Education is to modify the existing list of subtopics of continuing education courses that will be accepted by the Commission. It proposes to establish a requirement that prohibits an appraiser from completing the same continuing education course offering within the appraiser's continuing education cycle.

Comparison to Federal Standards

There is a corresponding federal standard to this proposed action, but the proposed action is not more restrictive or stringent.

Estimate of Economic Impact

I. Summary of Economic Impact.

The proposed action is sought in order to comply with a federal mandate increasing education requirements for prospective real estate appraiser license and certificate candidates effective January 1, 2015. The proposed action has no independent economic impact.

	Revenue (R+/R-)	
II. Types of Economic Impact.	Expenditure (E+/E-)	Magnitude

A. On issuing agency:	NONE
B. On other State agencies:	NONE
C. On local governments:	NONE

	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:		
(1) Trainees and Supervising Appraisers	(-)	unknown
(2) Appraisers	(-)	unknown
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:	NONE	

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

D(1). As a result of the federal mandate increasing education requirements, trainees and supervising appraisers may incur a nominal expense to complete the required pre-license requirements.

D(2). A prospective license or certificate candidate who has not earned a college degree, nor completed at least 30 semester credit hours of college level education, may incur an expense to comply with pre-license or certificate requirements mandated by federal oversight authorities.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Patricia Schott, Executive Director, Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors, 500 N. Calvert Street #302, Baltimore, MD 21202, or call 410-230-6165, or email to patricia.schott@maryland.gov, or fax to 410-333-6314. Comments will be accepted through August 11, 2014. A public hearing has not been scheduled.

Open Meeting

Final action on the proposal will be considered by Commission of Real Estate

Appraiser, Appraisal Management Companies and Home Inspectors during a public meeting to be held on August 12, 2014, at 500 N. Calvert Street, Baltimore, MD 21202.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 15

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

There are no funds needed to implement these regulations.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

These regulations are not expected to have any economic impact on small business because they do not normally contribute to the education costs incurred by their employees.

G. Small Business Worksheet:

Impact Statement Part C — Legislative Information

Part C requests agencies to provide information required by the Department of Legislative Services in its report to the AELR Committee. Answer the questions in the space provided. Part C is not printed in the Maryland Register.

Small Business Analysis Worksheet

This worksheet is designed to assist the agency in determining if and how the proposal impacts small businesses. Quantify the number of affected small businesses and estimates of costs and benefits to small businesses if possible. State Government Article, §2-1505.2, includes the following definitions which are relevant to the analysis:

“Economic impact analysis” means an estimate of the cost or the economic

benefit to small businesses that may be affected by a regulation proposed by an agency pursuant to Title 10, Subtitle 1 of this article.

“Small business” means a corporation, partnership, sole proprietorship, or other business entity, including its affiliates, that: (i) is independently owned and operated; (ii) is not dominant in its field; and (iii) employs 50 or fewer full-time employees.

1a. Intended Beneficiaries. Who are the intended beneficiaries of the proposed regulation? Are these intended beneficiaries primarily households or businesses?

The intended beneficiaries are appraisers and users of appraisal services.

1b. Intended Beneficiaries: Households. If households are the primary intended beneficiaries, will the proposal affect their income or purchasing power such that the volume or patterns of their consumer spending will change? If so, what directions of change would you anticipate? Will these expected spending changes have a disproportionate impact on small businesses? Can you descriptively identify the industries or types of business activities that are impacted?

N/A

1c. Intended Beneficiaries: Businesses. If businesses are the intended beneficiaries, identify the businesses by industry or by types of business activities. How will businesses be impacted? Are these Maryland establishments' disproportionately small businesses? If so, how will these Maryland small businesses be affected? Can you identify or estimate the present number of small businesses affected? Can you estimate the present total payroll or total employment of small businesses affected?

Lending institutions, appraisal businesses and other users of appraisal services will benefit by having appraisal services rendered by better education, skilled and competent appraisers.

2a. Other Direct or Indirect Impacts: Adverse. Businesses may not be the intended beneficiaries of the proposal. Instead, the proposal may direct or otherwise cause businesses to incur additional expenses of doing business in Maryland. Does this proposal require Maryland businesses to respond in such a fashion that they will incur additional work-time costs or monetary costs in order to comply? Describe how Maryland establishments may be adversely affected. Will Maryland small businesses bear a disproportionate financial burden or suffer consequences that affect their ability to compete?

N/A

Can you estimate the possible number of Maryland small businesses adversely affected? (Note that small business compliance costs in the area of regulation are the sum of out-of-pocket (cash) costs plus time costs — usually expressed as payroll, akin to calculations for legislative fiscal notes. Precise compliance costs may be difficult to estimate, but the general nature of procedures that businesses must accomplish to comply can be described.)

No

2b. Other Direct or Indirect Impacts: Positive. Maryland businesses may positively benefit by means other than or in addition to changed consumer spending patterns. How may Maryland businesses be positively impacted by this initiative? Will Maryland small businesses share proportionately or disproportionately in these gains? Can you estimate the possible number of Maryland small businesses positively affected?

Lending institutions, appraisal businesses and other users of appraisal services will benefit by having appraisal services rendered by better educated, skilled and competent appraisers.

3. Long-Term Impacts. There are instances where the longer run economic impact effects from regulations differ significantly from immediate impact. For example, regulations may impose immediate burdens on Maryland small businesses to comply, but the overall restructuring of the industry as a consequence of monitoring and compliance may provide offsetting benefits to the affected small businesses in subsequent years. Can you identify any long run economic impact effects on Maryland small businesses that over time (a) may compound or further aggravate the initial economic impact described above, or (b) may mitigate or offset the initial economic impact described above?

N/A

4. Estimates of Economic Impact. State Government Article, §2-1505.2 requires that an agency include estimates, as appropriate, directly relating to: (1) cost of providing goods and services – no impact; (2) effect on the work force – no measurable impact; (3) effect on the cost of housing – no impact; (4) efficiency in production and marketing- no impact; (5) capital investment, taxation, competition, and economic development – no impact; and (6) consumer choice – no impact.

Title 09 DEPARTMENT OF LABOR, LICENSING, AND REGULATION

Subtitle 19 COMMISSION OF REAL ESTATE APPRAISERS, APPRAISAL MANAGEMENT COMPANIES AND HOME INSPECTORS — REAL ESTATE APPRAISERS

Chapter 02 Education Requirements

Authority: Business Occupations and Professions Article, §§16-216, 16-220, 16-302(g), 16-308, 16-309 and 16-5A-01, Annotated Code of Maryland

.01 Eligibility to Take Examination or Obtain Original Trainee License.

A. Licensed Real Estate Appraisers.

Except as provided in COMAR 09.19.04, *on or after January 1, 2015*, to be eligible to sit for the licensed real estate appraisers examination, an applicant shall have successfully completed [90 classroom hours of study which comply with this regulation. On and after January 1, 2008, an applicant shall have successfully completed 150 classroom hours of study.] :

(1) *150 classroom hours of study; and*

(2) *One of the following:*

(a) *An associate's degree, or higher, from an accredited college, junior college, community college; or*

(b) *30 semester credit hours of college-level education from an accredited college, junior college, community college or university.*

B. Residential Real Estate Appraisers.

[(1)] *On and after January 1, 2015, [To] to be eligible to sit for the certified residential real estate appraisers examination, an applicant shall have successfully completed [120 classroom hours of study which comply with this regulation.]:*

(1) *200 classroom hours of study; and*

(2) [On and after January 1, 2008, an applicant shall have successfully completed:

(a) 200 classroom hours of study; and

(b) One of the following:

(i) An associate's degree, or higher, from an accredited college, junior college, community college, or university; or

(ii) In lieu of an associate's degree, 21 semester credit hours or their equivalent, including having passed collegiate-level subject matter courses at an accredited college, junior college, community college, or university, in the following: English composition; principles of microeconomics or macroeconomics; finance; algebra, geometry, or higher mathematics; statistics; introduction to computers—word processing/spreadsheets; and business or real estate law.]

A bachelor's degree or higher from an accredited college or university.

C. General Real Estate Appraisers.

[(1)] *On and after January 1, 2015, [To] to be eligible to sit for the certified general real estate appraisers examination, an applicant shall have completed [180 classroom hours of study which comply with this regulation.*

(2) *On and after January 1, 2008, an applicant shall have successfully completed]:*

(1) 300 classroom hours of study; and

[(b) One of the following:

(i)] (2) *A [Bachelor's] bachelor's degree or higher from an accredited college or university[; or*

[(ii) In lieu of a bachelor's degree, 30 semester credit hours or their equivalent, including having passed the following collegiate-level subject matter courses from an accredited college, junior college, community college, or university, in the following: English composition; microeconomics; macroeconomics; finance; algebra, geometry, or higher mathematics; statistics; introduction to computers—word processing/spreadsheets; business or real estate law; and two elective courses in accounting, geography, ag-economics, business management, or real estate].

D. On and after January 1, 2015, [To] to be eligible for a real estate appraiser trainee license, an applicant, within the five (5) year period prior to the date of submission of an application for a real estate appraiser trainee license, shall have completed:

(1) 75 hours of classroom study which comply with this regulation; and

(2) *A Commission-approved course oriented toward trainee appraiser expectations and responsibilities.*

.03 Required Courses.

A.—C. (text unchanged)

D. Effective January 1, [2008] 2015, in order to meet the 75-hour requirement *and the Trainee Appraiser Expectation and Responsibilities Course* set forth in Regulation .01D of this chapter, an applicant shall, at a minimum, have completed the required Appraiser Qualifications Board core curriculum for the trainee education requirements, as follows:

(1) (text unchanged)

(2) Basic appraisal procedures—30 hours; [and]

(3) The 15-hour national Uniform Standards of Professional Appraisal Practice course or its equivalent—15 hours[.]; *and*

(4) *Trainee appraiser and responsibilities course.*

E. Continuing education credit may be granted for educational offerings that:

(1)—(2) (text unchanged)

(a)—(e) (text unchanged)

(f) Land use[.] *and zoning* [, and taxation];

(g)—(k) (text unchanged)

(l) Real estate appraisal related computer applications; [and]

(m) Real estate securities and syndication[.];

(n) *Developing opinions of real property value in appraisal that also include personal property and/or business value;*

(o) *Seller concessions and impact on value; and*

(p) *Energy efficient items and “green building” appraisals.*

F. (text unchanged)

.04 Continuing Education.

A.—C. (text unchanged)

D. The Commission may not approve a continuing education course unless the course:

(1)—(2) (text unchanged)

(3) Covers real estate appraisal-related topics, including but not limited to:

(a) (text unchanged)

(b) [Arbitrations] Arbitration and dispute resolution;

(c) [Business courses] *Courses* related to real estate appraisal *or consulting*;

(d) [Construction estimating] *Development cost estimating*;

(e) Ethics and standards of professional practice (*USPAP*);

(f) Land use planning [.] *and zoning* [and taxation];

(g) [Litigation] *Management, leasing, and timesharing*;

(h) *Property development and partial interests* [Management, leasing, brokerage, time-sharing];

(i) [Property development] Real estate law, easements, and legal interests;

(j) [Real estate appraisal, that is, valuations/evaluations] Real estate litigation, damages, and condemnation;

(k) (text unchanged)

(l) Real estate [law] appraisal related computer applications;

(m) Real estate [litigation] securities and syndication;

(n) [Real estate appraisal-related computer applications] *Developing opinions of real property value in appraisals that also include personal property and/or business value;*

(o) [Real estate securities and syndication] *Seller concessions and impact on value;* and

(p) [Real property exchange] *Energy efficient items and “green building” appraisals.*

E. The Commission may approve *up to one half of an individual's* continuing education credit for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.

F. (text unchanged)

G. *The Commission may not grant a licensee or certificate holder credit for completion of the same continuing education course offering within the appraiser's continuing education cycle, with the exception of the 7-Hour National USPAP Update Course, or its AQB-approved equivalent.*

GEORGE FAIR

Chairman

Commission of Real Estate Appraisers, Appraisal Management
Companies and Home Inspectors

