

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1326

(Chair, Economic Matters Committee) (By Request –
Departmental – Labor, Licensing and Regulation)

Economic Matters

Finance

Commission of Real Estate Appraisers and Home Inspectors - Supervising Appraisers

This departmental bill allows real estate appraiser trainees to meet supervision requirements only under an appraiser who has been certified by the State Commission of Real Estate Appraisers and Home Inspectors as a residential real estate appraiser or a general real estate appraiser. Licensed real estate appraisers would no longer be eligible to supervise trainees.

The bill takes effect January 1, 2008.

Fiscal Summary

State Effect: This bill codifies national professional requirements for the supervision of appraisal trainees and would not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation (DLLR) has determined that this bill has a potentially meaningful impact on certain small businesses (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: An individual is required to be licensed or certified by the State Commission of Real Estate Appraisers and Home Inspectors as a condition of providing

regulated real estate appraisal services. Home appraisers and trainees must meet the following qualifications:

- Real estate appraiser trainees are required to complete 75 hours of commission-approved real estate appraisal courses, which must include 15 classroom hours in the subject of professional appraisal practice. The trainee must practice under the authority of a supervising appraiser.
- Licensed real estate appraisers must meet qualifications established under the federal Financial Institutions Reform, Recovery, and Enforcement Act. The Appraiser Qualifications Board requires licensed appraisers to complete 90 hours of education. Under State law, an applicant must also complete at least 2,000 hours of service as a real estate appraiser trainee under the supervision of a licensed or certified inspector and pass a required examination. Continuing education requirements correspond to those established by the federal Act.
- Certified real estate appraisers for residential or general real estate must meet qualifications for certification established under the federal Financial Institutions Reform, Recovery, and Enforcement Act. The Appraiser Qualifications Board requires certified residential appraisers to complete 120 hours of education and hold an associate's degree or its equivalent; a certified general appraiser is required to complete 200 hours of education and hold a bachelor's degree or equivalent. Under State law, an applicant must complete at least 2,000 hours of service as a real estate appraiser trainee under the supervision of a licensed or certified inspector and pass an examination. Continuing education requirements correspond to those established by the federal Act.

Licensed real estate appraisers may provide services in federally related transactions involving noncomplex one- to four-unit residential properties with a transaction value of less than \$1,000,000, and commercial or complex residential properties with a value of less than \$250,000. Certified residential and general real estate appraisers may perform appraisals in all federally related transactions, with the exception that certified residential real estate appraisers are not authorized to appraise commercial properties having a transaction value of more than \$250,000.

Background: The Appraiser Qualifications Board is a subsidiary of the Appraisal Foundation, which was established by the U.S. Congress as the national organization for developing uniform standards for the licensing and certification of appraisers. In February 2004, the board adopted revisions to *Real Property Appraiser Qualifications Criteria*, effective January 1, 2008, that change qualifying education, experience, examination, and continuing education requirements for real estate appraisers. Among

the changes is a requirement that only certified appraisers in good standing may supervise appraisal trainees. Each supervisor is limited to supervising three trainees at one time, with exceptions if a state regulatory agency implements progress monitoring as well as other supervision and oversight requirements.

DLLR advises that there are currently 2,341 real estate appraiser trainees, 1,332 licensed real estate appraisers, and 1,677 certified residential and general real estate appraisers.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; The Appraisal Foundation; Department of Legislative Services

Fiscal Note History: First Reader - March 20, 2007
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