

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 1227

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

Economic Matters

Finance

**Real Estate Appraisers - Licensing and Certification - Examination Waiver
Requirements**

This departmental bill alters the conditions under which the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors may waive examination requirements for applicants licensed or certified by another state.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: The Department of Labor, Licensing, and Regulation (DLLR) can handle the bill's requirements with existing resources. The bill does not materially affect special fund revenues for the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors Fund.

Local Effect: None.

Small Business Effect: DLLR has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary/Current Law:

Current Law: The commission may waive the examination requirements for an individual who is licensed or certified to provide real estate appraisal services in another state only if the applicant:

- pays the application fee set by the commission;
- provides adequate evidence that the applicant meets the qualifications otherwise required by Maryland law;
- holds an active license or certificate in good standing in the other state; and
- became licensed or certified in the other state after meeting, in that state, requirements that are substantially equivalent to the licensing or certification requirements of Maryland.

The commission may grant a waiver only if the state in which the applicant is licensed or certified waives the examination of Maryland licensees to a similar extent.

The Bill: The commission may waive the examination requirements for an individual who is licensed or certified to provide real estate appraisal services in another state only if the applicant:

- pays the application fee set by the commission;
- is licensed or certified by a state that is in compliance with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, as determined by the Appraisal Subcommittee (ASC) of the federal Financial Institutions Examination Council;
- holds a valid license or certificate issued by that state; and
- became licensed or certified in the other state after meeting, in that state, requirements that are substantially equivalent to or exceed the licensing or certification requirements of Maryland.

The commission may waive the examination requirements without regard to whether or not an applicant is licensed or certified by a state that practices reciprocity with Maryland.

Background: Chapter 594 of 1990 established the commission (formerly the State Commission of Real Estate Appraisers) to implement and administer a real estate appraiser licensing and certification program that complies with FIRREA. Title XI of FIRREA is the legal framework controlling national uniform appraisal standards and state appraiser

licensing bodies. Commission authority was later expanded to include home inspectors (2001) and appraisal management companies (2011).

Generally, an individual must be licensed by the commission before the individual may provide real estate appraisal services in the State. “Provide real estate appraisal services” means to make for consideration an appraisal of real estate or prepare or sign an appraisal report in connection with a federally related transaction, as defined in FIRREA.

Generally, an individual must be certified by the commission before the individual may provide certified real estate appraisal services in the State. An individual may be certified by the commission as a certified real estate appraiser for residential real estate or as a certified real estate appraiser for general real estate as those classifications are permitted under FIRREA.

Federal Standards for Appraisers

ASC was created in 1989 by FIRREA and oversees the real estate appraisal process as it relates to federally related transactions. Pursuant to authority granted to ASC under Title XI of FIRREA, ASC adopted revised policy statements, generally effective June 1, 2013, to provide states with the necessary information to maintain their programs in compliance with Title XI. The bill implements policy statement five, which addresses the issue of state reciprocity.

ASC conducts on-site reviews of each state appraiser agency once every two years, with more frequent visits to states with weak enforcement programs. ASC has the authority to disapprove a state appraiser regulatory program. Disapproval disqualifies the appraisers in that state from conducting appraisals for federally insured institutions.

Additional Comments: DLLR advises that the bill seeks to ensure that the policies and practices of the commission comply with FIRREA and ASC policy statements. Continued certification of Maryland’s appraiser credentialing program by ASC could be jeopardized by a failure to adopt legislation to comply with the requirements.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Financial Institutions Examination Council; Department of Legislative Services

Fiscal Note History: First Reader - March 13, 2015
min/mcr

Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors – Waiver of Examination Requirements

BILL NUMBER: HB 1227

PREPARED BY: Michael Vorgetts, Commissioner of Professional Licensing

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed action has no economic impact on small businesses. The proposed action amends statutory language in order to comply with federal requirements, requiring less vigorous procedures for an appraiser to obtain a reciprocal appraisal license or certificate. The proposed action amends statutory conditions for eligibility for a reciprocal appraisal license to bring them into compliance with federal requirements.