

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 140

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

Economic Matters

Finance

State Commission of Real Estate Appraisers, Appraisal Management Companies,
and Home Inspectors - Supervision of Appraiser Trainees

This departmental bill clarifies an existing requirement that an applicant for initial licensure or initial certification as a real estate appraiser by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors must have completed 2,000 hours of real estate appraiser services as a trainee under the supervision only of a *certified* appraiser and not a “licensed or certified” appraiser.

Fiscal Summary

State Effect: None. The bill is clarifying in nature and conforms statute to existing practice and federal requirements.

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation (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

Current Law: Generally, an individual must be licensed by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors before the individual may provide real estate appraisal services in the State. Likewise, an individual must be certified by the commission before the individual may provide certified real estate appraisal services in the State.

Applicants for licensure or certification, in addition to meeting other specified qualifications, must have completed 2,000 hours of real estate appraiser services as a real estate appraiser trainee under the supervision of a licensed or certified appraiser.

“Supervising appraiser” means a certified residential real estate appraiser or a certified general real estate appraiser who has the responsibility of supervising one or more real estate appraiser trainees.

Background: The bill conforms statute to federal requirements for the initial licensure and/or certification of real estate appraisers established by the Appraiser Qualifications Board (AQB). Under Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, AQB establishes the minimum education, experience, and examination requirements for real property appraisers to obtain a state license or certification.

DLLR advises that the federal requirement that trainees be supervised solely by certified appraisers became effective January 1, 2008. To conform to that requirement, Chapter 649 of 2007 altered the definition of “supervising appraiser” to mean a certified (not licensed) appraiser who has the responsibility of supervising one or more real estate trainees.

However, findings of an April 2016 compliance review conducted by the federal Appraisal Subcommittee (ASC) determined that two provisions of statute did not comply with federal requirements. The review acknowledged that statute was in substantial compliance with federal requirements, and the two remaining provisions were clearly an oversight. The bill conforms these two provisions.

Among other powers, ASC is authorized to rescind authority to issue appraiser certifications and licenses from states whose policies, practices, funding, staffing, or procedures are found to be inconsistent with Title XI of FIRREA. Consequently, the bill seeks to ensure continued certification of Maryland’s appraiser credentialing program.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 26, 2017
mm/mcr Third Reader - February 15, 2017

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 – Supervision of Appraiser Trainees**

BILL NUMBER: HB 140

PREPARED BY: Patricia Schott, Executive Director

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. The proposed action amends statutory language in order to comply with federal requirements and to be consistent with the enactment of an existing law that went into effect on January 1, 2008.

LOCAL GOVERNMENT IMPACT

None