

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 657 (Senator Henson)  
Education, Energy, and the Environment

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Maryland Higher Education Commission - Practical Applications of Real Estate  
Appraisal (PAREA) Grant Program - Established

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This bill establishes the Practical Applications of Real Estate Appraisal (PAREA) Grant Program in the Maryland Higher Education Commission (MHEC) to (1) assist in closing appraisal gaps that occur in historically redlined neighborhoods and underrepresented communities; (2) award grants to minorities who reside in historically redlined neighborhoods and underrepresented communities with the goal of pursuing PAREA; and (3) diversify the appraisal field. MHEC must administer the program. **The bill takes effect July 1, 2026.**

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Fiscal Summary

**State Effect:** MHEC general fund expenditures increase beginning in FY 2027. *For illustrative purposes*, if 10 individuals receive a grant for PAREA (including license fees) annually, general fund expenditures increase by an estimated \$88,000 annually beginning in FY 2027. MHEC general fund expenditures also increase by an estimated \$50,000 in FY 2027 only for one-time programming costs. Special fund revenues may increase minimally, likely beginning in FY 2028, due to license fees paid by grant recipients.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** In general, real estate appraisers provide estimates of the value of commercial and residential real property to their clients. Real estate appraisals are most

often associated with the purchase of a home and are often shared with the buyer, seller, and broker involved in a real estate transaction. Generally, however, an appraiser's client is a mortgage lender seeking an accurate value for the home that serves as collateral in the loan transaction. Appraisal services are also used for a variety of other purposes, including estate planning and property insurance.

Generally, an individual must be licensed or certified by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors in the Maryland Department of Labor (MD Labor) before the individual may provide real estate appraisal services or certified real estate appraisal services, respectively, in the State.

Statute establishes that, in addition to other requirements, an applicant for initial licensure or certification must have completed at least 1,000 or 1,500 hours (respectively) of real estate appraiser services as a trainee under the supervision of a certified appraiser. Regulations specify these requirements must be completed over a period of at least 6 months for licensure and 12 months for certification.

A bachelor's degree is not required to become a licensed real estate appraiser. Additionally, while not a requirement, a certified residential real estate appraiser may meet examination eligibility requirements by holding a bachelor's degree or higher (in addition to meeting required classroom hours). Chapter 341 of 2025 prohibits the commission from requiring an applicant to hold a bachelor's degree or higher to qualify for licensure as a real estate appraiser or for certification as a residential real estate appraiser.

There are two ways to meet the experience hour requirement to become an appraiser, the traditional supervisor/trainee method and PAREA, which was recently approved by the State of Maryland. PAREA is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations.

#### *Appraisal Gap from Historic Redlining Financial Assistance Program*

Chapters 702 and 703 of 2021 established the Appraisal Gap from Historic Redlining Financial Assistance Program and related fund within the Department of Housing and Community Development (DHCD). As modified by Chapters 155 and 156 of 2024, the purpose of the program is to help close appraisal gaps that occur in historically redlined neighborhoods by making financial assistance available to affordable housing developers working in low-income census tracts and sustainable communities and individuals who purchase a qualified property (1) after a qualified project is completed; (2) at an affordable sales price as determined by regulations adopted by DHCD; and (3) as an owner-occupant.

Generally, in the fiscal year in which a qualified project is proposed, an individual or business entity may apply to DHCD for financial assistance to cover the appraisal gap for

the project. “Qualified project” means the construction or substantial rehabilitation of a qualified property if the eligible construction expenses do not exceed \$500,000. Subject to specified funding limits and regulations, DHCD must accept an application for financial assistance from an individual or business entity that proposes to develop a qualified project and an individual that proposes to purchase a qualified property. The application must be in the form and must contain any information that DHCD requires by regulation. DHCD must approve all applications that qualify for financial assistance in a timely manner. The fiscal 2027 capital budget as introduced includes \$10.0 million in general obligation bond proceeds for the program.

Chapters 702 and 703 also required DHCD to conduct a study, aggregated by race, zip codes, and census tracts, of housing values, appraisals, and refinancing rates across the State over the past 30 years, including the impact of State and federal policies, such as infrastructure (road, park, and water and sewer) and other investments, on those communities. DHCD was required to submit the findings of the study to the Governor and the General Assembly by June 30, 2022; that report can be read [here](#).

**State Fiscal Effect:** Beginning in fiscal 2027, general fund expenditures for PAREA grants increase. Any actual increase depends on the funding appropriated for the program and the guidelines established by MHEC, including grant amounts and the number of recipients.

*For illustrative purposes only*, MHEC general fund expenditures for awards made under the PAREA Grant Program may increase by \$88,000 annually to cover the cost of PAREA programs and related licensing fees. This estimate is based on the cost of attendance for the Appraisal Institute’s licensed residential PAREA program, which is a program approved by the Appraiser Qualifications Board. For non-Appraisal Institute members, attendance costs \$8,430 for a 6- to 18-month course. In Maryland, real estate appraiser licenses, residential appraiser certifications, and general appraiser certifications each require a \$250 license fee plus a \$120 national registry fee.

This estimate assumes the PAREA Grant Program provides awards to 10 prospective real estate appraisers, that participants complete the program in approximately one year, and that the grant covers the full cost of attendance at the Appraisal Institute’s licensed residential PAREA course along with the required license and registry fees.

For administration of the program, MHEC advises that the agency requires meaningful additional programming expenditures associated with developing procedures, rules, and application systems for the new grant program, as well as three new permanent staff members associated with administering the program. However, the Department of Legislative Services advises that the scope of the program is not likely large enough to necessitate the level of staffing and expenditures estimated by MHEC. Instead, this analysis

assumes \$50,000 in one-time programming costs for configuration, programming, testing, and reporting of a grant administration system are incurred in fiscal 2027 only. This analysis further assumes existing staff at MHEC can collect and review applications for awards on an ongoing basis with existing resources.

To the extent additional individuals apply for an appraiser license due to the bill, special fund revenues for MD Labor increase by \$250 per licensee. However, any impact is likely minimal.

This estimate does not account for any costs associated with classroom hours or credit hours that may be required to obtain a license in addition to the PAREA requirements.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 607 of 2025.

**Designated Cross File:** HB 919 (Delegate Taylor, *et al.*) - Appropriations.

**Information Source(s):** State Department of Assessments and Taxation; Department of Housing and Community Development; Maryland Department of Labor; Maryland Higher Education Commission; Morgan State University; St. Mary's College of Maryland; University System of Maryland; Maryland Independent College and University Association; Department of Legislative Services

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