

# **Sb455 Committee Testimony.pdf**

Uploaded by: Antonio Hayes

Position: FAV



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Testimony of Senator Hayes in Support of Senate Bill 455  
Real Estate Appraisers - Licensing - Qualifications**

**February 21, 2023**

Charwoman Griffith and members of the Senate Finance Committee,

To qualify for a real estate appraisal license,

An applicant shall have completed: at least 1,000 hours providing real estate appraiser services as a real estate appraiser trainee under the supervision of a certified appraiser; OR

**THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA OF THE PRACTICAL APPLICATIONS OF REAL ESTATE APPRAISAL (PAREA) PROGRAM ADOPTED BY THE APPRAISAL FOUNDATION APPRAISER QUALIFICATIONS BOARD AUTHORIZED UNDER THE FEDERAL FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.**

The **Appraisal Foundation** is congressionally authorized to set standards and qualifications for real estate appraisers. It is governed by a Board of Trustees which oversees two additional boards, the **Appraisal Standards Board** and the **Appraiser Qualifications Board (AQB)**, responsible for writing the standards and qualifications respectively.

**What is PAREA?**

PAREA stands for the Practical Applications of Real Estate Appraisal. It is an alternative to the traditional Supervisor and Trainee model.

**Why is there a need for PAREA?**

Over the years, the Appraiser Qualifications Board (AQB) has received complaints on the shortage of Supervisory Appraisers willing to take on Trainees. The AQB adopted the concept of PAREA, as an alternative method to the traditional Supervisor and Trainee model, in hopes that it will alleviate any unnecessary barriers to entry into the appraisal profession.



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**How will the PAREA program benefit states?**

- Having participants go through a structured, AQB-approved program assures consistent and accurate training (something that is not always the result of some individual supervisor/trainee arrangements).
- With a state's full acceptance of PAREA experience, the need to review appraisal logs and appraisal work samples could be eliminated.
- Ensures the participant has experience writing The Uniform Standards of Professional Appraisal Practice (USP AP) compliant appraisal reports.
- Ensures the USP AP-compliant appraisals demonstrate the participants own work product skills, rather than their supervisors.
- Participants are required to demonstrate mastery of each topic area before moving forward in the program. Thus, the emphasis is proficiency, not hours.
- PAREA will provide the participant opportunities to apply the complete appraisal process in the development of an appraisal report.
- The program is specifically designed to NOT provide competency for all types of specific appraisal problems. This is true of the existing licensing system today. As receiving an appraisal credential does not make one competent to perform all types of assignments. Just as it is now, all credentialed appraisers can gain competency before completing assignments, but they do not have to demonstrate competency before they are issued a credential.

**Do states need to approve PAREA programs themselves?**

The AQB will approve PAREA programs, but it is up to each individual state to adopt PAREA as an alternative pathway, and to accept the AQB's approval of PAREA programs

Testimony from  
U.S. House of Representatives,  
Committee on Financial Services,  
Washington, D.C.

DEVALUED , DENIED , AND

ANTONIO HAYES  
Legislative District 40  
Baltimore City

Finance Committee



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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

DISRESPECTED : HOW HOME  
APPRAISAL BIAS AND  
DISCRIMINATION ARE  
HURTING HOMEOWNERS AND  
COMMUNITIES OF COLOR

Tuesday, March 29, 2022

A home's value is critical to closing the wealth gap and ensuring that communities of color build generational wealth . Both overvaluation and undervaluation of a home are harmful to buyers and homeowners by either saddling a buyer with a home worth less than the debt they take on or selling short homeowners of their nest egg. Bias and discrimination in appraisals can result in perpetuating historical disinvestment in communities of color, lowering home values for communities of color, locking people of color out of home ownership opportunities, and contributing to the widening of racial and ethnic wealth and home ownership gaps . We must not forget that home appraisal discrimination based on race , color, sex , religion, national origin, familial status, disability, and age is illegal. However, recent news reports have shown that the appraisal bias faced by homeowners of color is still a reality . We have all seen the articles . A Black family seeks to have their home appraised , and when they are physically present or leave their family pictures within the home, they receive a low appraisal . When they "Whitewash" their homes by removing their pictures and other indicators of Blackness and insert those of fictitious White families , all of a sudden, the appraisal jumps in value. These are not just anecdotes. Data bears out the disparate appraisal treatment of homes owned by Black and Latinx homeowners compared to homes owned by White homeowners. As a result , studies have found that a home in a White neighborhood is valued 2 times higher than comparable homes in Black and Latinx neighborhoods.

I urge a favorable report for SB455.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes".

Senator Antonio L. Hayes

40<sup>th</sup> Legislative District – MD

**LBCMD Support Letter - SB 455 - Priority Bill .pdf**

Uploaded by: Ufuoma Agarin

Position: FAV



February 22, 2023

Senator Melony Griffith, Chairwoman  
Finance Committee  
3 East Wing Miller Senate Office Building  
Annapolis, Maryland 21401

Dear Chairwoman Griffith and Members of the Committee:

The Legislative Black Caucus of Maryland has voted to offer **favorable** support for Senate Bill 455 – Real Estate Appraisers - Licensing - Qualifications. **This bill is a 2023 legislative priority of the Black Caucus.**

This legislation will alter requirements for real estate appraisal licenses, establishing an alternative pathway to licensure satisfaction via the completion of the Practical Applications of Real Estate Appraisal program.

As it stands today, Maryland’s requirements for appraisal licenses impose burdensome, uphill battles for many who seek to obtain, especially for individuals within the Black community. As such, there is alarming racial disparity in the number of appraisal licenses granted. There are several pressing concerns regarding bias in Maryland’s appraisal processes that must be addressed, and providing an alternative pathway to licensure is a critical part of the remedy and path forward. In supporting the passage of this legislation, we hope to increase the number of Black appraisers—opening opportunities, bolstering equal access to ownership, and providing a passageway to wealth: a benefit to all of Maryland’s communities.

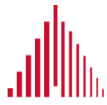
For these reasons, the Legislative Black Caucus of Maryland supports Senate Bill 455 and would appreciate your favorable support of this legislation.

Legislative Black Caucus of Maryland

# **Appraisal Institute FWA on SB 455.pdf**

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## **Senate Bill 455 - Real Estate Appraisers - Licensing – Qualifications**

### **Favorable with Amendments**

The Appraisal Institute strongly supports SB 455 regarding the licensing qualifications for real estate appraisers. The AI also strongly supports ongoing efforts to diversify the appraisal profession and to ensure fair and equitable real estate appraisals for all Marylanders. We believe that the Practical Applications of Real Estate Appraisal (PAREA) is one way to jump start the process of making the appraisal profession look more demographically like America. The AI urges the Committee to report the measure favorable with amendments.

SB 455 would require the Department of Labor to accept evidence of successful completion of PAREA programs by real estate appraisers-in-training to satisfy the experience requirements to become licensed.

PAREA is a technology-based alternative to the traditional “in-person” supervisor/trainee method of obtaining the required practical experience. PAREA provides another pathway for aspiring appraisers to fulfill their experience requirements. It is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations. PAREA programs will be available in Maryland starting later this year.

The current “in-person” supervisor/trainee model of gaining appraisal experience is the highest barrier to entry into the appraisal profession. Aspiring appraisers have an extremely difficult time finding someone willing to supervise them for up to 12 months. Due to the supervisor/trainee model, the number of real estate appraisers has declined significantly since the peak in 2008.

Further, research has shown that aspiring appraisers of color have a disproportionately more difficult time finding supervisors than do their white colleagues. The inability of people of color to find supervisors has contributed to the profession being 98% white.

Acceptance of successful completion of approved PAREA programs by the Department of Labor will help to grow and diversify the appraisal profession.

The Appraisal Institute respectfully requests the Finance Committee to report SB 455 favorable with amendments.

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### Proposed Amendments to SB 455 – Add the Same Language to § 16-503

As introduced, SB 455 would allow for the use of PAREA *only* to satisfy the experience requirements for the Licensed Residential (LR) Real Estate Appraisal credential. Maryland also offers the Certified Residential (CR) Real Estate Appraiser license. CR appraisers are allowed to appraise more complex properties with higher market values. Experience gained through PAREA should also be applicable to the experience requirements for the CR credential.

#### **§ 16-503. Qualifications of applicants for residential or general real estate appraisal certificate.**

- (a) To qualify for a certificate for residential or general real estate appraisal, an applicant shall be an individual who meets the requirements of this section.
- (b)
  - (1) An applicant shall:
    - (i) be of good character and reputation;
    - (ii) be at least 18 years old; and
    - (iii) satisfy the minimum real estate appraiser qualifications for residential certification or general certification, as appropriate, established under the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989.
  - (2) An applicant shall have completed:
    - (I) at least 1,500 hours providing real estate appraiser services as a real estate appraiser trainee under the supervision of a certified appraiser; **OR**
    - (II) **THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA OF THE PRACTICAL APPLICATIONS OF REAL ESTATE APPRAISAL PROGRAM ADOPTED BY THE APPRAISAL FOUNDATION APPRAISER QUALIFICATIONS BOARD AUTHORIZED UNDER THE FEDERAL FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989**
- (3) Classroom hours of study required under this section may be conducted by:
  - (i) an accredited university, college, or community or junior college;
  - (ii) an approved appraisal society, institute, or association; or
  - (iii) another school that the Commission approves.
- (4) The Commission shall approve all courses of study required under this section.
- (c) An applicant shall pass the examination for a certificate for residential or general real estate appraisal given by the Commission or the Commission's designee under this subtitle.
- (d)
  - (1) If an applicant is not a resident of the State, the applicant shall submit to the Commission an irrevocable consent, as provided under this subsection.
  - (2) The consent required under this subsection shall specify that service of process on the Secretary of State shall bind the applicant in any action about the provision of certified real estate appraisal services against the applicant in any county of the State.
- (e) An applicant shall meet any other requirement that the Commission adopts by regulation.
- (f) The Commission shall adopt additional requirements under this section if necessary to comply with the minimum real estate appraiser qualifications established under the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989.