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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.