



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

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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

40th Legislative District – MD