



January 23, 2024

Joint Committee on IDEAB
100 State House Station
Augusta, ME 04333

RE: Opposition to HP 1324

Members of the IDEAB Committee:

The Appraisal Institute (AI) respectfully opposes HP 1324, “An Act to Amend the Laws Governing Real Estate Appraisers and Appraisal Management Companies.” In addition, AI requests that the Legislature undertake a more thorough review of the operations of the Board of Real Estate Appraisers as part of its oversight responsibility.

Under current law, board members and investigators serving in the capacity of assigned complaint officer performing an investigation or testifying at an adjudicatory hearing, or serving in the capacity of a reviewer while reviewing the work experience of an applicant for licensure are exempt only from Standard 3 of the Uniform Standards of Professional Appraisal Practice. Board members and investigators still must adhere to the other elements of USPAP, including the ETHICS, COMPETENCY, and RECORDKEEPING RULES.

As proposed, HP 1324 would exempt board members and investigators from the entirety of USPAP, including the aforementioned rules. While we do not have an issue with updating the law to eliminate the outdated reference to the 2011 version of USPAP, we believe that board members who are licensed appraisers should be required to comply with all provisions of USPAP when serving in the capacity of assigned complaint officer or experience reviewer. At a minimum, board members serving in these roles should be required to adhere to the ETHICS RULE, COMPETENCY RULE, and RECORDKEEPING RULE of USPAP.

The primary reason for this is that a Licensed Residential Real Property Appraiser or Certified Residential Real Property Appraiser that sits on the board is not legally authorized to, nor do they have the competency to, review appraisals of commercial and industrial properties. Residential appraiser board members are called upon to sit in judgment of Certified General appraisers via reports that they are not legally authorized to, nor have the competency, to review. In addition, reviewers are not required to keep a work file under the RECORDKEEPING RULE and the Respondent has little, if any, ability to challenge the methods and techniques employed by the reviewer. Limited immunity from USPAP Standard 3 is appropriate, but complete exemption from having to comply with USPAP could result in misconduct, especially since board members are sitting in judgment of their competition in the marketplace.

As an alternative to the current process, we suggest that the Board adopt a policy that requires all appraisal reports submitted with a complaint or for experience review purposes be referred to an independent, third-party real property appraiser who has the level of licensure and competency to perform a USPAP Standard 3 and 4 Appraisal Review of the subject appraisal. Contract reviewers would be subject to each

provision of the Uniform Standards of Professional Appraisal Practice, including the ETHICS RULES and COMPETENCY RULES. For instance, an appraisal of a large industrial facility that is the subject of a complaint, or that is submitted for review purposes, would be referred out to an independent reviewer who: 1) is a Certified General Real Property Appraiser; and 2) has experience appraising and is competent to appraise this type of property. The third-party reviewer's recommendations should be binding on the Board, especially in cases where the reviewer has found no finding of fault and is recommending dismissal of the complaint. The Board should not be permitted to add new alleged violations beyond those recommended by the reviewer.

In addition to opposing HP 1324, we are requesting that the legislature undertake a broader review of the Board of Real Estate Appraisers via the State Government Evaluation Act or via the Office of Program Evaluation and Government Accountability. We believe that the Board would benefit from an independent, third-party review with recommendations on how the Board can streamline its operations to the benefit of the public and Maine appraisers.

Maine has one of the lowest number of appraisers per population in the country. This is especially true for Certified General appraisers due in part to the state having licensing and certification requirements that exceed the minimums that are mandated by the Appraiser Qualifications Board. Having fewer appraisers means that Maine citizens are charged higher than normal appraisal fees and have to wait longer than normal to obtain an appraisal for a residential or commercial real estate transaction. In addition, Board members may wish to erect certain barriers to entry that have the effect of slowing or limiting competition in the marketplace for appraisal services.

Further, Maine has the highest number of complaints filed against appraisers of any state in the nation. Not only do complaints come from consumers, but they can also be initiated by agency staff or the Board itself. In addition, the same or remarkably similar allegations usually appear in every complaint. For instance, many complaints include a violation of the ETHICS RULES simply because the appraiser is alleged to have committed another violation of statute, regulation or USPAP; the complaint alleges that the appraiser was unethical in having committed some other violation.

For these reasons the Appraisal Institute respectfully opposes HP 1324, and requests that the Legislature undertake a broader evaluation of the Maine Board of Real Estate Appraisers.

If you should have any questions, please do not hesitate to contact me at (207) 893-8345 or mplourde@mainevaluation.com.

Sincerely,

Mark Plourde, MAI

Gorham, ME

On behalf of the Massachusetts, Rhode Island and

Maine Chapter of the Appraisal Institute