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**TESTIMONY OF CATHERINE E. PENDERGAST
ADMINISTRATOR, BOARD OF REAL ESTATE APPRAISERS**

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

IN SUPPORT OF L.D. 2062

“An Act to Amend the Laws Governing Real Estate Appraisers and Appraisal Management Companies”

Sponsored by Representative Tiffany Roberts

Before the Committee on Innovation, Development, Economic Advancement and Business

Public Hearing: Tuesday, January 23, 2024, 1:00 p.m.

Senator Curry, Representative Roberts, and Members of the Committee, my name is Catherine Pendergast, and I am the Administrator of the Board of Real Estate Appraisers. I am here to speak in favor of LD 2062, *“An Act to Amend the Laws Governing Real Estate Appraisers and Appraisal Management Companies.”*

Current law exempts board members and investigators from Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP), but the reference is outdated – it refers to the 2011 USPAP. The Board recently adopted the 2024 USPAP. The later versions of USPAP place the material that was once in Standard 3 (2011 USPAP) in Standards 3 and 4 of the 2024 USPAP. To avoid the need for future statutory amendments as USPAP structure and references continue to change, the amendment exempts board members from USPAP generally without reference to a specific version or standard. Other states phrase this exemption in the same manner. The bill would clarify that board member reviewers and investigators need not comply with the more onerous provisions of USPAP for the more limited purposes of evaluating potential disciplinary action and determining competency for licensure, when the purpose of the review is not to establish a valuation of a property.

Section two of the bill clarifies that any appraiser who has held a certified level license in any state for a minimum of three (3) years may qualify as a supervisory appraiser. Given the federal oversight of appraisal licensure, the minimum requirements are nearly uniform among states. If

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they vary, requirements can be more stringent, not less. Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the Appraiser Qualifications Board (AQB) establishes the Real Property Appraiser Qualification Criteria (Criteria), *i.e.*, the minimum education, experience, and examination requirements for real property appraisers to obtain a state certification. The Criteria also establishes minimum requirements for supervisory appraisers of trainee appraisers, *e.g.*, a supervisory appraiser must be state-certified in good standing for a minimum of 3 years and does not have to be certified in the state where the trainee appraiser practices for any minimum amount of time. Arguably, current Maine law allows a Maine-licensed certified general real property appraiser or certified residential real property appraiser with three years of licensed experience *in any state* to be a supervisor, but the language is unclear. This amendment brings Maine requirements in line with the Criteria and does not prevent qualified supervisory appraisers from training and supervising trainee appraisers.

Sections three and four of the bill amend the law governing appraisal management companies to add technical adjustments needed to conform Maine law to corresponding federal regulations.

Thank you for the opportunity to testify in support of the amended bill. I am happy to answer any questions from the Committee now or at the work session.