



Maine Credit Union League

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In Opposition to

LD 2062: An Act to Amend the Laws Governing Real Estate Appraisers and Appraisal Management Committees

Committee on Innovation, Development, Economic Advancement and Business

January 23, 2024

Good Afternoon, Senator Curry, Representative Roberts, and distinguished members of the Committee on Innovation, Development, Economic Advancement and Business,

My name is Krista Simonis and I am the Director of Governmental Affairs at the Maine Credit Union League. The Maine Credit Union League is the trade association for Maine's 49 credit unions and over 725,000 members statewide. We respectfully submit the following testimony ***in opposition to LD 2062.***

Maine has a severe shortage of appraisers. The confluence of an aging population of existing appraisers combined with the requirements for certification of appraisers has created a nationwide shortage that is particularly acute in Maine. We appreciate that in Section 2 of this bill there is an expansion of who can be a supervisor to include those holding a license in any jurisdiction, however the wholesale exemption of the Board of Real Estate Appraisers from the Uniform Standards of Professional Appraisal Practice (USPAP) in Section 1 is a serious cause for concern.

A letter from the Board in August stated the board is "explicitly exempt" from the requirements of USPAP, which is exactly what LD 2062 proposes to do. Exempting the Board from all of USPAP and not just Standards 3 and 4 means the Ethics rule would no longer apply to those adjudicating on whether or not new appraisers can practice in Maine.

There are three levels of licensing for appraisers: Licensed Appraiser, Certified Residential Appraiser, and Certified General Appraiser. In most states, less than 10% of appraisal licenses are held by Licensed Appraisers. This is due to the limitations on the types of property that can be appraised, including a limitation on residences exceeding \$1 million in property value. In Maine, nearly 35% of our appraisers only hold this lowest certification level, despite many wanting to increase their licensing certification. ***The ratio of certified appraisers in Maine to active listings per year is 1:19, compared to a national average of 1:6.*** This is a direct result of board policies that have made it more challenging to become a certified appraiser in Maine.

The Maine Board of Real Estate Appraisers must be held to the same standards as those they regulate. There is a built-in incentive in the appraisal industry to keep new appraisers out of the field, as this drives up prices for appraisals. While the exact cost of appraisals varies, the Veterans Administration has set caps on allowable fees for VA Loans that provide a guide. Many states are capped at \$525, while Maine has a cap of \$800, which increases to \$1,000 for Aroostook County. I recently had a simple, drive-by appraisal done by a trainee in Cumberland County. It was \$820.

This is worsening the housing crisis in Maine and making it harder for first-time homebuyers and new construction. Projects have fallen through due to the lack of a certified appraiser.

Due to the high cost and lack of availability, many financial institutions have turned to other products. Community banks and credit unions are using a combination of AVMs, drive-by appraisals, broker's opinions, commercial evaluations, or even appraisal waivers. However, this lack of reliable data has changed the level of risk involved with making these loans, as the loan-to-value amount has become uncertain. Depending on the loan, a lack of an appraisal may mean a loan cannot be made. This harms the ability of credit unions and banks to invest in the local economy and spur economic growth.

Credit Unions are in the business of helping their communities thrive. It is in the best interests for all Mainers to hold the Maine Board of Real Estate Appraisers to the same standards all appraisers are held to and not exempt them from the Uniform Standards of Professional Appraisal Practice, as Section 1 of this bill suggests.

Thank you for hearing our testimony, we urge the committee to consider significant amendments on LD 2062.