

April 22, 20205

Good Afternoon,

Senator Tipping, Representative Roeder, and Honorable Members of the Committee on Labor,

My name is Bob Strong, I am a certified Maine appraiser and an employee at Class Valuation. Class Valuation is the nation's largest Appraisal Management Company. Thank you for the opportunity to testify before you today.

I am testifying **in favor of LD 1514**.

We currently have five members serving on our State Appraisal Board—four are independent fee appraisers, and one is a commercial appraiser employed by a bank. It has been nearly a decade, if not longer, since a public member last served on the board.

Maine law defines a public member as “a person who has no financial interest in the profession regulated by the board to which that member has been appointed.” In practice, this statute has excluded lenders from serving as public members, as the Board has interpreted their roles as involving a financial interest in the appraisal profession.

It's important to recognize that appraisers have the most significant financial stake in the board for which they have been appointed. A board composed solely of appraisers—without input from other segments of the industry—does not fully serve the public interest. Broader representation helps ensure more balanced decision-making.

Maine would not be the first state to include lender representation on its appraisal board. In a limited review of approximately 25 states, I identified over a dozen that have provisions for lender participation in board membership. I've included a list of these states in my testimony for your reference, should you wish to verify or review the findings. Examples include South Carolina, Illinois, Alaska, California, Washington, Colorado, Utah, Ohio, Virginia, Oregon, Oklahoma, Arizona, New Hampshire, Rhode Island and Indiana.

For context, neighboring states have already adopted more inclusive board structures. In New Hampshire, the appraisal board is composed of three appraisers, one lender, and one public member. Massachusetts includes seven members, one of who is a “Banking Industry Representative.” Rhode Island's board includes nine members, with designated seats for both a banking representative and a real estate broker.

Other provisions I came across in my abbreviated research include:

- A lender representative that can make FHA loans, VA loans, and sell loans to Fannie Mae and Freddie Mac.

- Several include membership Appraisal Management Company Representatives.
- Several include membership for Attorneys.
- One state required an appraiser that was also a licensed real estate broker.
- A couple states maintain that only a certain percentage of appraisers can be affiliated to a single political party.
- One state maintained that you can't be related within a 3<sup>rd</sup> degree to an appraiser if you serve as a public member.

My main takeaway from this research is that, even if LD 1514 is adopted, its provisions remain far less complex than those found in the majority of other states.

Personally, I would like to see seats added for the following:

- One seat for a banking representative
- One seat for a credit union representative
- One seat for a Third-Party Originator (i.e. Mortgage Broker)
- One seat for a Real Estate Agent

At Class Valuation, we provide appraisal management services to lenders nationwide. Among the 50 states, Maine continues to be one of the most challenging—primarily due to a shortage of Certified Residential Appraisers, especially in rural regions. As a result, homeowners in Maine continue to face some of the highest appraisal fees in the country. Addressing this issue requires collaboration across the industry. Expanding the board to include voices from other real estate professionals would bring valuable insight and help ensure decisions are aligned with the needs of Maine consumers.

I urge the committee to vote Ought to Pass on LD 1514. Thank you for your time.