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Governor

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
& FINANCIAL REGULATION
OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATION



Joan F. Cohen
Commissioner

TESTIMONY OF
CATHERINE PENDERGAST, REGULATORY BOARD MANAGER
OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATIONS
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
NEITHER FOR NOR AGAINST

L.D. 1514

“An Act to Change the Laws Regarding Real Estate Appraisers”

Presented by Representative Roberts

BEFORE THE JOINT STANDING COMMITTEE ON LABOR

Public Hearing: April 22, 2025

Senator Tipping, Representative Roeder, and Members of the Committee, I am Catherine Pendergast, Regulatory Board Manager with the Office of Professional and Occupational Regulation (“OPOR”) for 5 professional licensing boards, including the Board of Real Estate Appraisers (“Board”), and Director of the Real Estate Commission. Thank you for the opportunity to provide testimony on behalf of OPOR regarding LD 1514.

Unlike other licensing programs, this Board and its functions are governed by federal regulations and subject to federal oversight so there is very little room to change standards at the state level. The Appraisal Foundation and its Appraiser Qualifications Board (AQB) are authorized by Congress as the source of appraiser qualifications and standards. The AQB adopts the minimum requirements for credentialing appraisers and federal law requires states to adopt and/or implement all relevant AQB criteria.

There are very few exceptions where Maine law does not mirror AQB criteria. However, Maine law currently has a higher standard in place regarding the scope of license for a licensed

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residential appraiser for federally related transactions. It limits the transaction value for complex properties to \$250,000 when the AQB limit allows up to \$400,000. We are in favor of the change proposed in this bill which would align Maine with qualifications to the AQB limit of \$400,000.

The bill also proposes two concerning changes to the composition of the 7-member board. The Board membership currently consists of five (5) appraiser members and two (2) public members. The two public member positions are currently vacant.

First the bill proposes to remove the public members and replace them with members who use appraisals such as banking, lending or other types of business that use appraisals in their regular course of business. Removing public members from the board is contrary to the general trend in licensing. Public members do not have a professional stake in the licensed profession and their role is to ensure public accountability, promote transparency, and represent the interests of the community by offering an unbiased perspective. Every licensing board in OPOR has at least one board member seat allocated to a member of the public. If all public members were removed, the Board of Real Estate Appraisers would be the only professional licensing board in Maine comprised entirely of industry members.

The composition of the board should reflect public protection – not industry need. That said, we reviewed other state statutes, and many do have one board member representing banking or lending. The committee could consider replacing one of the public board members with a consumer of appraisal services.

The bill also proposes to change the composition of the appraiser members. I have attached to my testimony a chart that describes the requirements for the various levels of licensure.

Currently, by statute, board membership includes five appraiser positions. One of those five appraiser seats must be a ***certified general appraiser***, which is the highest level of licensure. A certified general appraiser can appraise *any* real property, commercial or residential. Allocation of a board seat to someone at the *certified level* of licensure (general or residential) is in line with the majority of other states in the country. Many states require all of the appraiser board members to be at the certified level.

The bill requires that one of the board member seats be designated to a *licensed residential appraiser*. A licensed residential appraiser is the lowest level of licensure and does not have the education or experience necessary to review more complex transactions as required for complaints and hearings. While most states, including Maine, do not prohibit licensed residential appraisers from serving as board members, there are no states that specifically allocate a seat to this lower-level license.

The five appraiser members of the board currently include: two (2) Certified General Appraisers and three (3) Certified Residential Appraisers. If the law required that one of the appraiser seats be allocated to a licensed residential appraiser (the type of license with the least amount of education and experience) we would have to remove one of the board members who has a higher level of licensure, scope and experience.

We can appreciate the goal of expanding board membership to specifically include residential appraisers. However, if the committee was inclined to make that change, we recommend that the appraiser seat be designated to a *certified residential licensee* to ensure that the board member had the requisite education and training to review complex transactions.

Thank you for your consideration of our comments and concerns and I would be happy to answer questions now or at the worksession.

Appraiser Licensing Requirements

There are three levels of licensure for appraisers: certified general, certified residential and licensed residential. The requirements for licensure and scope of the license to practice once licensed are as follows:

License Type	Required Core Curriculum	Required Experience Hours	Scope of License
Licensed Residential	150	1,000	Limited Residential Real Estate (transaction values up to \$1,000,000 and complex transactions up to \$250,000)
Certified Residential	200 and Bachelor's Degree or AQB accepted alternative	1,500	All Residential Real Estate
Certified General	300 and Bachelor's Degree or higher	3,000 (1,500 non-residential)	All Commercial and Residential Real Estate