

Department of Legislative Services  
Maryland General Assembly  
2015 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 721  
Economic Matters

(Delegate Vaughn, *et al.*)

Finance

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Real Estate Appraisers - Appraisal Agreement - Required Copies

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This bill requires a licensed or certified real estate appraiser engaged by an appraisal management company to provide real estate appraisal services in connection with a federally related transaction to attach a copy of an “appraisal agreement” to the written appraisal report prepared in accordance with the agreement and to each additional copy of the report.

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Fiscal Summary

**State Effect:** The bill does not materially affect State finances or operations.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** “Appraisal agreement” means a written record establishing the terms of an appraisal assignment between an appraisal management company and a licensed or certified real estate appraiser, including an agreement to conduct a single appraisal assignment or a continuing agreement to conduct two or more appraisal assignments. It includes (1) the name of the client and the client’s contact information; (2) the purpose of the appraisal assignment; (3) specific details of an appraisal assignment; (4) fees; (5) delivery dates and times; and (6) any other appraisal conditions and terms.

**Current Law:** Generally, an individual must be licensed by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors before the individual may provide real estate appraisal services in the State. “Provide real estate appraisal services” means to make for consideration an appraisal of real estate or prepare

or sign an appraisal report in connection with a federally related transaction, as defined in the federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.

Likewise, an individual must be certified by the commission before the individual may provide *certified* real estate appraisal services in the State. An individual may be certified by the commission as a certified real estate appraiser for residential real estate or as a certified real estate appraiser for general real estate as those classifications are permitted under FIRREA.

“Appraisal management company” means a third party authorized by a creditor of a consumer credit transaction secured by a consumer’s principal dwelling, or by an underwriter of or other principal in the secondary mortgage markets, that directly or indirectly provides appraisal management services in connection with valuing properties collateralizing mortgage loans or mortgages incorporated in a securitization.

The code of ethics in the *Uniform Standards of Professional Appraisal Practice 2014-2015*, which is incorporated by reference in commission regulations, requires an appraiser to prepare and retain a work file for each appraisal or appraisal review assignment. A work file must be in existence prior to the issuance of any report. The work file must include, among other items: (1) the name of the client and the identity of any other intended users; (2) true copies of any written reports; (3) summaries of oral reports or testimony, or a transcript of testimony; and (4) all other data, information, and documentation necessary to support the appraiser’s opinions and conclusions. A knowing or willful violation of these recordkeeping requirements is in violation of the ethics rule.

**Background:** Chapter 594 of 1990 established the commission (formerly the State Commission of Real Estate Appraisers) to implement and administer a real estate appraiser licensing and certification program that complies with FIRREA. Title XI of FIRREA is the legal framework controlling national uniform appraisal standards and state appraiser licensing bodies. Commission authority was later expanded to include home inspectors (2001) and appraisal management companies (2011).

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## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 568 (Senator Kelley, *et al.*) - Finance.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Uniform Standards of Professional Appraisal Practice; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2015  
min/mcr Revised - House Third Reader - March 30, 2015

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