

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 607
Appropriations

(Delegate Taylor, *et al.*)

Maryland Higher Education Commission - PAREA Grant Program - Established

This bill establishes the Practical Applications of Real Estate Appraisal (PAREA) Grant Program in the Maryland Higher Education Commission (MHEC) to (1) assist in closing appraisal gaps that occur in historically redlined neighborhoods and underrepresented communities; (2) award grants to minorities who reside in historically redlined neighborhoods and underrepresented communities with the goal of pursuing PAREA; and (3) diversify the appraisal field. MHEC must administer the program. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: MHEC general fund expenditures increase beginning in FY 2026. *For illustrative purposes*, if 10 individuals receive a grant for PAREA (including license fees) annually, general fund expenditures increase by an estimated \$88,000 annually beginning in FY 2026. Special fund revenues may increase minimally due to license fees paid by grant recipients.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: In general, real estate appraisers provide estimates of the value of commercial and residential real property to their clients. Real estate appraisals are most often associated with the purchase of a home and are often shared with the buyer, seller, and broker involved in a real estate transaction. Generally, however, an appraiser's client

is a mortgage lender seeking an accurate value for the home that serves as collateral in the loan transaction. Appraisal services are also used for a variety of other purposes, including estate planning and property insurance.

Generally, an individual must be licensed or certified by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors in the Maryland Department of Labor (MD Labor) before the individual may provide real estate appraisal services or certified real estate appraisal services, respectively, in the State.

Statute establishes that, in addition to other requirements, an applicant for initial licensure or certification must have completed at least 1,000 or 1,500 hours (respectively) of real estate appraiser services as a trainee under the supervision of a certified appraiser. Regulations specify these requirements must be completed over a period of at least six months for licensure and 12 months for certification.

A bachelor's degree is not required to become a licensed real estate appraiser. Additionally, while not a requirement, a certified residential real estate appraiser may meet examination eligibility requirements by holding a bachelor's degree or higher (in addition to meeting required classroom hours). However, regulations require a bachelor's degree or higher for certified general real estate appraisers.

There are two ways to meet the experience hour requirement to become an appraiser: the traditional supervisor/trainee method; and PAREA, which was recently approved by the State of Maryland. PAREA is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations.

State Fiscal Effect: Beginning in fiscal 2026, general fund expenditures for PAREA grants increase. Any actual increase depends on the funding appropriated for the program and the guidelines established by MHEC, including grant amounts and the number of recipients.

For illustrative purposes only, MHEC general fund expenditures for awards made under the PAREA Grant Program may increase by \$88,000 annually to cover the cost of PAREA programs and related licensing fees. This estimate is based on the cost of attendance for the Appraisal Institute's PAREA program, which is a program approved by the Appraiser Qualifications Board. For non-Appraisal Institute members, attendance costs \$8,430 for a 6- to 18-month course. As of February 2025, this is the only approved PAREA program. In Maryland, real estate appraiser licenses, residential appraiser certifications, and general appraiser certifications each require a \$250 license fee plus a \$120 national registry fee. This estimate assumes the PAREA Grant Program provides awards to 10 prospective real estate appraisers, that participants complete the program in

approximately one year, and that the grant covers the full cost of attendance at the Appraisal Institute's PAREA course along with the required license and registry fees.

For administration of the program, MHEC advises that the agency retains three positions in its Office of Grants. Such staff can likely create a new application and disseminate information on the program with existing resources. Although the Office of Grants can also likely collect and review applications for awards with existing resources, additional staff support may be necessary depending on the amount of funding the program receives. In fiscal 2026, MHEC general fund expenditures may increase to establish guidelines for the grant, including criteria for minority status, as well as definitions of historically redlined neighborhoods and underrepresented communities. However, it is assumed this can be done with existing resources.

To the extent additional individuals apply for an appraiser license due to the bill, special fund revenues for MD Labor increase by \$250 per licensee. However, any impact is likely minimal.

This estimate does not account for any costs associated with classroom hours or credit hours that may be required to obtain a license in addition to the PAREA requirements.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Higher Education Commission; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Department of Housing and Community Development; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2025
km/clb

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