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Occupational & Professional Licensing

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MEMORANDUM

Date: 10 August 2010

From: Patrick Murphy
Chairman,
MD State Commission of
Real Estate Appraisers and Home Inspectors

To: All Interested Parties

Re: **Significant Appraisal Assistance**

To All This May Concern:

Since its inception, the Maryland State Commission of Real Estate Appraisers and Home Inspectors (the "Commission") has been receiving submissions of appraisals to be reviewed by the Commission in relation to licensure and license upgrades.

But in recent months, there have been frequent submissions of appraisals that are not technically in compliance with the Uniform Appraisal Standards of Professional Appraisal Practice (USPAP), particularly Standard 2, which among other things, requires all that have provided significant appraisal assistance be named in the Certification of the report and then supply a description of that assistance either in that Certification, or elsewhere in the report.

It has always been the Commissions position that the trainee or licensee providing such assistance either sign the report, along with a supervisory appraiser, or in the absence of a signature, provide the information outlined above.

Of late, we have been receiving reports that do not comply with either of these options.

In an effort to correct this shortcoming, the Industry Members of the Commission met with the State Administration and Office of Counsel to produce a way to steer these reports back into compliance with USPAP and the State Commission while accommodating the State's licensee's, who may have client requests to perform their appraisals otherwise.

Our solution is as follows:

The Commissions first preference is always to have the trainee or licensee who provides significant appraisal assistance sign the report along with the supervisory appraiser. In the absence of that, we offer two options:

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SIGNIFICANT APPRAISAL ASSISTANCE

MEMORANDUM

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OPTION ONE

The Supervisory Appraiser will provide an Addendum within the report that specifically addresses the significant appraisal assistance. This addendum names the person providing the assistance, describes the extent of that assistance, and states the hours claimed in performing that assistance. It requires the signature of the supervisory appraiser and is dated. The reference to this addendum must be referenced on page one of the report and the fact that it is an addendum describing significant appraisal assistance in the preparation of the report. This reference could be as simple as "Please refer to the addendum regarding significant assistance in the preparation of this report."

The addendum that should be used is attached to this memorandum and marked "Option 1."

OPTION TWO

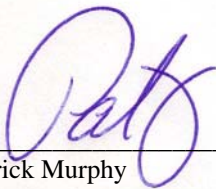
The appraisal report for which the trainee/licensee is claiming credit will have a statement similar to the statement provided in the sample of the attached document. This statement provides the name of the licensee, the description of the assistance provided, and the hours claimed.

The instructions for placement of that statement are included on the attached document labeled "Option 2."

The use of either of these options will be mandatory for reports dated January 1st, 2011 and thereafter. It is suggested that the options be implemented immediately, especially in the cases where a trainee/licensee anticipates submitting reports to the Commission for compliance reviews.

The Commission realizes that at present, there are a number of trainee/licensees that are "caught in the middle" so to speak, as they have been providing appraisal assistance that does not meet the current expectations of the Commission with regard to acknowledgement of their services within the report. We will review those submissions on a case by case basis and try to assist the applicants in gaining credit for their experience. There is no universal solution to these cases since the methods utilized to meet their clients' needs ranges from burying the acknowledgement in some obscure fine print of the report to no signature or acknowledgement at all.

We know that there is no one solution that all affected and/or concerned will find the best, above all else. What we provide is a simple solution that will be as painless as possible to the majority of Maryland Appraiser Licensees while still upholding the professional and ethical standards that each of us practice every day.



Patrick Murphy
Chairman
Maryland State Commission of
Real Estate Appraisers and Home Inspectors

MARYLAND STATE COMMISSION OF REAL ESTATE APPRAISERS AND HOME INSPECTORS

ADDENDUM FOR APPRAISAL ASSISTANTS



As one of two options, the Commission requires this checklist be used when an appraisal assistant is utilized in the performance of an appraisal and does not sign the appraisal. This checklist must be signed and dated by the assisting appraiser and supervisory appraiser and included in the appraisal that is delivered to the client. It should also be retained in the appraiser’s workfile. For another reporting option, please refer to the REAHI website.

This checklist is considered to meet applicable Maryland State Commission of Real Estate Appraisers and Home Inspectors requirements for acknowledgement and disclosure of significant real property appraisal assistance.

The Commission will not grant experience hours for appraisal assignments in which the appraisal assistant is not properly acknowledged in the report. This form must be referenced at the last line at the bottom of the first page of a URAR report in the “Improvements” section. For other Form Appraisal reports, it must be similarly located at the last line of page one of the report. (e.g. “Please refer to the addendum regarding significant appraisal assistance in the preparation of this report.”) This form is not required when the assisting appraiser signs the appraisal report.

Subject Property Address: _____

The assistant to the supervisory real estate appraiser has contributed significant real property appraisal assistance in this appraisal assignment. Specifically, the assistant:

Yes	No	N/A	Description of Assistance
			Assisted in determining the scope of work of the appraisal. Assisted in gathering and entering data as follows: tax assessment information and map, flood hazard information and map, zoning information and map, location map and similar information.
			Inspected the subject property?
			If yes, accompanied by supervisor?
			Complete interior and exterior inspection of the subject property.
			Exterior only inspection of the subject property.
			Assisted in analyzing the highest and best use of the subject property.
			Assisted in the collection of data, analysis, and conclusions of the Market Analysis section of the report.
			Assisted in gathering information for comparable land sales data, verified and analyzed the comparable land sales data.
			Assisted in gathering data for the cost approach, including estimates of cost new and accrued depreciation.
			Assisted in data and analysis for the income approach, including estimates of market rent, vacancy/expense analysis, and development of GRM or capitalization rate.
			Assisted in the exterior inspection of the sales, rentals, land and/or other comparables.
			Assisted in sketch drawing.
			Assisted in entering subject and comparable data on the form and in the comment areas.
			Assisted in reconciliation and final opinion of value for the subject property.
			Assisted in the final review of this report.
			Assisted in the preparation of the workfile, with all forms and general information for the appraisal.

Date of Appraisal: _____ Number of Assistance Hours Claimed: _____

Printed name of Assistant Appraiser: _____

The supervising real estate appraiser certifies that the named individual did assist with the items checked above, and also certifies that he/she reviewed all work done by the assistant. The supervising appraiser further certifies that the person named as assistant understands the concepts and processes associated with the appraisal process.

Signature of Supervising Appraiser: _____ Print Name: _____

MARYLAND STATE COMMISSION OF REAL ESTATE APPRAISERS AND HOME INSPECTORS

STATEMENT FOR APPRAISAL ASSISTANTS



As one of two options, the Commission requires this statement be used when an appraisal assistant is utilized in the performance of an appraisal and does not sign the appraisal. This statement must be prominently and conspicuously displayed at the bottom of page one and included in the appraisal that is delivered to the client. It should also be retained in the appraiser's workfile. For another reporting option, please refer to the REAHI website.

This statement is considered to meet applicable Maryland State Commission of Real Estate Appraisers and Home Inspectors requirements for acknowledgement and disclosure of significant real property appraisal assistance.

The Commission will not grant experience hours for appraisal assignments in which the appraisal assistant is not properly acknowledged in the report. This statement is not required when the assisting appraiser signs the appraisal report.

IMPROVEMENTS	Attic <input type="checkbox"/> None	Heating <input type="checkbox"/> FWA	<input type="checkbox"/> HWBB	<input type="checkbox"/> Radiant	Amenities <input type="checkbox"/>	Woodstove(s) # <input type="checkbox"/>	Driveway Surface <input type="checkbox"/>
	<input type="checkbox"/> Drop Stair	<input type="checkbox"/> Stairs	<input type="checkbox"/> Other	Fuel <input type="checkbox"/>	<input type="checkbox"/> Fireplace(s) #	<input type="checkbox"/> Fence	<input type="checkbox"/> Garage # of Cars
	<input type="checkbox"/> Floor	<input type="checkbox"/> Scuttle	Cooling <input type="checkbox"/>	<input type="checkbox"/> Central Air Conditioning	<input type="checkbox"/> Patio/Deck	<input type="checkbox"/> Porch	<input type="checkbox"/> Carport # of Cars
	<input type="checkbox"/> Finished	<input type="checkbox"/> Heated	<input type="checkbox"/> Individual	<input type="checkbox"/> Other	<input type="checkbox"/> Pool	<input type="checkbox"/> Other	<input type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in
	Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe)						
	Finished area above grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade						
	Additional features (special energy efficient items, etc.)						
	Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.)						
	Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe						
	Does the property generally conform to the neighborhood (functional utility, maintenance, use, construction, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe						

Freddie Mac Form 70 March 2005

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Fannie Mae Form 1004 March 2005

Ms. Maryanne Doe, MD State Licensed Real Estate Trainee # 01-12345, has provided significant appraisal assistance in this assignment by: Inspecting the interior and exterior of the subject property, researching, selecting, and inspecting the comparables, performing a Market Analysis, analyzing all data in the Sales Comparison and Cost Approaches, preparing this report, producing the comparable sales map, photo pages, addendum pages, illustration pages, and reconciling all indicated values into a final estimate of value. It has taken 5 hours to provide this assistance.

This statement should be conspicuously placed at the bottom of Page 1 of the URAR Report, or a similar place on other form reports. If all of the information cannot fit, then the appraiser should begin the comments here and continue them in the addenda of the report. If there are comments regarding the "Conditions of the Property" etc, those comments should be referenced to another section of the report.